

LEG. FINANCE - BILLS 1981 - 1982 1712

SB 741 - HCS / CSSB 744

1712

COMMITTEE REPORT
SENATE

3/10/82

FURTHER: None

Date: _____

Mr. President:

The Committee on FINANCE has had SS 743

CHILD SUPPORT ENFORCEMENT

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

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends Do Pass
- 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

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for Senate Bill No. 741 (Finance)
Title Act relating to child support enforcement
Requested by Senate Finance Committee Date 5/5/82

II. FISCAL DETAIL

Agency Affected Department of Revenue
Program Category Affected Revenue Collection and Management
BRU, Program, Or Subprogram(s) Affected Child Support Enforcement
(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		0				
200 TRAVEL		0				
300 CONTRACTUAL		0				
400 COMMODITIES		0				
500 EQUIPMENT		0				
600 LAND & STRUCTURES		0				
700 GRANTS, CLAIMS, ETC.		0				
TOTAL		0				


FUNDING (Thousands of Dollars)

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

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE May 5, 1982 PREPARED BY 
AGENCY Don Bennett, Chairman
PHONE Senate Finance Committee
Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named) 465-3714
33-001 (Rev. 12/81)

Original sponsor: Eliason

1 IN THE SENATE BY THE FINANCE COMMITTEE
2 CS FOR SENATE BILL NO. 741 (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 child support enforcement; and
7 providing for an effective date."

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

9 * Section 1. AS 09.65.132(b) is amended to read:

10 (b) An income assignment order shall direct the obligor, the
11 obligor's [HIS] employer, future employer, and any person, political
12 subdivision, or department of the state to assign money due or to be due
13 the obligor to the obligee or to the child support enforcement agency
14 (AS 47.23) in an amount sufficient to meet the support payments imposed
15 by the court or by the child support enforcement agency under AS 47.-
16 23.140.

17 * Sec. 2. AS 09.65.132(h) is amended to read:

18 (h) The court may order a party to pay [AN OBLIGOR TO PAY] all
19 court [COURTS] costs and reasonable attorney fees involved in an income
20 assignment proceeding under this section.

21 * Sec. 3. AS 25.25.010(6) is amended to read:

22 (6) "duty of support" includes a duty of support imposed or
23 imposable by law, or by a court order, decree or judgment, whether
24 interlocutory or final, whether incidental to a proceeding for divorce,
25 legal separation, separate maintenance or otherwise, and includes the
26 duty to pay arrearages of support past due and unpaid together with
27 penalties and interest on arrearages imposed under AS 47.23.020(2)(C);

28 * Sec. 4. AS 47.23.020(2)(C) is amended to read:

29 (C) subject to AS 47.23.025 and to federal law, a uniform

1 schedule of penalties and a rate of interest on arrearages of sup-
2 port that shall [FEES WHICH MAY] be charged to the obligor upon
3 notice if [THE] child support payments are 10 or more days overdue
4 or if payment is made by a check backed by insufficient funds; [.]

5 * Sec. 5. AS 47.23.020 is amended by adding new paragraphs to read:

6 (6) disburse child support payments collected by the agency
7 to the obligee together with interest charged under (2)(C) of this
8 section;

9 (7) deposit penalties charged under (2)(C) of this section in
10 the general fund.

11 * Sec. 6. AS 47.23 is amended by adding a new section to read:

12 Sec. 47.23.025. RATES OF PENALTY AND INTEREST. A penalty imposed
13 under AS 47.23.020(2)(C) may not be at a rate that exceeds the rate of
14 interest imposed on delinquent taxes under AS 43.05.225. The rate of
15 interest imposed under AS 47.23.020(2)(C) shall equal the rate imposed
16 under AS 43.05.225 or a lesser rate that is the maximum rate of interest
17 permitted to be imposed under federal law.

18 * Sec. 7. AS 47.23 is amended by adding a new section to read:

19 Sec. 47.23.105. AUDIT OF COLLECTIONS. Within 10 working days
20 after receipt of a written request from an obligor or the obligor's
21 legal representative, the agency shall provide a certified audit of all
22 child support payments made by the obligor and received by the agency.
23 The audit shall include the date and amount of each payment, the name of
24 the obligee, and the total amount of arrearages of support past due and
25 amount of unpaid penalties and interest imposed under AS 47.23.020(c).
26 The agency is required to provide an audit for an obligor under this
27 section only once each year.

28 * Sec. 8. AS 47.23.110(3) is amended to read:

29 (3) "duty of support" includes a duty of child support imposed

1 or imposable by law, by a court order, decree or judgment, or by a
2 finding or decision rendered under this chapter whether interlocutory or
3 final, whether incidental to a proceeding for divorce, legal separation,
4 separate maintenance, or otherwise, and includes the duty to pay arrear-
5 ages of support past due and unpaid together with penalties and interest
6 on arrearages imposed under AS 47.23.020(2)(C);

7 * Sec. 9. AS 47.23.070 is repealed.

8 * Sec. 10. This Act takes effect January 1, 1983.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSB 741 (FIN)
 Title "An Act Relating to Child Support Enforcement"
 Requested by Senator Eliason Date 5/11/82

II. FISCAL DETAIL

Agency Affected Department of Revenue
 Program Category Affected Revenue Collection and Management
 BRU, Program, Or Subprogram(s) Affected Child Support Enforcement Division
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	64.0	128.0	140.8	140.8	154.9	154.9
200 TRAVEL	0					
300 CONTRACTUAL	49.4	29.4	32.3	32.3	35.6	35.6
400 COMMODITIES	1.6	1.6	1.8	1.8	1.9	1.9
500 EQUIPMENT	3.4	3.4	3.8	3.8	4.2	4.2
600 LAND & STRUCTURES	0	0	0	0		
700 GRANTS, CLAIMS, ETC.	0	0	0	0		
TOTAL	118.4	162.4	178.7	178.7	196.6	196.6

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	*90.0	120.0	130.0	130.0	145.0	145.0
FEDERAL FUNDS	*26.0	40.0	45.0	45.0	46.0	46.0
OTHER (Specify Source)						
Program Receipts	2.4	2.4	3.7	3.7	5.6	5.6

*Note: Federal funding will be substantially reduced on 7/1/82.

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME	*2.5	5	5	5	5	5
PART TIME						
TEMPORARY						

*Note: FY 82 5 full time for one-half of a year.

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

The additional accounting clerk III for each of the five teams will be responsible for handling the additional penalty and interest information. Currently, each team uses one of their six staff members to certify payment records for use in enforcement action. These payment records are a comparison of the fixed monthly obligation and the payments. The addition of a mandatory late penalty and interest will require a comparison of the monthly obligation, payments, dates of the payment, and a computation of the penalty and interest as completed each month. It is anticipated that the introduction of these variables will substantially increase the number of payment record certifications and the time required to complete each certification. These certifications are the key factor in the agency's primary enforcement mechanism.

The most significant aspect of this change will come in the form of a substantial increase in the number of disputes the agency will have to settle. While settling these disputes, collections will drop on far more cases than on the number of cases where the obligor pays timely to avoid the late penalty and interest. The combination of providing payment record certifications within 10 days and the additional variable computation elements will require more staff time from each team than the additional staff will be able to provide.

IV. DATE 5/11/82 PREPARED BY Dan R Copeland
 AGENCY Child Support Enforcement - Dept. of Revenue
 Original: Legislative Finance PHONE 276-3441
 cc: Budget and Management
Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

Original sponsor: Eliason

Offered: 5/5/82
Referred: Rules

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BY THE FINANCE COMMITTEE

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5 ages of support past due and unpaid together with penalties and interest
6 on arrearages imposed under AS 47.23.020(2)(C);

7 * Sec. 9. AS 47.23.070 is repealed.

8 * Sec. 10. This Act takes effect January 1, 1983.

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DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF CHILD SUPPORT ENFORCEMENT

REGIONAL REPRESENTATIVE'S MEMORANDUM NO. 82-02
April 16, 1982

TO : State IV-D Directors

SUBJECT: Interest Charged on AFDC and Non-AFDC Arrearages and Interest Bearing Accounts

A question has been raised regarding the Office of Child Support Enforcement's (OCSE) position on the above subjects.

In response to interest charged on AFDC and non-AFDC arrearages, neither the Social Security Act nor OCSE regulations provides specific authority for States to impose interest against absent parents who owe past-due child support. As you may know, effective October 1, 1981, Section 2333(b)(3) of Public Law (P.L.) 97-35, the Omnibus Budget Reconciliation Act of 1981, added a new section 454(19) which provides that States shall impose a fee against absent parents in an amount equal to 10 percent of the child support obligation owed on behalf of a non-AFDC family receiving IV-D services. OCSE's interpretation of this fee requirement is that it represents the only assessment that may be imposed against absent parent's under Title IV-D of the Social Security Act.

OCSE believes that the imposition of other assessments against absent parents would place an excessive burden on them and such an assessment will not serve the best interests of the program for a number of reasons:

(1) OCSE interprets the new section 454(19) of the Omnibus Budget Reconciliation Act to require that absent parents who fail to pay child support on behalf of a non-AFDC family in a timely manner be charged a fee equal to 10 percent of the unpaid balance. We believe this is a sufficient deterrent to past-due support payments on behalf of a non-AFDC family;

(2) In a majority of both AFDC and non-AFDC cases, large arrearages have accrued which, in all likelihood may never be completely satisfied. Assessing interest in addition to what is already owed would appear to be self defeating and place an unproductive administrative burden on the States; and

(3) Lastly, any amounts collected from an absent parent should be considered as payment toward the child support obligation since the main objectives of the IV-D program are to recapture the costs of assistance payments and to possibly avoid the need for public assistance. Historically this philosophy is supported by section

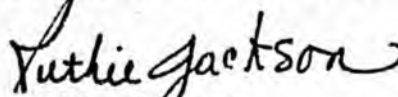
456(a)(2) of the Social Security Act, which requires that amounts collected for AFDC cases must reduce, dollar for dollar, the support obligation due. It is further supported in the newly enacted statute on the imposition of the 10 percent fee in non-AFDC cases, which contains the provision that no amount is to be considered payment of the fee unless any and all support due under the obligation has been satisfied.

Therefore, in our proposed regulation implementing the newly enacted fee requirement (currently under review by the Office of General Counsel), OCSE takes the position that the IV-D agency, and/or any agency or individual providing IV-D services under the IV-D State plan, cannot impose any assessment against an absent parent except a 10 percent fee against non-AFDC absent parents as described in the statute.

The question has been asked that if interest cannot be assessed and collected under the IV-D program, what would OCSE's position be if a State planned to collect and assess interest under the IV-A program (under this arrangement it is believed that the State would have the IV-D agency enforce and collect interest on behalf of the IV-A agency)? It is OCSE's understanding that Title IV-A of the Social Security Act does not authorize the State IV-A agency to assess and collect interest with respect to IV-D cases. In addition, section 454(3) of the Social Security Act prohibits the IV-D agency from performing any activity not specified in the IV-D State plan. Thus, it appears interest cannot be assessed and collected by the IV-A agency and, even if this were possible, the IV-D agency could not engage in activities to enforce and collect this interest.

In reference to the treatment of interest earned on undistributed collections placed in interest bearing accounts, OCSE regulations do not currently address the distribution of interest earned on undistributed child and spousal support collections, nor are Departmental regulations at 45 CFR Part 74 clear with respect to this matter. However, effective October 1, 1981, Section 2333(c) of P.L. 97-35 amended section 455(a) of the Social Security Act to require States to exclude from their IV-D expenditures an amount equal to the total of all income resulting from services provided under the IV-D State plan before requesting Federal Financial Participation in the expenditures. This applies to income related to both AFDC and non-AFDC cases. We are proposing in our forthcoming regulations that the term "income" include any interest earned by a State on collections made under the IV-D State plan.

Should you require further clarification, do not hesitate to contact me.


Ruthie Jackson

cc: Department/Agency Heads

League of Women Voters of Alaska

I am Paula Ziegler, president of the League of Women Voters of Alaska. We appreciate the fact that the Senate Finance committee is taking the time to hear CSSB 741 concerning child support enforcement. The League of Women Voters of Alaska urges passage of this bill.

The main intent of the bill is to increase the incentives for child support payments from the non-custodial parent. To the parent who is caring for the children after a divorce, these support payments are crucial, composing a main part of the financial foundation for this single parent unit. As you are all aware, though these payments constitute a legal debt, their collection is a problem. For example, in their 1980 study, Child Support Enforcement in Alaska, the Alaska Commission on the Status of Women reported that only 44% of the families due child support were receiving any payments at all.

Interest and/^{or}penalty payments serve as the standard remedy for late payments of debts in our society. It seems only fair and logical to place an interest charge and penalty on the unpaid debt of the non-custodial parent.

The custodial parent, who is most often a woman, needs to receive the support payment on time in order to adequately care for her children. Her bills need to be paid, and if they are not paid on time, she must pay interest on her unpaid debts.

The League of Women Voters of Alaska supports the state's continued efforts to try, as in this bill, to foster responsible fiscal support from the non-custodial parent.

This testimony has focused on the interest-penalty provisions, but we would like to make clear that we support all sections of the bill.

Thank you.

Proposed CSSB 741 (Finance)

- Sec. 1 - Allows income assignments to go directly to the family rather than being channeled through the agency when it is unnecessary for the agency to be involved.
- Sec. 2 - Allows the judge to choose which party should pay court costs - not necessarily the Obligor. Also adds attorney's fees to those which one party may be ordered to pay.
- Sec. 3 & 4 - Established that interest and penalties will be charged on overdue payments
- Sec. 5 - (6) Spells out that interest collected will go on with the payment to the family
(7) Penalties collected will be deposited in the general fund
- ** This is the first of two changes in this CS from the Judiciary CS. It simply ensures it won't be construed as a dedicated fund.
- Sec. 6 - Ensures that those paying child support will be able to get a yearly audit of payments they've made if they request one.
- Sec. 7 - House-keeping language to keep statutes consistent by including penalties and interest on arrearages under definition of "duty of support".
- Sec. 8 - Repeals statute that limits amount of permanent fund dividends which can be attached for a collection of debt to 50%.
- Sec. 9 - Making bill effective January 1, 1983.

** This is the second change from Judiciary CS. Gives the Division time to gear up for adding interest and penalties on late payments - can get it on their computer system.

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

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

March 31, 1982

The Honorable Don Bennett
The Honorable M. E. Dankworth
Co-Chairmen
Senate Finance Committee
Room 525 - Capitol Building
Juneau, Alaska

Re: CS for Senate Bill No. 741 (Judiciary)

Dear Senators Bennett and Dankworth:

CS for Senate Bill No. 741 (Judiciary), an Act relating to child support enforcement, was referred on March 18, 1982 by the Senate Judiciary Committee to the Senate Finance Committee.

For the consideration of the Senate Finance Committee, I am enclosing a copy of a Fiscal Note prepared by Mr. Dan R. Copeland, Director, Child Support Enforcement Division, Department of Revenue, Anchorage concerning the Committee Substitute.

Sincerely,



R. D. Stevenson
Special Assistant

Enclosure

cc: Joseph K. Donohue
Deputy Commissioner
Department of Revenue

Dan R. Copeland, Director
Child Support Enforcement Division
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSB 741 (Jud)
Title "An Act Relating to Child Support Enforcement"
Requested by Senator Eliason Date 3/26/82

II. FISCAL DETAIL

Agency Affected Department of Revenue
Program Category Affected Revenue Collection and Management
BRU, Program, Or Subprogram(s) Affected Child Support Enforcement Division
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

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	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	128.0	128.0	140.8	140.8	154.9	154.9
200 TRAVEL	0					
300 CONTRACTUAL	49.4	29.4	32.3	32.3	35.6	35.6
400 COMMODITIES	1.6	1.6	1.8	1.8	1.9	1.9
500 EQUIPMENT	3.4	3.4	3.8	3.8	4.2	4.2
600 LAND & STRUCTURES	0	0	0	0		
700 GRANTS, CLAIMS, ETC.	0	0	0	0		
TOTAL	182.4	162.4	178.7	178.7	196.6	196.6

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND *	130.0	120.0	130.0	130.0	145.0	145.0
FEDERAL FUNDS *	50.0	40.0	45.0	45.0	46.0	46.0
OTHER (Specify Source)						
<u>Program Receipts</u>	<u>3.4</u>	<u>2.4</u>	<u>3.7</u>	<u>3.7</u>	<u>5.6</u>	<u>5.6</u>

*NOTE: Federal funding will be substantially reduced on 7/1/82.

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME	5	5	5	5	5	5
PART TIME						
TEMPORARY						

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

The additional accounting clerk III for each of the five teams will be responsible for handling the additional penalty and interest information. Currently, each team uses one of their six staff members to certify payment records for use in enforcement action. These payment records are a comparison of the fixed monthly obligation and the payments. The addition of mandatory late penalty and interest will require a comparison of the monthly obligation, payments, dates of the payment, and a computation of the penalty and interest as completed each month. It is anticipated that the introduction of these variables will substantially increase the number of payment record certifications and the time required to complete each certification. These certifications are the key factor in the agency's primary enforcement mechanism.

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IV. DATE 3/26/82 PREPARED BY Dan P. Copeland
AGENCY Child Support Enforcement - Dept. of Revenue

Original: Legislative Finance PHCNE 276-3441
cc: Budget and Management
Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
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Bill/Resolution No. CSSB 741
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 Requested by Senator Eliason Date 3/26/82

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OTHER (Specify Source)						
Program Receipts	3.4	2.4	3.7	3.7	5.6	5.6

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FULL TIME	5	5	5	5	5	5
PART TIME						
TEMPORARY						

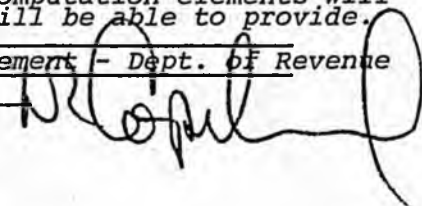
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 cc: Budget and Management
Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)



CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSB 741

Title "An Act Relating to Child Support Enforcement"

Requested by Senator Eliason

Date 3/26/82

II. FISCAL DETAIL

Agency Affected Department of Revenue

Program Category Affected Revenue Collection and Management

BRU, Program, Or Subprogram(s) Affected Child Support Enforcement Division

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

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	128.0	128.0	140.8	140.8	154.9	154.9
200 TRAVEL	0					
300 CONTRACTUAL	49.4	29.4	32.3	32.3	35.6	35.6
400 COMMODITIES	1.6	1.6	1.8	1.8	1.9	1.9
500 EQUIPMENT	3.4	3.4	3.8	3.8	4.2	4.2
600 LAND & STRUCTURES	0	0	0	0		
700 GRANTS, CLAIMS, ETC.	0	0	0	0		
TOTAL	182.4	162.4	178.7	178.7	196.6	196.6

FUNDING (Thousands of Dollars)

GENERAL FUND *	130.0	120.0	130.0	130.0	145.0	145.0
FEDERAL FUNDS *	50.0	40.0	45.0	45.0	46.0	46.0
OTHER (Specify Source)						
Program Receipts	3.4	2.4	3.7	3.7	5.6	5.6

*NOTE: Federal funding will be substantially reduced on 7/1/82.

POSITIONS

FULL TIME	5	5	5	5	5	5
PART TIME						
TEMPORARY						

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

The additional accounting clerk III for each of the five teams will be responsible for handling the additional penalty and interest information. Currently, each team uses one of their six staff members to certify payment records for use in enforcement action. These payment records are a comparison of the fixed monthly obligation and the payments. The addition of mandatory late penalty and interest will require a comparison of the monthly obligation, payments, dates of the payment, and a computation of the penalty and interest as completed each month. It is anticipated that the introduction of these variables will substantially increase the number of payment record certifications and the time required to complete each certification. These certifications are the key factor in the agency's primary enforcement mechanism.

The most significant aspect of this change will come in the form of a substantial increase in the number of disputes the agency will have to settle. While settling these disputes, collections will drop on far more cases than on the number of cases where the obligor pays timely to avoid the late penalty and interest. The combination of providing payment record certifications within 10 days and the additional variable computation elements will require more staff time from each team than the additional staff will be able to provide.

IV. DATE 3/26/82

PREPARED BY Don P. Copeland

AGENCY Child Support Enforcement - Dept. of Revenue

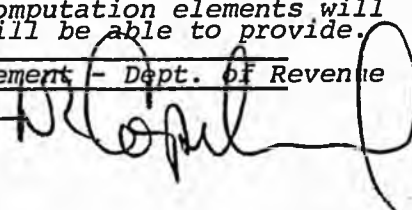
Original: Legislative Finance

PHONE 276-3441

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)



Offered: 3/18/82
Referred: Finance

Original sponsor: Eliason

1 IN THE SENATE

BY THE JUDICIARY COMMITTEE

2 CS FOR SENATE BILL NO. 741 (Judiciary)

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 child support enforcement."

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

8 * Section 1. AS 09.65.132(b) is amended to read:

9 (b) An income assignment order shall direct the obligor, the
10 obligor's [HIS] employer, future employer, and any person, political
11 subdivision, or department of the state to assign money due or to be due
12 the obligor to the obligee or to the child support enforcement agency
13 (AS 47.23) in an amount sufficient to meet the support payments imposed
14 by the court or by the child support enforcement agency under AS 47.-
15 23.140.

16 * Sec. 2. AS 09.65.132(h) is amended to read:

17 (h) The court may order a party to pay [AN OBLIGOR TO PAY] all
18 court [COURTS] costs and reasonable attorney fees involved in an income
19 assignment proceeding under this section.

20 * Sec. 3. AS 25.25.010(6) is amended to read:

21 (6) "duty of support" includes a duty of support imposed or
22 imposable by law, or by a court order, decree or judgment, whether
23 interlocutory or final, whether incidental to a proceeding for divorce,
24 legal separation, separate maintenance or otherwise, and includes the
25 duty to pay arrearages of support past due and unpaid together with
26 penalties and interest on arrearages;

27 * Sec. 4. AS 47.23.020(2)(C) is amended to read:

28 (C) a uniform schedule of penalties and interest on
29 arrearages of support that shall [FEES WHICH MAY] be charged to the

1 obligor upon notice if [THE] child support payments are 10 or more
2 days overdue or if payment is made by a check backed by insuffi-
3 cient funds; [.]

4 * Sec. 5. AS 47.23.020 is amended by adding a new paragraph to read:

5 (6) disburse child support payments collected by the agency
6 to the obligee together with interest charged under (2)(C) of this
7 section.

8 * Sec. 6. AS 47.23 is amended by adding a new section to read:

9 Sec. 47.23.035. PENALTIES RETAINED. The agency may retain penal-
10 ties charged under AS 47.23.020(2)(C).

11 * Sec. 7. AS 47.23 is amended by adding a new section to read:

12 Sec. 47.23.105. AUDIT OF COLLECTIONS. Within 10 working days
13 after receipt of a written request from an obligor or the obligor's
14 legal representative, the agency shall provide a certified audit of all
15 child support payments made by the obligor and received by the agency.
16 The audit shall include the date and amount of each payment, the name of
17 the obligee, and the total amount of arrearages of support past due and
18 amount of unpaid penalties and interest imposed under AS 47.23.020(c).
19 The agency is required to provide an audit for an obligor under this
20 section only once each year.

21 * Sec. 8. AS 47.23.110(3) is amended to read:

22 (3) "duty of support" includes a duty of child support imposed
23 or imposable by law, by a court order, decree or judgment, or by a
24 finding or decision rendered under this chapter whether interlocutory or
25 final, whether incidental to a proceeding for divorce, legal separation,
26 separate maintenance, or otherwise, and includes the duty to pay arrear-
27 ages of support past due and unpaid together with penalties and interest
28 on arrearages imposed under AS 47.23.020(2)(C);

29 * Sec. 9. AS 47.23.070 is repealed.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill 741
 Title "An Act Relating to Child Support Enforcement"
 Requested by Senator Eliason Date 2/18/82

II. FISCAL DETAIL

Agency Affected Department of Revenue
 Program Category Affected Revenue Collection and Management
 BRU, Program, Or Subprogram(s) Affected Child Support Enforcement Division
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
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600 LAND & STRUCTURES	0	0	0	0		
700 GRANTS, CLAIMS, ETC.	0	0	0	0		
TOTAL	182.4	162.4	178.7	178.7	196.6	196.6

FUNDING (Thousands of Dollars)

GENERAL FUND	50.0	40.0	45.0	45.0	46.0	46.0
FEDERAL FUNDS	130.0	120.0	130.0	130.0	145.0	145.0
OTHER (Specify Source)	2.4	2.4	3.7	3.7	5.6	5.6
Program Receipts						

POSITIONS

FULL TIME	5	5	5	5	5	5
PART TIME						
TEMPORARY						

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

The additional accounting clerk III for each of the five teams will be responsible for handling the additional penalty and interest information. Currently, each team uses one of their six staff members to certify payment records for use in enforcement action. These payment records are a comparison of the fixed monthly obligation and the payments. The addition of a mandatory late penalty and interest will require a comparison of the monthly obligation, payments, dates of the payment, and a computation of the penalty and interest as completed each month. It is anticipated that the introduction of these variables will substantially increase the number of payment record certifications and the time required to complete each certification.

The most significant aspect of this change will come in the form of a substantial increase in the number of disputes the agency will have to settle. While settling these disputes, collections will drop on far more cases than on the number of cases where the obligor pays timely to avoid the late penalty and interest.

IV. DATE 2/18/82 PREPARED BY Dan R Copeland
 AGENCY Child Support Enforcement - Dept. of Revenue
 Original: Legislative Finance PHONE 276-3441
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

Outdated

CS

Not Adopted

Original sponsor: Eliason

1 IN THE SENATE BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 741 (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 child support enforcement; and
7 providing for an effective date."

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

9 * Section 1. AS 09.65.132(b) is amended to read:

10 (b) An income assignment order shall direct the obligor, the
11 obligor's [HIS] employer, future employer, and any person, political
12 subdivision, or department of the state to assign money due or to be due
13 the obligor to the obligee or to the child support enforcement agency
14 (AS 47.23) in an amount sufficient to meet the support payments imposed
15 by the court or by the child support enforcement agency under AS 47.-
16 23.140.

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18 (h) The court may order a party to pay [AN OBLIGOR TO PAY] all
19 court [COURTS] costs and reasonable attorney fees involved in an income
20 assignment proceeding under this section.

21 * Sec. 3. AS 25.25.010(6) is amended to read:

22 (6) "duty of support" includes a duty of support imposed or
23 imposable by law, or by a court order, decree or judgment, whether
24 interlocutory or final, whether incidental to a proceeding for divorce,
25 legal separation, separate maintenance or otherwise, and includes the
26 duty to pay arrearages of support past due and unpaid together with
27 penalties and interest on arrearages;

28 * Sec. 4. AS 47.23.020(2)(C) is amended to read:

29 (C) a uniform schedule of penalties and interest on

1 arrearages of support that shall [FEES WHICH MAY] be charged to the
2 obligor upon notice if [THE] child support payments are 10 or more
3 days overdue or if payment is made by a check backed by insuffi-
4 cient funds; [.]

5 * Sec. 5. AS 47.23.020 is amended by adding new paragraphs to read:

6 (6) disburse child support payments collected by the agency
7 to the obligee together with interest charged under (2)(C) of this
8 section;

9 (7) deposit penalties charged under (2)(C) of this section in
10 the general fund.

11 * Sec. 6. AS 47.23 is amended by adding a new section to read:

12 Sec. 47.23.105. AUDIT OF COLLECTIONS. Within 10 working days
13 after receipt of a written request from an obligor or the obligor's
14 legal representative, the agency shall provide a certified audit of all
15 child support payments made by the obligor and received by the agency.
16 The audit shall include the date and amount of each payment, the name of
17 the obligee, and the total amount of arrearages of support past due and
18 amount of unpaid penalties and interest imposed under AS 47.23.020(c).
19 The agency is required to provide an audit for an obligor under this
20 section only once each year.

21 * Sec. 7. AS 47.23.110(3) is amended to read:

22 (3) "duty of support" includes a duty of child support
23 imposed or imposable by law, by a court order, decree or judgment, or by
24 a finding or decision rendered under this chapter whether interlocutory
25 or final, whether incidental to a proceeding for divorce, legal separa-
26 tion, separate maintenance, or otherwise, and includes the duty to pay
27 arrearages of support past due and unpaid together with penalties and
28 interest on arrearages imposed under AS 47.23.020(2)(C);

29 * Sec. 8. AS 47.23.070 is repealed.

1 * Sec. 9. This Act takes effect January 1, 1983.

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Introduced: 2/11/82
Referred: Judiciary

1 IN THE SENATE

BY ELIASON

2 SENATE BILL NO. 741

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 child support enforcement."

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

8 * Section 1. AS 25.25.010(6) is amended to read:

9 (6) "duty of support" includes a duty of support imposed or
10 imposable by law, or by a court order, decree or judgment, whether
11 interlocutory or final, whether incidental to a proceeding for divorce,
12 legal separation, separate maintenance or otherwise, and includes the
13 duty to pay arrearages of support past due and unpaid together with
14 penalties and interest on arrearages;

15 * Sec. 2. AS 47.23.020(2)(C) is amended to read:

16 (C) a uniform schedule of penalties and interest on
17 arrearages of support that shall [FEES WHICH MAY] be charged to the
18 obligor upon notice if [THE] child support payments are 10 or more
19 days overdue or if payment is made by a check backed by insuffi-
20 cient funds; [.]

21 * Sec. 3. AS 47.23.110(3) is amended to read:

22 (3) "duty of support" includes a duty of child support imposed
23 or imposable by law, by a court order, decree or judgment, or by a
24 finding or decision rendered under this chapter whether interlocutory or
25 final, whether incidental to a proceeding for divorce, legal separation,
26 separate maintenance, or otherwise, and includes the duty to pay arrear-
27 ages of support past due and unpaid together with penalties and interest
28 on arrearages imposed under AS 47.23.020(2)(C);

29

Introduced: 2/11/82
Referred: Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 743

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 voter approval of appropriations
7 to, and placement of money in, the permanent fund; and
8 providing for an effective date."

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

10 * Section 1. AS 37.07 is amended by adding a new section to read:

11 AS 37.07.075. VOTER APPROVAL OF APPROPRIATIONS AND PERMANENT FUND
12 DEPOSITS WHICH EXCEED SPENDING LIMIT. (a) When capital-project appro-
13 priations are submitted to the voters for approval under art. IX, sec.
14 16 of the Alaska Constitution, the lieutenant governor with the advice
15 of the attorney general shall prepare the ballot proposition. The
16 ballot proposition must be drafted so that the question of whether the
17 appropriation is approved appears on the ballot substantially as fol-
18 lows: "Shall each of the following appropriations be approved for the
19 purposes determined by the legislature, or shall the amount of the
20 appropriation be placed in the Alaska Permanent Fund (art. IX, sec. 15,
21 Alaska Constitution)?" Provision must be made for marking the question
22 so that each voter may express a choice for each appropriation.

23 (b) When an appropriation to the Alaska Permanent Fund (art. IX,
24 sec. 15, Alaska Constitution) exceeds the spending limitation in art.
25 IX, sec. 16 of the Alaska Constitution and is submitted to the voters
26 for approval, the lieutenant governor with the advice of the attorney
27 general shall prepare the ballot proposition. The ballot proposition
28 must be drafted so that the question of whether the appropriation to the
29 permanent fund is approved appears on the ballot substantially as fol-

COMMITTEE COPY.

1 lows: "Shall the appropriation of the following amount of money to the
2 Alaska Permanent Fund (art. IX, sec. 15, Alaska Constitution) be ap-
3 proved, or shall that amount of money remain unappropriated and be
4 invested as provided by art. IX, sec. 16 of the Alaska Constitution?"
5 Provision must be made for marking the question so that each voter may
6 express a choice.

7 (c) In addition to the ballot propositions required by art. IX,
8 sec. 16 of the Alaska Constitution and described in (a) and (b) of this
9 section, the lieutenant governor with the advice of the attorney general
10 shall prepare a ballot proposition to implement art. IX, sec. 17 of the
11 Alaska Constitution. This ballot proposition must be drafted so that
12 the question of whether the unexpended and unobligated money in the
13 state treasury shall be placed in the permanent fund appears on the
14 ballot substantially as follows: "Shall the unexpended and unobligated
15 money remaining in the state treasury after certification of the vote at
16 this election be placed in the permanent fund?" Provision must be made
17 for marking the question so that each voter may express a choice.

18 (d) Upon the lieutenant governor's certification of the election
19 results showing that if a majority of the voters approves of the appro-
20 priation to, or placement of money in, the permanent fund, the commis-
21 sioner of revenue shall transfer money from the general fund to the
22 Alaska Permanent Fund.

23 * Sec. 2. This Act takes effect on the effective date of the 1982 amend-
24 ment to the Alaska Constitution limiting appropriations of state money (art.
25 IX, sec. 17).

JAY S. HAMMOND
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 11, 1982

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

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill which implements the spending limit and its "codicil," proposed art. IX, secs. 16 and 17, respectively, of the Alaska Constitution.

The bill establishes a procedure for voter approval of appropriations for capital projects or permanent fund deposits, above the limit established by the spending limit amendment to the constitution (art. IX, sec. 16) proposed to the electorate by the legislature at the special session last summer. Under the bill, voters would choose between specific capital projects and placement of the appropriations for those projects in the Alaska Permanent Fund. They would also choose between appropriations to the permanent fund in excess of the spending limit, and retention of that money in the treasury, to be invested with other money in the treasury.

In addition, voters would choose between placing the entire unexpended and unobligated treasury balance in the Alaska Permanent Fund or simply investing the balance at competitive rates. This choice is specifically provided for in the codicil to the spending limitation, which would become art. IX, sec. 17, of the Alaska Constitution.

This bill provides the mechanism for public input and even control over capital spending decisions and over the rate of growth of both the permanent fund and of state spending. I therefore strongly urge your passage of the bill.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Jay S. Hammond".

Jay S. Hammond
Governor

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. _____
Title Relating to voter approval of appropriations to the permanent fund
Requested by the Governor Date 2/10/82

II. FISCAL DETAIL

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

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

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

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

No fiscal impact

IV. DATE February 10, 1982 PREPARED BY Ron Lehr
AGENCY Division of Budget & Management
Original: Legislative Finance PHONE 465-2213
cc: Budget and Management
Prime Sponsor (First Legislator Named)
33-001 (Rev. 12/81)

O FY ATTACHED

ALASKA STATE LEGISLATURE

TWELFTH Legislature SECOND.. Session

SENATE ..BILL..... NO. .743...

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

"An Act relating to voter approval of appropriations to, and placement of money in, the permanent fund; and providing for an effective date."

Introduced in the Senate ..2/11/, 19..82

HISTORY IN THE SENATE

19 82

Read first time and referred to Committee on

2 11

Finance

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed
Signed by President
Sent to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed
Signed by Speaker
Returned to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Received from House

To enrolling

Reported correctly enrolled

Sent to Governor

..... by Governor

Filed with Lt. Governor

Chapter No.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. _____
 Title Relating to voter approval of appropriations to the permanent fund
 Requested by the Governor Date 2/10/82

II. FISCAL DETAIL

Agency Affected _____
 Program Category Affected _____
 BRU, Program, Or Subprogram(s) Affected _____
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100 PERSONAL SERVICES						
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TOTAL		-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

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

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

No fiscal impact

IV. DATE February 10, 1982 PREPARED BY Ron Lehr
 AGENCY Division of Budget & Management
 Original: Legislative Finance PHONE 465-2213
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

JAY S. HAMMOND
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

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The Honorable Jalmar Kerttula
President of the Senate
Alaska State Legislature
Pouch V
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Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill which implements the spending limit and its "codicil," proposed art. IX, secs. 16 and 17, respectively, of the Alaska Constitution.

The bill establishes a procedure for voter approval of appropriations for capital projects or permanent fund deposits, above the limit established by the spending limit amendment to the constitution (art. IX, sec. 16) proposed to the electorate by the legislature at the special session last summer. Under the bill, voters would choose between specific capital projects and placement of the appropriations for those projects in the Alaska Permanent Fund. They would also choose between appropriations to the permanent fund in excess of the spending limit, and retention of that money in the treasury, to be invested with other money in the treasury.

In addition, voters would choose between placing the entire unexpended and unobligated treasury balance in the Alaska Permanent Fund or simply investing the balance at competitive rates. This choice is specifically provided for in the codicil to the spending limitation, which would become art. IX, sec. 17, of the Alaska Constitution.

This bill provides the mechanism for public input and even control over capital spending decisions and over the rate of growth of both the permanent fund and of state spending. I therefore strongly urge your passage of the bill.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Jay S. Hammond".

Jay S. Hammond
Governor

475

Introduced: 2/11/82
Referred: Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 743

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 voter approval of appropriations
7 to, and placement of money in, the permanent fund; and
8 providing for an effective date."

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

10 * Section 1. AS 37.07 is amended by adding a new section to read:

11 AS 37.07.075. VOTER APPROVAL OF APPROPRIATIONS AND PERMANENT FUND
12 DEPOSITS WHICH EXCEED SPENDING LIMIT. (a) When capital-project appro-
13 priations are submitted to the voters for approval under art. IX, sec.
14 16 of the Alaska Constitution, the lieutenant governor with the advice
15 of the attorney general shall prepare the ballot proposition. The
16 ballot proposition must be drafted so that the question of whether the
17 appropriation is approved appears on the ballot substantially as fol-
18 lows: "Shall each of the following appropriations be approved for the
19 purposes determined by the legislature, or shall the amount of the
20 appropriation be placed in the Alaska Permanent Fund (art. IX, sec. 15,
21 Alaska Constitution)?" Provision must be made for marking the question
22 so that each voter may express a choice for each appropriation.

23 (b) When an appropriation to the Alaska Permanent Fund (art. IX,
24 sec. 15, Alaska Constitution) exceeds the spending limitation in art.
25 IX, sec. 16 of the Alaska Constitution and is submitted to the voters
26 for approval, the lieutenant governor with the advice of the attorney
27 general shall prepare the ballot proposition. The ballot proposition
28 must be drafted so that the question of whether the appropriation to the
29 permanent fund is approved appears on the ballot substantially as fol-

1 lows: "Shall the appropriation of the following amount of money to the
2 Alaska Permanent Fund (art. IX, sec. 15, Alaska Constitution) be ap-
3 proved, or shall that amount of money remain unappropriated and be
4 invested as provided by art. IX, sec. 16 of the Alaska Constitution?"
5 Provision must be made for marking the question so that each voter may
6 express a choice.

7 (c) In addition to the ballot propositions required by art. IX,
8 sec. 16 of the Alaska Constitution and described in (a) and (b) of this
9 section, the lieutenant governor with the advice of the attorney general
10 shall prepare a ballot proposition to implement art. IX, sec. 17 of the
11 Alaska Constitution. This ballot proposition must be drafted so that
12 the question of whether the unexpended and unobligated money in the
13 state treasury shall be placed in the permanent fund appears on the
14 ballot substantially as follows: "Shall the unexpended and unobligated
15 money remaining in the state treasury after certification of the vote at
16 this election be placed in the permanent fund?" Provision must be made
17 for marking the question so that each voter may express a choice.

18 (d) Upon the lieutenant governor's certification of the election
19 results showing that if a majority of the voters approves of the appro-
20 priation to, or placement of money in, the permanent fund, the commis-
21 sioner of revenue shall transfer money from the general fund to the
22 Alaska Permanent Fund.

23 * Sec. 2. This Act takes effect on the effective date of the 1982 amend-
24 ment to the Alaska Constitution limiting appropriations of state money (art.
25 IX, sec. 17).
26
27
28
29

**COMMITTEE REPORT
SENATE**

2/22/82

FURTHER: None

Date: 3/24/82

Mr. President:

The Committee on FINANCE has had SR 744

making special appropriations for legal fees and litigation costs related to oil and gas matters

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

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for SR 744 same title
 new title
- and recommends DO PASS
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Handwritten signatures]

[Handwritten signature]
CHAIRMAN

Original sponsor: Rules/Governor

Funding Information

General Fund \$5,684,750
Other Funds -0-
\$5,684,750

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 744

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations for legal fees
7 and litigation costs related to oil and gas matters;
8 and providing for an effective date."

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

10 * Section 1. The sum of \$815,200 is appropriated from the general fund to
11 the Department of Law for costs associated with the oil and gas corporate
12 income tax litigation, for fiscal year 1983.

13 * Sec. 2. The sum of \$224,500 is appropriated from the general fund to
14 the Department of Revenue for its costs associated with the oil and gas
15 corporate income tax litigation, for fiscal year 1983.

16 * Sec. 3. The sum of \$4,433,350 is appropriated from the general fund to
17 the Department of Law for costs associated with the on-going proceeding
18 before the Federal Energy Regulatory Commission for establishing tariffs for
19 transporting oil through the Trans-Alaska Pipeline System (TAPS), for fiscal
20 year 1983.

21 * Sec. 4. The sum of \$211,700 is appropriated from the general fund to
22 the Department of Law for the State v. Amerada Hess litigation, for fiscal
23 year 1983.

24 * Sec. 5. The appropriations made by this Act are not one-year appro-
25 priations and do not lapse under AS 37.25.010.

26 * Sec. 6. This Act takes effect July 1, 1982.

Original sponsor: Rules/Governor

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Other Funds -0-
\$5,684,750

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Original sponsor: Rules/Governor

Funding Information

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STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K-STATE CAPITOL
JUNEAU, ALASKA 99811

March 11, 1982

Senator M. E. Dankworth
Pouch V
Juneau, Alaska 99811

Re: SB 744: special appropriations for
legal fees and litigation costs
related to oil and gas matters

Dear Ed:

Pursuant to your request, I am providing a review of our Department's needs for oil and gas litigation funding.

I

Funding Needs for Income Tax Cases (Section 1 of the bill)

The Department of Law's funding needs for the oil and gas corporate income tax cases (Arco v. State and Exxon v. State) for fiscal year 1983 total at least \$815,200. The amount at stake is approximately \$1.8 billion, and increases at an annual rate of \$144 million in accumulated prejudgment interest. The \$1.8 billion is money that the State has already received and spent, so the consequence of losing this case would be staggering. The State would not simply forego future receipts -- it would have to give an enormous amount of money back. Consequently, it is imperative that the Department's litigation budget be fully funded for the entire fiscal year.

In recognition of the sizeable exposure just on annual prejudgment interest, the Department of Law believes it is important to have these cases decided as early as possible. Accordingly, the department has moved the case to the point where a trial court decision is expected this autumn. On November 13, 1981, the department filed a summary judgment motion which asks the court to rule on all the issues in the case without the necessity of trial.

The motion was prepared by the department's litigation team, which consists of three attorneys. Unlike other complex litigation in which the State has been involved, use of outside counsel has been minimized. The State has retained on this case the firm of Rogovin, Hugel and Lenzner, with Mitchell Rogovin being the partner chiefly involved. Mr. Rogovin, former general counsel to the Internal Revenue Service, and Mr. Walter Dellinger, a nationally recognized constitutional law scholar and law professor at Duke University, have been asked to review the state's materials and perform certain original work within their particular areas of expertise. Total billings over the past year have been \$210,000. Conversely, the same firm's billings on the TAPS tariff case, in which the firm plays a lead role, have been approximately \$5 million over the same period.

The state chose as its other outside counsel what we believe to be the best West Coast litigation firm not already associated with the industry--Preston, Thorgrimson, Ellis and Holman. Their role has been to find, assemble and index necessary documents. For example, the firm spent three months assembling a 10,000-page legislative history of AS 43.21 for submission with our motion, together with a seven-volume multiple index. Billings for this effort were \$50,000.

Additionally, the state has retained one accountant and two economists as expert witnesses. These three experts, chosen from a nationwide search and generally recognized as the best in the field of natural resource accounting and taxation, are University of Texas accounting professor Edward Deakin, and economists Professor Robert Conrad and Thomas Horst. Each wrote a lengthy and extremely comprehensive affidavit for the state's motion, and each is used on a consulting basis. Total billings to date have been \$200,000.

On the companies' side we conservatively estimate that 40 attorneys are assigned to the case. These attorneys have attempted to delay resolution of the case, and we recently spent five weeks in response to one company discovery request, ultimately producing approximately 15,000 pages of individually reviewed documents.

The FY 83 budget request (\$815,200) represents approximately 2/3 of the FY 82 appropriation and RSA with the Department of Revenue.

Here is the functional breakdown:

Professional Services	\$323,800
Contractual - professional service charges of consultants, outside counsel, and expert witnesses	400,000
Contractual - in-house, (long-distance telephone, word processing, copying, printing, computerized legal research, etc.)	54,200
Travel and per diem (confer with expert witnesses, take depositions, examine evidence, meet with opposing counsel)	30,000
Commodities (legal publications and expendable supplies)	<u>7,200</u>
TOTAL	\$815,200

The personal services component of \$323,800 is a maintenance level budget.

The \$400,000 budgeted for consultants represents a major reduction from the FY 82 appropriation, - down from \$520,000 actually spent thus far for Rogovin, Preston-Thorgrimson, Deakin, Horst and Conrad over the past 12 months. This component programs \$100,000 for the Preston firm (discovery and assistance on the final brief, due July 17, 1982); \$100,000 for the Rogovin firm (discovery and assistance on the final brief); and \$200,000 to be allocated among our 3 expert witnesses.

The \$30,000 budgeted for travel and per diem likewise represents a major reduction from the FY 82 appropriation. To date, \$50,000 has been spent in travel in FY 82. Travel necessities are largely dictated by the companies' actions. If the oil companies schedule numerous depositions across the country, this \$30,000 budget may be quickly consumed.

Overall, this FY 83 budget assumes that the trial court will grant our summary judgment motion and will decide the case without trial. If an actual trial should become necessary (the oil companies say that it will), then this budget will have to be substantially increased to cover the sizeable expansion of the litigation effort.

II

Funding Needs for the Amerada Hess case (Section 4 of the bill)

The Department of Law's funding needs for the Amerada Hess case (State v. Amerada Hess) for fiscal year 1983 total \$211,700. This sum is almost entirely to cover the professional fees of the expert witnesses who will be crucial to the State's case.

The Amerada Hess case challenges all royalty payments made by the Prudhoe Bay lessees since North Slope production began. Because the royalty payable by those lessees directly affects the price payable by third parties for the State's royalty oil, this case has far-reaching consequences for the State's past and future revenue receipts. It is difficult to estimate with precision the amount at issue in the case, but over the life of the Prudhoe Bay and Kuparuk fields it could easily amount to several hundred million dollars.

The central issue in the case is the determination of the "value" of the oil. This issue turns on expert opinion and the particular facts of the disposition of the oil. The State has attempted to negotiate a settlement, but the Prudhoe Bay lessees have been unwilling to agree to any proposal that would be acceptable to the State. Consequently, there is no reasonable alternative to litigation.

Because of the nature of the issue in controversy, the trial will of necessity be a "battle of experts." Consequently, preparation for trial will require a substantial and detailed discovery effort.

The \$211,700 budget requirement is almost entirely allocated to outside expert witnesses and consulting counsel. No funds or positions are requested for additional Department of Law personnel. Here is a functional breakdown:

Contractual - professional service charges of consultants and expert witnesses	\$200,000
Contractual - in-house (long-distance telephone, word-processing, copying, printing, computerized legal research etc.)	3,800
Travel and per diem (confer with expert witnesses, take depositions, examine evidence, meet with opposing counsel)	7,500
Commodities (legal publications and expendable supplies)	<u>400</u>
TOTAL	\$211,700

III

Minimum partial funding needs
for TAPS tariff litigation
(Section 3 of the bill)

The Department of Law's minimum partial funding needs for the TAPS tariff litigation for fiscal year 1983 total \$4.43 million. This is the sum required to cover litigation efforts for the first 7½ months of FY 83 (until February 15, 1982), with a modest contingency allowance built in.

This funding proposal takes into account the status of ongoing settlement efforts. While settlement is more likely now than it has ever been, it is still less than a 50% probability. We are currently in the process of hammering out a settlement proposal with one of the eight TAPS owner companies. At present, however, there is no agreement in hand. Even after a satisfactory proposal is reached with this individual company (assuming one can be agreed upon), we still face extensive and difficult negotiations with the seven remaining owner companies. To date, none of these seven have advanced any settlement proposals that would be remotely acceptable to the State. To preserve the strength of our bargaining position during the months of difficult negotiations ahead, it is imperative that we fully maintain our ability to litigate if need be. Furthermore, this is the only adequate means of planning for the likely possibility that our settlement efforts may ultimately prove unsuccessful.

Because of the extraordinary scope of the case and the Department's manpower commitments to the ARCO and Amerada - Hess cases, the State has had to rely on outside counsel to an unprecedented extent. Accordingly, the budgetary requirements of this case are sizeable. It is our best judgment that the State would not save enough to justify increasing the Department's involvement, even though there might be room for savings using in-house personnel to a greater degree.

The \$4.43 million budget requirement is based on the Department's FY 82 Detail Budget Submission, as updated by our principal contractors within the past 6 months. Here is a functional breakdown:

Phase I Appeal/Consent Decree	\$ 319,000
Phase II	
Cost of Construction	3,286,350
Non-Cost of Construction	678,000
Department of Law - Administration	<u>150,000</u>
TOTAL	\$4,433,350

The FY 82 Detail Budget Submission projected \$319,000 for lawyers and disbursements associated with Phase I appeals in FY 83. Since the Administrative Law Judge's Phase I decision is a great victory for the State (and the critical mainstay of our negotiation position) we must be prepared to fund whatever appellate efforts may be required in FY 83, whenever we may be called upon to pursue the appellate process. This component of the budget will also fund the State's representation in the Consent Decree proceedings initiated by the Anti-Trust Division of the Department of Justice, which materially impact upon the TAPS proceeding.

Rogovin, Hugel & Lenzner, the law firm in charge of our Phase II Cost of Construction case, has recently given us a month-by-month budget for FY 83 totalling \$5,884,750. Through mid-February, 1983, the subtotal is \$2,738,625. Allowing 20% for a contingency fund yields \$3,286,350. Preliminary reports indicate that the cross-examination of our witnesses, which has just commenced, will be both longer and more intense than originally anticipated, increasing the probability that the 20% contingency will be drawn down.

Donelan, Cleary, Wood & Maser, the law firm in charge of our Phase II Cost of Service case, has recently provided us with a revised FY 83 budget totalling \$1,084,800. Five-eighths of this figure (the equivalent of 7½ months) equals \$678,000.

Finally, the FY 82 Detail Budget Submission projects \$150,000 for the Department's in-house administration of the case. This component of the budget funds the Department's monitoring of the outside counsel. These monitoring responsibilities require full-year commitments to be in-place at the start of the fiscal year.

If you would like to know more about the long-term professional and budgetary requirements for the TAPS case (assuming we litigate to the end of the appellate process), you should find informative the attached TAPS Status Report Memorandum to the File (dated March 1, 1982). This memo gives a Phase-by-Phase breakdown of past and projected expenditures, outlines what remains to be done in each Phase of the case, and assesses our three best options to continued full-scale litigation.

Senator M. E. Dankworth

March 11, 1982
Page 8

I have attached a draft Committee Substitute for the bill which incorporates the changes suggested in this letter.

I hope this answers your questions about the Department's FY 83 funding needs for oil and gas litigation. If you have any further questions or information need, please feel free to call on me at any time.

Very truly yours,

A handwritten signature in black ink, appearing to read "Wilson L. Condon". The signature is fluid and cursive, with a long, sweeping tail on the final letter.

Wilson L. Condon
Attorney General

WLC:vrh

MEMORANDUM

State of Alaska

CONFIDENTIAL - ADVICE OF COUNSEL

TO: To The File

DATE: March 1, 1982

FILE NO:

TELEPHONE NO:

FROM: Wilson L. Condon
Attorney General

SUBJECT: Status Report

TAPS STATUS REPORT

1. Breakdown of Expenditures.

The TAPS litigation has been staggered into 2 phases by the Federal Energy Regulatory Commission (FERC). Phase I addressed the general methodology question: What formula should be used to set tariff rates for oil pipelines in general and for TAPS in particular. Phase II will address the specific questions of what actual dollar amounts should be plugged into the formula developed in Phase I.

The biggest single issue in Phase II focuses on the level of wasteful or imprudent expenditures Alyeska ran up in the construction of TAPS. This has become known as the "cost of construction" case. The remaining issues in Phase II have been clustered together and have become known as the "cost of service" case.

The following table breaks down the actual and projected expenditures associated with each Phase of the case.

TAPS Expenditures -- Historical and Projected
(Rounded to nearest thousand)
(000 omitted)

	<u>Phase I</u>	<u>Phase II</u>		Department of Law Administrative
	(including settlement efforts and APC appeal)	Cost of Construction	Cost of Service	
Actual Ex- penditures to date (FY 77 - to mid FY 82)	3,916	12,175	1,275	300
Projected Ex- penditures for balance of litigation ef- fort (mid- FY 82 to end of FY 87)	460	11,920	3,070	675
Totals	4,376	24,095	4,345	975

Overall grand total of actual plus projected expenditures =
\$33,791 0.

2. What remains to be done.

Phase I. The administrative record is complete. The Administrative Law Judge adopted almost all of the position advocated by the State. This decision now must be defended in appeal proceedings first before the FERC and then before the courts.

Phase II.

Cost of Construction. All pre-trial work has been substantially completed. Cross-examination of witnesses commenced on 2-24-82. When cross-examination of our witnesses is completed, we will have to cross-examine the owner companies' witnesses and present our rebuttal case. Next, briefs will have to be submitted to the FERC. Lastly, appellate work will probably be required, either to defend our victories or to reverse any unfavorable decision.

Cross-examination, at least of our witnesses, is expected to take an enormous amount of time. The owner companies have notified us that they expect to cross-examine our first witness alone for at least 8 weeks. We have a total of 30 witnesses. In recognition of the time and expense of the cross-examination hearings, the Phase II budgets reflect nearly as much money to complete the cost of construction and cost of service cases as was required to do all of the case preparation.

Cost of Service. Pre-trial work is nearly complete. Final drafts of written direct testimonies and related exhibits are in production and will be filed on 3-12-82. What will then remain is cross-examination of our witnesses and their witnesses, presentation of our rebuttal case, briefing, and whatever appellate work may be required.

3. Options in lieu of full-scale litigation with outside counsel.

As alternatives to continued full-scale litigation with outside counsel, the Department has considered:

- (1) Settlement;
- (2) Reduction in scope of case; and
- (3) Increased involvement of Attorney General's office.

Settlement. General settlement discussions between the State and representatives of the four major TAPS owners have been going on for nearly a year. At this point settlement appears more likely than ever before, but still less than a 50% probability. Within the past month, ARCO, Exxon and Sohio rejected the State's most recent settlement proposal. To date they have not made any counter-offers of their own. House Counsel for B.P. has indicated his willingness to recommend to his management settling at a 1982 tariff of \$4.625, 40% of which would escalate at the rate of inflation for the next 10 years. It is presently unclear whether such a proposal would be acceptable to the Legislature, assuming it might be acceptable to the Governor. It is also unclear what effect a separate settlement with B.P. would have on continued litigation with the others.

Reduction In Scope of Case. The State would not benefit enough to justify abandoning either or both Phase II cases. On the plus side, the State could save a projected \$12 million by abandoning the cost of construction case and/or a projected \$3 million by abandoning the cost of service case. On the minus side, this would mean throwing away \$12.2 million that has been spent to prepare the cost of construction case and/or \$1.3 million that has been spent to prepare the cost of service case.

The State would also lose the rate-reducing value of either or both cases. The cost of construction case has 4 times the dollars-and-cents potential of the cost of service case, but the cost of service case raises more traditional issues that have a greater likelihood of being fully successful. Consequently the return on each dollar of litigation investment is about the same for each case.

It may be possible to negotiate a partial settlement on some or all of the issues raised in the cost of construction and cost of service cases. However, voluntarily scaling down now would seriously impair the State's negotiating position in any such settlement discussions.

If the legislature is unwilling to fund full-scale efforts for fiscal 1983, a more cost-effective alternative to terminating either Phase II case would be to fund full-scale efforts for the first three quarters of the fiscal year. Funding for the last quarter could then be reserved pending an examination of progress achieved in settlement negotiations and/or the hearings through 3-31-83.

Increased Involvement of Attorney General's Office. The State would probably not save enough to justify increasing the involvement of the AGO. The logical areas for the AGO to assume responsibility are briefing and appellate work. Allowing for the huge size of the administrative record, the Department of Law would need to be increased by 3 to 5 attorneys plus related secretarial, clerical and administrative personnel. Since most if not all of the appellate work requires a Washington, D.C. presence, any special TAPS section should be officed in Washington.

There is certainly room for savings using in-house personnel. Current budget projections estimate \$4.8 million as the cost of briefing and appeal using outside counsel, who presently bill at an average rate of \$125 per hour. AGO attorneys cost far less per hour and typically perform work of a quality equal to the best the private bar can offer.

But the attorneys who built the TAPS trial record should be able to handle the briefing and appellate work with greater speed and authority than attorneys who come to the record cold. They are already located in Washington D.C. with facilities and support personnel in place. And they can readily and easily be terminated if we settle during the appellate process.

Original sponsor: Rules/Governor

Funding Information

General Fund \$5,684,750
Other Funds -0-
\$5,684,750

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BY THE FINANCE COMMITTEE

2 COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 744

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

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26 * Sec. 6. This Act takes effect July 1, 1982.
27
28
29

JAY S. HAMMOND
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 11, 1982

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

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill making special appropriations to the Department of Revenue and the Department of Law. These appropriations are to provide fiscal year 1983 financing for the oil and gas corporate income tax litigation, the Amerada Hess litigation (royalty payments made by the Prudhoe Bay lessees), and the Trans-Alaska Pipeline System (TAPS) tariff proceedings before the Federal Energy Regulatory Commission. Back-up material is being furnished the Finance Committee.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Jay S. Hammond".

Jay S. Hammond
Governor

MEMORANDUM

State of Alaska

TO: Ron Lehr, Director
Division of Budget & Management
Office of the Governor

DATE: December 4, 1981

FILE NO:

TELEPHONE NO:

FROM: Wilson A. Condon
Attorney General

SUBJECT: FY 83 Special Oil and Gas
Revenue Related Litigation
Budget Request

and
Thomas K. Williams
Commissioner
Department of Revenue

As was done last year, and as indicated would be done in both the Department of Law's FY 83 policy and detail budgets, we are submitting a separate request for funds necessary to continue the State's representation in certain oil and gas revenue related litigation during FY 83. The request consists of four separate elements:

- 1) Department of Law FY 83 ARCO appropriation.
- 2) Department of Revenue FY 83 ARCO appropriation.
- 3) Department of Law FY 83 TAPS appropriation.
- 4) Department of Law FY 83 Amerada Hess appropriation.

1. Oil and gas corporate income tax case (ARCO),
Department of Law. Attachment 1 sets out estimated FY 83 costs for the Department of Law associated with the oil and gas corporate income tax litigation. The request totals \$815,200, the bulk of which is allocated between personal services costs (\$323,800) and contractual (consultant/expert) costs (\$400,000).

Law's FY 83 ARCO budget request is based on our present projections as to the most likely course the case will be following during that fiscal year. In order to get the case moving and achieve as early a final resolution as possible, the Department of Law recently filed a massive motion with the Superior Court requesting summary judgment on the points of legal challenge raised by the oil companies to AS 43.21. Within literally hours after the State filed its motion, however, the companies served a substantial set of discovery requests upon us, indicating the companies' continued intention to pursue the litigation through a trial.

While we presently anticipate being able to resolve the case without the need for a lengthy trial, should a trial actually become necessary, both the Department of Law

December 4, 1981

and the Department of Revenue may at some later date need to seek additional funding to support necessary pre-trial discovery and deposition efforts and trial preparation, as well as the conduct of a trial, itself.

2. Oil and gas corporate income tax case (ARCO), Department of Revenue. Attachment 2 sets out estimated FY 83 costs for the Department of Revenue associated with the oil and gas corporate income tax litigation. The request totals \$224,500, of which \$174,000 is allocated for salary costs of Revenue personnel hired in support of the Department of Law's litigation effort in the ARCO case. Unlike Revenue's FY 82 ARCO request, this FY 83 request does not include funds for the retention of legal, economic or accounting expertise necessary in direct support of the litigation. All such costs have been included as a part of Law's portion of the ARCO FY 83 budget request.

The Revenue request level is based on the same assumptions regarding the manner in which the case will progress during FY 83 which were utilized by Law in arriving at its FY 83 budget request for the case.

3. TAPS tariff proceeding, Department of Law. Attachment 3 sets out estimated FY 83 costs for the Department of Law associated with the on-going proceeding before the Federal Energy Regulatory Commission for establishing tariffs for transporting oil through the Trans-Alaska Pipeline System (TAPS). The request totals \$7,380,000, the vast bulk of which has been identified as necessary for the contractual services of outside counsel and expert witnesses (\$7,158,600). The figures are derived from last year's special FERC/TAPS capital request submitted to you by the department on October 20, 1980. The request is premised on the assumption that the case will have to be resolved through active litigation by the State, although the possibility of pursuing a resolution by negotiation and settlement is presently being considered.

4. State v. Amerada Hess, Department of Law. Attachment 4 sets out estimated FY 83 costs associated with litigating "Count V" of State v. Amerada Hess. Although the parties are currently exploring the possibility of a negotiated settlement of the case, there is also a significant likelihood that settlement will not be possible and that the state will have to litigate it. The request totals \$211,700, the bulk of which is allocated for the costs of outside consulting counsel and expert witnesses (\$200,000). No funds or positions are requested for additional Department of Law personnel.

The Amerada Hess case challenges all royalty payments made by the Prudhoe Bay lessees since North Slope

production began. Also, because, the royalty that was payable by those lessees directly affects the price payable for our royalty oil by third party buyers, Amerada Hess will also determine those revenues. The case involves determining the "value" of the oil—a question dependent upon expert opinion and the particular facts of the oil's disposition. If the question must be litigated, a substantial and detailed discovery effort in preparation for trial would be necessary in preparation for the "battle of experts" which a trial of the question would entail.

Estimates of the amount of money at issue in the case are very speculative, but, over the life of the Prudhoe Bay and Kuparuk fields, it could easily aggregate to hundreds of millions of dollars.

RWL:cjs

FY 83 funding estimates for the Department of Law's oil and gas income tax litigation activities are as follows:

100 Personal Services

Personal Services cover the costs of two Attorney V's, one Attorney III, one Associate Attorney II, and a Legal Secretary I. Also included is \$36,000 to cover the cost of non-permanent clerical aides and law school interns who assist with oil and gas litigation matters.

Permanent Positions (5)	\$287,800
Non-Permanent Positions (2)	36,000

200 Travel and Per Diem

Travel in and out of the state as required to confer with expert witnesses, meet with opposing counsel, examine evidence and take depositions. The amount requested may prove substantially insufficient should the state be forced to mount a massive deposition effort.

\$ 30,000

300 In-House Contractual

Staff costs for telephone, long distance, telecopier, copying, printing, evidence preparation, word processing, and computerized legal research.

\$ 54,200

300 Consultants-Contractual

Professional services charges for tax and accounting experts, outside consulting law firms and the presentation of expert testimony.

\$400,000

400 Commodities

Legal publications and expendable supplies.

\$ 7,200

Summary of costs

Personal Services	\$323,800
Travel	30,000
Contractual (In-House)	54,200
Contractual (Consultants)	400,000
Commodities	7,200

TOTAL \$815,200

FY 83 funding estimates for the Department of Revenue's activities in support of the state oil and gas income tax litigation efforts are as follows:

100 Personal Services

Personal services cover the costs of two Revenue Field Auditor II's and one Revenue Hearing Examiner and the costs of non-permanent clerical aides and professional assistants to back-up the permanent staff during high workload periods.

Permanent Positions (3)	\$174,000
Non-Permanent Positions	26,400
	<u>\$200,400</u>

200 Travel and Per Diem

Travel in and out of state as required to obtain and review records and prepare data, analyses and affidavits for the Department of Law and to assist in preparing materials in response to discovery requests by the oil companies.

\$ 15,000

300 Contractual

Staff costs for telephone, long distance, telecopy, copying, word processing and data processing.

\$ 8,600

400 Commodities

Tax publications and expendable supplies.

\$ 500

Summary of Costs:

Personal Services	\$200,400
Travel	15,000
Contractual	8,600
Commodities	<u>500</u>
TOTAL	\$224,500

FY 83 funding estimates for the Department of Law's activities in presenting the state's case in the TAPS tariff proceedings before the FERC are as follows:

100 Personal Services

Personal Services cover the costs for one Attorney IV, one Legal Secretary I and an Accounting Clerk II. Also included is \$36,000 to cover the cost of non-permanent clerical aides and law school interns who assist with FERC matters.

Permanent Positions (3)	117,400
Non-Permanent Positions (2)	36,000

200 Travel and Per Diem

Travel to/from Washington, D.C. and numerous other locations inside and outside Alaska to confer with outside Counsel and expert witness consultants, review evidence and testimony, and participate in the TAPS tariff proceedings.

\$ 30,000

300 In-House Contractual

Staff costs for telephone, long distance, telecopy, copying, printing, word processing, and computerized legal research.

\$ 32,000

300 Consultants - Contractual

Professional services charges for outside law firms in Washington, D.C. and their expert witness consultants, who are trying the state's case before the FERC.

\$7,158,600

400 Commodities

Legal publications and expendable supplies.

\$ 6,000

Summary of Costs:

Personal Services	\$ 153,400
Travel	30,000
Contractual (In-House)	32,000
Contractual (Outside Counsel)	7,158,600
Commodities	6,000
TOTAL	<u>\$7,380,000</u>

FY 83 funding estimates for the Department of Law's Amerada Hess litigation activities are as follows:

200 Travel and Per Diem

Travel in and out of the state as required to confer with expert witnesses, meet with opposing counsel, examine evidence and take depositions.

\$ 7,500

300 In-House Contractual

Staff costs for telephone, long distance, telecopies, copying, printing, evidence preparation, word processing, and computerized legal research.

\$ 3,800

300 Consultants-Contractual

Professional services charges for commodities and oil valuation experts and outside consulting law firms.

\$200,000

400 Commodities

Legal publications and expendable supplies.

\$ 400

Summary of Costs:

Travel	\$ 7,500
Contractual (In-House)	3,800
Contractual (Consultants)	200,000
Commodities	400
TOTAL	<u>\$211,700</u>



LAWS OF ALASKA

1981

Source

Chapter No.

CSRB 113(Fin) am (afd am H)

1

AN ACT

Making supplemental and special appropriations for oil and gas matters, and providing for an effective date.

* Section 1. The sum of \$3,449,000 is appropriated from the general fund to the Department of Law for legal expenses in connection with the interstate and intrastate TAPS tariff proceedings for the fiscal year ending June 30, 1981.

* Sec. 2. The sum of \$7,166,000 is appropriated from the general fund to the Department of Law for legal expenses in connection with the interstate and intrastate TAPS tariff proceedings for the fiscal year ending June 30, 1982.

* Sec. 3. The sum of \$310,000 is appropriated from the general fund to the Alaska Pipeline Commission for the purpose of making the commission staff's presentation in the intrastate TAPS tariff proceedings during the fiscal year ending June 30, 1981.

* Sec. 4. The sum of \$365,400 is appropriated from the general fund to the Alaska Pipeline Commission for the purpose of making the commission staff's presentation in the intrastate TAPS tariff proceedings during the fiscal year ending June 30, 1982.

* Sec. 5. The sum of \$1,546,500 is appropriated from the general fund for the fiscal years ending June 30, 1981, and June 30, 1982, for expenses in connection with the pending litigation challenging the corporate oil and gas income tax, to be allocated as follows:

-1- CSRB 113(Fin) am (afd am H)

Approved by the Governor: March 18, 1981
Actual Effective Date: March 25, 1981

Chapter 1

Department of Law 9734,200

Department of Revenue 812,300

* Sec. 6. The unexpanded and unobligated portions of the appropriations made in secs. 1 and 3 of this Act lapse into the general fund June 30, 1981.

* Sec. 7. The unexpanded and unobligated portions of the appropriations made in secs. 2, 4, and 5 of this Act lapse into the general fund June 30, 1982.

* Sec. 8. This Act takes effect March 25, 1981.

-2- CSRB 113(Fin) am (afd am H)

Funding Information
General Fund \$8,631,400
Other Funds -0-
\$8,631,400

Introduced: 2/11/82
Referred: Judiciary and Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 744

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations for legal fees
7 and litigation costs related to oil and gas matters;
8 and providing for an effective date."

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

10 * Section 1. The sum of \$815,200 is appropriated from the general fund to
11 the Department of Law for costs associated with the oil and gas corporate
12 income tax litigation, for fiscal year 1983.

13 * Sec. 2. The sum of \$224,500 is appropriated from the general fund to
14 the Department of Revenue for its costs associated with the oil and gas
15 corporate income tax litigation, for fiscal year 1983.

16 * Sec. 3. The sum of \$7,380,000 is appropriated from the general fund to
17 the Department of Law for costs associated with the on-going proceeding
18 before the Federal Energy Regulatory Commission for establishing tariffs for
19 transporting oil through the Trans-Alaska Pipeline System (TAPS), for fiscal
20 year 1983.

21 * Sec. 4. The sum of \$211,700 is appropriated from the general fund to
22 the Department of Law for the State v. Amerada Hess litigation, for fiscal
23 year 1983.

24 * Sec. 5. The appropriations made by this Act are not one-year appro-
25 priations and do not lapse under AS 37.25.010.

26 * Sec. 6. This Act takes effect July 1, 1982.
27
28
29



JUNEAU, ALASKA

Alaska State Legislature
House

Ret Fin.

MESSAGE TO THE SENATE

Date April 26, 1982

MR. PRESIDENT:

The House has passed CSSB 744(Fin) am ("An Act making special appropriations for legal fees and litigation costs related to oil and gas matters; eff date.) with the following amendments:

HCS CSSB 744(Fin) am H ("An Act appropriating for the operating expenses of state government; making, amending, and repealing various appropriations; eff date)

and it is transmitted herewith for consideration.

*4/28 Ret'd from Senate
4/28 Held for recess 4/29.
5/3 Ret'd to Finance.*

Emylee Lloyd

Chief Clerk of the House

COMMITTEE REPORT

HOUSE

On Today's

Calendar

4/23

Date: 4/22/82

(11)

4/14/82

Mr. Speaker:

The Committee on FINANCE has had CSSB 744(Fin)am

"An Act making special appropriations for legal fees and litigation costs related to oil and gas matters; and providing for an effective date."

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for CSSR 744 (FIN) same title new title
- and recommends do pass
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING DO PASS

MEMBERS HAVING OTHER RECOMMENDATIONS:

[Signature]
[Signature]
[Signature]
[Signature]
Joe Montgomery
[Signature]
[Signature]
[Signature]
[Signature]
[Signature]

[Signature]

5/4/82

Return to Finance

[Signature]
CHAIRMAN

COMMITTEE REPORT

HOUSE

On Today's

Calendar

4/23

Date:

4/22/82

(11)

4/14/82

Mr. Speaker:

The Committee on FINANCE has had CSSB 744(Fin)am

"An Act making special appropriations for legal fees and litigation costs related to oil and gas matters; and providing for an effective date."

under consideration and reports it back as follows:

[] do pass [] do not pass

[] do pass with attached amendments(s)

[X] replace with CS for CSSR 744 (Fin) [X] same title new title and recommends do pass

[] AND attaches a "Letter

Note

[] reports it back without

[] referred to the _____

Committee

MEMBERS SIGNING

DO PASS

Return to Finance

IS:

Robert R. Adams

Franklin

W.B. Stewart

Carl Miller

Joe Montgomery

Franklin

Franklin

Franklin

Russ Mackin

Joseph

Robert R. Adams
CHAIRMAN

COMMITTEE REPORT

HOUSE

4/14

(7)

FURTHER: FINANCE

3/26/82

Date: Apr. 13 82

Mr. Speaker:

The Committee on JUDICIARY has had CSSB 744(Fin)am

"An Act making special appropriations for legal fees and litigation costs related to oil and gas matters; and providing for an effective date."

under consideration and ~~the majority of the committee~~ reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with ^{House} CS for CSSB 744(Fin)am (2nd) same title new title
- and recommends do pass
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]

Buchholz

Freeman

ROSE & CROSS; D. Pass

[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Makes No rec

[Signature]
CHAIRMAN

Offered: 4/22/82
For Calendar, Friday
4/23/82

Original sponsor: Rules/Governor

1 IN THE SENATE BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 744 (Finance) am H

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act appropriating for the operating expenses of
7 state government; making, amending, and repealing
8 various appropriations; and providing for an effective
9 date."

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

11 * Section 1. The sum of \$815,200 is appropriated from the general fund to
12 the Department of Law for costs associated with the oil and gas corporate
13 income tax litigation, for fiscal year 1983.

14 * Sec. 2. The sum of \$224,500 is appropriated from the general fund to
15 the Department of Revenue for its costs associated with the oil and gas
16 corporate income tax litigation, for fiscal year 1983.

17 * Sec. 3. The sum of \$4,433,350 is appropriated from the general fund to
18 the Department of Law for costs associated with the continuing proceeding
19 before the Federal Energy Regulatory Commission for establishing tariffs for
20 transporting oil through the Trans-Alaska Pipeline System (TAPS), for fiscal
21 year 1983. However, if the Federal Energy Regulatory Commission and the
22 Alaska Public Utilities Commission, no later than August 15, 1982, approve a
23 settlement of that proceeding between the State of Alaska and all of the
24 pipeline carriers which own the Trans-Alaska Pipeline System, then this
25 appropriation is for \$1,500,000 instead of \$4,433,350.

26 * Sec. 4. The sum of \$211,700 is appropriated from the general fund to
27 the Department of Law for the State v. Amerada Hess litigation, for fiscal
28 year 1983.

29 * Sec. 5. The sum of \$436,000 is appropriated from the general fund to

1 the Department of Law for costs associated with the Matter of the Involuntary
2 Bankruptcy of Alaska Oil Company, and associated litigation, for fiscal year
3 1982.

4 * Sec. 6. Section 30, ch. 82, SLA 1981, page 134, line 24 is amended to
5 read:

6 Governor's Committee on Employment of the [COUNCIL FOR] Handicapped [AND
7 GIFTED]

8 * Sec. 7. As of June 30, 1982, up to \$500,000 of the unexpended and
9 unobligated balances of the general fund appropriations made to the Univer-
10 sity of Alaska in ch. 82, SLA 1981 for operating expenses for the fiscal year
11 ending June 30, 1982, that would otherwise lapse into the general fund are
12 transferred to the Department of Law for appraisals and other expenses neces-
13 sary to implement an agreement entitled: "Settlement Agreement Between the
14 Department of Natural Resources, the Department of Revenue, and the Depart-
15 ment of Administration and the University of Alaska and the Board of Regents,
16 as Trustees for the University of Alaska."

17 * Sec. 8. As of June 30, 1982, the amount needed to supplement the trans-
18 fer of appropriations in sec. 7 of this Act so as to provide a total of
19 \$500,000 is appropriated from the general fund to the Department of Law for
20 appraisals and other expenses necessary to implement an agreement entitled:
21 "Settlement Agreement Between the Department of Natural Resources, the Depart-
22 ment of Revenue, and the Department of Administration and the University of
23 Alaska and the Board of Regents, as Trustees for the University of Alaska."

24 * Sec. 9. Included within the general fund amounts appropriated according
25 to the schedules in sec. 25 of this Act, the following amounts are from the
26 unreserved special accounts in the general fund:

27 Highway Fuel Tax Account	18,500,000
28 Aviation Fuel Tax Account	4,500,000

29 * Sec. 10. A sum is appropriated from the general fund necessary to pay

1 interest on revenue anticipation notes issued by the commissioner of revenue
2 under AS 43.08.010.

3 * Sec. 11. If federal or other program receipts exceed the estimates
4 appropriated by this Act, the appropriation from state funds for the affected
5 program may be reduced by the amount of the excess if the reductions are not
6 inconsistent with applicable federal statutes.

7 * Sec. 12. If program receipts fall short of the estimates appropriated
8 by this Act, the affected appropriation shall be reduced by the amount of the
9 shortfall in receipts.

10 * Sec. 13. If the federal receipts under Title XX of the Social Security
11 Act (42 U.S.C. 1397 et seq.) fall short of the estimate, the amount of the
12 shortfall is appropriated from the general fund.

13 * Sec. 14. Amounts equivalent to the amounts to be received in settlement
14 of insurance claims for property losses are appropriated from the general
15 fund to the affected agency for the purpose of replacing the facility or
16 service lost as a result of the incident giving rise to the insurance claim.

17 * Sec. 15. University of Alaska student fees in excess of appropriations
18 made in sec. 25 of this Act are appropriated to the University of Alaska
19 conditioned upon the expenditure of the receipts at the campus which generates
20 the additional fees.

21 * Sec. 16. Notwithstanding the provisions of AS 37.07.080(e), each ap-
22 propriation to the University of Alaska is subject to reallocation by the
23 university administration under procedures established by the board of regents
24 and the division of budget and management. Transfers may not be made between
25 appropriations except as provided in an Act making transfers between appro-
26 priations.

27 * Sec. 17. The unexpended and unobligated portion of the appropriation
28 made on line 20, page 55, ch. 82, SLA 1981, (historic resource management)
29 lapses into the general fund June 30, 1983.

1 * Sec. 18. The available unexpended balance of money from all appropria-
2 tions made before January 1, 1982, to the division of risk management, Depart-
3 ment of Administration, for loss retention reserves is reappropriated to the
4 division of risk management, Department of Administration. The sum of
5 \$5,520,300 of this reappropriation is to pay for budgeted fiscal year 1983
6 insurance premiums and the remaining balance is for self-insurance deductible
7 losses.

8 * Sec. 19. The money reappropriated in sec. 18 of this Act does not lapse
9 under AS 37.25.010.

10 * Sec. 20. Section 68, ch. 92, SLA 1981 is repealed.

11 * Sec. 21. The available (unexpended) balance of money from all appropria-
12 tions made before January 1, 1982, to the division of risk management in the
13 Department of Administration for loss retention reserves is reappropriated to
14 the division of risk management in the Department of Administration. The sum
15 of \$5,520,300 is to pay for budgeted fiscal year 1983 insurance premiums and
16 the remaining balance is for self-insurance deductible losses.

17 * Sec. 22. The money reappropriated in sec. 21 of this Act does not lapse
18 under AS 37.25.010.

19 * Sec. 23. (a) The following appropriation items are for operating
20 expenditures from the general fund or other funds as set out in this section
21 to the state agencies named and for the purposes set out in the new legisla-
22 tion for the fiscal year beginning July 1, 1982 and ending June 30, 1983.
23 The appropriation items contain funding for legislation assumed to have
24 passed during the Second Session of the Twelfth Legislature and are to be
25 considered part of the agency operating budget. Should a measure listed in
26 this section either fail to pass, its substance fail to be incorporated in
27 some other measure, or if it is vetoed by the governor, the appropriation for
28 that measure lapses.

29 APPROPRIATION APPROPRIATION FUND SOURCES

	ITEMS	GENERAL FUND	OTHER FUNDS
1			
2	HB 159 Relating to Workers'	317,900	317,900
3	Compensation - Appropriated		
4	to Department of Labor		
5	HB 194 Relating to Prisoner	355,500	355,500
6	Employment and Correction		
7	Industries - Appropriated to the		
8	Department of Health and Social		
9	Services		
10	HB 586 Relating to Permits for	1,378,300	706,300
11	Oversize Vehicles - Appropriated		672,000
12	to the Department of Commerce		
13	and Economic Development		
14	HB 590 Increasing the Number of	145,300	145,300
15	Superior Court Judges - Appro-		
16	priated to the Department of		
17	Health and Social Services		
18	HB 590 Increasing the Number of	374,200	374,200
19	Superior Court Judges - Appro-		
20	priated to the Alaska Court		
21	System		
22	HB 624 Relating to Judicial	66,000	66,000
23	Retention Elections - Appro-		
24	priated to the Alaska Court		
25	System		
26	HB 635 Operation of Implements	35,000	35,000
27	of Husbandry upon the Highway -		
28	Appropriated to the Department		
29	of Transportation and Public		

1	Facilities			
2	HB 757 Unemployment Insurance -	160,400	25,000	135,400
3	Appropriated to the Department			
4	of Labor			
5	HB 835 Creating the Alaska	31,000	19,700	11,300
6	Safety Advisory Council -			
7	Appropriated to the Depart-			
8	ment of Labor			
9	HB 844 Rural Health Facility	31,500	31,500	
10	Improvements and Maintenance -			
11	Appropriated to the Department			
12	of Health and Social Services			
13	HCR 23 Extending the Life of the	100,000	100,000	
14	REAA Budget Oversight Commit-			
15	tee - Appropriated to the Leg-			
16	islative Finance Division			
17	SB 101 Relating to Retirement	152,800	152,300	
18	Benefits - Appropriated to the			
19	Department of Administration			
20	SB 238 Relating to Practice of	10,500	10,500	
21	Nursing - Appropriated to the			
22	Department of Commerce and			
23	Economic Development			
24	SB 842 Providing for Permanent	2,089,300	2,089,300	
25	Fund Dividends - Appropriated			
26	to the Department of Revenue			
27	SB 842 Providing for Permanent	175,200	106,900	68,300
28	Fund Dividends - Appropriated			
29	to the Department of Health			

1 and Social Services

2 SB 843 Relating to Surface Coal	563,900	161,900	402,000
3 Mining and Reclamation - Appro-			
4 priated to the Department of			
5 Natural Resources			
	5,986,800	4,379,900	1,606,900

7 (b) Other Fund Sources for this section:

8 Second Injury Fund Reserve Account		\$ 317,900
9 Federal Funds		1,277,700
10 Program Receipts		11,300

11 * Sec. 24. The appropriations made by secs. 1 - 5 of this Act are not
12 one-year appropriations and do not lapse under AS 37.25.010.

13 * Sec. 25. Sections 1 - 4, 23 and 24 of this Act take effect July 1,
14 1982.

15 * Sec. 26. Sections 7 - 8 of this Act take effect on the effective date
16 of an Act entitled: "An Act relating to the transfer of the ownership and
17 management of University of Alaska trust land from the Department of Natural
18 Resources to the Board of Regents of the University of Alaska; and providing
19 for an effective date."

20 * Sec. 27. Sections 5 - 6 of this Act take effect immediately in accor-
21 dance with AS 01.10.070(e).

22 * Sec. 28. The following appropriation items are for operating expendi-
23 tures from the general fund or other funds as set out in the Summary of
24 Funding Sources attached at the end of this document. The appropriations are
25 to the agencies named and for the purposes expressed for the fiscal year
26 beginning July 1, 1982, and ending June 30, 1983, unless otherwise indicated.

27	APPROPRIATION	APPROPRIATION	FUND SOURCE
28	ITEMS	GENERAL FUND	OTHER FUNDS
29	OFFICE OF THE GOVERNOR		