

LEG. FINANCE - BILLS 1983 - 1984 1973

HB 679 - HB 684 1973

COMMITTEE REPORT
HOUSE

FURTHER:

(11)

3/9/84

Date: 5-24-84

The Committee on FINANCE has had HB 679

"An Act relating to the Municipal Bond Bank authority;
and providing for an effective date."

under consideration and recommends:

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

MEMBERS SIGNING
DO PASS

Albert Adams

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

MILO H. FRITZ

MEMBERS HAVING
OTHER RECOMMENDATIONS:

J. H. Martin - No Rec

[Signature]

Albert Adams
CHAIRMAN

Introduced: 2/13/84
Referred: Community & Regional
Affairs and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 679

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Municipal Bond Bank
7 authority; and providing for an effective date."

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

9 * Section 1. AS 44.85.180(c) is amended to read:

10 (c) Notwithstanding the provisions of (a) and (b) of this
11 section, the total amount of bond bank authority bonds and notes
12 outstanding at any one time, except bonds or notes issued to fund or
13 refund bonds or notes, may not exceed \$300,000,000 [\$200,000,000].

14 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
15 10.070(c).

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Page 1 of 2

Revision Date _____

REQUEST
Bill/Resolution No: HB 679
Title: Relating to the Municipal Bond Bank Authority
Sponsor: Governor
Requestor: _____
Date of Request: _____

FISCAL DETAIL
Agency Affected: Revenue
Program Category Affected: _____
BRU, Program of Subprogram(s) Affected: Municipal Bond Bank Authority

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	*	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	*	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	*	-	-	-	-

POSITIONS:

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

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

*The passage of this legislation will ultimately require full funding of \$10 million. At this time, it is difficult to determine if the Bank will have requests to bond into this limit in FY 85.

ANALYSIS: Attach a separate page for analysis.

Prepared By: Marcy Rehfeld
Division: Revenue

Phone: 465-2300
Date: 02/10/84

Approved by Commissioner: *Paul O'Leary*
Agency: DOR

Date: 2/10/84

Distribution (by Agency preparing fiscal note):

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

Page 2 of 2 HB 679

IV. Analysis for Municipal Bond Bank Authority

Additional increase in bonding authority from \$200 million to \$300 million will require an appropriation for funds leveraging of \$10.0 million. Ten percent of the FY 85 borrowing must be backed up by leveraging reserves. As an example, a \$50.0 million bond sale program will require \$5.0 million in appropriation.

Net earnings on the appropriated reserves to the Bond Bank are returned to the General Fund on an annual basis. Attached are the annual amounts returned to date.

Financial Information

Operating Appropriations

Operations of the Bank are not funded by State of Alaska General Fund appropriation. Operational funds are provided by fees and charges and interest earned on investments. The Legislature, however, does review and approve the operational budget. Surpluses earned over and above the budgeted expenditure level are donated to the general fund. A history of operational appropriations is provided below.

General Fund Appropriations to Fund Operations and Surpluses Earned and Refunded to the State

FY-1976 Original General Fund appropriation	(\$ 24,000)
FY-1977 General Fund appropriation	(60,000)
FY-1978 General Fund appropriation	—0—
FY-1979 General Fund appropriation	—0—
FY-1980 General Fund appropriation	—0—
FY-1981 General Fund appropriation	—0—
FY-1982 General Fund appropriation	—0—
	<hr/>
TOTAL operating appropriations to date	(84,000)
FY-1977 Surplus refunded to State	\$ 45,872
FY-1978 Surplus refunded to State	143,933
FY-1979 Surplus refunded to State	140,759
FY-1980 Surplus refunded to State	460,649
FY-1981 Surplus refunded to State	1,140,697
FY-1982 Surplus refunded to State	1,411,783
FY-1983 Surplus refunded to State	1,207,647
	<hr/>
Net Surplus to State since inception	4,467,340

Capital Appropriations

The capital appropriation is utilized to establish a reserve fund which remains intact; not depleted or consumed in any way. The reserve fund is normally used to leverage debt in a ten to one ratio. For every \$1.0 million placed in the reserve fund, \$10 million of outside capital is attracted to the State. While no capital appropriations were received in fiscal year 1982, an additional \$1.8 million was received for fiscal year 1984.

HB 679

HOUSE BILL NO. 679 by the Rules Committee by request of the Governor, entitled:

"An Act relating to the Municipal Bond Bank authority; and providing for an effective date."

was read the first time and referred to the Community & Regional Affairs and Finance Committees.

A zero fiscal note with analysis was attached which appears in House Journal Supplement No. 92. The Governor's transmittal letter dated February 13, 1984, appears below:

"Dear Representative Hayes:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the Alaska Municipal Bond Bank Authority. Present law limits the debt capacity of the authority to \$200,000,000. To enable the authority to continue to assist municipalities to meet their financing needs, this bill increases the statutory debt capacity to \$300,000,000.

While the level of public debt in the state poses a matter of increasing concern, the authorization provided for in this bill is necessary if municipalities without direct access to the capital markets are to meet their financing needs at the lowest available cost. I urge your prompt consideration of this bill.

Sincerely,

/s/ Bill Sheffield

Bill Sheffield
Governor"

HB 680

HOUSE BILL NO. 680 by the Rules Committee by request of the Governor, entitled:

"An Act relating to the recovery and production of oil and natural gas; and providing for an effective date."

was read the first time and referred to the Labor & Commerce and Finance Committees.

A fiscal note was attached which appears in House Journal Supplement No. 92. The Governor's transmittal letter dated February 13, 1984 appears below:

Introduced: 2/13/84
Referred: Community & Regional
Affairs and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 679

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4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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12 outstanding at any one time, except bonds or notes issued to fund or
13 refund bonds or notes, may not exceed \$300,000,000 [\$200,000,000].

14 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
15 19.070(c).

Offered: 3/9/84
Referred: Resources and
Finance

Original Sponsor: Rules/Governor

1 IN THE HOUSE

BY THE LABOR AND
COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 680 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the recovery and production of
7 oil and natural gas; and providing for an effective
8 date."

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

10 * Section 1. AS 31.05.030 is amended by adding a new subsection to
11 read:

12 (h) The commission may take all actions necessary to allow the
13 state to acquire primary enforcement responsibility under 42 U.S.C.
14 300h-4 (Safe Drinking Water Act of 1974, as amended, 42 U.S.C. 300f -
15 300j), for the control of underground injection related to the re-
16 covery and production of oil and natural gas.

17 * Sec. 2. AS 31.05.035 is amended by adding a new subsection to read:

18 (e) Notwithstanding (c) of this section, claims of confidential-
19 ity will be denied for information disclosed to the commission under
20 AS 31.05.030(h), that is required to be disclosed under 42 U.S.C.
21 300h-4.

22 * Sec. 3. AS 31.05.170 is amended by adding a new paragraph to read:

23 (14) "regular production" means continuing production of oil
24 or gas from a well into production facilities and transportation to
25 market, but does not include short term testing, evaluation, or exper-
26 imental pilot production activities that have been approved by permit
27 or order of the commission.

28 * Sec. 4. AS 46.03.100 is amended by adding a new subsection to read:

29 (d) This section does not apply to injection projects permitted

1 under AS 31.05.030(h).

2 * Sec. 5. This Act takes effect immediately in accordance with AS 01.-

3 10.070(c).

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 3/22/84

REQUEST

Bill/Resolution No.: CSHB 680 (L&C)
Title: Relating to the Alaska Oil and Gas Conservation Commission
Sponsor: Governor
Requestor: _____
Date of Request: _____

FISCAL DETAIL

Agency Affected: Commerce and Economic Development
Program Category Affected: Protection
BRU, Program or Subprogram(s) Affected: Oil and Gas Conservation Commission

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		25.0	26.1	27.6	29.0	30.7
200 TRAVEL		88.0	90.4	90.4	90.5	90.3
300 CONTRACTUAL		9.5	--	--	--	--
400 SUPPLIES		0.5	0.5	0.5	0.5	0.5
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		125.0	117.0	118.5	120.0	121.5
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		25.0	17.0	18.5	20.0	21.5
FEDERAL FUNDS		100.0	100.0	100.0	100.0	100.0
OTHER						
TOTAL		125.0	117.0	118.5	120.0	121.5

POSITIONS:

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

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Chat Chatterton Phone: 279-1433
Division: Alaska Oil and Gas Conservation Commission Date: _____
Approved by Commissioner: Richard A. Lyon Date: 3/22/84
Agency: Commerce and Economic Development

Distribution (by Agency preparing fiscal note):

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

12/1/83

ALASKA OIL AND GAS CONSERVATION COMMISSION

ANALYSIS

INTRODUCTION: The fiscal impact results solely from subsection (h) Section 1 of the Bill.

- Code 100 Are advised by Environmental Protection Agency (EPA) and by other states who have been delegated enforcement primacy by EPA that there is a substantial increase in the technical clerical workload. Accordingly request personal services funding for a Clerk Typist III.
- Code 200 Field inspection requirements will nearly double the current level of trips to the field. Accordingly additional travel funding is required.
- Code 300 a) Contractual cost to prepare an application package to EPA for obtaining primacy is estimated to cost \$60,000 which will be expended in FY'84.
- b) A word processing machine will be obtained for the additional Clerk Typist III on a four year rental/purchase agreement.
- Code 400 Additional clerical supplies will be required for the new Clerk Typist III.
- Code 500 A one-time expenditure for office equipment (desk, chair, etc.) will be necessary in FY'85.

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 13, 1984

The Honorable Joe Hayes
Alaska House of Representatives
Pouch v
Juneau, AK 99811

Dear Representative Hayes:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the Alaska Oil and Gas Conservation Commission. This bill would give the state the authority to assume control and regulation of injection wells associated with oil and gas production, such as salt water disposal or enhanced recovery of natural gas or oil. The U.S. Environmental Protection Agency currently has that authority. A 1980 amendment to the Safe Drinking Water Act (42 U.S.C. sec. 300f -- j) added a new sec. 300h-4 that would allow a state to obtain primary enforcement responsibility from the federal government for those portions of its Underground Injection Control program related to the recovery and production of oil and gas. Instead of imposing the existing federal regulatory requirement, sec. 300h-4 would give a state that authority if the state could demonstrate that it had an effective program to prevent underground injection which endangers drinking water sources. This bill would give the state that authority.

Sincerely,

A handwritten signature in cursive script that reads "Bill Sheffield".

Bill Sheffield
Governor

Alaska State Legislature

Sen. Bettye Fahrenkamp,
Co-Chairman
Sen. Vic Fischer
Sen. Don Bennett



Rep. John J. Cowdery,
Co-Chairman
Rep. Mike Davis
Rep. Joe Hayes
Rep. John Ringstad
Rep. Mike Szymanski
Rep. Rick Uehling
Rep. Anthony N. Vaska

Joint Committee on Oil and Gas

MEMO

DATE: 19 March, 1984

TO: Rep. Al Adams
FROM: Rep. John Cowdery *J.C.*

RE: HB# 680, An act relating to recovery of oil & gas

This bill will give the state authority to apply to the EPA for transfer of control for regulation of injection wells associated with oil & natural gas production. If the application is approved by the EPA, the state would assume control and regulation of injection wells, such as salt water disposal or enhanced recovery of natural gas or oil. The EPA, may transfer authority under a new section 300h-4, if the state demonstrates that it has an effective program to prevent underground injection which endangers drinking water sources.

The original bill was amended in Labor & Commerce Committee, to include a definition of "regular production" so that short term testing, evaluation, or experimental pilot production activities approved by permit or order of the Oil & Gas Commission, will not be included as regular production. This allows the company to retain as confidential data relating to the well until time of "regular production". This will allow the state to collect severance taxes and royalties on oil and gas that otherwise might be reinjected during testing cycles to protect such data.

It should also be noted that my staff contacted Mr. Ron Kreizenbeck, Director of the E.P.A. Alaska Operations Office, and learned that federal funds are available for operation once the state assumes control. In fy '84 there remains only \$15,000 for such funding, but in fy '85 nearly \$102,000 would be available. The state will be eligible for these funds once authority has been transferred.

AOGA PROPOSED TESTIMONY ON HOUSE BILL NO. 680

HOUSE LABOR AND COMMERCE COMMITTEE

MARCH 7, 1984

Good morning. I'm Dave Yesland, Senior Staff Environmental Engineer with Shell Western E & P. I'm representing the Alaska Oil and Gas Association this morning and I will comment on the proposed Committee Substitute for HB680.

Our Association supports the intent of CSHB680, which is to provide the legislation necessary to enable the State to be the sole administrator of a permitting program for underground injection wells related to oil and gas production activities, or Class II wells, as they are identified in the Federal program. I will discuss the reasons for our support.

Without State preemption of the Federal program there will be redundant State and Federal programs with nothing but duplicated record-keeping and administrative delay as a result.

We have had a concern that existing statutes might prevent the State from preempting the Federal program because confidentiality provisions and penalty imposition limits may not meet the Federal requirements. We believe this bill will eliminate that concern.

Our Association prefers that the permitting process for injection wells, related to oil and gas operations, be controlled by the

state. The regulation of oil and gas operations by the Alaska Oil and Gas Conservation Commission is an example of regulatory control based on well-established knowledge of the regulated activity.

Therefore, we believe the Alaska Oil and Gas Conservation Commission is the appropriate administrator of regulations that bear on the technical elements of oil and gas operations and it should be the sole administrator of Class II wells in the state.

Finally we have seen that the Federal program, as proposed, would reduce the production rate of secondary recovery projects (water floods) by requiring that current injection pressure be reduced. The EPA's basis for lower pressures is no more than a "rule-of-thumb" which they acknowledge may be changed on a case-by-case review. But, until that review is completed, pressure would have to be reduced to comply with the regulations. This reduction would not only reduce current production rates, but even if only temporary, would reduce the ultimate total production of the formation causing revenue losses to both the State and producer. It is therefore a matter of mutual urgency.

If the proposed Federal rules are promulgated in the absence of State intent and ability to assume the program there will be a loss with no measure of compensation.

We urge the State to assume primacy in the regulation of Class II injection wells and we believe this bill contains specific statutory language which will serve this purpose.

Thank you.

Offered: 3/9/84
Referred: Resources and
Finance

Original Sponsor: Rules/Governor

1 IN THE HOUSE

BY THE LABOR AND
COMMERCE COMMITTEE

2

CS FOR HOUSE BILL NO. 680 (L&C)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the recovery and production of
oil and natural gas; and providing for an effective
date."

7

8

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

9

* Section 1. AS 31.05.030 is amended by adding a new subsection to

10

read:

11

12

(h) The commission may take all actions necessary to allow the
state to acquire primary enforcement responsibility under 42 U.S.C.
300h-4 (Safe Drinking Water Act of 1974, as amended, 42 U.S.C. 300f -
300j), for the control of underground injection related to the re-
covery and production of oil and natural gas.

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AS 31.05.030(h), that is required to be disclosed under 42 U.S.C.
300h-4.

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(14) "regular production" means continuing production of oil
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market, but does not include short term testing, evaluation, or exper-
imental pilot production activities that have been approved by permit
or order of the commission.

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* Sec. 4. AS 46.03.100 is amended by adding a new subsection to read:

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(d) This section does not apply to injection projects permitted

1 under AS 31.05.030(h).

2 * Sec. 5. This Act takes effect immediately in accordance with AS 01.-

3 10.070(c).

Introduced: 2/13/84
Referred: Labor & Commerce
and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 680

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13 state to acquire primary enforcement responsibility under 42 U.S.C.
14 300h-4 (Safe Drinking Water Act of 1974, as amended [42 US.C. sec.
15 300f -- j]), for the control of underground injection related to the
16 recovery and production of oil and natural gas, including the adoption
17 of regulations, orders, and penalties.

18 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
19 10.070(c).

COMMITTEE REPORT
SENATE

FURTHER:

4/16/84

Date

5/4/84

Mr. President

The Committee on FINANCE considered CSHB 680(L&C)

recovery and production of oil and natural gas; efd.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
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- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

V. Fisher
W. B. ...
...
...
...
...
...

Chairman
Chairman recommendation

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

*FD Accompanied
bill into
Committee*

508113

Revision Date: 3/22/84

Page 1 of 2

REQUEST
Bill/Resolution No.: CSHB 680 (L&C)
Title: Relating to the Alaska Oil
and Gas Conservation Commission
Sponsor: Governor
Requestor: _____
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SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Chat Chatterton Phone: 279-1433
Division: Alaska Oil and Gas Conservation Commission Date: _____

Approved by Commissioner: Richard A. Lyon Date: 3/22/84
Agency: Commerce and Economic Development

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

ALASKA OIL AND GAS CONSERVATION COMMISSION

CSHB 680(L&C) ANALYSIS Page 2 of 2

INTRODUCTION: The fiscal impact results solely from subsection (h) Section 1 of the Bill.

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Offered: 3/9/84
Referred: Resources and
Finance

Original Sponsor: Rules/Governor

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COMMITTEE REPORT
SENATE

FURTHER: FINANCE

4/4/84

Date 4-13-84

Mr. President

The Committee on RESOURCES considered CSHB 680 (L&C)
recovery and production of oil and natural gas; efd.

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

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- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

John Stungulick
Zyeger
McKee
Bob Mulcahy

MEMBERS HAVING
OTHER RECOMMENDATIONS

Debbie Fahrenkamp
 Chairman
Do Pass
 Chairman recommendation

BILL SHEFFIELD
GOVERNOR



680

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 13, 1984

The Honorable Joe Hayes
Alaska House of Representatives
Pouch V
Juneau, AK 99811

Dear Representative Hayes:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the Alaska Oil and Gas Conservation Commission. This bill would give the state the authority to assume control and regulation of injection wells associated with oil and gas production, such as salt water disposal or enhanced recovery of natural gas or oil. The U.S. Environmental Protection Agency currently has that authority. A 1980 amendment to the Safe Drinking Water Act (42 U.S.C. sec. 300f -- j) added a new sec. 300h-4 that would allow a state to obtain primary enforcement responsibility from the federal government for those portions of its Underground Injection Control program related to the recovery and production of oil and gas. Instead of imposing the existing federal regulatory requirement, sec. 300h-4 would give a state that authority if the state could demonstrate that it had an effective program to prevent underground injection which endangers drinking water sources. This bill would give the state that authority.

Sincerely,

A handwritten signature in cursive script that reads "Bill Sheffield".

Bill Sheffield
Governor

COMMITTEE REPORT
HOUSE

(11)

FURTHER:

3/29/84

Date: 4-5-84

The Committee on FINANCE has had HB 681

"An Act relating to default on and collection of student loans."

under consideration and recommends:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 681 (FINANCE) same title new title
- and recommends do pass
- 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:

[Signature]
[Signature]
Walt Furnace
[Signature]
[Signature]
MICHAEL H. RITZ

[Signature] (No Rec.)

[Signature]
 CHAIRMAN

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 681 (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 relating to default on and collection of
7 student loans; and providing for an effective date."

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

9 * Section 1. AS 14.43.090(a) is amended to read:

10 (a) There is created a scholarship revolving loan fund. The
11 fund shall be used to make scholarship loans to students selected
12 under AS 14.43.090 - 14.43.160 and to pay the costs of collecting
13 student loans that are in default if those costs are not recovered
14 from the student. All repayments of principal and interest on schol-
15 arship loans shall be paid into the scholarship revolving loan fund
16 [SHALL BE USED TO MAKE NEW SCHOLARSHIP LOANS]. If money estimated to
17 be [FUNDS] available from scholarship loan repayments is [ARE] inade-
18 quate to fully fund estimated scholarship loans for any fiscal year,
19 additional funding from the general fund may be requested and appro-
20 priated for that year.

21 * Sec. 2. AS 14.43.120(f) is amended to read:

22 (f) Interest on a loan given under AS 14.43.090 - 14.43.160 is
23 at the rate of five percent a year unless the loan is in default.
24 Interest on a loan that is in default is 10 percent a year.

25 * Sec. 3. AS 14.43.120(o) is amended to read:

26 (o) The provisions of (j) of this section do not apply to a loan
27 that is in default [TO A BORROWER NAMED IN A COMPLAINT AS A DEFENDANT
28 IN AN ACTION BY THE STATE OR BY THE COMMISSION TO SECURE PAYMENT OF
29 THE UNPAID BALANCE OF A LOAN MADE UNDER AS 14.43.110 OR 14.43.115].

1 * Sec. 4. AS 14.43.120 is amended by adding a new subsection to read:

2 (q) For the purposes of this section a loan is in default if a
3 loan payment is 120 or more days past due.

4 * Sec. 5. This Act takes effect immediately in accordance with AS 01.-
5 10.070(c).
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STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Page 1 of 2

Revision Date: _____

REQUEST
Bill/Resolution No. CSHB 681 (FIN.)
Title: Default and Collection
of Student Loans
Sponsor: Rules/Governor
Requestor: House HESS
Date of Request: 3/15/84

FISCAL DETAIL
Agency Affected: Education
Program Category Affected: Postsecondary
Commission
BRU, Program or Subprogram(s) Affected:
Student Financial Aid/Loans

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	N.A.	-0-	-0-	-0-	-0-	-0-
CAPITAL					(.5)	(8.5)
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	N.A.	-0-	-0-	-0-	(.5)	(8.5)
FEDERAL FUNDS						
OTHER						
TOTAL	N.A.	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

See attached.

ANALYSIS: Attach a separate page for analysis

Prepared By: Kerry D. Romesburg, Executive Director Phone: 465-2854
Division: Alaska Commission on Postsecondary Ed. Date: 3/15/84

Approved by Commissioner: _____ Date: _____
Agency: _____

Distribution (by Agency preparing fiscal note):

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

12/1/83

FISCAL NOTE FOR: An Act relating to default on and collection of student loans.

1. The fiscal impact of this bill does not lend itself to the standard fiscal note form, so this memorandum is intended to serve as the impact statement.

2. Assumptions:

- a. Collection fees (those charged by private collections agencies, attorneys, courts, etc.) will be charged to the loan borrower and will simply increase the total debt.
- b. Additional interest will be generated by the new 120-day "trigger" clause, but this will not be a factor for a number of years, since it will not generate revenue until the FY85 borrowers are out of school, through their grace year, into repayment, and then in default on their repayment schedule. This will be a number of years into the future -- as many as five or six for many borrowers. Hence, it is not reflected on the normal fiscal impact projection.

3. Fiscal impact:

Fiscal Year	<u>FY85</u>	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>	<u>FY89</u>
Collection Costs	\$120.00	\$300.00	\$750.00	\$1,800.00	\$3,000.00
Add'l Program Receipts	<u>[120.00]</u>	<u>[300.00]</u>	<u>[750.00]</u>	<u>[1,800.00]</u>	<u>[3,000.00]</u>
Subtotal	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Add'l Interest	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>[.5]</u>	<u>[8.5]</u>
Total	\$ -0-	\$ -0-	\$ -0-	\$ [.5]	\$ [8.5]

~~BILL~~ SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HB 681

February 13, 1984

The Honorable Joe Hayes
Alaska House of Representatives
Pouch V
Juneau, AK 99811

Dear Representative Hayes:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to student loans that are in default. These amendments seek to reduce the number of loans that go into default and to enhance collection efforts.

Section 1 of the bill allows the Commission on Post-secondary Education to charge the costs of collecting student loans that are in default against the scholarship revolving loan fund if those costs are not recovered from the student.

Section 2 broadens the class of those who forfeit their entitlement to forgiveness of a portion of their loan. Under existing law, a borrower loses forgiveness benefits only upon being named a defendant in a suit for collection brought by the state. Under the proposed amendment, a borrower would lose forgiveness benefits once the loan becomes 120 days past due.

Section 3 provides that once a loan is in default, the interest rate increases from five percent a year to 10 percent a year.

Sincerely,

A handwritten signature in cursive script that reads "Bill Sheffield".

Bill Sheffield
Governor

Offered: 3/19/84
Referred: House Special Committee
on State Loans and Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2

CS FOR HOUSE BILL NO. 681 (HESS)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to default on and collection of
7 student loans."

8

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

9

* Section 1. AS 14.43.090(a) is amended to read:

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IN AN ACTION BY THE STATE OR BY THE COMMISSION TO SECURE PAYMENT OF

29

THE UNPAID BALANCE OF A LOAN MADE UNDER AS 14.43.110 OR 14.43.115].

Introduced: 2/13/84
Referred: Health, Education and
Social Services, House Special Committee
on State Loans and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 681

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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28 which is in default. A loan is in default if it is 120 or more days
29 past due [TO A BORROWER NAMED IN A COMPLAINT AS A DEFENDANT IN AN

CORRECTION

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

Offered: 3/19/84
Referred: House Special Committee
on State Loans and Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2

CS FOR HOUSE BILL NO. 681 (HESS)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

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Introduced: 2/13/84
Referred: Health, Education and
Social Services, House Special Committee
on State Loans and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 681

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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HB 691

1 ACTION BY THE STATE OR BY THE COMMISSION TO SECURE PAYMENT OF THE
2 UNPAID BALANCE OF A LOAN MADE UNDER AS 14.43.110 OR 14.43.115].
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COMMITTEE REPORT
SENATE

FURTHER:

4/26/84

Date 5/4/84

Mr. President

The Committee on FINANCE considered CSHB 681(Fin)am
default on and collection of student loans; efd.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

V. Fisher

[Signature]

[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS

[Signature]
Chairman
[Signature]
Chairman recommendation

STATE OF ALASKA 1984 LEGISLATIVE SESSION

FISCAL NOTE

Fiscal Note accompanied bill into committee

Handwritten initials and numbers: "C" and "4-10"

Revision Date: _____

Page 1 of 2

REQUEST

Bill/Resolution No. CSHB 681(FIN)

Title: Default and Collection of Student Loans

Sponsor: Rules/Governor

Requestor: House HESS

Date of Request: 3/15/84

FISCAL DETAIL

Agency Affected: Education

Program Category Affected: Postsecondary Commission

BRU, Program or Subprogram(s) Affected: Student Financial Aid/Loans

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	N.A.	-0-	-0-	-0-	-0-	-0-
CAPITAL					(.5)	(8.5)
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	N.A.	-0-	-0-	-0-	(.5)	(8.5)
FEDERAL FUNDS						
OTHER						
TOTAL	N.A.	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

See attached.

ANALYSIS: Attach a separate page for analysis

Prepared By: Kerry D. Romesburg, Executive Director Phone: 465-2854
 Division: Alaska Commission on Postsecondary Ed. Date: 3/15/84

Approved by Commissioner: _____ Date: _____
 Agency: _____

Distribution (by Agency preparing fiscal note):

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

12/1/83

FISCAL NOTE FOR: An Act relating to default on and collection of student loans.

1. The fiscal impact of this bill does not lend itself to the standard fiscal note form, so this memorandum is intended to serve as the impact statement.

2. Assumptions:
 - a. Collection fees (those charged by private collections agencies, attorneys, courts, etc.) will be charged to the loan borrower and will simply increase the total debt.

 - b. Additional interest will be generated by the new 120-day "trigger" clause, but this will not be a factor for a number of years, since it will not generate revenue until the FY85 borrowers are out of school, through their grace year, into repayment, and then in default on their repayment schedule. This will be a number of years into the future -- as many as five or six for many borrowers. Hence, it is not reflected on the normal fiscal impact projection.

3. Fiscal impact:

Fiscal Year	<u>FY85</u>	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>	<u>FY89</u>
Collection Costs	\$120.00	\$300.00	\$750.00	\$1,800.00	\$3,000.00
Add'l Program Receipts	<u>[120.00]</u>	<u>[300.00]</u>	<u>[750.00]</u>	<u>[1,800.00]</u>	<u>[3,000.00]</u>
Subtotal	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Add'l Interest	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>[.5]</u>	<u>[8.5]</u>
Total	\$ -0-	\$ -0-	\$ -0-	\$ [.5]	\$ [8.5]

Offered: 4/6/84
Referred: Rules

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE FINANCE COMMITTEE
2 CS FOR HOUSE BILL NO. 681 (Finance) am
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - SECOND SESSION
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BILL SHEFFIELD
GOVERNOR



HOB 681

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 13, 1984

The Honorable Joe Hayes
Alaska House of Representatives
Pouch V
Juneau, AK 99811

Dear Representative Hayes:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to student loans that are in default. These amendments seek to reduce the number of loans that go into default and to enhance collection efforts.

Section 1 of the bill allows the Commission on Post-secondary Education to charge the costs of collecting student loans that are in default against the scholarship revolving loan fund if those costs are not recovered from the student.

Section 2 broadens the class of those who forfeit their entitlement to forgiveness of a portion of their loan. Under existing law, a borrower loses forgiveness benefits only upon being named a defendant in a suit for collection brought by the state. Under the proposed amendment, a borrower would lose forgiveness benefits once the loan becomes 120 days past due.

Section 3 provides that once a loan is in default, the interest rate increases from five percent a year to 10 percent a year.

Sincerely,

A handwritten signature in cursive script that reads "Bill Sheffield".

Bill Sheffield
Governor

COMMITTEE REPORT
SENATE

FURTHER: FINANCE

4/13/84

Date April 25, 1984

Mr. President

The Committee on HESS considered CSHB 681(Fin) am
default on and collection of student loans; efd.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Kirk Halford
Greg Joseph
Perry

Chairman

Chairman recommendation

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

Page 1 of 2

REQUEST

Bill/Resolution No. CSHB 681(FIN)

Title: Default and Collection
of Student Loans

Sponsor: Rules/Governor

Requestor: House HESS

Date of Request: 3/15/84

FISCAL DETAIL

Agency Affected: Education

Program Category Affected: Postsecondary
Commission

BRU, Program or Subprogram(s) Affected:

Student Financial Aid/Loans

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	N.A.	-0-	-0-	-0-	-0-	-0-

CAPITAL					(.5)	(8.5)
----------------	--	--	--	--	-------------	--------------

REVENUE						
----------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	N.A.	-0-	-0-	-0-	(.5)	(8.5)
FEDERAL FUNDS						
OTHER						
TOTAL	N.A.	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

See attached.

ANALYSIS: Attach a separate page for analysis

Prepared By: Kerry D. Romesburg, Executive Director Phone: 465-2854

Division: Alaska Commission on Postsecondary Ed. Date: 3/15/84

Approved by Commissioner: _____ Date: _____

Agency: _____

Distribution (by Agency preparing fiscal note):

Legislative Finance

Legislative Sponsor

Requestor

Office of Management and Budget

Impacted Agency(ies)

12/1/83

FISCAL NOTE FOR: An Act relating to default on and collection of student loans.

1. The fiscal impact of this bill does not lend itself to the standard fiscal note form, so this memorandum is intended to serve as the impact statement.

2. Assumptions:

- a. Collection fees (those charged by private collections agencies, attorneys, courts, etc.) will be charged to the loan borrower and will simply increase the total debt.
- b. Additional interest will be generated by the new 120-day "trigger" clause, but this will not be a factor for a number of years, since it will not generate revenue until the FY85 borrowers are out of school, through their grace year, into repayment, and then in default on their repayment schedule. This will be a number of years into the future -- as many as five or six for many borrowers. Hence, it is not reflected on the normal fiscal impact projection.

3. Fiscal impact:

Fiscal Year	<u>FY85</u>	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>	<u>FY89</u>
Collection Costs	\$120.00	\$300.00	\$750.00	\$1,800.00	\$3,000.00
Add'l Program Receipts	<u>[120.00]</u>	<u>[300.00]</u>	<u>[750.00]</u>	<u>[1,800.00]</u>	<u>[3,000.00]</u>
Subtotal	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Add'l Interest	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>[.5]</u>	<u>[8.5]</u>
Total	\$ -0-	\$ -0-	\$ -0-	\$ [.5]	\$ [8.5]

BILL SHEFFIELD
GOVERNOR



HB 681

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 13, 1984

The Honorable Joe Hayes
Alaska House of Representatives
Pouch V
Juneau, AK 99811

Dear Representative Hayes:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to student loans that are in default. These amendments seek to reduce the number of loans that go into default and to enhance collection efforts.

Section 1 of the bill allows the Commission on Post-secondary Education to charge the costs of collecting student loans that are in default against the scholarship revolving loan fund if those costs are not recovered from the student.

Section 2 broadens the class of those who forfeit their entitlement to forgiveness of a portion of their loan. Under existing law, a borrower loses forgiveness benefits only upon being named a defendant in a suit for collection brought by the state. Under the proposed amendment, a borrower would lose forgiveness benefits once the loan becomes 120 days past due.

Section 3 provides that once a loan is in default, the interest rate increases from five percent a year to 10 percent a year.

Sincerely,

A handwritten signature in cursive script that reads "Bill Sheffield".

Bill Sheffield
Governor

COMMITTEE REPORT

SENATE

FURTHER: FINANCE

4/13/84

Date April 25, 1984

Mr. President

The Committee on HESS considered CSHB 681(Fin) am default on and collection of student loans; efd.

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

- [X] do pass
[] do pass with attached amendment(s)
[] replace with/or adopt CS for
[] new title
[] same title and recommends
[] and attached a "LETTER OF INTENT" [] NEW FISCAL NOTE
[] reports it back without recommendation
[] recommends referral to Committee

MEMBERS SIGNING DO PASS

MEMBERS HAVING OTHER RECOMMENDATIONS

Handwritten signatures: Rick Halford, Dan J. ... , Peggy ...

Empty lines for other members' recommendations.

Chairman

Chairman recommendation

Alaska State Legislature

OFFICIAL BUSINESS

CHAIRMAN
RULES COMMITTEE



Senate

JAN FAIKS
POUCH V
CAPITOL BUILDING
JUNEAU, ALASKA 99811

MEMORANDUM

TO: All Members
Senate Finance Committee

FROM: Senator Jan Faiks

RE: House Bill 681

DATE: May 4, 1984

House Bill 681 was introduced by the Governor to enhance the collection efforts of student loans in default.

Section 1. This section allows the Commission on Post-Secondary Education to charge the costs of collecting student loans that are in default against the scholarship revolving loan fund if the costs are not recovered from the student. Currently these costs are absorbed by the Department and the Attorney General's Office. If the bill passes, the appropriate funds will be turned over to the Department of Law via an inter-agency transfer once a year.

Section 2. Interest on a loan is 5%. Interest on a loan in default is 10% for the period of time that the loan is in default. (for the period the loan is in default was an amendment by Clocksin adopted on the House floor)

Section 3. The forgiveness section of this statute does not apply to a loan in default. Current law says the forgiveness section does not apply only if the borrower is named in a complaint as a defendant in an action to secure payment of a loan made under this section.

Section 4. A loan in default is defined a loan 120 days or more past due.

Section 5. Immediate effective date.

The bill passed the House on April 11th by a vote of 27-9-4 and passed on reconsideration by 32-5-3.

COMMITTEE REPORT
HOUSE

(11)

FURTHER:

3/6/84

Date: 3/29/84

The Committee on FINANCE has had HB 684

"An Act making a special appropriation to the Alaska Power Authority; and providing for an effective date."

under consideration and recommends:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 684 same title
 new title
- and recommends Individual Rec.
- 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

Paul T. Zwick

TH [unclear]

[unclear]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

BYRON H. RITZ (No Rec)

[unclear] (No Rec)

[unclear] (No Rec)

[unclear] - 50 PRS - 5027 SECS
Should be deleted

[unclear] (No Rec)

Walt Furnace No Rec
Expanding - No Rec.
John [unclear] - No Rec.

Albert [unclear]

CHAIRMAN

Original sponsor: Rules/Governor

Funding Information
General Fund \$249,000,000
Other Funds -0-
\$249,000,000

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 684 (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 making special appropriations to the Alaska
7 Power Authority, and providing for an effective
8 date."

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

10 * Section 1. The sum of \$49,000,000 is appropriated from the general
11 fund to the Alaska Power Authority for the purpose of rate stabilization in
12 accordance with the terms of power sales agreements and bond covenants for
13 the issuance of revenue bonds for the Lake Tye, Swan Lake, Terror Lake,
14 and Solomon Gulch hydroelectric facilities.

15 * Sec. 2. The sum of \$200,000,000 is appropriated from the general fund
16 to the Alaska Power Authority power development fund for the purpose of
17 financing the Watana Dam phase of the Susitna hydroelectric project.

18 * Sec. 3. The appropriations made in secs. 1 and 2 of this Act are not
19 one-year appropriations and do not lapse under AS 37.25.010.

20 * Sec. 4. Section 1 of this Act takes effect the day after all of the
21 power purchasers served by the Lake Tye (City of Petersburg and City of
22 Wrangell), Swan Lake (City of Ketchikan), Terror Lake (Kodiak Electric
23 Association), and Solomon Gulch (Copper Valley Electric Association) hydro-
24 electric projects have entered into power sales agreements with the Alaska
25 Power Authority.

26 * Sec. 5. Section 2 of this Act takes effect the day after all of the
27 power purchasers served by the Susitna hydroelectric project enter into
28 power sale agreements with the Alaska Power Authority.

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 13, 1984

The Honorable Joe Hayes
Alaska House of Representatives
Pouch V
Juneau, AK 99811

Dear Representative Hayes:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill making a special appropriation to the Alaska Power Authority. This special appropriation is for rate stabilization for the utilities that will be purchasing power from the Lake Tyee, Swan Lake, Terror Lake, and Solomon Gulch hydroelectric facilities. The money will be used to reduce the wholesale power rate for these utilities during the early years of the operation of the hydroelectric facilities when hydroelectric costs will be significantly higher than their projected costs for diesel generation.

At the current stage of negotiations on the power sales agreements the rate stabilization fund is treated as a grant, and the special appropriation bill reflects this approach. However, the authority is still looking at the possibility of funding rate stabilization with a loan rather than a grant. If the loan approach is used, an amendment to this bill will be proposed to reflect the change.

Sincerely,

A handwritten signature in cursive script that reads "Bill Sheffield".

Bill Sheffield
Governor

March 6, 1984

Message of March 5 was read, stating the House passed:

FIRST READING AND REFERENCE OF HOUSE RESOLUTIONS

HCR 51

CS FOR HOUSE CONCURRENT RESOLUTION NO. 51 (RES) am by the Resources Committee,

Relating to the appointment of a Delta Junction bison range advisory committee,

was read the first time and referred to the Resources Committee and the Finance Committee.

FIRST READING AND REFERENCE OF HOUSE BILLS

HB 498

CS FOR HOUSE BILL NO. 498 (SA) by the State Affairs Committee, entitled:

"An Act relating to military retirement benefits; and providing for an effective date."

was read the first time and referred to the State Affairs Committee and the Finance Committee.

COMMUNICATIONS

"February 28, 1984

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

SUBJECT: Issuance of Bonds by Alaska Power Authority

Dear Mr. President:

In accordance with AS 44.83.191, the Alaska Power Authority hereby gives notification of its intention to issue long-term bonds in a principal amount not to exceed \$250,000,000

March 6, 1984

for the Energy Program of Alaska. The proceeds of the bonds will be used to fund short-term notes of the Power Authority issued with respect to the Terror Lake, Swan Lake, and Lake Tyee projects and to establish necessary reserves.

You are advised that only so much of the \$250,000,000 principal amount of bonds will be issued as is necessary for the accomplishment of the above mentioned purposes of the Power Authority. This notification is made pursuant to AS 44.83.-191 which states:

The Authority may not issue bonds except after sixty days notification of its intent to issue bonds is given to the Governor and to the Legislature, if the Legislature is in session, or to the Legislative Budget and Audit Committee, if the Legislature is not in session.

Very truly yours,

/s/ Larry D. Crawford
Larry D. Crawford
Executive Director"

The preceding letter was referred to the Resources Committee and the Finance Committee.

"February 28, 1984

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

SUBJECT: Issuance of Short-Term Notes by the Alaska Power Authority

Dear Mr. President:

In accordance with AS 44.83.191, the Alaska Power Authority hereby gives notification to you of its intent to issue bonds, notes or other evidences of indebtedness in the principal amount not to exceed \$50,000,000 for the Swan Lake Hydroelectric Project. You are further notified that the above bonds, notes or other evidences of indebtedness may be issued to refund or refinance the outstanding \$35,000,000 principal amount of Power Authority General Obligation Bonds (Swan Lake project), Series 1981 due on May 31, 1984. Alternatively, instead of said refinancing or refunding, the terms of the above existing general obligation bonds may be amended by agreement between the Power Authority and Morgan Guaranty Trust Company. This notification is in the nature of the

March 6, 1984

contingent notification in that it complements a notification to you of the Power Authority's intention to issue \$250,000,000 in a long-term bonds, which issue would take out or refinance the \$35,000,000 Swan Lake issue referenced above provided that said long-term issue may in fact be sold and delivered prior to the May 31, 1984 due date (unless otherwise extended) of the existing short-term note.

You are advised that only so much of the \$50,000,000 bonds, notes or other evidences of indebtedness will be issued as is necessary for the accomplishment of the purpose of the Power Authority stated above. This notification is made pursuant to AS 44.83.191 which states:

The Authority may not issue bonds except after sixty days notification of its intent to issue bonds is given to the Governor and to the Legislature, if the Legislature is in session, or to the Legislative Budget and Audit Committee, if the Legislature is not in session.

Very truly yours,

/s/ Larry D. Crawford

Larry D. Crawford
Executive Director"

The preceding letter was referred to the Resources Committee and the Finance Committee.

The Secretary announced receipt of:

ANNUAL REPORT ON GAMES OF CHANCE AND CONTESTS OF SKILL and SUPPLEMENTAL REPORT FOR 1982
from Commissioner Heath, Department of Revenue, dated March 2, in accordance with AS 05.15.090.
The report is on file in the Office of the Secretary of the Senate.

COMMISSION ON JUDICIAL CONDUCT 1983 ANNUAL REPORT from Frank Flavin, dated February 6, pursuant to Rule 25 of the Commission on Judicial Conduct. The report has been distributed to all Senators and is on file in the Office of the Secretary of the Senate.

CORRECTION

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

contingent notification in that it complements a notification to you of the Power Authority's intention to issue \$250,000,000 in a long-term bonds, which issue would take out or refinance the \$35,000,000 Swan Lake issue referenced above provided that said long-term issue may in fact be sold and delivered prior to the May 31, 1984 due date (unless otherwise extended) of the existing short-term note.

You are advised that only so much of the \$50,000,000 bonds, notes or other evidences of indebtedness will be issued as is necessary for the accomplishment of the purpose of the Power Authority stated above. This notification is made pursuant to AS 44.83.191 which states:

The Authority may not issue bonds except after sixty days notification of its intent to issue bonds is given to the Governor and to the Legislature, if the Legislature is in session, or to the Legislative Budget and Audit Committee, if the Legislature is not in session.

Very truly yours,

/s/ Larry D. Crawford

Larry D. Crawford
Executive Director"

The preceding letter was referred to the Resources Committee and the Finance Committee.

The Secretary announced receipt of:

ANNUAL REPORT ON GAMES OF CHANCE AND CONTESTS OF SKILL and SUPPLEMENTAL REPORT FOR 1982
from Commissioner Heath, Department of Revenue, dated March 2, in accordance with AS 05.15.090. The report is on file in the Office of the Secretary of the Senate.

COMMISSION ON JUDICIAL CONDUCT 1983 ANNUAL REPORT from Frank Flavin, dated February 6, pursuant to Rule 25 of the Commission on Judicial Conduct. The report has been distributed to all Senators and is on file in the Office of the Secretary of the Senate.

Offered: 3/6/84
Referred: Finance

Original sponsor: Rules/Governor

Funding Information

General Fund	\$35,000,000
Other Funds	\$ -0-
	<u>\$35,000,000</u>

1 IN THE HOUSE BY THE RESOURCES COMMITTEE

2 CS FOR HOUSE BILL NO. 684 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Alaska
7 Power Authority; and providing for an effective
8 date."

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

10 * Section 1. The sum of \$35,000,000 is appropriated from the general
11 fund to the Alaska Power Authority for the purpose of rate stabilization in
12 accordance with the terms of power sales agreements and bond covenants for
13 the issuance of revenue bonds for the Lake Tyee, Swan Lake, Terror Lake,
14 and Solomon Gulch hydroelectric facilities.

15 * Sec. 2. The appropriation made in sec. 1 of this Act is not a one-
16 year appropriation and does not lapse under AS 37.25.010.

17 * Sec. 3. This Act takes effect the day after all of the power pur-
18 chasers served by the Lake Tyee (City of Petersburg and City of Wrangell),
19 Swan Lake (City of Ketchikan), Terror Lake (Kodiak Electric Association),
20 and Solomon Gulch (Copper Valley Electric Association) hydroelectric pro-
21 jects have entered into power sales agreements with the Alaska Power Author
22 ity.

Introduced: 2/13/84
Referred: Labor & Commerce,
Resources and Finance

Funding Information

General Fund	\$35,000,000
Other Funds	\$ -0-
	<u>\$35,000,000</u>

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 684

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Alaska
7 Power Authority; and providing for an effective
8 date."

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

10 * Section 1. The sum of \$35,000,000 is appropriated from the general
11 fund to the Alaska Power Authority for the purpose of rate stabilization in
12 accordance with the terms of power sales agreements and bond covenants for
13 the issuance of revenue bonds for the Lake Tyee, Swan Lake, Terror Lake,
14 and Solomon Gulch hydroelectric facilities.

15 * Sec. 2. The appropriation made in sec. 1 of this Act is not a one-
16 year appropriation and does not lapse under AS 37.25.010.

17 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
18 10.070(c).