

LEG. FINANCE - BILLS 1983 - 1984 1869

HB 276 cont. - HB 289

1869

APPENDIXES

APPENDIX A

STATE OF ALASKA  
 DEPARTMENT OF NATURAL RESOURCES  
 DIVISION OF AGRICULTURE  
 AGRICULTURAL REVOLVING LOAN FUND  
TYPE OF LOANS AND TERMS  
 For the Fiscal Year Ended June 30, 1982

Loan Types and Terms

As specified by AS 03.10.030, the following six types of loans are made:

<u>Type</u>	<u>Limit</u>	<u>Current Interest Rate</u>	<u>Terms</u>	<u>Purpose</u>
Short-term	\$200,000	Not addressed	1 year	Operation of farm
Chattel	Total outstanding balance may not exceed \$1,000,000 when added to other loans	(Note 1)	30 years	Animals, equipment
Farm Development			30 years	Land, improvements, buildings
Irrigation			30 years	Irrigation equipment
Farm Product Processing	\$250,000	Not less than 8%	30 years	Processing of agricultural products
Land Clearing	\$250,000	Not less than 8%	20 years	Clear land for planting

Note 1: Chapter 113, SLA 1982, effective June 25, 1982, amended the statutory interest rate to not less than eight percent or more than commercial rate, unless the commercial rate is eight percent or less. The Commissioner may establish interest rates for loans within these statutory guidelines.

APPENDIX B

STATE OF ALASKA  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF AGRICULTURE  
AGRICULTURAL REVOLVING LOAN FUND  
GENERAL LOAN INFORMATION  
For the Fiscal Year Ended June 30, 1982

	1982			
	<u>Number of Loans</u>	<u>\$ Amount of Loans</u>	<u>Percent of Number Loans O/S</u>	<u>Percent of \$ Amount Loans O/S</u>
<u>Total Loans Outstanding (O/S) by Location</u>				
Matanuska	180	\$11,229,739	29.4%	33.5%
Delta	262	17,334,246	42.8%	51.8%
Tanana	80	1,891,457	13.1%	5.6%
Kenai	63	2,061,136	10.3%	6.2%
Other Areas	27	947,632	4.4%	2.9%
<u>Total by Location</u>	<u>612</u>	<u>\$33,464,210</u>	<u>100.0%</u>	<u>100.0%</u>
<u>Loans Delinquent (Note 1)</u>				
Matanuska	36	\$ 1,240,054	5.9%	3.7%
Delta	61	3,822,975	10.0%	11.4%
Tanana	12	177,579	2.0%	0.5%
Kenai	12	173,253	2.0%	0.5%
Other Areas	10	608,701	1.6%	1.8%
<u>Total Loans Delinquent</u>	<u>131</u>	<u>\$ 2,022,562</u>	<u>21.5%</u>	<u>17.9%</u>
<u>Loans in Foreclosure</u>				
Matanuska	2	\$ 145,492	.3%	.4%
Delta	4	45,600	.7%	.1%
<u>Total Loans in Foreclosure</u>	<u>6</u>	<u>\$ 191,092</u>	<u>1.0%</u>	<u>.5%</u>

Note 1: Determined by loan payments overdue by more than 30 days at June 30, 1982.

APPENDIX C

STATE OF ALASKA  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF AGRICULTURE  
AGRICULTURAL REVOLVING LOAN FUND  
RETURN ON INVESTMENT/COST ANALYSIS  
For the Fiscal Year Ended June 30, 1982

<u>Rate of Return on Total Assets</u>	<u>1982</u>
Total Revenues per Income Statement	\$ 1,648,721
Total Expenses per Income Statement	<u>896,980</u>
Net Income	<u>\$ 751,741</u>
Average Assets Less Cash in Treasury	<u>\$31,708,600</u>
Rate of Return (Note 1)	<u>2%</u>

Loans O/S per Employee Month

Total Number of Loans O/S (Note 2)	<u>617</u>
Total Number of Employee Months	<u>72</u>
Number of Loans O/S per Employee Month	<u>9</u>

Note 1: Rate of Return is defined as follows:

$$\frac{\text{Net Income}}{\text{Average Assets Less Cash in Treasury}}$$

Note 2: Total Number of Loans O/S is defined as follows:

ARLF Loans	612
Special Appropriations Loans Administered by ARLF	<u>5</u>
	<u>617</u>

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

POUCH M  
JUNEAU, ALASKA 99811  
PHONE: (907) 455-2400

November 17, 1982

RECEIVED  
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LEGISLATIVE  
AUDIT

Mr. Gerald Wilkerson  
Legislative Affairs Agency  
Division of Legislative Audit  
Pouch W  
Juneau, AK 99811

Dear Mr. Wilkerson:

We have reviewed the Legislative Audit preliminary report on the Agriculture Revolving Loan Fund.

In spite of changes and improvements we have made in the last year, professional management of the ARLF continues to be a source of concern for the Division of Agriculture and for me. A procedures manual, developed with the assistance of the firm of Price-Waterhouse, has been adopted, and it is being refined as needed. Certain additions are being made as a result of this audit. A few months ago, I requested that Deputy Commissioner Jeff Haynes pursue a thorough review of the operation of the fund. His report (attached) was subsequently distributed for review and comment and the recommendations are now being implemented. Since receipt of this year's preliminary Legislative Audit report, I requested a review of all ARLF files. With the assistance of two people from your staff, this project was completed last week. We will see that any deficiencies brought to light in this further review, as well as those noted in the preliminary report, are remedied on an expedited basis. I am confident that the significant progress made prior to the audit in combination with the additional steps recommended in the audit will result in a much more accountable operation.

Our specific comments on the preliminary report are as follows:

Recommendation #1. We concur that it is necessary for the Board to establish criteria for determining the Alaskan

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residency of applicants. The new application blank requires a statement from the applicant that he is a resident. In the redraft of the ARLF regulations now underway, the board will establish criteria for residency. It should be noted that use of out-of-state addresses, phone numbers or banks does not necessarily mean the borrower is not a resident.

This recommendation carries an additional notation that one non-resident borrower exceeded the statutory limit. The example cited is an issue of interpretation of the statutory loan limits. The Attorney General's memo dated January 19, 1982, stated that the statutory sections dealing with borrower limits were to be applied on a per farm basis.

The loan in question was made to an individual who was a former borrower as a partner in a nearby farm operation; the units were then separate. Those units have since been combined for operational purposes, resulting in loans exceeding the \$1 million limit for the joint farm unit. Even though the collateral remains separate, the intent of the \$1 million limit has been violated. The new regulations being drafted will deal with the definition of a farm unit, the Board policies in dealing with suspected or actual mergers after approval of loan packages, and other related facets of the loan limit question. It may be necessary to require borrowers to agree, as a condition of a loan, that obligations in excess of the \$1 million limit be satisfied before consumation of any merger.

Recommendation #2. All ARLF loan files have been reviewed to insure that all notes and lien assignments were properly executed or that remedial action was taken where necessary. The twenty-three loans with outstanding balances which did not have repayment terms on the note have either been re-executed or, at the direction of the Attorney General's Office, we have appended a letter of intent signed by both the State and the borrower outlining the terms of the note. Steps have also been taken to revise procedures to assure that no loan will be closed without inclusion of repayment terms in the future.

Recommendation #3. On October 1, 1981, procedures were instituted to correct the problems noted.

- A. Approval. The Division and the Board were both aware of the cited instances where loans were made without Board approval, and brought these

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and other similar problems to the attention of the auditors for their review. The new procedures should preclude a recurrence.

- B. Complete application. The revised procedure assure submission of a complete, up-to-date application for each loan request.

Recommendation #4. We concur with the analysis and recommendations. A thorough review and overhaul of the guaranteed loan procedures will be completed by January 15, 1983 and instituted by January 30, 1983.

Recommendation #5. We agree with the analysis and recommendation. New procedures were instituted on November 8, 1982, assigning inspection quotas to eight personnel in order to ensure that each borrower has inspection routinely once a year. All new loan applications will have inspection prior to presentation to the Board.

In closing, I would like to express my appreciation for the time and effort Ms. Moser and Mr. Wilkes spent on the follow-up review of ARLF files. Their expertise made the job much easier. If you have any questions, please contact my office.

Sincerely,



John W. Katz  
Commissioner

cc: Nick Carney, Director  
Division of Agriculture

# MEMORANDUM

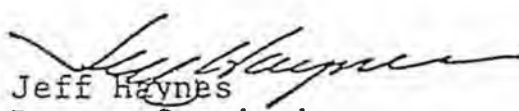
# State of Alaska

TO: John W. Katz  
Commissioner

DATE: August 23, 1982

FILE NO: 1351

TELEPHONE NO: 465-2400

FROM:   
Jeff Haynes  
Deputy Commissioner

SUBJECT: Report/Agricultural  
Revolving Loan Fund

The Agricultural Revolving Loan Fund (ARLF), established under the Territory of Alaska, served for many years as a source of modest loans for an equally modest agricultural industry. Authorized capitalization remained constant at \$5,000,000 through the 1970s.

In 1978, the State inaugurated the Delta agricultural project as the beginning of an attempt to elevate agriculture to a large scale, integrated Alaskan industry. Proponents of agricultural development contended that comprehensive State financial assistance was a prerequisite for agriculture to become a substantial and eventually self-sustaining industry in Alaska.

Direct financial and other assistance advanced by the State in support of agriculture commencing with the Delta Project has taken a number of forms, including (1) sale of agricultural land under limited title at approximately 15% of fee simple appraised value, (2) application of residency discounts to agricultural land sales, (3) special appraisal methodology for agricultural project sales, (4) favorable terms and conditions in sale contracts for agricultural land, (5) appropriations for capital improvements for agricultural infrastructure, (5) State funded research, data collection, test marketing, and field management studies, and (7) special loan programs with liberal terms for agricultural land clearing. The largest State contribution, however, has been through low interest loans from the ARLF; capitalization of the ARLF has increased 1000% since 1978 to a current level of over \$50,000,000.

Controversy over administration of the ARLF has risen in direct proportion to augmentation of the Fund's capitalization, as might be expected. Because of the persistence of this controversy, you requested that I conduct an inquiry into the operation of the ARLF and supply you with findings and recommendations. I have interviewed Loan Board members, the Division of Agriculture Director and staff, ARLF borrowers, opinionmakers in the agriculture community, legislative auditors, and legislators interested in the ARLF; examined file documents generated from ARLF transactions; and observed proceedings of the Agricultural Revolving Loan Fund Board. While this cannot qualify as a

full scale audit, I have reached a number of conclusions which are set out below.

1. The State has not developed detailed marketing information and assumptions upon which to base its agricultural development objectives, leaving uncertainty over the expected viability of particular agricultural industries as well as the direction and accomplishments expected of the ARLF.

The State has determined that it must provide front-end assistance if Alaskan agricultural industries are to reach the critical mass which will allow them to become self-sustaining. For that reason, development plans and schedules are required to determine the most promising targets for that assistance.

Long term planning by the State for agricultural development has improved over the last two years through initiatives by the Alaska Agricultural Action Council, the Department of Natural Resources, and the University of Alaska. Moreover, there has been extensive research on the necessary components of various potential and existing agricultural industries in the State and the opportunities which may exist for those industries. However, this research has not reached the level of detail constituting a genuine product market analysis such as would be performed by competent businesses in the private sector before committing to production.

Obviously, it is not sufficient to assume that assisting any given Alaskan agricultural industry to reach optimum scale and infrastructure development insures that products emanating from that industry may be sold profitably when State assistance ends. That assumption can only be made after careful comparison of anticipated production and transportation costs and price ranges at optimum scale against those for similar commodities in specific identified markets. Unless these factors are approximately equivalent or there are strategic market advantages not available to producers elsewhere, it is unlikely that Alaskan products can compete successfully without a continuous State subsidy.

A considerable volume of information on markets for various agricultural commodities has been collected by the State, the University, and other sources. However, that information has not been translated into a product-by-product breakdown containing cost and price assumptions determined by the State to be most probable under foreseeable market conditions. Without this level of information, it is extremely difficult for the Agricultural Revolving Loan Fund Board to (1) judge the long term viability of the operations of prospective borrowers, (2)

determine the types of operations and products it should be favoring with available credit, (3) calculate the amount of subsidized capital which will be required by particular agricultural industries until they become self-sustaining, and (4) identify appropriate terms and conditions under which loans should be issued. Moreover, until this market information is formulated and linked to the State's agricultural development objectives, there will not be an adequate mechanism to insure that ARLF lending policies are in consonance with those objectives. 1/

Understandably, this deficiency has created uncertainty among existing and prospective ARLF borrowers, since many do not clearly understand which agricultural pursuits will be financially assisted by the State, which will be expected to exist on their own an ancillary or spinoff industries, and what economic criteria will be applied in the adjudication of loan applications.

An equally important matter receiving inadequate attention to date is the regulatory framework and philosophy which the State intends to employ as the Alaskan agricultural industry develops. Agriculture is one of the most heavily regulated industries in the lower 48 States, largely as an outgrowth of remedial measures instituted during the Great Depression; there is virtually no feature left in the production and marketing of agricultural products which has not been pervaded by government regulations and controls. While some of these regulations are restrictive, others are protective measures designed to insulate the farmer from destructive

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1/ One of the best efforts to date is a document entitled Financing Agricultural Projects in Alaska, prepared by the House Research Agency in January 1982. It includes a comparison of production costs and transportation to tidewater under eight different levels of State assistance, and the expected level of profitability depending upon yield per acre and world grain prices (pp. 32-37).

Ideally, the ARLF should have a similar breakdown for each of the major agricultural commodities under production in Alaska (including projections for ranges of destination market prices in specific markets) which represents a consensus among State agricultural officials. The Board would then have a means of determining which agricultural enterprises are most likely to be successful, and a standard against which to compare the circumstances of individual borrowers. That same market information could be provided to farmers through extension agents to assist them in designing an optimum credit package which enhances their changes of Board approval and, concurrently, further Alaska's agricultural development objectives.

administration of the fund and the adjudication of individual credit applications. 2/

2. There has been resistance to the imposition of formal administrative procedures necessitated by the elevation of ARLF to one of the State's largest professional lending institutions.

For most of its existence, the ARLF has operated in a climate of relative informality compared to many other state agency programs, a practice which could be afforded given the small volume and amounts of loans and the modest size of the agriculture industry. Since 1978, however, the character of Alaskan agriculture and of the mission of ARLF have expanded; ARLF now has about 570 loans outstanding in amounts up to \$2,800,000 apiece.

In early 1981, three events convinced the Commissioner and Director of Agriculture Carney that the procedures governing administration of the ARLF must be substantially upgraded. First, there were an increasing number of complaints from borrowers regarding inconsistent handling of credit applications, failure to adequately inform the borrower of the process by which the application would be adjudicated, and lack of proper documentation as to the actions taken by the loan staff and the Loan Board on credit applications; a number of these complaints were determined to be valid. Second, the steadily increasing capitalization of the ARLF (which appeared likely to continue) meant that operation of the Fund was becoming vastly more complex; absent more formalized administrative procedures, the Fund could not be managed properly and enjoy public confidence in the exercise of its functions. Third, the prequalifications process for the initial Pt. McKenzie sale (which included ARLF applications as part of the application package and resulted in more than 30 appeals to the Commissioner) made it evident that more specific standards and procedures were necessary if ARLF actions were to meet the requirements of procedural due process of law.

Director Carney selected the firm of Price, Waterhouse to draft a procedures manual for the ARLF, which was subse-

2/ There is not intended any suggestion here that agriculture in general or any specific type of agricultural enterprise is economically unsound. In fact, there appear to be a number of situations where strategic market advantages exist favoring Alaskan production. For example, one of the credit applications recently approved by the Board was for a vacuum cooling unit for lettuce; using proven technology, this unit would extend the shelf life of Alaskan lettuce from 4 to 25 days, and likely permit local lettuce producers to recapture interior markets now supplied by exports from California.

economic conditions. Most, however, have a considerable impact on the economic circumstances under which agricultural products are produced and marketed. By comparison, Alaskan agriculture is largely unregulated except for Federal and State standards on inspections and grading. As part of its agricultural development program, it is advisable for the State to decide to what extent it will follow the lower 48 example and in what instances agriculture will be left to the forces of free and unregulated competition. There appear to be opinions on both sides within the Alaskan agricultural community. Some view the State's involvement as declining once the industry and associated infrastructure reach optimum scale; others appear to believe that various levels of protective regulation and subsidization must become permanent features of the agricultural industry. Regardless of the approach which may best meet the public interest, it is advisable for the selection to be made early so that the State's development assistance programs and its regulatory philosophy are complimentary, and the relationship between them is well understood by entities such as the ARLF Board.

The State's marketing assumptions and its intended regulatory approach to agriculture are two of the most critical factors in its agriculture development program. The absence of a clear understanding on these factors means that Loan Board decisions on individual credit applications are often being made in a vacuum. This necessarily creates controversy when credit applications are turned down on grounds relating to the type of operation or the long term viability of the operation, since it is extremely difficult for the Board to give a truly comprehensive reason for its decision in the context of the State's overall agricultural development program. As the number of large project-size agricultural tracts increase and with them the size of loan applications and potential adverse financial consequences to the applicant, the level of controversy will increase accordingly if remedial action is not taken.

Recommendation: The State must resolve differences of approach to agricultural development caused by divided authority and develop justifiable assumptions on the marketability of individual agricultural products, as well as determine the regulatory framework which the State intends to pursue over the long term. This will necessarily yield relatively specific objectives for the ARLF, which should be followed by the Board and the Department in the

quently reviewed and adopted by the Director. [This manual deals with the handling and processing of ARLF credit applications, but does not contain grading standards for adjudication of the applications.] It is fair to say that the procedures manual has met with resistance from some Loan Board members, loan examiners, and ARLF borrowers who prefer the prior highly informal and flexible approach. A substantial amount of the friction emanating from the ARLF can be traced to the adoption of the procedures manual and actions taken by Director Carney to obtain compliance with the procedures.

Recommendation: While it is unfortunate that the size of the ARLF now requires that it become a more formalized institution, it is a necessity in order to protect both the borrower and the ARLF. The increase in the volume and complexity of credit applications between 1979 and 1981 was accompanied by a decline in the quality of handling applications to the point that some were done very poorly; most of the problems could be attributed to the absence of an administrative system geared to the workload being experienced by the ARLF. Therefore, while the manual may need to be revised from time to time to modify or eliminate those requirements not accomplishing their purpose, it is a reasonable document and must be enforced. The alternative would be a justifiable lack of public confidence in the ARLF which would in turn damage the State's agricultural development program.

3. The Loan Board and Department of Natural Resources Loan Examiners do not have a complete set of grading standards for the adjudication of ARLF credit applications.

Although the Board appears to be meeting minimum legal requirements in the adjudication of ARLF credit applications, there does not exist a detailed system of grading standards against which applications can be compared. There are two reasons why this is lacking.

The first is the absence of agreed upon marketing assumptions and regulatory approaches governing the State's agricultural development program, described in Paragraph 1 above.

Second, there has not been undertaken an analysis of the loan history of various types of credit packages granted by the ARLF to determine the relative success ratios of each and the factors contributing to success or failure. This has been virtually impossible to date because many components of Alaska's agricultural industry are in their earliest stages and their long term success is not yet proven.

The Loan Board and Director Carney have made an effort in the last several months to adopt formal policy statements on the types of agricultural loans which the ARLF will consider or not consider. In addition, Director Carney contracted with John Penson, a professor of agricultural economics with a number of major publications on agricultural financing, to evaluate the possibility of developing a credit scoring model to be used in the adjudication of agricultural loan applications. 3/

Recommendation: The Director and the Loan Board should continue to develop as many written policy statements and guidelines as necessary to fully express the Board's approach to agricultural financing. These policy statements should be adopted by the Director as Division Policies to properly reflect the consensus of the Board and the Department on this subject. In addition, the Board and the Division should have the benefit of continuous representation and advice from the Attorney General's Office on the development of policy statements, revision of regulations to contain standards and procedures used in ARLF adjudications, and to assist the Board in the handling of difficult applications, which to date has been lacking.

The Director correctly concluded (as did Mr. Penson) that an automated credit scoring model for judging ARLF applications would over-mechanize agricultural financing decisions to the detriment of the agricultural development program, particularly given the inadequate track record on many types of agricultural enterprises in Alaska. However, it was recommended that the ARLF organize its loan history data and develop an automated system for storing and retrieving that data to assist the Loan Board and loan staff in a more

3/ To place the situation in perspective, it is doubtful that many private lending institutions leave the outcome of determinations or credit applications entirely to a formal point system or other arithmetical grading system. All loan requests necessarily require a substantial amount of personal judgement, which is the reason for the creation of a Loan Board. However, some borrowers have expressed uncertainty over the policies of the Board on specific types of loans; greater specificity on loan policy and the factors deemed important to the Board and the Loan Examiners in evaluating loan applications would generally improve relations with prospective borrowers.

thorough comparison of loan types. DNR should begin this effort during FY 1983. 4/

4. There does not exist a clear understanding of the respective roles and relationships of the Loan Board, Division of Agriculture Loan Examiners, the Director of Agriculture, and the Commissioner and Department of Natural Resources.

AS 03.10.050 states only the "[t]he commissioner shall administer the loan fund in conjunction with the agricultural revolving loan fund board;" no guidance is given as to the respective responsibilities of the Board and the Department. There are, in fact, four elements of the ARLF system: (a) the Loan Board, composed presently of five members from the private sector, (b) the Director of the Division of Agriculture, (c) the loan administrator and subordinate loan examiners, who handle credit applications before and after Board action and are employees of the Division, and (d) the Commissioner of the Department of Natural Resources, to whom the Director reports. Loan Board appointments are made by the Governor, but do not require legislative confirmation. 5/

The coexistence of these elements has not been entirely harmonious, particularly as the ARLF has grown and the credit application decisions have become more difficult. Some Loan Board members felt that the loan examiners should report directly to the Board without any interference or participation by the Director, and some loan examiners had a similar opinion. The friction reached a peak when the Director adopted the procedures manual, took disciplinary action to obtain compliance therewith by Division employees, requested the Board to place its policies in writing, overturned three Board actions granting loans on the grounds that they were inconsistent with governing regulations, and revised the ARLF application form.

4/ It should be noted that in past years the Board has financed operations at levels in excess of 90%, recently reduced to an average debt/equity ratio in the neighborhood of 75%-25%. Frequently, state land sale contracts constitute part of the collateral offered by the borrower. While relatively high debt/equity ratios are necessary in order to permit borrowers to meet development schedules for agricultural lands, this circumstance highlights the risk capital nature of the ARLF and the importance of developing accurate loan history data to aid the Board in its deliberations.

5/ It should be noted that Loan Board members receive no compensation other than travel and per diem, and their duties are demanding.

In retrospect, none of the parties are entirely faultless. The Board should have given more attention to written policies and procedures and recognized that they are being assisted by the Division of Agriculture, which consists of loan examiners and the Director. Loan examiners should have willingly participated in the development of the procedures manual for the sake of professionalism as well as their own protection, and recognized that they are employees of the Division rather than the Board. The Director, while his actions to upgrade ARLF policies and procedures were fully correct as were his efforts to obtain compliance therewith, should have worked more directly with the Board members during the development stages of the procedures manual and application form revision; nevertheless, his decisions in overturning the three loan actions were proper. Finally, the Commissioner's Office (within which I include myself) should have paid some attention to the Loan Board over the past several years instead of leaving the entire burden on the Director.

It should be emphasized that most of the impetus for upgrading the policies and procedures of the ARLF came from the Director, and he was therefore visited with substantial criticism from a number of quarters for what he did and how he handled it. From my standpoint, with a few minor exceptions, that criticism was unjustified.

Recommendation: A Department Order on the respective responsibilities of the parties involved in the ARLF (a draft of which as been prepared) should be adopted by the Commissioner. General policies on the objectives of the ARLF and the types of loans which will be granted should be agreed upon between the Board and the Department. The loan examiners, under the supervision of the Director, should evaluate credit applications in the context of applicable policies and procedures and make recommendations to the Board. The Board should adjudicate individual credit applications in accordance with their policies.

The Director should not overturn a Board decision unless he believes that it violates state policy or applicable laws and regulations; before formally overturning a loan decision by the Board, he should check with the Commissioner and review the matter with the Board. The Commissioner should entertain appeals of Board actions only in the context of alleged violations of stated policy or applicable laws and regulations. Board decisions should be faithfully carried out by the loan staff recognizing fully the intent behind them. In addition, the Department should develop the best possible working relationship with the Board.

5. The State does not have an adequate extension services system for agriculture which includes assistance to

prospective borrowers in the preparation of their application.

Much of agricultural development in Alaska is at an early stage, and a number of persons who have elected to engage in agriculture do not have extensive experience, particularly with the unique soils, climate, and marketing conditions in Alaska. Moreover, many prospective borrowers from the ARLF are uncertain as to the extent the State will guide and support particular agricultural industries as opposed to letting them exist entirely on their own.

While some extension services are provided by the University of Alaska and by the U.S. Department of Agriculture, they have not risen to the level of the county extension agent concept which is an important and familiar element in lower 48 agricultural communities. Furthermore, because of the relative absence of Production Credit Associations and other financing infrastructure in Alaska, an Alaskan extension service should fully incorporate assistance in obtaining ARLF financing as part of its program.

Recommendation: DNR should include a project in its FY 1984 budget submission for a county agent extension service system for both agriculture and forestry, including assistance in the preparation of ARLF financing requests. This service should be oriented towards maximizing exchange of information within the agricultural community, assisting the farmer in developing optimum types of operations and products (with advice from the Experiment Station and Plant Materials Centers), and aiding the farmer in developing the best possible loan package for consideration by the ARLF Board based on marketing information described in Paragraph one above. This approach should minimize misunderstandings between the Board and ARLF applicants and maximize the success rate of ARLF loans.

6. The Board and the Department do not have a regular program of inspections of operations financed by the ARLF.

Presently, the Board and the Department do not have a comprehensive system for inspecting operations financed by ARLF loans to determine compliance with loan conditions or the relative success of the operation. Inspections conducted to date have revealed important information on the types of farming enterprises which are succeeding and failing as well as borrowers who have not fully complied with the conditions imposed in conjunction with their ARLF loans.

Recommendation: The FY 1984 budget submission by DNR should include increased funding for loan inspections. Inspections should increase to the extent possible in FY 1983.

7. Consideration should be given to altering the structure of the Loan Board or the types of appointments made to the Board to minimize occasions of actual or perceived conflicts of interest.

Traditional practice has been for at least four of the five members of the Loan Board to be from the agricultural business community. As the relatively small agricultural community becomes more integrated, members of the Board are experiencing increasing instances where borrowers are persons with whom they have done business or are otherwise economically related to their own interests. The Board has recently adopted detailed policy guidelines on conflicts of interest; nevertheless, the Board may soon face a situation where enough of the members have excused themselves that a quorum cannot be obtained to act on an application.

Several suggestions have been made to rectify this situation, including moving the ARLF function to the Department of Commerce & Economic Development and integrating it with their business loans program, altering the structure of the Board, and changing the types of appointments made to the Board.

Recommendation: Moving the ARLF to the Department of Commerce would not solve the problem, but merely remove it to another arm of the bureaucracy. Given the size of the ARLF, which is larger than the existing business loans program, it would likely cause a major disruption in the Department of Commerce as well. Moreover, the Department would be abdicating its responsibility over this important area of agricultural development, and it is extremely important that agricultural lending benefit from specialized knowledge and understanding of the agricultural development situation in Alaska.

Another suggestion proffered was to have credit applications adjudicated by a committee of government officials, with the Agricultural Revolving Loan Fund Board acting in an advisory capacity. This would require a statutory change, and it is doubtful if it would be received with enthusiasm by the agricultural community.

A third possibility would be to increase the membership of the Board and/or make additional appointments from the financial and business community or from other government agencies, providing for an assured quorum of persons unlikely to have any conflicts while retaining the agricultural expertise to insure that ARLF remains a practical service to farmers. Appointments from the financial community might be especially desirable; that community has been reluctant to date to engage in financing agricultural ventures, and a greater understanding of the risks and opportunities characteristic in various Alaskan

agricultural enterprises among its members might advance the date at which larger volumes of private financing might be made available. This approach also would require statutory change.

The fourth, and perhaps most promising option, would involve using a concept similar to that presently employed in State government for the approval of contracts. Under this system, the Loan Board would operate as it does now, but all credit applications approved by the Board would have to receive final approval from a committee of state officials reviewing each application for any procedural irregularities, deviation from customary agricultural lending practice, problems with conflicts of interest, and similar matters. The committee would not be empowered to finally disapprove a loan, but only to remand the application to the Loan Board with instructions for further action if they did not believe they could approve it. Procedural problems with loans disapproved by the Board or special questions referred to the committee, which would then direct the Board as to the proper procedural course of action. Under this approach, the Board would continue to perform its intended role and apply agricultural expertise to ARLF loans, while the committee would provide a safeguard against procedural improprieties or serious deviations from acceptable business practices.

8. The ARLF must develop a system for charging of interest rates which avoids permanent dependency by individual enterprises on the Fund and the attraction of applicants whose businesses are predicated on low interest ARLF loans.

For many years, the statutory interest rate for ARLF loans was 6%. As of this legislative session, the interest rate is now a minimum of 8%, and the Board is currently using the 8% figure for its loans.

It must be understood that the ARLF in fact provides two financial advantages to borrowers. First, it offers what amounts to venture capital in that the private financial community has not been inclined to underwrite many Alaskan agricultural enterprises even at market rates of interest (and certainly not in the volume loaned out by the ARLF). Second, the ARLF offers venture capital at substantially less than market rates.

The gap between ARLF interest rates and market interest rates has increased considerably in the past few years. As a result, there is evidence that some enterprises are becoming increasingly dependent on the ARLF and, further that the ARLF has become an extremely attractive source of money upon which businesses may themselves be predicated.

Recommendation: The ARLF statutes now provide that interest rates on Fund loans be at a minimum of 8%; consequently, it is possible for the ARLF to charge greater rates where warranted. It is advisable for the ARLF to develop an interest rate system which preserves the advantages of favorable financing while avoiding the problems described above.

Suggestions have been made that the interest rate for all loans be increased steadily until market rates are reached, or that the rate for individual borrowers increase over time until it equals the market rate. The problem with the first approach is that it does not reflect the differing viability of different types of agricultural enterprises. The second approach risks financing competitors at different interest rates, giving one a government created advantage.

Perhaps the most practical concept would be to establish different interest rates according to the estimated viability of various products or enterprises. For example, loans for operations for a product just getting started in Alaska might be at 8%; as the general efficiency and economies of scale for that product improve, interest rates could be increased accordingly until they reach market rates (coinciding with that product becoming a self-sustaining industry).

In any event, a firm policy on interest rates for ARLF loans must be developed in FY 1983.

9. The ARLF Board has not been regularly consulted by the Department during the planning stages for State agricultural land disposals.

The State has sold well in excess of 100,000 acres of agricultural land in the past four years in the form of both major agricultural project sales and through DNR's annual land disposal program. These lands have been sold under agricultural title to encourage purchasers to commit the land to agricultural pursuits, and some sales have included a development plan as a condition of sale.

Obviously, a substantial percentage of purchasers of State agricultural land will eventually become applicants for ARLF credit. Presently, however, the ARLF board is often not formally consulted in the course of developing agricultural lands sales policy. As a result, their expertise in assisting in the design of such sales to maximize the viability of potential operations (and therefore the likelihood of ARLF financing) is not available.

Recommendation: The Agricultural Revolving Loan Fund Board should be formally consulted by DNR in conjunction with formulation of agricultural land disposal policy.

Introduced: 3/18/83  
Referred: Resources and Finance

BY SHULTZ, LACHER, LARSON  
AND KOPONEN

1 IN THE HOUSE

2 HOUSE BILL NO. 276

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act amending the Alaska Agricultural Loan Act;  
7 and providing for an effective date."

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

9 \* Section 1. AS 03.10.030(a)(1) is amended to read:

10 (1) may not exceed a term of 30 years, except that a  
11 chattel loan may not exceed a term of 15 years;

12 \* Sec. 2. AS 03.10.030(c) is amended to read:

13 (c) A short term loan, to be amortized within one year, not to  
14 exceed \$350,000 [\$200,000] to any one borrower may be made for operat-  
15 ing purposes.

16 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.-  
17 10.070(c).

COMMITTEE REPORT  
HOUSE

(11)

FURTHER:

4/27/83

Date: 11-17-84

Mr. Speaker:

The Committee on FINANCE has had HB 279

"An Act authorizing participation by magistrates in the judicial retirement system; 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 HB 279  same title  
 new title
- and recommends amendments
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation  Zero Fiscal Note Attached
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

Albert D. DeLoach

Walt Fanning

Ed

Don H. Ritz

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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Albert D. DeLoach  
CHAIRMAN

Original sponsors: Eussell, Barnes,  
Clocksin, et al

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 279 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing participation by magistrates in  
7 the judicial retirement system; and providing for an  
8 effective date."

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

10 \* Section 1. AS 22.25.010 is amended by adding a new subsection to  
11 read:

12 (h) A magistrate may voluntarily retire at any time and has a  
13 vested right to accrued retirement pay if the magistrate has served  
14 five or more years as a magistrate. Retirement pay may not begin  
15 until the magistrate has reached the age of 55, except that an  
16 actuarially equivalent retirement pay may begin after the magistrate  
17 has reached the age of 50. In order to retire under this subsection a  
18 magistrate shall file an application for retirement with the  
19 commissioner of administration. If a magistrate is eligible to  
20 receive retirement pay at the time of retirement, the retirement pay  
21 begins on the first day of the month following the date the  
22 application for retirement is received by the commissioner of  
23 administration.

24 \* Sec. 2. AS 22.25.011 is amended to read:

25 Sec. 22.25.011. CONTRIBUTIONS. Each justice and judge appointed  
26 after July 1, 1978, shall contribute seven percent of the base annual  
27 salary received by the justice or judge to the judicial retirement  
28 system. Contributions shall be made for all creditable service under  
29 this chapter up to a maximum of 15 years, except that a magistrate

1 shall make contributions for all creditable service under this chapter  
2 up to a maximum of 25 years. This contribution is made in the form of  
3 a deduction from compensation, and is made even if the compensation  
4 paid in cash to the justice or judge is reduced below the minimum  
5 prescribed by law. Each justice and judge is considered to consent to  
6 the deduction from compensation. Payment of compensation less the  
7 deduction constitutes a full discharge of all claims and demands for  
8 the services rendered by the justice or judge during the period  
9 covered by the payment, except as to the benefits provided for under  
10 this chapter. The contributions shall be credited to the judicial  
11 retirement fund established in accordance with AS 22.25.048.

12 \* Sec. 3. AS 22.25.020 is amended by adding a new subsection to read:

13 (b) A retired magistrate eligible for retirement pay shall  
14 receive from the date of appointment to retirement, a benefit equal to  
15 three percent of the average monthly compensation for each year of  
16 credited service, to a maximum of 75 percent of the average monthly  
17 compensation.

18 \* Sec. 4. AS 22.25 is amended by adding a new section to read:

19 Sec. 22.25.021. POST RETIREMENT PENSION ADJUSTMENT. When a post  
20 retirement pension adjustment is granted under AS 39.35.475, a post  
21 retirement pension adjustment in the same amount is payable under this  
22 chapter to retired magistrates in accordance with AS 39.35.475 and  
23 Public Employees' Retirement System regulations.

24 \* Sec. 5. AS 22.25.030(a) is amended to read:

25 (a) Upon the death of a justice or judge who has served for at  
26 least two years, the surviving spouse is entitled to receive monthly  
27 compensation equal to one-half of the monthly retirement pay the  
28 justice or judge would thereafter have been entitled to receive if  
29 retired at the time of death. If at death the justice or judge was

1 not yet entitled to retirement pay, or was or would have been entitled  
2 to less than 60 percent of the monthly salary authorized for the  
3 office, or, in the case of a magistrate, was or would have been en-  
4 titled to less than 60 percent of the magistrate's average monthly  
5 compensation, the surviving spouse is entitled to monthly compensation  
6 equal to 30 percent of the salary authorized for justices or judges,  
7 respectively, at the time each monthly payment is made, or, in the  
8 case of a magistrate, monthly compensation equal to 30 percent of the  
9 magistrate's average monthly compensation. The surviving spouse of a  
10 magistrate is entitled to benefits under AS 22.25.021.

11 \* Sec. 6. AS 22.25 is amended by adding a new section to read:

12 Sec. 22.25.100. DEFINITIONS. In this chapter, unless the con-  
13 text otherwise requires,

14 (1) "average monthly compensation" means the result ob-  
15 tained by dividing the compensation earned by a magistrate during a  
16 considered period by the number of months, including fractional  
17 months, for which compensation was earned; the considered period  
18 consists of the three consecutive calendar years during the period of  
19 credited service that yield the highest average compensation or, if  
20 the magistrate does not have three consecutive calendar years, the  
21 period of credited service; a magistrate must have at least 115 days  
22 of credited service in the last calendar year in order to have that  
23 year be used as one of the three consecutive years;

24 (2) "judge" means a judge of the court of appeals, a  
25 superior court judge, a district court judge or a magistrate;

26 (3) "justice" means a supreme court justice.

27 \* Sec. 7. AS 39.35.680(21) is amended to read:

28 (21) "member" or "employee"

29 (A) means a person eligible to participate in the

1 system and who is covered by the system;

2 (B) includes

3 (i) active member;

4 (ii) inactive member;

5 (iii) vested member;

6 (iv) deferred vested member;

7 (v) non-vested member;

8 (vi) disabled member;

9 (vii) retired member;

10 (C) does not include

11 (i) former members;

12 (ii) persons compensated on a contractual or fee  
13 basis;

14 (iii) casual or emergency workers or nonpermanent  
15 employees as defined in AS 39.25.200;

16 (iv) persons covered by the Alaska Teachers'  
17 Retirement System;

18 (v) employees of the division of marine trans-  
19 portation engaged in operating the state ferry system who  
20 are covered by a union or group retirement system to which  
21 the state makes contributions;

22 (vi) justices of the supreme court or judges of  
23 the court of appeals or of the superior or district courts  
24 or magistrates of the district courts of Alaska;

25 (vii) the administrative director of courts ap-  
26 pointed under art. IV, sec. 16 of the state constitution  
27 unless the director [HE] becomes a member under AS 39.35.-  
28 158; and

29 (viii) members of the elected public officers'

1 retirement system (former AS 39.37);

2 \* Sec. 8. Notwithstanding AS 39.35.240, a person serving as a magis-  
3 trate on July 1, 1984, may withdraw from the public employees' retirement  
4 system (AS 39.35) and receive a refund of the balance of the employee  
5 contribution account and employee savings account.

6 \* Sec. 9. A person who is serving as a magistrate on July 1, 1984, may  
7 receive prior service credit under AS 22.25 for service rendered as a  
8 magistrate of the Alaska court system before the effective date of this Act  
9 if the magistrate (1) withdraws from the public employees' retirement  
10 system (AS 39.35); (2) receives a refund of all contributions made under  
11 AS 39.35; (3) elects to receive service credit under AS 22.25 for prior  
12 service as a magistrate; and (4) makes retroactive contributions for ser-  
13 vice as a magistrate after January 3, 1959, including service before  
14 July 1, 1978. Retroactive contributions under this section shall be at the  
15 rate of seven percent of the salary the magistrate received during the  
16 period for which the contributions are made. To be effective, an election  
17 under (3) of this section must be made on or before June 30, 1985.

18 \* Sec. 10. Notwithstanding the amendment to AS 39.35.680(21) made in  
19 sec. 7 of this Act, a person serving as a magistrate on July 1, 1984, may  
20 receive retirement benefits from the public employees' retirement system  
21 for covered service before July 1, 1984, if a refund of public employees'  
22 retirement system contributions is not made to the magistrate.

23 \* Sec. 11. The amendments to AS 22.25 and AS 39.35.680(21) made in this  
24 Act apply only to a magistrate who retires from state service after  
25 June 30, 1984.

26 \* Sec. 12. AS 22.25.010(g) is repealed.

27 \* Sec. 13. This Act takes effect July 1, 1984.  
28  
29

STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_  
(Page 1 of 2)

<u>REQUEST</u> Bill/Resolution No.: <u>CSHB 279 (FV)</u> Title: <u>"An Act amending JRS &amp; PERS"</u> Sponsor: <u>Busseil</u> Requestor: _____ Date of Request: _____	<u>FISCAL DETAIL</u> Agency Affected: <u>Alaska Court System</u> Program Category Affected: <u>JRS &amp; PERS</u> BRU, Program or Subprogram(s) Affected: _____
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EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
Operating						
100 Personal Svcs	-0-	62.4	67.4	72.8	78.6	84.9
100 Rtmnt & Bnfts						
200 Travel						
300 Contractual						
400 Supplies						
500 Equipment						
600 Land & Struct						
700 Grants, Claims						
700 TRS Match						
<b>TOTAL OPERATING</b>	-0-	62.4	67.4	72.8	78.6	84.9
<b>CAPITAL</b>						
<b>REVENUE</b>						

FUNDING: (Thousands of Dollars)

General Fund	-0-	62.4	67.4	72.8	78.6	84.9
Federal Funds						
Other						
<b>Total</b>						

POSITIONS:

Full-Time						
Part-Time						
Temporary						

SOURCE OF FUNDS TO OFFSET IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: J.K. Humphreys, Director Phone: 465-4460  
 Division: Retirement & Benefits Date: 4-10-84

Approved by Commissioner: Lisa Rudd Date: 4-11-84  
 Agency: Department of Administration

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

AAEF

(Page 20 of 2)

CSHB 279  
Fiscal Note Analysis  
Prepared by the Division of Retirement & Benefits  
Department of Administration

April 10, 1984

IV Analysis: This is a fiscal note for CSHB 279

- o This bill would effect PERS by reducing PERS cost to the court systems by 14.15% of magistrates covered payroll of \$966,690 (\$21,015 average x 46 magistrates) for FY 85.
- o This bill would effect JRS by increasing JRS cost to the court system by 20.60% of the magistrates covered payroll of \$966,690 for FY 85.
- o The net effect of this bill would be an increase in cost to the state of 6.45% (20.60% - 14.15%) of the magistrates covered payroll or \$62,351 (\$966,690 x 6.45%) for FY 85.

Sectional Analysis for  
CS for HR 279 (Finance)

- Section 1 amends AS 22.25.010 by adding a new subsection which specifies the normal (55) and early (50) retirement age for magistrates as well as the procedure for a magistrate to retire from the Judicial Retirement System.
- Section 2 amends AS 22.25.011 to establish 25 as the maximum number of years of retirement credit a magistrate may accumulate and the maximum number of years contributions must be made to the Judicial Retirement System.
- Section 3 amends AS 22.25.020 by adding a new subsection establishing a magistrate's retirement benefit at three percent of the average monthly compensation for each year of credited service. The maximum benefit for a magistrate would be 75% of the average monthly compensation.
- Section 4 adds a new section granting retired magistrates the same post retirement pension adjustments granted in the Public Employees' Retirement System.
- Section 5 amends AS 22.25.030(a) to conform with AS 22.25.020(b) which defines benefits for magistrates.
- Section 6 adds a definition section to AS 22.25. Included are definitions of "average monthly compensation", "judge" and "justice". The definition of judge was amended to include magistrates.

Section 7 amends AS 39.35.680(21) to exclude magistrates from the Public Employees' Retirement System.

Section 8 allows magistrates to withdraw service from the Public Employees' Retirement System and receive a refund of employee contributions.

Section 9 specifies the conditions required for magistrates to receive credit for service as a magistrate credited in the PERS before the effective date of the Act. Service must be claimed before June 30, 1985.

Section 10 allows a magistrate to retain service in the Public Employees' Retirement System prior to July 1, 1984 as long as no refund is requested.

Section 11 applies the amendments in this Act to magistrates retiring after June 30, 1984.

Section 12 repeals AS 22.25.010(g). Justice and judge are now defined in AS 22.25.100.

Section 13 makes the Act effective July 1, 1984.

5/4/83

PO Box 73454  
Fairbanks, AK  
99707

Members of the Finance Committee and The Interior  
Delegation:

Although I am a District Court Judge in Fairbanks, the following testimony is offered in my individual capacity and not on behalf of the Court System.

I support the passage of HB 279 because I believe a meaningful and attractive retirement system will attract and keep quality magistrates in the bush areas of Alaska.

During my 13 years with the system, 8 as an attorney and 5 as a Judge, I have been in bush areas from Barrow to Ketchikan. The last 5 years I have been a Magistrate Training Judge. I have seen a lot of Magistrates, have had discussions with them regarding their problems, and concerns. The following is testimony which I think you may find surprising. I think you will agree it shows the magistrates deserving of your consideration on this bill.

Magistrates are top notch people as a group because of the way they are selected. They serve at the pleasure of the Presiding Judge in each Judicial District. They are selected based on a community consensus that they are people of integrity and ability. They are usually lay people with no formal legal training. (I believe there are two magistrates state-wide now with law degrees) Thus, the time and training it takes for them to learn and perfect their job skills is considerable. The system invests quite a bit to train them, and educate them to the ever changing laws. Once they are experienced they are a valuable resource to the community and the Court System.

Let me tell you a few facts about Magistrates that you may not have known:

Did you know that even though many Magistrates are listed as "Part time" there is no such thing as a strictly part time magistrate? Although they may keep part time office hours, they are on call 24 hours a day. They get called frequently at late night hours on coronor calls, to issue bench warrants, to issue search warrants, or to settle domestic disturbances.

Did you know that the responsibilities placed on a magistrate are far wider in scope and number than those on any other type of Judge in the system? Its true! Magistrates do arraignments on infractions, misdemeanors and felonies. They hear trials in small claims, and misdemeanors, and do felony preliminary hearings. They hear domestic violence cases and Juvenile cases as masters for the Superior Court. They enter judgments in all these cases with the power to levy fines, take

property, and impose jail sentences. They are indeed "real judges" in all respects.

They marry people. They issue passports, and act as the recorder in some areas. Magistrates are responsible every time someone dies to care for the body, secure the area for investigation, and see to protection and disposal of the deceased's property - notify the people, etc.

Magistrates can't take a vacation, or even leave town unless they are "covered" because people don't die or commit crimes only on weekdays 9 to 5.

Probably the most remarkable aspect of this person called magistrate, is the fact that they are able to carry out their jobs in small towns and villages where everyone knows them and they deal daily with the people who come before them.

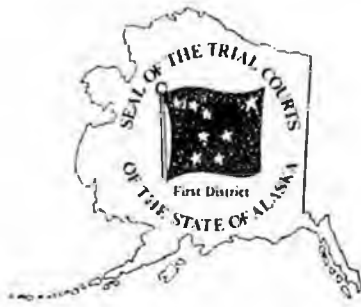
Any time a person is charged with a crime or becomes a civil litigant, there is bound to be some disappointment when the magistrate acts - to pass a sentence or enter judgment in a civil case. Everyone in town knows what was done, and the magistrate will still have to live with those who come before him or her - to deal with them - as will other members of their families.

Remarkably, magistrates enjoy high reputations and are often regarded as "the law" in their communities. People consult with them on all sorts of legal problems, day and night as they are often in towns without lawyers. The public image of the magistrate is always subject to scrutiny - not a whole lot of dancing on bar tables!

As you can see from the abbreviated description above the magistrates are the back bone of our expansive and effective bush justice system - they are not part of that system, they ARE that system.

This is your opportunity to insure quality personnel in the bush common mans court. I again thank you for your consideration and urge your support of this needed magistrate retirement provision.

  
Stephen R. Cline



## Trial Courts

State of Alaska

First Judicial District  
Pouch U  
Juneau, Alaska 99811

CHAMBERS OF  
RICHARD SIANGCO, MAGISTRATE  
CORONER/PUBLIC ADMINISTRATOR  
PUBLIC GUARDIAN

(907) 465-3444

May 5, 1983

Representative Al Adams, Chairman  
Representative Robert Bettisworth  
Vice-Chairman  
Members of House Finance Committee


I am writing this letter to voice my support for HB-279, an act authorizing participation of magistrates in the judicial retirement system.

The magistrates of this state are judges who rightfully belong under the judicial retirement system. This reasoning is based on the actual duties of magistrates and their classification as judges under the statute, rule and case law. In addition to the usual duties of a judge, magistrates are on call in their communities 24 hours a day, for emergency children and criminal matters and as coroners. They are the person in the community who is turned to in times of trouble and turmoil.

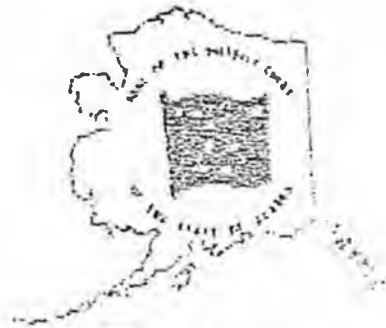
The benefits of the judicial retirement system would lead to less turnover in magistrate positions and long term experienced judicial officers. This result can only benefit the citizens of this state and the judicial system.

I appreciate your concern and support of this important issue.

Sincerely,

  
Richard N. Siangco  
Magistrate/Coroner

RNS/kw



District Court

State of Alaska  
May 4, 1983

Petersburg, ALASKA

Honorable Albert P. Adams  
Chairman, House Finance Committee  
Alaska State Legislature

Dear Representative Adams,

I am writing in support of House Bill #279, dealing with Judicial retirement, and would like to explain my reasons for requesting your backing on this matter.

I have been a Magistrate here in Petersburg for the past four years, and within that period of time, have performed all functions of a District Court judge, and many functions that are normally reserved for a Superior Court Judge. In addition, I have also been responsible for the many clerical details that judges of the higher Courts do not have to attend to. I feel strongly that Magistrates in our State deserve to be included in the Judicial Retirement System, and am frankly amazed that we are not; we are certainly considered to be "Judges" in all State law and Court Rules that I have seen, both in the duties we perform and the ethical obligations we must uphold.

The fact that we are not considered to be "Judges" in this one lone area, is almost unfathomable, and seems to be quite unfair. You and your Committee can be instrumental in correcting this problem, and insuring that the Court System retain the services of the Magistrates that have been steadily providing the citizens of our State with the quality of justice that we all know they deserve.

Thank you for your time and any assistance you can provide concerning the passage of House Bill # 279.

Respectfully,

Richard A. Redeker  
Magistrate, Petersburg  
Trial Courts

cc: Bettisworth, Hurlbert, Festinger,  
Grussendorf, Martin, Ward, Flood,  
Lindauer, Duncan, Zharoff.

TO: Ben Grussendorf-Sitka  
House of Representative  
Member - House Finance Committee

Copies to: Albert P. Adams, Chairman  
and committee members

*Leys, Edinworth, DANBARI, Flood, Grussendorf  
Hurlburt, LANDALEE, MARCM, RSTWICE, WARD  
& ZHARIN*

FROM: Marilyn Hanson,  
Magistrate, Sitka

RE: HB 279  
Before Finance Committee  
Friday, 5/6/83

I would appreciate this opportunity to comment on HB 279 and request your support for its passage.

1. The present fiscal note reflects a cost of \$625,000.00 which is based on current salaries of magistrates plus COLA.
  - a) An amended fiscal note is to be presented at Friday's hearing which would indicate that the retirement package be corrected to be figured on base salary - COLA not included. This would be a substantial difference from the original cost stated.
  - b) Some magistrates might decide to "catch up" on their past years' of service and buy into the retirement plan. Monthly checks would be adjusted to make payments into the plan.
2. Magistrates have the option of participating by one of two methods in this program.
  - a) Some could opt to participate using the effective date of the law as their beginning involvement.
  - b) Some magistrates might decide to "catch up" on their past years' of service and buy into the retirement plan. Monthly checks would be adjusted to make payments into the plan.

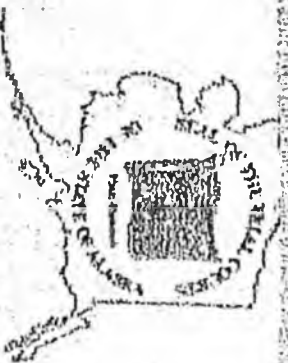
The point again being that the cost to include magistrates in the retirement program could vary from the stated anticipated cost.

Positive aspects to be gained with the advent of a retirement program:.

1. improve the caliber and longevity of those serving as magistrates
2. more attorneys might find the magistrate post enticing - knowing the benefits to planning their future.

If my recall is correct, when you spoke to the 1st District magistrates in Sitka for the '78 conference, you wholeheartedly supported the magistrate concept saying that it was the "backbone of the Alaska judicial system". This backbone needs a healthy atmosphere to continue serving as a viable part of the judicial system.

Magistrates are judges and as such are entitled to retirement benefits. Magistrates certainly should be treated as professionals and afforded the opportunity to plan for their future.



Legal Center

505 F Street

FIRST JUDICIAL DISTRICT

P. O. BOX 885

PRANGELL ALASKA

99585

May 4, 1983

- Representative Al Adams, Chairman
- Representative Robert Bettisworth, Vice-Chairman
- Representative Fern Furber
- Representative Sam Pestinger
- Representative Ben Grossenbick
- Representative Terry Martin
- Representative Jerry Ward
- Representative Joe Piro
- Representative John Lindaker
- Representative Jim Duncan
- Representative Fred Zhanoff

Dear Members of House Finance Committee:

House Bill No. 279 is currently before your committee and scheduled for hearing on May 6th. You should have been supplied with copies of information on the bill originally provided to both Judiciary Committee.

The fiscal note on HB 279 indicates a cost to the state of \$625,200. This estimate was obtained by using an average salary for the Magistrates of \$25,820 per year which includes cost of living allowance steps as determined by statute and in the same manner as that used for classified employees. Retirement benefits are computed on base salary - not actual salary. The average base salary would be approximately \$20,866. This difference would significantly decrease the amount of the fiscal note. We have requested an amended fiscal note to reflect the correct figures.

I plan to testify before your committee on Friday and would be glad to answer any questions at that time.

Sincerely,

*Richard B. Hartman*

Richard B. Hartman

Magistrate

INFORMATION  
PROVIDED BY  
HOUSE  
JUDICIARY #B-279

Association of Alaska Magistrates  
Box 735  
Wrangell, Alaska 99929  
March 15, 1983

To: Sen. Bill Ray  
Sen. Joe Josephson  
Sen. Richard Eliason  
Sen. Robert Ziegler, Sr.  
Sen. Fritz Pettyjohn  
Sen. Don Bennett  
Sen. John Sackett  
Sen. Frank Ferguson  
Sen. Jan Faiks  
Sen. Vic Fischer  
Sen. Bob Mulcahy  
Sen. Pappy Moss  
Rep. Charlie Bussell  
Rep. John Liska  
Rep. Joe Hayes  
Rep. Ramona Barnes

Rep. Hugh Malone  
Rep. Donald Clocksin  
Rep. Ron Wendte  
Rep. Al Adams  
Rep. Robert Bettisworth  
Rep. Vern Hurlbert  
Rep. Sam Pestinger  
Rep. Ben Grussendorf  
Rep. Terry Martin  
Rep. Jerry Ward  
Rep. Joe Flood  
Rep. John Lindauer  
Rep. Jim Duncan  
Rep. Fred Zharoff  
Rep. Jack McBride



Enclosed are copies of materials and correspondence relating to Senate Bill 20. Senator Ziegler sponsored this bill and it is now co-sponsored by Senator Moss. A companion bill will be filed in the House within the next few days.

On behalf of the magistrates in the State of Alaska I ask your support of this bill. If you have any questions, please contact me at 874-2311 or 874-3989; a board member of the Association (listing attached); or your local magistrate.

Thank you for your interest and assistance.

Sincerely,

Linda Hartshorn  
Secretary/Treasurer

ASSOCIATION OF ALASKA MAGISTRATES

BOARD MEMBERS

First District

Linda Hartshorn, Secretary/Treasurer  
Box 369  
Wrangell, Alaska 99929 874-2311 or 874-3989

Marilyn Hanson  
P.O. Box 910  
Sitka, Alaska 99835 747-6271

Second District

Marie Beans  
Box 211  
Mt. Village, Alaska 99632 591-2149

Lowell Anagick  
Box 185  
Unalakleet, Alaska 99684 624-3015

Third District

Jess Nicholas  
Pouch I  
Kenai, Alaska 99611 283-3110

Sheldon Sprecker, President  
Box 86  
Glennallen, Alaska 99588 822-3405 or 822-3726

Erian Johnson  
Box 860  
Palmer, Alaska 99645 745-4284

Fourth District

Alice Lathrop  
Box 187  
Tok, Alaska 99780 883-5171

Barbara Macfarlane  
Box 41  
Healy, Alaska 99743 683-2213 or 683-2589



## Trial Courts

State of Alaska

FIRST JUDICIAL DISTRICT  
P. O. BOX 869  
WRANGELL, ALASKA  
99929

March 10, 1983

Senator Robert H. Ziegler, Sr.  
pouch V  
Juneau, Alaska 99811

Dear Senator Ziegler:

Enclosed are copies of a letter and Senate Bill 20 which were sent to each magistrate in the state. I am also enclosing copies of the information received from Alaska Court System fiscal officer Bob Fisher and Supreme Court Order No. 544 relating to magistrate salaries.

It seems the lack of enthusiasm for this bill is based on the thought that magistrates are not judges, per se, and an aversion to the administrative paperwork which would inevitably follow passage of the bill. We feel we are judges and would hazard a guess that most persons who have come before us would be of the same opinion. In support of our stand we offer the following:

Buckalew v Holloway 604 P2d 240 (1979)

Alaska Supreme Court determination that magistrates are "judges" within the meaning of Article IV, Section 4 of the Alaska Constitution.

AS 22.15.020

Number of district court judges and magistrates listed for the district court of each judicial district.

AS 22.15.100 and 22.15.110

Lists functions, powers and additional duties of district court judges and magistrates.

AS 22.15.120

Limitations on proceedings which a magistrate may hear.

AS 22.15.220(c)

Requirement that district judges and magistrates must file an affidavit monthly to receive salary.

AS 22.15.240

Appeals from magistrate judgments are handled the same as those from a district court judge judgment.

Senator Robert H. Ziegler, Sr.

March 10, 1983

Page Two

AS 22.20.010

Judicial officer defined. "The term 'judicial officer' means a supreme court justice, including the chief justice, a judge of the court of appeals, a judge of the superior court, a district court judge and a magistrate."

Criminal Rule 56(b)

Definitions. "Magistrate" includes magistrates, district court judges, superior court judges and any other judicial officer authorized by law to conduct a preliminary examination of a person accused of a crime.

Administrative Rule 21(b)

Requirement of magistrate to wear black judicial robe as do all other judges.

Administrative Rule 24(f)

Assignment of Judicial Officer. "In this rule, 'judicial officer' means a superior court judge, district court judge or magistrate."

Administrative Rule 28(b)

Judicial vacations and leave outlined for district court judges and magistrates.

AS 22.25.010(g)

Magistrates not included as "judges" under the judicial retirement system.

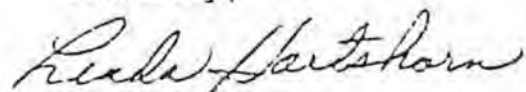
The last citation is the only one which excludes magistrates as judges. We feel the duties we perform are those of a district court judge with some jurisdictional limitations. We are on 24-hour call, as required by statute and rule, to perform "judicial" functions. Many of us sit as masters in superior court matters and are standing masters in children's cases.

I have copied those sections of the statutes and rules pertaining to jurisdiction, duties, etc., and would make these available to you if you so desire.

Mr. Van Doran has agreed to supply me with a copy of the fiscal note on this bill as soon as your office receives it. I spoke with Bob Fisher yesterday and he said the fiscal note should be in Juneau by tomorrow.

Thank you for your continued support of the magistrates.

Sincerely,



Linda Hartshorn  
Magistrate

THE SUPREME COURT OF THE STATE OF ALASKA  
ORDER NO. 544

Relating to Magistrate  
Salaries.

IT IS ORDERED:

Supreme Court Order No. 451 is rescinded and the following is adopted as the magistrate salary schedule:

1. There are established six salary levels for magistrate posts. The base annual salary for each level is as follows:

Magistrate I	\$10,161
Magistrate II	\$14,335
Magistrate III	\$20,430
Magistrate IV	\$31,291
Magistrate V	\$39,832
Magistrate VI	\$46,476

Geographic cost of living adjustments shall be provided in accordance with applicable statutes.

2. Each magistrate location has been assigned to a salary level based on the number of hours which the court system expects the magistrate at that location to work in order to accomplish the estimated court workload at that location. The minimum number of hours of work required of the magistrates in each salary level are as follows:

<u>Salary Level</u>	<u>Hours Per Week (annual average)</u>
Magistrate I	15
Magistrate II	20
Magistrate III	27.5
Magistrate IV	37.5
Magistrate V	37.5
Magistrate VI	37.5

This is an annual average of the weekly work hours. Seasonal variations in workload at certain locations will require the magistrates at those locations to work longer hours during some parts of the year and shorter hours during other parts of the year.

The salaries listed in section 1. above are for the number of hours per week listed in section 2. plus 24-hour on-call availability for emergencies. These salaries also include compensation for full-time attendance at all required training courses.

3. Magistrate positions are allocated to the salary levels as follows:

<u>Magistrate VI</u>		
Kenai	Kodiak	Palmer
<u>Magistrate V</u>		
Glennallen	Seward	Sitka

Magistrate IV

Barrow	Haines	Tok
Bethel	Kotzebue	Unalaska
Cordova	Nenana/Healy	Wrangell
Craig	Nome	
Dillingham	Petersburg	

Magistrate III

Cold Bay	Hoonah
Ft. Yukon	Naknek
Galena	Yakutat

Magistrate II

Aniak	Selawik	Skagway
Delta Jct.	Seldovia	

Magistrate I

Angoon	Kiana	Pt. Hope	Shungnak
Emmonak	McGrath	Sand Point	Tununak
Gambell	Mekoryuk	Savoonga	Unalakleet
Hooper Bay	Mt. Village	St. Mary	Whittier
Kake	Noorvik	St. Paul Island	

4. Step increases.

A. Frequency and amount.

All magistrates are eligible for step increases of 3.5% annually for the first five years of their service. The procedure for granting step increases shall be patterned after that which applies to classified employees except that part-time magistrates will not be required to work 1,950 hours before being eligible to receive an annual raise. There will be a total of five steps of annual increases followed by longevity steps after the seventh, ninth, fourteenth and eighteenth years of continuous employment at one salary level.

If a magistrate's salary level is raised, the magistrate's salary step within the higher level will be determined by the same method used for classified employees (see Personnel Rule 6.02.03).

B. Criteria for receiving step increases.

1. Tenure - one year.
2. Written approval by presiding judge stating that the magistrate is performing adequately.
3. Passing scores on all correspondence courses required for that level in that region of the state (required by either the presiding judge or the administrative director).

4. For Magistrates I through V: written verification by the presiding judge that the following are being adequately maintained:
  - a. dockets
  - b. indexes
  - c. library books (that is, that the Statutes, Administrative Code and Rules are kept up to date)
  - d. case files and the case numbering system
  - e. tape recordings of formal hearings and the binder for duplicate copies of all log notes
  - f. accounting records (receipts, revenue deposits, trust deposits, trust checks and proper recording of all accounting data on the case dockets)

C. Implementation.

All magistrates who are in office on January 1, 1981 will start at Step A of their designated salary level. The anniversary date for all such magistrates will be January 16. The anniversary date of all magistrates hired or promoted after January 1, 1981 will be the 16th of the month following their date of hire or promotion.

5. Review of Classification.

All magistrate positions shall be reviewed annually by the director of personnel to assure correct classification. These reviews shall be based on statistical evaluation of duties accomplished by each magistrate. The magistrate salary at every location must be re-evaluated by the director of personnel whenever a vacancy occurs. Vacancies may not be advertised until the salary for that position has been re-evaluated and any recommended changes for reclassification of the position have been approved by the chief justice.

6. Change in Classification.

The director of personnel shall recommend to the chief justice salary increases based upon reclassification of magistrate positions after first conferring with the area court administrator and the presiding judge of the judicial district in which the magistrate is located. The director of personnel shall recommend to the chief justice that a magistrate position be refilled at a lower level upon the position becoming vacant, after first conferring with the area court administrator and presiding judge for that judicial district.

7. Compensation for part-time magistrates asked to do extra work.

If a part-time magistrate (Levels I, II and III) is asked to serve in another court location to replace another magistrate or a district court judge for a period of time, the part-time magistrate must receive compensation for the additional hours worked.

DATED: September 24, 1982

EFFECTIVE DATE: March 16, 1982

*James G. Justice*  
Chief Justice

*John A. Robinson*  
Justice

*Thomas H. Conner*  
Justice

*Winston G. Riggall*  
Justice

*Allen P. Compton*  
Justice

March 9, 1983

Dear Fellow Magistrates:

As most of you know, the Association of Alaska Magistrates has had a bill in the legislature the past several years to include magistrates in the Judicial Retirement System. Senator Robert Ziegler has introduced Senate Bill 20 in the thirteenth legislature on our behalf. A copy of that bill is enclosed for your information.

The contribution rate under the Judicial Retirement System (JRS) is 7% as compared to the 4.25% we currently pay under the Public Employees Retirement System (PERS). Under SB 20, to receive credit for service as a magistrate prior to July 1, 1983, the magistrate must:

- 1) withdraw from PERS
- 2) receive a refund of contributions under PERS
- 3) elect to receive credit for service prior to July 1, 1983, and
- 4) make retroactive contributions for service as a magistrate after January 3, 1959.

Retroactive contributions may be set up as a payroll deduction over a reasonable period of time.

Following is my understanding of the differences between PERS as outlined in AS 39.35 and JRS as outlined in AS 22.25:

PERS - Contribution rate is 4.25% of base salary

Benefits paid:

- 1) Age 55 with 5 years of service; or
- 2) 30 years of service; or
- 3) Early retirement at 50 years of age and 5 years of service with adjustment for early retirement

Computation of benefits:

2% of average monthly wage for 3 high years times years of service  
PLUS COLA (if remain in Alaska) of \$50.00 or 10% of the benefit, whichever is greater  
PLUS medical insurance coverage

JRS - Contribution rate is 7% of base salary

Benefits paid:

- 1) Mandatory retirement at 70 years of age
- 2) Age 60 with 5 years of service
- 3) Early retirement at 55 years of age or 20 years of service with adjustment for early retirement

Computation of benefits:

5% for each year of service (up to 15 years or 75%) times base monthly wage paid incumbents at the time of the benefit payment  
PLUS medical insurance coverage

Please read the statutes cited above for further information on the two plans.

Examples of approximate monthly retirement benefits based on 5 years of service and current base monthly salaries are:

		PERS	JRS
Magistrate I	(15 hours/week)	\$ 84.60	\$211.50
Magistrate II	(20 hours/week)	119.40	298.50
Magistrate III	(27.5 hours/week)	170.20	425.50
Magistrate IV	(37.5 hours/week)	260.70	651.75
Magistrate V	(37.5 hours/week)	331.90	829.75
Magistrate VI	(37.5 hours/week)	387.30	968.25

The information provided to me indicates that the average age of the magistrates is 42 years with an average length of service of 6.23 years. There are 49 positions authorized by Supreme Court Order No. 544 and they are distributed as follows:

Magistrate I	19
Magistrate II	5
Magistrate III	6
Magistrate IV	13
Magistrate V	3
Magistrate VI	3

The Senate Judiciary Committee has set up a teleconference with the magistrates at 11:30 A.M. on March 25, 1983 in Anchorage. They will hear testimony at that time from one or two magistrates but we ask that everyone attend, if possible. This was coordinated at our request and will determine if Senate Bill 20 goes from the Judiciary to the Finance Committee with a "do pass" recommendation.

We will have a meeting of the Association of Alaska Magistrates in the early part of the conference week and can discuss the issue further at that time. Please jot down any other issues you wish to discuss.

I look forward to seeing all of you at the conference. It promises to be a good experience with varied topics and beneficial discussion periods.

Sincerely,



Linda Hartshorn  
Secretary/Treasurer  
Association of Alaska Magistrates

PCN	CLASS	COURT	TITLE	INCUMBENT	RANGE/STEP	MONTHLY SALARY	ANNUAL SALARY	SERVICE
418109	X017	AKA	MAGISTRATE IV	HANSON		2,793	33,510	4.50
418111	X019	AKB	MAGISTRATE IV	HARTSHORN		2,793	33,510	10.00
418110	X017	AKA	MAGISTRATE IV	REDEKER		2,793	33,510	5.70
418101	X010	AEA	MAGISTRATE III	DENNIS		1,702	21,144	4.50
418102	X019	CEB	MAGISTRATE IV	HEINMILLER		2,587	34,644	10.70
418103	X010	AWA	MAGISTRATE III	SAVLAND		1,885	22,020	11.00
418104	X010	AKR	MAGISTRATE I	CHENEY		907	10,884	8.50
418105	X010	AKK	MAGISTRATE I	VACANT		907	10,884	
418106	X017	CKA	MAGISTRATE II	WURLEY		1,322	15,864	3.00
418107	X017	CSA	MAGISTRATE II	GALLAGHER		1,322	15,864	4.00
418108	X010	AKD	MAGISTRATE I	HOWARD		907	10,884	2.30
418201	X017	HIA	MAGISTRATE IV	VACANT		3,105	37,260	
418201	X019	MEA	MAGISTRATE IV	KRUSS		3,429	41,148	
418202	X019	KAA	MAGISTRATE IV	SINKEY		3,429	41,148	
418203	X010	JWB	MAGISTRATE I	VACANT		1,152	13,824	
418204	X010	ENC	MAGISTRATE I	KAMERUFF		1,121	13,452	11.00
418205	X010	HSA	MAGISTRATE I	APANGALOOK		1,152	13,824	5.00
418206	X010	LSA	MAGISTRATE I	MARBLE <i>Nanang</i>		1,152	13,824	7.00
418207	X010	KED	MAGISTRATE I	HENRY		1,113	13,356	1.00
418208	X010	KBC	MAGISTRATE I	HARVEY		1,113	13,356	2.00
418209	X010	KYA	MAGISTRATE I	LISBOURNE		1,152	13,824	3.30
418210	X010	EWG	MAGISTRATE I	ANDREWS		1,121	13,452	2.90
418211	X010	MSJ	MAGISTRATE I	GULGERGEN		1,152	13,824	4.00
418212	X017	KSA	MAGISTRATE II	BALLOT		1,570	18,840	1.00
418214	X010	HQA	MAGISTRATE I	ANAGICK		1,152	13,824	1.00
418215	X010	LXA	MAGISTRATE I	VACANT <i>Associat</i>		1,152	13,824	
418217	X015	EWU	MAGISTRATE I	JEANS		1,121	13,452	11.00
418218	X010	KCA	MAGISTRATE I	DOUGLAS		1,152	13,824	1.00
418301	X015	CAA	MAGISTRATE VI	MCBRIDE		4,209	51,468	1.00
418302	X015	DQA	MAGISTRATE VI	NICHOLAS		4,259	51,468	21.00
418303	X015	ECF	MAGISTRATE VI	JOHNSON		4,148	49,776	3.70
418304	X020	USA	MAGISTRATE VI	PECK		3,070	44,112	7.50
418309	X019	DAA	MAGISTRATE IV	ASHMAN		3,240	39,952	9.00
418307	X010	BIA	MAGISTRATE III	HEIKER		2,173	26,316	10.50
418308	X015	DWA	MAGISTRATE IV	WENTWORTH		3,070	36,912	7.00
418310	X020	HCE	MAGISTRATE V	SPRECKER		3,916	46,992	11.00
418312	X010	CKA	MAGISTRATE III	SHAWBACK		2,173	26,316	3.00
418313	X010	LEC	MAGISTRATE I	RUKUVI SHNIKU-F		1,091	13,092	6.30
418314	X015	HSD	MAGISTRATE IV	HAKALA		1,091	13,092	4.00
418315	X010	CYA	MAGISTRATE I	KASHEVAROFF		1,332	15,984	2.00
418317	X010	USH	MAGISTRATE I	HARRIS <i>Vacant</i>		905	11,580	
418319	X020	DBC	MAGISTRATE I	VACANT		1,091	13,092	
418316	X010	BKA	MAGISTRATE III					

PCN	CLASS	COURT	TITLE	INCUMBENT	RANGE/ STEP	MONTHLY SALARY	ANNUAL SALARY	SERVICE
418402	X016	HJI	MAGISTRATE IV	MACFARLANE		3,429	41,148	8.50
418414	X014	HIB	MAGISTRATE IV	LATHROP		3,076	36,912	9.40
418404	X016	KJA	MAGISTRATE III	SMYTH		2,317	27,804	3.50
418405	X016	HYC	MAGISTRATE III	JACKSON		2,238	26,856	1.40
418403	X017	JJB	MAGISTRATE II	HARDING		2,518	30,216	9.15
418401	X017	EQB	MAGISTRATE II	MCMAHON		1,625	19,500	5.00
418406	X016	JRC	MAGISTRATE I	VACANT		1,113	13,356	
418407	X016	EZA	MAGISTRATE I	VACANT		1,113	13,356	5.80
418408	X016	DHB	MAGISTRATE I	SMITH		1,121	13,452	
418411	X016	UJA	MAGISTRATE I	VACANT		1,083	12,996	
418412	X016	JRU	MAGISTRATE I	VACANT		1,113	13,356	1.20
418413	X016	LHU	MAGISTRATE I	LINCOLN		1,121	13,452	
418423	X016	JKA	MAGISTRATE I	VACANT		1,113	13,356	

\* 1,315,424  
6.83 yrs average

Average age - 42 years

AD 219      Tape 15 - Side 1

SENATE JUDICIARY COMMITTEE

Meeting Minutes  
March 25, 1983

The meeting was called to order at 1:30 p.m. by Senator Ray, Chairman. All members were present except Senator Josephson, who was excused.

The first order of business was Senate Bill 20--An Act authorizing participation by magistrates in judicial retirement system--as to which Senator Ray acknowledged the presence of House Judiciary Committee Chairman Bussell and Representatives Liska and Malone, along with the staff of other members of the House Judiciary Committee.

Senator Ray turned the scheduled teleconference with Anchorage over to subcommittee chairman Ziegler.

By teleconference from Anchorage, Sheldon Sprecker, a magistrate in Glenallen and president of the Magistrates' Association, testified in favor of the bill and stated that about 30 magistrates and district court judges were present in Anchorage to listen to and participate in the teleconference. Mr. Sprecker also emphasized that magistrates are judges under a number of relevant criteria, including the recent Hol loway decision.

By teleconference from Anchorage, Linda Hartshorn, a magistrate in Wrangell, testified in favor of the bill. Senator Ray asked Ms. Hartshorn some questions, to which she responded and discussion was had.

By teleconference from Anchorage, Steven Cline, a District Court Judge in Fairbanks, testified in favor of the bill pointing out that he has been a magistrate training judge for approximately five years and that the functions and duties of magistrates are essentially similar to those of judges and involve extreme hardships, such as having social activities restricted and being exposed to harsh, sometimes dangerous, working and living conditions. Senator Ray asked Judge Cline a question, to which the Judge responded and discussion was had, whereupon Representative Bussell asked the witness a question, to which the Judge responded and discussion was had. Judge Cline also stated that Fairbanks District Court Judge Cruchfield was present and was fully in favor of the bill.

From Juneau, Lee Paulson of the A.P.E.A., testified in opposition to the bill and stated that his organization's views were shared by a teachers' union, the N.E.A. As the main reasons for opposing it, Mr. Paulson emphasized the high cost of the bill in reference to the limited number of people benefiting therefrom; the fact that funds are desperately needed for cost of living adjustments to senior citizens' benefits; and that under existing law magistrates are not required to be attorneys or

have any other type of special training. Representative Bussell asked a question, to which Mr. Paulson responded and discussion was had, whereupon, by teleconference from Anchorage, Sheldon Sprecker responded to and pointed out several "inaccurate points" in Mr. Paulson's prior testimony. Furthermore, Magistrate Sprecker stated that he feels the fiscal note amount of approximately \$650,000.00 is a reasonable figure and, as an example of the terrible hardships magistrates have to endure, Magistrate Sprecker pointed out that he recently had to handle the identification and physical carrying of the bodies of the victims of the McCarthy killings.

Senator Ray asked a question about whether or not, and how much, Magistrate Sprecker was paid for carrying out his duties in McCarthy, to which a response was made.

From Juneau, Ken Humphreys, Director of the Division of Retirement and Benefits, testified in response to questions posed by Senator Ray. Mr. Humphreys verified and explained the accuracy of the fiscal note figures, whereupon Senator Eliason asked a question about magistrates receiving a retirement credit for military service, to which Mr. Humphreys stated that as PERS employees magistrates should receive such credit and any assertion to the contrary must be in error. Senator Eliason also asked whether the same reasons for enacting generous judiciary retirement benefits apply to retirement benefits for magistrates. Mr. Humphreys responded by stating that, from the employer's standpoint, the basic rationale of retaining qualified people doesn't seem to apply to magistrates.

Representative Malone asked a question about the current PERS cost figures in the fiscal note, to which Mr. Humphreys responded and discussion was had, whereupon Senator Ray asked a question regarding the same subject, to which Mr. Humphreys also responded and discussion was also had.

Senator Eliason asked Senator Ziegler about how other states handled this type of problem, and Senator Ziegler responded, whereupon the teleconference was terminated. Chairman Bussell and the other House Judiciary Committee members and staff then left the meeting.

The second order of business was new sub-committee assignments as follows:

SB 147	Relating to safeguarding self-identity and address of motor vehicle operators involved in accidents	Josephson
SB 208	Extending the termination date of the Alcoholic Beverage Control Board	Ray

The third order of business was the following announcements:

By Senator Ray: The Committee meeting on April 4, 1983  
will start at 1:00 p.m.;

By Senator Pettyjohn: leave to take up SJR 19 at the Committee  
hearing on April 8, 1983 was requested and  
granted.

There being no further business the meeting adjourned at 2:14 p.m.



State of Alaska  
 Public Employees' Retirement System/Judicial Retirement System  
 A Comparison - April, 1983

	PERS		JRS
	POLICE/FIREMEN PO/F	All Other	
Benefit Multiplier	2% on years 1-10 2½% on years over 10	2%	5%
Vesting	5 years	5 years	5 years
Normal Retirement Age	55 w/5 years Service or 20 years PO/F	55 w/5 years Service Or 30 years	60 w/5 years Service
Employee Contributions	5%	4½%	7% for Judges Hired After 07/01/78 0% Judges Hired Before 7/01/78
Employer Contributions FY 83	22.36%	12.71%	104.78%
Nonmembership Service	Military (Max of 5 years)	Military (Max of 5 years)	Magistrate Pre-7/01/67
Post Retirement Pension Adjustments	Ad Hoc	Ad Hoc	Benefits Increase With Salaries
Health Insurance Coverage After Retirement	Yes	Yes	Yes

# STATE OF ALASKA

## DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT & BENEFITS

POUCH CR

JUNEAU, ALASKA 99811

Public Employees' Retirement System  
Teachers' Retirement System  
Judicial Retirement System  
Elected Public Officers Retirement System  
National Guard Retirement System  
Territorial Retirement System  
Retirees' Voluntary Dental-Vision Audio Plan  
Supplemental Benefits System  
Group Health/Life Insurance Benefits  
Deferred Compensation Plan  
Public Employers Social Security Contributions

*Bill Sheffield, Governor*

(907) 465-4460

May 5, 1983

Honorable Al Adams  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Representative Adams:

Your assistant has asked that we prepare an overview of the Public Employees' Retirement System (PERS) and the Judicial Retirement System (JRS) for the House Finance Committee meeting on Friday, May 6. I am writing this letter to provide information to the committee and to serve as a reference at the meeting. The attached chart shows the major differences between the two systems but some discussion is in order.

### General Overview

The PERS and JRS are both "defined benefit" plans; that is, the benefits to be provided are defined in statute and do not directly depend on the amount of contributions made by or on behalf of the employee. This is in contrast to a "defined contribution" plan such as the state's Supplemental Annuity Program (SBS) where the amount of the benefit an employee may receive at any given time is completely dependent on the balance in that employee's individual benefit account.

Both the PERS and the JRS are actuarially funded. Each year the actuary computes the amount, in addition to employee contributions, that will be required from the state to pay for benefits in the system. This is in contrast to pay-as-you-go systems such as social security where no real attempt is made to balance assets and liabilities; current benefits are paid out of current revenues on a year to year basis. Even if pay-as-you-go systems do not find themselves in real financial difficulty because of accumulating unfunded liabilities, they certainly pass the buck to future generations and often present a misleading picture of the costs. The object of actuarial funding is to pay for benefits as they accrue at a stable percentage of payroll and avoid the necessity of cutting benefits for future members or, in some cases, a bankrupt system which defaults on obligations.

The most significant differences between the PERS and JRS from a cost standpoint lie in post-retirement pension adjustments and benefit multipliers.

### Benefit Multiplier

The application of a benefit multiplier in determining a benefit is fairly straightforward. In the case of an "all other" member of the PERS, the monetary benefit is found by multiplying average monthly compensation times the number of years of credited service times 2%. For JRS members the multiplier is 5% instead of 2%, credited service is limited to 15 years, and, instead of a retiree's own average compensation, the benefit is based upon the current salary of office. For example, a PERS retiree with 10 years credited service would receive a monetary benefit equal to 20 percent of his average compensation and a JRS retiree with that same service would receive 50 percent of the current judicial salary.

### Vesting

Vesting describes the amount of service required to gain entitlement to a benefit. The vesting requirement in both the JRS and PERS is 5 years.

### Normal Retirement

PERS "all other" members who are vested may begin receiving normal retirement benefits at age 55 or at any age with 30 years of service. Vested JRS members must be 60 years old for normal retirement. In the PERS, a vested member may elect to receive an early retirement benefit at age 50; in the JRS a vested member may also elect to receive an early retirement benefit at age 55 or upon completing 20 years service as a justice or judge. In all of these cases, the benefit is actuarially reduced to reflect the longer period it will be received.

### Employee Contributions

Statutes require that PERS members contribute 4.25% (5% for police and fire) of their compensation to the retirement fund. JRS members hired after July 1, 1978 contribute 7% while those hired before that date are not required to contribute at all. Employee contributions earn a modest (4.5%) interest and are refundable to terminated employees.

### Employer Contributions

In FY 83 the state is contributing 104.78% of payroll to fund the JRS, 22.36% for PERS police and fire members, and 12.71% for "all other" PERS members. As mentioned earlier, this rate is determined by our actuary based on the assets, liabilities, membership and assumptions in each system. This is the amount required in addition to employee contributions to fund the benefits in the system. These rates are designed to fund not only the benefits of existing employees as they accrue, but also to amortize any unfunded liability in the system. Ideally, a system would be 100% funded and the assets would cover the liabilities if the system were discontinued. The high contribution rate in the JRS is a result of very generous benefits and also the fact that, prior to FY 82, the system was not actuarially funded.

Representative Adams  
May 5, 1983  
Page 3

#### Nonmembership Service

Up to five years of military service may be claimed in the PERS (not in JRS) if the employee is vested and makes contributions of 6% of his vesting year's annual salary for each year claimed. JRS members are entitled to credit for service as a magistrate prior to July 1, 1967; contributions are not required for this service.

#### Post-retirement Pension Adjustments (PRPA's)

In the JRS, PRPA's are automatic; any time judicial salaries are increased, the benefits of retired judges increase. In the PERS, adjustments are granted when the cost of living has increased and the condition of the fund permits. PRPA's in the PERS may not exceed the lesser of the increase in the cost of living or 4%.

Granting full, automatic cost of living increases is very expensive and, as mentioned before, is one of the main reasons the JRS is so much more costly than the PERS.

#### Health Insurance

Both PERS and JRS benefit recipients automatically receive major medical coverage for themselves and their dependents. This is an important benefit which will cost the systems \$156.07 per month for each benefit recipient in FY 84. In addition, both PERS and JRS benefit recipients may elect group audio, visual and dental insurance on a self-pay basis.

#### Summary

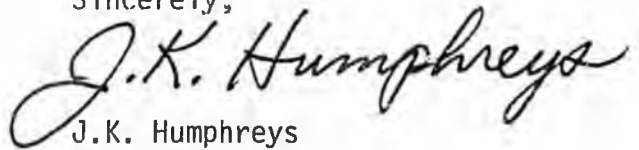
The benefits provided in the PERS are outstanding; however, as you can see, JRS benefits are far more generous and costly. The cost to the state for benefits that are accruing in the JRS is four to five times as great as it is in the PERS as a percentage of payroll. If one considers that average salaries in the JRS are more than double those in the PERS, the dollar cost for the average JRS member is at least eight to ten times as high.

There is no question that generous retirement benefits are desirable from an employee's viewpoint. They are a key element in total compensation. But it is important to strike a balance, realizing that the state as an employer must achieve its objectives of attracting and retaining qualified employees and be able to justify the cost.

Representative Adams  
May 5, 1983  
Page 4

I will attempt to answer any questions you or the members of your committee may have at the coming meeting.

Sincerely,

A handwritten signature in cursive script that reads "J.K. Humphreys". The signature is written in dark ink and is positioned above the typed name and title.

J.K. Humphreys  
Director

JKH/sd  
Attachment  
cc: Members of the House Finance Committee  
Eleanor Andrews  
Rebecca Burch

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y STATE CAPITOL  
JUNEAU, ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

May 5, 1983

SUBJECT: Judicial retirement system  
(HB 279)

TO: Representative Albert P. Adams  
Chairman, House Finance Committee

FROM: *LHA* Linn H. Asper  
Legislative Counsel

You have requested a sectional analysis of HB 279, relating to the inclusion of magistrates in the judicial retirement system (JRS).

Section 1 adds the term "magistrate" to the definition of "judge" for purposes of determining state employees covered by the JRS.

Section 2 adds magistrates to the list of state employees not covered by the public employees' retirement system (PERS).

Section 3 allows a magistrate to receive a refund of his or her contributions to PERS.

Section 4 allows a magistrate to receive credit under JRS for service rendered as a magistrate before the effective date of the Act if the magistrate withdraws from PERS, gets a refund of PERS contributions, elects to join JRS, and makes retroactive contributions to JRS in the amount of seven percent of the salary earned for magistrate service after 1959. The magistrate must decide to join JRS before June 30, 1984.

Section 5 allows a magistrate to retain PERS benefits for magistrate service before the effective date of the Act if the magistrate does not obtain a refund of PERS contributions.

Section 6 makes the change from PERS to JRS apply only to magistrates who retire after the effective date of the Act.

Representative Albert P. Adams  
Page 2  
May 5, 1983

Section 7 provides an effective date of July 1, 1983.

LHA:ljb  
18/003

STATE OF ALASKA  
FISCAL NOTERevision Date May 4, 1983

## I. REQUEST

Bill/Resolution No.: HB 279  
 Title: An Act Amending JRS & PERS  
 Sponsor: Bussell  
 Requestor: \_\_\_\_\_

## II. FISCAL DETAIL

Agency Affected: Alaska Court System  
 Program Category Affected: \_\_\_\_\_  
 BRU, Program of Subprogram(s) Affected: \_\_\_\_\_

## EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL		508.9	549.6	593.5	641.0	692.3
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		508.9	549.6	593.5	641.0	692.3
CAPITAL						
REVENUE						

## FUNDING: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
GENERAL FUND		508.9	549.6	593.5	641.0	692.3
FEDERAL FUNDS						
OTHER (Specify Source)						

## POSITIONS:

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
FULL-TIME						
PART-TIME						
TEMPORARY						

## III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

## IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: J.K. Humphreys Phone: 465-4460  
 Division: Retirement Benefits Date: 5-4-83

Approved by Commissioner: Lisa Rudd, Commissioner Date: 5-4-83  
 Department: Administration

## Distribution:

Original to Legislative Finance  
 Copy to Office of Management and Budget (for Legislature introduced bills)  
 Copy to Department (for Governor introduced bills)  
 Copy to Sponsor  
 Copy to Requestor (if different from Sponsor)

3/8/83

## State of Alaska

## Fiscal Note

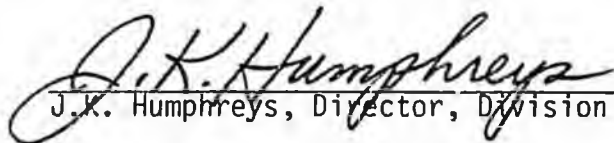
HB 279

- IV Analysis: This is a revised fiscal note for HB 279.
- o This bill would effect PERS by reducing PERS cost to the court systems by 13.18% of magistrates covered payroll of \$966,690 (\$21,015 average X 46 magistrates) for FY 84.
  - o This bill would effect JRS by increasing JRS cost to the court systems by 65.82% of the magistrates covered payroll of \$966,690 for FY 84.
  - o The net effect of this bill would be an increase in cost to the state of 52.64% (65.82% - 13.18%) of the magistrates covered payroll or \$508,900 (\$966,690 X 52.64%) for FY 84.
  - o This revision is a result of new salary data provided by the Alaska Court System.

Position Paper

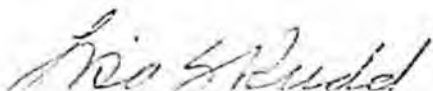
HB 279

The Department strongly opposes this bill. This bill would transfer the magistrates from the PERS to the Judicial Retirement System. It would serve no apparent, useful public purpose to offset the much higher costs to the State. The rationale which has been advanced for the extraordinary benefits provided judges and justices--that they are necessary to attract and retain first-rate attorneys who would earn more money in private practice--does not appear to apply in the case of Magistrates. Magistrates are presently provided adequate coverage under the PERS.



J.K. Humphreys, Director, Division of Retirement & Benefits

5/4/83  
Date



Lisa Rudd, Commissioner of Administration

5/5/83  
Date

Introduced: 3/18/83  
Referred: State Affairs,  
Judiciary and Finance

1 IN THE HOUSE

BY BUSSELL, BARNES, CLOCKSIN,  
LISKA, MALONE, WENDTE AND LINDAUER

2

HOUSE BILL NO. 279

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act authorizing participation by magistrates in  
7 the judicial retirement system; and providing for an  
8 effective date."

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

10 \* Section 1. AS 22.25.010(g) is amended to read:

11 (g) The word "justice" means a supreme court justice, and the  
12 word "judge," unless the context clearly indicates otherwise, means a  
13 judge of the court of appeals, a superior court judge, a [OR] district  
14 court judge, or a magistrate.

15 \* Sec. 2. AS 39.35.680(21)(C)(vi) is amended to read:

16 (vi) justices of the supreme court or judges of  
17 the court of appeals or of the superior or district courts  
18 or magistrates of the district courts of Alaska;

19 \* Sec. 3. Notwithstanding AS 39.35.240, a person serving as a magis-  
20 trate on July 1, 1983, may withdraw from the public employees' retirement  
21 system (AS 39.35) and receive a refund of the balance of the employee  
22 contribution account and employee savings account.

23 \* Sec. 4. A person who is serving as a magistrate on July 1, 1983, may  
24 receive prior service credit under AS 22.25 for service rendered as a  
25 magistrate of the Alaska court system before the effective date of this Act  
26 if the magistrate (1) withdraws from the public employees' retirement  
27 system (AS 39.35); (2) receives a refund of all contributions made under  
28 AS 39.35; (3) elects to receive service credit under AS 22.25 for prior  
29 service as a magistrate; and (4) makes retroactive contributions for

1 service as a magistrate after January 3, 1959, including service before  
2 July 1, 1978. Retroactive contributions under this section shall be at the  
3 rate of seven percent of the salary the magistrate received during the  
4 period for which the contributions are made. To be effective, an election  
5 under (3) of this section must be made on or before June 30, 1984.

6 \* Sec. 5. Notwithstanding the amendment to AS 39.35.680(21)(C)(vi) made  
7 in sec. 2 of this Act, a person serving as a magistrate on July 1, 1983,  
8 may receive retirement benefits from the public employees' retirement  
9 system for covered service before July 1, 1983, if a refund of public  
10 employees' retirement system contributions is not made to the magistrate.

11 \* Sec. 6. The amendments to AS 22.25.010(g) and AS 39.35.680(21)(C)(vi)  
12 made in secs. 1 and 2 of this Act apply only to a magistrate who retires  
13 from state service after June 30, 1983.

14 \* Sec. 7. This Act takes effect July 1, 1983.

COMMITTEE REPORT  
HOUSE

FURTHER:

(11)

4/12/83

Date: 4/11/83

Mr. Speaker:

The Committee on FINANCE has had HB 289

~~An Act relating to the time for opening the polls on election day.~~

under consideration and reports it back as follows:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for HR 289 (SA)  same title  
 new title
- and recommends DO PASS
- AND attaches a "Letter of Intent"  New Fiscal Note  
 Zero Fiscal Note Attached
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

\_\_\_\_\_

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\_\_\_\_\_

\_\_\_\_\_

[Signature]

CHAIRMAN

Offered: 4/12/83  
Referred: Finance

Original sponsors: Hayes and  
Szymanski

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE  
2 CS FOR HOUSE BILL NO. 289 (State Affairs)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 THIRTEENTH LEGISLATURE - FIRST SESSION  
5 A BILL  
6 For an Act entitled: "An Act relating to the time for opening the polls on  
7 election day."  
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
9 \* Section 1. AS 15.15.080 is amended to read:  
10 Sec. 15.15.080. TIME FOR OPENING AND CLOSING POLLS. On the day  
11 of any election, each election board shall open the polls for voting  
12 at seven [EIGHT] o'clock in the morning, shall close the polls for  
13 voting at eight o'clock in the evening, and shall keep the polls open  
14 during the time between these hours. The election board members shall  
15 report to the polling place at 6:30 [7:30] in the morning of an  
16 election day. [THE HOUR SHALL BE DETERMINED BY THE STANDARD TIME, OR  
17 DAYLIGHT SAVING TIME, THAT IS APPLICABLE TO THE POLLING PLACE.]

STATE OF ALASKA  
FISCAL NOTE

Revision Date 04-18, 1983

I. REQUEST

Bill/Resolution No.: CSHR 289  
 Title: Opening polls on election day  
 Sponsor: Representatives Hayes  
 Requestor: House Finance

II. FISCAL DETAIL

Agency Affected: Office of the Governor  
 Program Category Affected: Exec. Operatic  
 BRU, Program of Subprogram(s), Affected:  
Division of Elections

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		19.5	33.8	5.3	33.8	5.3
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	-0-	19.5	33.8	5.3	33.8	5.3
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
GENERAL FUND	-0-	19.5	33.8	5.3	33.8	5.3
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Information was not provided.

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Dana C. Coffman, Deputy Director  
 Division: Division of Elections

Phone: 586-6181

Date: April 18, 1983

Approved by Commissioner: [Signature]  
 Department: Lieutenant Governor

Date: 4/18/83

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
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CSHB 289

"An Act relating to the time for opening the polls on election day."

ASSUMPTIONS:

1. Payments made to election board workers will not increase through FY 88. Chairperson receives \$8.00 per hour, and board members receive \$7.50 per hour.
2. The number of precincts remain the same through FY 88.
3. There are 437 voting precincts. Approximately 25 are large enough to require double boards. For purposes of computation 462 precincts is used. (437 + 25)
4. Presidential Preference Primary will be held on April 17, 1984. If legislation repealing that election passes, FY 84 expenditures will be reduced by 14.2
5. An average of six single precinct elections (local liquor option, and incorporation), are held annually.

COMPUTATIONS:

REAA/CRSA

168 precincts x 7.50 x 3 members x 1 hr. = 3780  
168 precincts x 8.00 x 1 chairperson x 1 hr. = 1344  
5124

Various elections = 6

6 precincts x 7.50 x 3 members x 1 hr. = 135  
6 precincts x 8.00 x 1 chairperson x 1 hr. = 48  
183

Statewide elections - Presidential Preference Primary, Primary, General

1 election x 462 prec. x 7.50 x 3 members x 1 hr. = 10395  
1 election x 462 prec. x 8.00 x 1 member x 1 hr. = 3696  
14091

Absentee Voting Stations - required for all statewide elections.

10 locations x 7.50 x 2 people x 1 hr. = 150

The following individuals are expected to testify on CS HB 289  
(State Affairs):

Neil Phelps-Munson, staff to Representative Joe Hayes, prime  
sponsor

Mary Lou Meiners, Director, Division of Elections

STATE OF ALASKA  
FISCAL NOTE

R/O 5/14/83  
Rec'd 5/16/83  
Revision Date 06-01, 1983

I. REQUEST

Bill/Resolution No.: SCSCSHB 289  
 Title: Opening of the polls on election  
 Sponsor: Representative Hayes day  
 Requestor: Senate State Affairs

II. FISCAL DETAIL

Agency Affected: Office of the Governor  
 Program Category Affected: Exec. Operatio  
 BRU, Program of Subprogram(s), Affected:  
Division of Elections

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL	-0-	14.2	28.4	-0-	28.4	-0-
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
<b>TOTAL OPERATING</b>	-0-	14.2	28.4	-0-	28.4	-0-
<b>CAPITAL</b>						
<b>REVENUE</b>						

FUNDING: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
GENERAL FUND	-0-	14.2	28.4	-0-	28.4	-0-
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL: Information was not provided.

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Dana C. Coffman, Deputy Director  
 Division: Division of Elections

Phone: 586-6181

Date: June 1, 1983

Approved by Commissioner: [Signature]  
 Department: St. Governor

Date: June 1, 1983

Distribution:

- Original to Legislative Finance
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CSHB 289

"An Act relating to the time for opening the polls on election day."

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1. Payments made to election board workers will not increase through FY 88. Chairperson receives \$8.00 per hour, and board members receive \$7.50 per hour.
2. The number of precincts remain the same through FY 88.
3. There are 437 voting precincts. Approximately 25 are large enough to require double boards. For purposes of computation 462 precincts is used. (437 + 25)
4. Presidential Preference Primary will be held on April 17, 1984. If legislation repealing that election passes, there will be zero fiscal impact in FY 84.

COMPUTATIONS:

Statewide elections - Presidential Preference Primary,  
Primary, General

1 election x 462 prec. x 7.50 x 3 members x 1 hr. = 10395  
1 election x 462 prec. x 8.00 x 1 member x 1 hr. = 3696  
14091

Absentee Voting Stations - required for all statewide elections.

10 locations x 7.50 x 2 people x 1 hr. = 150

I. REQUEST

Bill/Resolution No.: CSHD 289  
 Title: Opening polls on election day  
 Sponsor: Representatives Hayes  
 Requestor: House Finance

II. FISCAL DETAIL

Agency Affected: Office of the Governor  
 Program Category Affected: Exec. Opena  
 BRU, Program of Subprogram(s) Affected:  
 Division of Elections

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CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	19.5	33.8	5.3	33.8	5.3
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Information was not provided.

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Dana C. Coffman, Deputy Director  
 Division: Division of Elections

Phone: 586-6181  
 Date: April 18, 1983

Approved by Commissioner: [Signature]  
 Department: Lieutenant Governor

Date: 4/18/83

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
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Absentee Voting Stations - required for all statewide elections.

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*de*

STATE OF ALASKA  
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: H.B. 289 Date on Bill: 3/22/83  
Title: relating to the time for opening polls on election day  
Sponsor: Haves  
Requestor: House State Affairs Committee 3/31 1pm

Estimated fiscal impacts on: personal services

a. Expenditures:

(Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87
Capital					
Operating		1.9	28.7	2.2	32.2
Total					

b. Revenues:

Revenue	FY 83	FY 84	FY 85	FY 86	FY 87

Source of funds to offset fiscal impact of bill: General fund

Assumptions: One extra hour of polling for the 1983 REAA-CRSA elections in October (24 precincts), the 1984 Primary (413 precincts), the 1984 REAA-CRSA and the 1984 General will affect the payments to poll workers (4 per station) at an average \$7.62/hr.

pay addition	1983 REAA	1984 Primary	1984 REAA	1984 General
	\$1950.	\$ 13,343.	\$2067.	\$13,343.

\* 1984 figures have 6% inflation figured

Disclaimer:

This statement has not been reviewed by the OMB in the Office of the Governor. It does not represent the policy of the Sheffield Administration or the final estimate of fiscal impact.

Prepared By: TPThoma Information Officer Phone: 4611  
Division: Elections Date: 3/25

Approved by Commissioner: *Paula J. Herman* Date: 3/30/83  
Department: Office of the Governor

- Distribution:
- Original to Legislative Finance
  - Copy to OMB
  - Copy to Sponsor

Offered: 4/12/83  
Referred: Finance

Original sponsors: Hayes and  
Szymanski

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE  
2 CS FOR HOUSE BILL NO. 289 (State Affairs)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the time for opening the polls on  
7 election day."

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

9 \* Section 1. AS 15.15.080 is amended to read:

10 Sec. 15.15.080. TIME FOR OPENING AND CLOSING POLLS. On the day  
11 of any election, each election board shall open the polls for voting  
12 at seven [EIGHT] o'clock in the morning, shall close the polls for  
13 voting at eight o'clock in the evening, and shall keep the polls open  
14 during the time between these hours. The election board members shall  
15 report to the polling place at 6:30 [7:30] in the morning of an  
16 election day. [THE HOUR SHALL BE DETERMINED BY THE STANDARD TIME, OR  
17 DAYLIGHT SAVING TIME, THAT IS APPLICABLE TO THE POLLING PLACE.]

Introduced: 3/23/83  
Referred: State Affairs  
and Finance

1 IN THE HOUSE

BY HAYES

2

HOUSE BILL NO. 289

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the time for opening the polls on  
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