

LEG. FINANCE - BILLS 1983 - 1984 1975

HB 685 - HB 687 1977

# COMMITTEE REPORT

## HOUSE

(11)

FURTHER:

3/29/84

Date:

4-18-84

The Committee on FINANCE has had HR 685

"An Act relating to the Alaska Resources Corporation and repealing the Alaska renewable resources development fund and the Alaska renewable resources investment fund; 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

HR 685 (LOANS)

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

Albert G. Clark  
T. H.  
John Lindeman  
Ben ...  
Jim Ward  
WILLIAM H. FITZ

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

T. H. ... - No Rec.  
Jim ...

Albert G. Clark

CHAIRMAN

STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date

REQUEST

Bill/Resolution No: CS HB 685 (Loans)  
Title: Alaska Resources Corporation

Sponsor: House Loans  
Requestor: House Finance  
Date of Request: 3-30-84

FISCAL DETAIL

Agency Affected: Revenue  
Program Category Affected: \_\_\_\_\_

BRU, Program or Subprogram(s) Affected:  
Alaska Resources

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
<b>OPERATING</b>						
100 PERSONAL SERVICES	-	206.3	-	-	-	-
200 TRAVEL	-	50.0	-	-	-	-
300 CONTRACTUAL	-	234.0	-	-	-	-
400 SUPPLIES	-	10.0	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
<b>TOTAL OPERATING</b>	-	500.3	-	-	-	-
<b>CAPITAL</b>	-	-	-	-	-	-
<b>REVENUE</b>	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	500.3	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
<b>TOTAL</b>	-	500.3	-	-	-	-

POSITIONS:

FULL-TIME	-	4	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Costs beyond I. 85 cannot be projected at this time.

ANALYSIS: Attach a separate page for analysis.

Prepared By: Milt Barker MB  
Division: Treasury

Phone: 465-2350  
Date: 3-30-84

Approved by Commissioner: Anna M. Miller  
Agency: \_\_\_\_\_

Date: 4/2/84

Distribution (by Agency preparing fiscal note):

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

Fiscal Note Analysis  
CS HB 685 (Loans)

Analysis for Alaska Resources Corporation

Personal Services

1 Senior Investment Officer - Range 27	\$76,935
1 Investment Officer - Range 23	\$62,550
1 Accounting Technician II - Range 14 A	\$30,645
1 Secretary - Range 14 C	\$36,150
Total	\$206,280

Salaries and benefits for four full-time positions. This is a reduction of five positions in the FY 84 operating budget.

People will monitor and wind down ARC's current investments.

Travel

Travel is for investment site inspection and Board meetings of companies where ARC holds equity interest.

Contractual

Rent	\$67,891
Telephone	\$17,500
Audit and Accounting Reports	\$15,000
Legal Fees	<u>\$133,609</u>
Total	\$234,000

Supplies

Rental of office machines and purchase of office supplies	\$10,000
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Offered: 3/29/84  
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE HOUSE SPECIAL  
COMMITTEE ON STATE LOANS

2

CS FOR HOUSE BILL NO. 685 (Loans)

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 Alaska Resources Corporation  
and repealing the Alaska renewable resources develop-  
ment fund and the Alaska renewable resources invest-  
ment fund; and providing for an effective date."

7

8

9

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

11 \* Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that

12

(1) it is in the best interests of the state to terminate the  
operations of the Alaska Resources Corporation; and

14

(2) the Alaska Resources Corporation has made substantial loans  
and equity investments in certain businesses as part of the performance of  
its duties.

17

(b) It is the purpose of this Act to effect an orderly wind-up of  
the affairs of the Alaska Resources Corporation.

19

\* Sec. 2. AS 37.12.010 is amended to read:

20

Sec. 37.12.010. ALASKA RESOURCES CORPORATION CREATED. There is  
created the Alaska Resources Corporation to carry out the purposes of  
this chapter. The corporation is a public corporation of the state  
and an instrumentality of the state within the Department of Revenue  
[COMMERCE AND ECONOMIC DEVELOPMENT], but has a legal existence in-  
dependent of and separate from the state. The exercise by the corpo-  
ration of the powers conferred by this chapter is considered an essen-  
tial function of the state.

26

27

28

\* Sec. 3. AS 37.12.015 is repealed and reenacted to read:

29

Sec. 37.12.015. PURPOSE. The purpose of the corporation is to

1 effect an orderly wind-up of its affairs.

2 \* Sec. 4. AS 37.12.022 is amended to read:

3 Sec. 37.12.022. DEVELOPMENT CAPITAL FUND. The development  
4 capital fund is established in the corporation, consisting of money  
5 [OR ASSETS] appropriated [OR TRANSFERRED] to the corporation [AND  
6 PAYMENTS OF PRINCIPAL AND INTEREST ON LOANS AND EQUITY INVESTMENTS  
7 MADE BY THE CORPORATION]. The development capital fund shall be used  
8 to pay for liabilities of the corporation that might arise during the  
9 wind-up of its affairs [FINANCE PROJECTS THAT QUALIFY FOR ASSISTANCE  
10 UNDER THIS CHAPTER, AND TO PAY THE OPERATING EXPENSES OF THE CORPO-  
11 RATION. IF MONEY REMAINS IN THE DEVELOPMENT CAPITAL FUND AFTER FI-  
12 NANCING PROJECTS THAT QUALIFY FOR ASSISTANCE UNDER THIS CHAPTER AND  
13 AFTER PAYING THE OPERATING EXPENSES OF THE CORPORATION, THE MONEY  
14 SHALL BE INVESTED BY THE CORPORATION UNDER AS 37.10.070(a)].

15 \* Sec. 5. AS 37.12 is amended by adding a new section to read:

16 Sec. 37.12.023. DEPOSIT OF MONEY. Repayments of principal and  
17 payments of interest and other income from loans of the corporation,  
18 dividends received from capital stock investments, and money received  
19 from the sale of equity investments or other assets of the corporation  
20 must be deposited in the general fund.

21 \* Sec. 6. AS 37.12.030 is repealed and reenacted to read:

22 Sec. 37.12.030. COMPOSITION AND TERM OF BOARD OF DIRECTORS. The  
23 board consists of the commissioner of revenue, who shall serve as  
24 chairman, and the commissioners of two other principal executive de-  
25 partments designated by the governor. The term of office of these  
26 board members continues until the corporation is dissolved.

27 \* Sec. 7. AS 37.12.050(a) is amended to read:

28 (a) Two [THREE] members of the board constitute a quorum for the  
29 transaction of business and the exercise of the powers and duties of

1 the board.

2 \* Sec. 8. AS 37.12.055 is amended to read:

3 Sec. 37.12.055. COMPENSATION OF BOARD MEMBERS. Members of the  
4 board [RECEIVE \$200 FOR EACH DAY SPENT ON OFFICIAL BUSINESS OF THE  
5 CORPORATION, AND] are entitled to per diem and travel expenses au-  
6 thorized by law for state boards and commissions under AS 39.20.180.

7 \* Sec. 9. AS 37.12 is amended by adding a new section to read:

8 Sec. 37.12.071. ADDITIONAL POWERS. Notwithstanding other pro-  
9 visions of law governing disposal of state property, the board may, at  
10 either public or private sale, dispose of the assets of the corpo-  
11 ration as required in AS 37.12.075. In addition, the corporation may  
12 spend money to protect the assets of the corporation.

13 \* Sec. 10. AS 37.12.075 is repealed and reenacted to read:

14 Sec. 37.12.075. DUTIES. In carrying out the purposes of this  
15 chapter the board shall

16 (1) contract with the Department of Revenue to manage the  
17 assets of the corporation;

18 (2) divest the corporation of all equity investments by  
19 July 1, 1989; and

20 (3) divest the corporation of all other remaining assets,  
21 with the exception of the outstanding loan portfolio, by July 1, 1989.

22 \* Sec. 11. AS 38.05.180(g) is amended to read:

23 (g) The share of the net profit derived from a lease reserved to  
24 the state under (f) of this section is royalty sale proceeds for the  
25 purposes of the Alaska permanent fund under AS 37.13.010 [AND THE  
26 ALASKA RENEWABLE RESOURCES DEVELOPMENT FUND UNDER AS 37.11.020].

27 \* Sec. 12. AS 38.05.180(i) is amended to read:

28 (i) The commissioner may provide for the establishment of an  
29 exploration incentive credit system under which a lessee of state land

1 drilling an exploratory well on that land may earn credits based upon  
2 the footage drilled and the region in which the well is situated. The  
3 commissioner may also provide for credits to be earned by persons  
4 performing geophysical work on state land, if that work is performed  
5 during the two seasons immediately preceding an announced lease sale  
6 and on land included within the sale area and the geophysical informa-  
7 tion is made public following the sale. Credits may not exceed 50  
8 percent of the cost of the drilling or geophysical work. Credits may  
9 be used during a limited period established by the commissioner and  
10 may be assigned during that period. Credits may be applied against  
11 (1) oil and gas royalty and rental payments payable to the state or  
12 (2) taxes payable under AS 43.55. A [NO] credit may not exceed 50  
13 percent of the payment toward which it is being applied. Amounts due  
14 the Alaska permanent fund (AS 37.10.065) [AND THE ALASKA RENEWABLE  
15 RESOURCES DEVELOPMENT FUND (AS 37.11.020)] shall be calculated before  
16 the application of credits under this subsection.

17 \* Sec. 13. AS 43.05.010 is amended by adding a new paragraph to read:

18 (17) contract to manage the assets of the Alaska Resources  
19 Corporation as provided in AS 37.12.075, and administer the outstand-  
20 ing loan portfolio upon dissolution of the corporation.

21 \* Sec. 14. AS 44.83.181(c) is amended to read:

22 (c) The plan of finance shall include recommendations of the  
23 most appropriate means to finance a project, including, but not  
24 limited to,

25 (1) the issuance of revenue bonds of the authority;

26 (2) the issuance of

27 (A) general obligation bonds of the state; or

28 (B) revenue bonds of the authority that [WHICH] are  
29 guaranteed or partially guaranteed by the state;

- 1                   (3) an appropriation from the general fund  
2                    (A) to pay debt service on bonds or for other project  
3 purposes; or  
4                    (B) to reduce the amount of debt financing for the  
5 project;  
6                   (4) a loan from the general fund;  
7                   (5) financing arrangements with other entities using le-  
8 veraged leases or other financing methods;  
9                   (6) assistance from any federal agency, including, but not  
10 limited to, the Rural Electrification Administration;  
11                   (7) a loan from the power project fund (AS 44.83.170(a)) [,  
12 OR FROM THE RENEWABLE RESOURCES INVESTMENT FUND (AS 37.11.050)]; or  
13                   (8) any combination of financing arrangements listed in  
14 this subsection.
- 15 \* Sec. 15. All but \$500,000 of the unexpended and unobligated money in  
16 the development capital fund is transferred to the general fund.
- 17 \* Sec. 16. AS 37.11; AS 37.12.035, 37.12.045, 37.12.060, 37.12.070(5),  
18 37.12.070(6), 37.12.070(11), 37.12.080, 37.12.085, 37.12.125(1), 37.12.-  
19 125(4), 37.12.125(5), 37.12.125(6), 37.12.125(7); AS 44.66.010(a)(7), and  
20 AS 44.83.080(16)(E) are repealed.
- 21 \* Sec. 17. The Alaska Resources Corporation is dissolved. As of the  
22 date of dissolution, administration of the outstanding loan portfolio along  
23 with all attendant rights and obligations of the corporation is transferred  
24 to the Department of Revenue.
- 25 \* Sec. 18. AS 37.12.010 - 37.12.125 are repealed.
- 26 \* Sec. 19. Sections 1 - 16 of this Act take effect immediately in  
27 accordance with AS 01.10.070(c).
- 28 \* Sec. 20. Sections 17 and 18 of this Act take effect July 1, 1989.

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

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

April 9, 1984

The Honorable Al Adams, Chairman  
House Finance Committee  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Re: HB 685

Dear Representative Adams:

HB 685 provides for the end of Alaska Resource Corporation (ARC) loan and equity investment activity and allows for an orderly wind-up of its investments over a five year time period.

Under Sec. 5 (p. 2 line 15) AS 37.12.023 all incoming and existing funds will be deposited in the general fund. Presently this would result in approximately ten million (\$10,000,000) dollars being transferred to the general fund immediately. It should be noted that this money is in various interest bearing accounts and would probably be best transferred as such to the Department of Revenue, Division of Treasury.

In addition the legislation provides for the orderly sale or divestiture of the approximately twenty-four million (\$24,000,000) dollars worth of loan and equity investments over a five year time frame with the proceeds going to the general fund.

The bill leaves five hundred thousand (\$500,000) dollars with ARC to cover any needs of its presently held property and for any liabilities that may arise.

The fiscal note provides for five hundred thousand (\$500,000,000) dollars operating expenses for FY 85 with the most part going to legal and contractual fees.

I urge your support of this Legislation and appreciate its early calendaring.

If you have any further questions regarding the legislation, please contact Norman Staton.

Sincerely,



Robert D. Heath  
Commissioner of Revenue

SENATOR  
ARLISS STURGULEWSKI

2957 SHELDON JACKSON  
ANCHORAGE, ALASKA 99508  
SENATE DISTRICT F, SEAT A

# Alaska State Legislature



## Senate

While in Juneau  
FOUCH V  
JUNEAU, ALASKA 99811  
(907) 465-3818

MEMORANDUM

March 1, 1984

TO: All Members of the Legislature

FROM: Senator Arliss Sturgulewski (A)  
Senate District F, Seat A

RE: The Experiences of the Alaska Renewable Resources Corporation  
(Or the Rise and Fall of ARC)

Dean F. Olson, Adjunct Associate Professor, School of Business & Public Affairs, University of Alaska-Anchorage, a former trustee of the Alaska Renewable Resources Corporation, has written an excellent analysis of the Alaska Renewable Resources Corporation which was created by the legislature in 1978. After numerous legislative changes, the now-named Alaska Resources Corporation will be dissolved on July 1, 1989 if HB 685 introduced by the Sheffield administration becomes law.

Dean Olson has described what happened to an organization created with interest and enthusiasm to broaden economic opportunities in renewable resources. He makes specific recommendations as to why it is important to create political independence for a public corporate structure and yet retain certain legislative and executive prerogatives. His analysis can be of value while considering various proposed structures currently before the legislature.

Enclosure

Venture Capital for Development:

The Experiences of the

Alaska Renewable Resources Corporation

January 1984  
Dean F. Olson  
Adjunct Associate Professor  
School of Business &  
Public Affairs  
University of Alaska-Anchorage  
(Former Trustee - The Alaska  
Renewable Resource Corporation)

## I. Introduction

This paper describes the experiences of the Alaska Renewable Resources Corporation (ARRC) during the period from 1979 to 1982. The paper begins with a brief description of the founding legislation and the policy making environment which existed at the time the ARRC was established. The paper then traces the operating experiences of the agency over the three years period ending in June 1982. Finally, certain conclusions are drawn from the ARRC experience in the hope that other governments contemplating similar organizations can avoid making the same public policy errors.

The use of federal funds to broaden and strengthen the private sector through equity investment into privately owned businesses has been accepted public policy for nearly thirty years. Since the mid 1950's federal programs have supported privately owned venture investment firms known as Small Business Investment Corporations (SBIC's) and Minority Small Business Investment Corporations (MESBICS). In the 1960's a number of Community Development Organization (CDC's) were established to further assist the business development efforts of selected target groups.

State support of equity investment into private business is a more recent development. Since the early 1970's State support for venture investment into private enterprises has lead to the initiation of development institutions in Massachussets, Connecticut, Maine and Kentucky. While these organizations differ considerably they share the broad goal of enhancing private business development through the placement of various types of risk capital.

In Alaska, the State Legislature established (in 1978) and funded (in 1979) the Alaska Renewable Resources Corporation. The Alaska Renewable Resources Corporation (ARRC) was to be funded in yearly intervals at 2.5% of the State's oil and gas royalty receipts. ARRC's goal in general terms was to create a broadened economy based more upon renewable resource businesses. The ARRC was to accomplish this goal through venture capital placement into private businesses owned in the majority by Alaskan residents.

Managed initially by a board of three full time trustees appointed by the Governor, the ARRC could make equity investments for up to 49% of an investee's outstanding common stock and could make loans on any terms which accommodated the needs of the new or expanding business. Any single investment was limited to \$1.5 million unless 'follow-up' investment was regarded as necessary to preserve the initial placement.

In 1982, after three years of operation, discontent with the ARRC resulted in legislation which made significant changes in the scope of the agency's investment policies; the size of investments it could make, and how the agency was funded and organized. Further legislation is being planned in 1984 to terminate the agency.

## II. Founding Legislation and Public Policy Issues

By any objective measure the legislation establishing the ARRC was creative public policy. Prompted by the realization that oil and gas royalty income to the State would begin 'playing out' in the early 1990's, certain legislators and Alaska's Governor (Jay Hammond) promoted the

creation of several institutions. The Alaska Industrial Development Authority (AIDA) was created to 'package' small business loans into larger tax exempt bond issues for public sale. The Alaska Commercial Fish and Agricultural Bank (CFAB) was created as a cooperative lending institution to make loans to farmers, fishermen, fish processors and timber producers. The Alaska Permanent Fund (APF) was created to serve as a savings account into which a proportion of royalty receipts was to be placed as a hedge against the future downturn in revenues. Additional institutions were created to enhance hydroelectric power generation (the Alaska Power Authority) and to support the residential construction market (the Alaska Housing Finance Corporation).

The ARRC was intended to 'balance out' the above rainbow of development institutions by providing a source of equity financing to new and expanding businesses engaged in the production of renewable resources (Fishing and fish processing, Agriculture, Forest products, and Alternative energy). The agency was empowered to own up to 49% of the outstanding common stock of target enterprises. Further, the ARRC could make loans at any interest rate for a term of less than 30 years. The ARRC also had granting powers which it could employ to stimulate inquiry into new technology which might enhance renewable resources. Finally, the ARRC could provide technical assistance funds for business development. Total loans and investment into a single business was limited to \$1.5 million.

The initial legislation provided that the ARRC was to receive 2.5% of State lease bonuses, rentals and royalty income. In practice, the agency

approached the legislature each year for operating and investment capital budgets. Over the three year period ending in June, 1982, the ARRC received below 1% of State receipts.

The ARRC was governed by a full time board of three trustee appointed by the Governor for four year terms. The trustees (and all other ARRC employees) were employees of the State of Alaska. There were no professional qualifications for trustees provided for in the legislation. The three trustees were to have equal authority and responsibility for agency decisions.

The ARRC was designed to work in concert with private businesses to:

- (1) rehabilitate, enhance and develop renewable resources by providing maximum opportunities for employment and a higher standard of living for its citizens; and
- (2) further the development of renewable resources that would contribute to a stable self sustaining state economy, employment and life style alternations for citizens (AS 37.12.010).

The legislature agreed, when passing the ARRC legislation, that achievement of the above public policy objectives was being retarded by a cyclical, narrowly based economy. The ARRC was directed to remove barriers to achieving a broadened economy by assisting in research and development and by providing venture capital to renewable resource businesses owned by Alaskan citizens.

The enabling legislation permitted considerable financing flexibility by the ARRC. No income or minimum yield requirements were placed upon the

agency. Grants could not exceed 10% of ARRC capital, but this was never a serious constraint. Because operating funds were appropriated each year, the agency did not have to live within budgets bounded by its investment income.

In sum, the ARRC was created as a part of an array, a 'rainbow', of institutions designed to increase economic opportunities for Alaskans. The ARRC's role was to provide high risk capital to start-up and expanding businesses in renewable resource industries. An agency of State government, the ARRC was managed by a tripartite board of trustees of equal authority and was given substantial flexibility in the selection of alternative investment structure to employ in placing its investments.

### III. Operating Experiences 1979-82

The ARRC attracted immediate interest from Alaskans with business ideas. Within six months from its beginning the agency had received several hundred proposals. Many proposals were not well developed, while others were complete business plans. Over the three year period the ARRC received an average of 400 proposals per year.

The ARRC loaned or made investments into about 3% of the proposals reviewed. An immense amount of staff energy was devoted to screening proposals and investigating business plans nearing completion. In retrospect far too much time was spent in turndowns and too little was spent in assisting businesses that had been approved for investment.

Due to its political origins and the widespread perception that the ARRC was a "State loan program" (a source of soft money) it was difficult to make turndowns stick. Applicants whose proposals had been turned down would often protest to legislators and succeed in getting their proposal reviewed a second time. While their tactic did not result in an investment it did consume and inordinate amount of energy. Turndowns were particularly difficult to enforce when the proposing business was a major factor in the economy of a small Alaskan community. In these instances local and State politicians would join forces in seeking a favorable review.

By early 1980 the ARRC had acquired the reputation for being slow to reach decisions and for being harsh in its evaluation of proposals. Legislators assailed the agency for 'not getting the money on the street' fast enough. Review of business plans did require three to four months. Investigation and 'due diligence' on the plan and the background of management personnel often requires this length of time; a fact little appreciated by most applicants and legislators accustomed to dealing with collateral lenders.

In May 1980, one year from the operational beginnings of the ARRC, the legislature directed the agency to help seafood processors prepare for a salmon harvest of historically large proportions. Prompted by concerns that domestic processing capacity would fall short of the harvest the legislature appropriated \$15 million for the ARRC and directed the agency to suspend normal business planning and investment criterion, as well as the \$1.5 million investment limit, and move to aid the industry in its

attempts to finance the expansion necessary to process the 1980 salmon harvest.

In addition, in May 1980, the legislature directed ARRC to move to assist timber processors in Southeast Alaska build wood-fired electrical generation plants so as to conform to EPA pollution standards. Again, the emergency legislation suspended the ARRC's normal screening criteria and the \$1.5 million investment limit. Some \$5.2 million was allocated to this special purpose.

The effect of the emergency legislation for fish and timber processors was to redirect the ARRC's strategic focus away from new business development and toward the 'fast tract' restructuring and refinancing of existing businesses. The table below shows the magnitude of this type of activity in relation to the total portfolio on June 30, 1981 and 1982. Refinancing activity accounted for about three quarters of the portfolio in each year and about one quarter of the number of transactions.

Table I  
Alaska Renewable Resources Corporation

Portfolio by Type  
of Transaction

June 30

(\$'000)

	<u>\$</u>		<u>#</u>	
	<u>1981</u>	<u>1982</u>	<u>1981</u>	<u>1982</u>
Refinancing	\$17,212	\$21,448	6	7
Expansions	1,425	1,711	5	6
Start-ups	3,699	4,762	9	11
R & D and Demonstration	1,088	646	7	5
Totals	<u>\$23,424</u>	<u>\$28,567</u>	<u>27</u>	<u>29</u>

The strategic redirection of the ARRC, from business developer to business savior, is in retrospect the single most important factor in understanding the agency's short and confusing history. The emergency redirection of effort served to cloud the strategic role intended for the ARRC. The ARRC never recovered from the confusion.

Another element of importance in understanding the ARRC's experience is the organizational structure created in the initial legislation. The tripartite board of full time trustees of equal responsibility and authority produced incredible confusion in the internal operation of the

ARRC and in the external environment of the agency. The concept simply could not be made to work. It is hard to imagine any combination of executive personalities which could function effectively in this context.

The dependency of the ARRC upon annual legislative appropriations for operating and investment budgets produced several operational impediments. First, ARRC personnel could never be sure that the agency could participate in second or third round financings of start-up companies. Follow-up financing of this type is common in more than one-half of all new businesses. The initial venture investor is usually a player in these subsequent 'trips to the well' by the venture. The ARRC could provide no assurance to prospective co-investors that it would be in existence to help with any future financings. Second, the ARRC emerged as a political football each year. Legislative supporters of the ARRC and the public policy issues underlying its creation found it increasingly difficult to convince legislators with disappointed constituents. Furthermore, as more legislators became aware that the ARRC could and did take equity positions in private businesses, philosophical concerns about the basic public policy issues became more pronounced. Philosophical support for the agency was never strong and began to erode fairly quickly with a few well publicized turn-downs and an equally well publicized bankruptcy in which the ARRC took control of the enterprise.

The ARRC invested in over 30 businesses over the three year period under review. Table II shows that from its beginning in 1979 to June 30, 1982, the agency placed \$23.3 million in loans and \$7.2 million in equity

investments. The preponderant role played by the two 'assistance funds' is again quite evident.

Table II

Alaska Renewable Resources Corporation

Total Loans & Equity Investments

Fiscal Year Ending

June 30,

(\$'000)

<u>Loans</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Agriculture	\$37.6	\$273.9	\$790.1	\$261.9
Fisheries	2,310.2	5,965.0	7,557.3	4,129.2
Fisheries Assistance Fund <sup>1</sup>	5,023.6	10,748.8	11,129.0	8,398.4
Forest Products	201.0	531.7	2,228.5	351.4
Forest Assistance Fund <sup>2</sup>		164.3	1,600.0	3,470.2
Manufacturing <sup>3</sup>				370.0
sub-total	<u>\$7,572.4</u>	<u>\$17,683.7</u>	<u>\$23,304.9</u>	<u>\$16,981.1</u>
<u>Equity Investments</u>				
Agriculture		\$50.0	\$50.0	
Fisheries	\$375.1	765.5	871.5	\$666.5
Fisheries Assistance Fund <sup>1</sup>	500.0	4,513.6	4,091.1	3,741.3
Forest Products	150.0	350.0	433.1	433.1
Forest Assistance Fund <sup>2</sup>			1,800.0	1,800.0
Manufacturing				
sub-total	<u>\$1,025.1</u>	<u>\$5,679.1</u>	<u>\$7,245.7</u>	<u>\$6,640.9</u>
Total	<u>\$8,597.5</u>	<u>\$23,362.8</u>	<u>\$30,550.6</u>	<u>\$23,622.0</u>

<sup>1</sup>Special legislation passed in May 1980 directed the agency to provide emergency refinancing to fish processors.

<sup>2</sup>Special legislation passed in May 1980 directed the agency to provide emergencing financing to forest product producers.

<sup>3</sup>Legislation passed in May 1982 permitted the agency to invest in manufacturing and mining.

While the volume of transaction activity grew quickly, the full time staff remained small. The first professional employee was hired in March 1980. By the end of that year four investment officers had been retained. As Table III reveals, operating expenses were relatively low in relation to the volume of funds invested and the volume of proposals reviewed. Operating expenses were about 8% of portfolio volume in 1980 and declined to 3.6% in 1982. Operating costs include expert help retained to review specific proposals as well as all full time staff expenses. Table III also reveals that the technical assistance and granting powers that the agency enjoyed were never a major dimension of the ARRC's activities. Finally, provisions for the 'write down' of loans and investments are depicted. Some 20.9% of the portfolio was reserved for loss in 1982. The actual write down of portfolio assets amounted to 22.7% over the fiscal year ending June 30, 1983.

Table III

Alaska Renewable Resources CorporationProvisions for Losses,Operating Expenses, TechnicalAssistance and Development Grants

Fiscal Year Ending

June 30,

(\$'000)

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>Totals</u>
Technical Assistance	\$295.3	\$94.6	\$66.6	-	\$456.5
Development Grants	51.1	167.4	5.0	-	223.5
Provision for:					
Loan Losses	-	261.1	4,712.9	3,420.1	8,394.1
Equity Losses	-	-	1,671.6	259.9	1,931.5
Operating Expenses	687.5	1,111.0	1,096.7	627.4	3,522.6

Each portfolio company is unique. The investment structure employed by the ARRC in each transaction was tailored to investor requirements. The following descriptive examples of the types of transactions the ARRC completed illustrate the diversity of the investment structures employed by the agency.

Portfolio Company A A major fish processing company operating in several fishing communities through out Alaska had grown rapidly since its inception in the mid 1960's.

The company's commercial bankers were requiring a major refinancing which would improve working capital balances and bring better balance to the company's debt to equity ratio. The company was closely held by Alaskan fishermen. The refinancing could not be accomplished within the resources of the existing owners. Financial performance of the company, the condition of the new issues market, and uncertain industry forecasts combined to render a public offering of equity unattractive. The ARRC and another venture capital investor invested a total of \$6.5 million. Certain assets were purchased by the investors and leased back to the company under a lease purchase agreement. The ARRC also acquired a minority equity position in the company through a purchase of common stock and a convertible debenture. A stock repurchase formula was negotiated which would enable the company to purchase the ARRC's stock position over several years. The

company later exercised its option to repurchase the property and has begun to purchase ARRC held stock.

Portfolio Company B A large Pacific Coast firm had gone bankrupt and the trustee was liquidating assets, some of which were in Alaska. A group of Alaskan entrepreneurs and the ARRC acquired a fish processing plant from the bankruptcy court with the intention of converting the plant to process 'bottom fish', an underutilized resource. The plant was purchased with a \$3.5 million loan and investment by the ARRC. The structure consisted of a \$2 million note secured by plant and equipment; a \$1 million subordinated convertible note, and a \$.5 million purchase of 47% of the new company's outstanding common stock. The ARRC later provided substantial additional funds to finance conversion and provide working capital. The new company went bankrupt in 1982. The ARRC owns the facility.

Portfolio Company C A group of Alaskan entrepreneurs had acquired the west coast license for a patented enzyme for conversion of fish waste into a high protein concentrate. The new company needed funds to build a prototype processing plant in hopes of confirming the feasibility of the enzyme when employed under actual production conditions. The ARRC provided \$535,000 in initial financing through a \$335,000 subordinated note with deferred payments of interest and principle and a \$200,000 purchase of 30% of outstanding common stock in the new company.

Portfolio Company D A group of 30 Eskimo fishermen in western Alaska desired to enter a commercial herring fishery which had begun the year before along the coast near their villages. The fishermen needed materials and technical assistance in building the herring skiffs, purchase of the outboard motors and other gear, and to organize a producers cooperative. The ARRC provided loan funds direct to each fishermen to build his own boat and buy the gear. The ARRC also paid for technical assistance to get the project underway.

Portfolio Company E A successful commercial crab and halibut fisherman needed financial help to convert his vessel to a 'long liner' for the harvest of bottom fish. As a demonstration project, the ARRC financed the conversion costs and, through the purchase of common stock in a newly formed company, provided start-up working capital. The initial investment consisted of \$175,000 in a subordinated deferred payment loan and \$175,000 in equity.

Portfolio Company F A successful ship repair facility needed funds to expand docking and plant facilities and to purchase a major item of equipment. The owners could not finance the equity portion of expansion costs and bank lending was not suitable for the young firm in terms of interest rates or repayment schedule. The ARRC provided \$350,000 in subordinated deferred payment debt and \$150,000 in equity in exchange for 22% of outstanding common stock.

The common elements in each of these examples is the assumption of high risk by the ARRC and other investors. Conventional lending sources

from similar programs to harness venture capital to public policy, the ARRC experience does suggest that any such attempt be attentive to the following factors.

(1) Discussion of proposed legislation establishing a State financed venture capital investment organization should be open and well publicized. Many Alaskan legislators and the public in general had a very poor understanding of venture (equity) investment and little appreciation of the public policy issues raised by government ownership of private companies;

(2) Do not depart from fully tested organizational structures in use by successful businesses. Full-time boards are not an effective organization for this purpose.

(3) Establish the organization with a definitive endowment of paid in capital. Earnings should be retained by the organization.

(4) Require the organization to attain self-supporting operations within a specified period of years; provide for the organization to issue its own securities without the guarantee of the State.

(5) Establish a certain minimum experiential and professional qualification for appointments to the board of directors.

(6) Provide for separation of employees from State employment. Permit salary and compensation structures analagous to those in private industry; and,

(7) Provide clear strategic focus to the organization in the enabling legislation.

These conclusions underscore the importance of providing for the political independence of the organization except for the ultimate power of the legislature to terminate and the power of the executive to appoint. The Alaskan experience suggests that measures which fall short of providing for such independence are too prone to political abuse to become effective agents of economic change.

were either not available or inappropriate for the situation. The equity capital requirements were well beyond the capacity of the existing owners. Frequently, the ARRC's investment structure employed a combination of loan and equity capital. Restructuring of the investment a year or two later was required in many cases.

In May 1982, in response to encouragement from the Board of Trustees and testimony from others, legislation was passed which dramatically changed the ARRC. The tripartite board was replaced by a part time board of five persons. The maximum investment per transaction was reduced to \$500,000. Manufacturing and mining were included among eligible industries.

Importantly, the newly named agency 'the Alaska Resources Corporation' (ARC), was endowed with the portfolio then in existence and about \$12 million in uncommitted investment capital it held at that point in time. This reduced the political sensitivity of the agency but did not remove it from political supervision in that the Governor retained appointive powers.

Since May 1982, the ARC has been essentially inactive as regards new investments. The present governor is reportedly drafting legislation which would terminate the agency in 1984, thus bringing to a close a noble attempt to implement creative public policy.

#### IV. Conclusions from the ARRC Experience

Certain conclusions can be drawn from the three year period the ARRC existed. While the Alaskan experience need not be a forecast of outcomes

from similar programs to harness venture capital to public policy, the ARRC experience does suggest that any such attempt be attentive to the following factors.

- (1) Discussion of proposed legislation establishing a State financed venture capital investment organization should be open and well publicized. Many Alaskan legislators and the public in general had a very poor understanding of venture (equity) investment and little appreciation of the public policy issues raised by government ownership of private companies;
- (2) Do not depart from fully tested organizational structures in use by successful businesses. Full-time boards are not an effective organization for this purpose.
- (3) Establish the organization with a definitive endowment of paid in capital. Earnings should be retained by the organization.
- (4) Require the organization to attain self-supporting operations within a specified period of years; provide for the organization to issue its own securities without the guarantee of the State.
- (5) Establish a certain minimum experiential and professional qualification for appointments to the board of directors.
- (6) Provide for separation of employees from State employment. Permit salary and compensation structures analagous to those in private industry; and,
- (7) Provide clear strategic focus to the organization in the enabling legislation.

These conclusions underscore the importance of providing for the political independence of the organization except for the ultimate power of the legislature to terminate and the power of the executive to appoint. The Alaskan experience suggests that measures which fall short of providing for such independence are too prone to political abuse to become effective agents of economic change.

BILL SHEFFIELD  
GOVERNOR



MB 685

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:

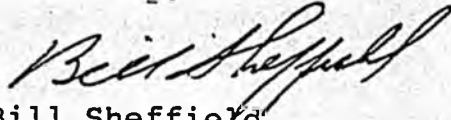
Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that provides for the wind-up of operations and eventual dissolution of the Alaska Resources Corporation (ARC).

The bill retains the corporate structure of ARC for five years but amends the relevant statute to provide that the only corporate purpose is the orderly wind-up of the affairs of the corporation. This five-year period is considered necessary because ARC has substantial equity investments including capital stock investments in a number of businesses and has taken an active management role in some of the businesses. ARC also owns property as a result of foreclosure on loans against businesses in which it also has equity interests. The five-year period will give ARC sufficient time to remove itself from active management roles and then divest itself of these interests.

The corporation is transferred from the Department of Commerce and Economic Development to the Department of Revenue. The board membership is changed to provide that the commissioner of revenue and the commissioners of two other principal departments make up the board. The board is directed to contract with the Department of Revenue to manage the corporation's assets during the wind-up period. Concurrent with ARC's transfer to the Department of Revenue, all but \$500,000 of the unexpended and unobligated money in ARC's development capital fund is transferred to the general fund. The \$500,000 are to be used to cover possible costs that might arise in the course of winding up ARC's affairs.

The bill also repeals the statutes creating the Alaska Resources Corporation (ARC), AS 37.12; and the Alaska renewable resources development fund and Alaska renewable resources investment fund, AS 37.11. The Alaska renewable resources development fund and the Alaska renewable resources investment fund were closed out and the money returned to the general fund several years ago, after they were determined to be unconstitutional dedicated funds, but the statutes have not yet been repealed. Under this bill, the repeal of the corporation statutes will take effect July 1, 1989, and the repeal of the fund statutes will take effect immediately.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bill Sheffield".

Bill Sheffield  
Governor

## ALASKA RESOURCES CORPORATION

## BALANCE SHEET

January 31, 1984

ASSETS

Cash	\$ (8,270)
Interest bearing deposits	4,664,700
U.S. Government Obligations	7,922,234
Purchased Interest, U.S. Government Obligations	206,366
	<u>12,785,030</u>
Loans Receivable	
Fisheries	3,716,003
Agriculture	257,644
Forest Products	1,325,174
Commercial Fish	8,213,712
Forest Assistance	5,265,066
Manufacturing	370,000
Total loans receivable	<u>19,147,599</u>
Less reserves for uncollectible loans	(3,984,717)
Loans receivable, net	<u>15,162,882</u>
Accrued interest receivable, loans	1,953,496
Less allowances for uncollected interest, loans	(1,538,349)
Accrued interest receivable loans, net	<u>415,147</u>
Assets acquired through foreclosure (Note A)	12,100,326
Less allowances for assets acquired through foreclosures	(4,973,401)
Net assets acquired through foreclosure	<u>7,126,925</u>
Miscellaneous receivables	4,780
Prepaid rent	7,752
Investment in Capital Stock	4,322,854
Less reserves for uncollectible equity	(1,041,601)
Less committed undisbursed funds equity	( 17,378)
Investments in capital, net	<u>3,263,875</u>
Other Assets (Licensing Agreement)	53,250
	<u>\$ 38,819,641</u>

LIABILITIES & FUND BALANCE

Accrued Payroll	\$ 64,639
Original Contributed Surplus	42,307,047
Retained Earnings	(4,694,930)
Net Income	1,142,885
	<u>\$ 38,819,641</u>

\*Book overdraft at all times covered under funds on deposit in repo account.

## ALASKA RESOURCES CORPORATION

## BALANCE SHEET

## NOTE A

January 31, 1984

Assets acquired through foreclosure breakdown:Alaska Food Co.

Principal of ARC loans @ 4/30/83	\$ 8,350,850.52
Accrued interest of ARC loans @ 4/30/83	1,127,097.60
Other income from assets acquired by ARC @ 6/30/83	( 9,038.16)
Other expenses paid out by ARC @ 6/30/83	63,373.09
Capital expenses paid out by ARC @ 1/31/84	7,170.82
Sale of Assets acquired by ARC @ 1/31/84	(518,200.00)
Totals:	<u>\$ 9,021,253.87</u>

Alaska Bait

Principal of ARC loans @ 5/19/83	\$ 577,349.54
Accrued interest of ARC loans @ 5/19/83	96,691.43
Professional Services (legal fees) paid by ARC @ 5/19/83	4,822.15
Other expenses paid out by ARC @ 6/30/83	4,833.44
Totals:	<u>\$ 683,696.56</u>

Martins Seafoods

Principal of ARC loans @ 5/16/83	\$ 899,544.98
Accrued interest of ARC loans @ 5/16/83	127,957.91
Professional Services (legal fees) paid by ARC @ 5/16/83	30,611.23
Other income from assets acquired by ARC @ 6/30/83	(12,522.40)
Other expenses paid out by ARC @ 6/30/83	74,660.74
Capital expenses paid out by ARC @ 12/31/83	36,602.20
Totals:	<u>\$ 1,156,854.56</u>

Seafoods of Alaska

Principal of ARC loans @ 4/29/83	\$ 802,458.37
Principal of ARC loans @ 6/29/83	364,657.90
Accrued interest of ARC loans @ 4/29/83	21,701.07
Accrued interest of ARC loans @ 6/29/83	49,210.43
Professional Services (legal fees) paid by ARC @ 4/29/83	13,024.05
Other income from assets acquired by ARC @ 6/30/83	(12,531.05)
Totals:	<u>\$ 1,238,520.77</u>

Allowance for assets acquired through foreclosure breakdown:

Reserves to loans: Alaska Food Co.	\$ 3,380,000.00
Alaska Bait	154,930.00
Seafoods of Alaska	105,245.00
Reserves to accrued interest: Alaska Food Co.	1,127,097.60
Alaska Bait	85,216.40
Seafoods of Alaska	70,912.13
Provision for decline in assets acquired through foreclosure	50,000.00
Totals:	<u>\$ 4,973,401.13</u>

Recap:

Assets acquired through foreclosure	\$12,100,325.76
Less allowance for assets acquired through foreclosure	(4,973,401.13)
Total:	<u>\$ 7,126,924.63</u>

## ALASKA RESOURCES CORPORATION

## EXPENSES

Re: OWNED ASSETS

for January 1984

Date:	Who To:	What For:	Amount:
<u>Alaska Bait #1</u>			
1-12-84	City of Hoonah	Harbor Electricity	322.80
	Hoonah Seafoods	Fuel	1,270.00
1-25-84	Payroll & Taxes	Jan. Payroll & Fed. + Fica Tax	2,128.00
		Total	<u>3,720.80</u>
<u>Gibson Cove</u>			
1-12-84	City of Kodiak	Water, sewer, garbage	49.00
	Glacier State Tele.	Plant phone chgs.	130.35
	Kodiak Elec. Assoc.	Electricity	1,204.25
	Union Tire	Tires for truck	200.00
1-25-84	Payroll & Taxes	Jan. Payroll Fed, Fica, Futa, Esc. Tax	5,715.76
		Total	<u>7,299.36</u>
<u>Martins Plant</u>			
1-04-84	The Woods Hotel	Room rent (Gil)	1,554.20
1-12-84	Anchorage Tank	Materials	168.00
	Central Storage	Storage of Equipment	70.00
	W.E. Stone	Materials	546.81
	Arctic Welding	Materials	8.25
	Gil Reel	Expenses & Per Diem	1,478.10
1-18-84	Stephans Tool	Pipe vise & cutter rental	93.00
1-19-84	Dept. of Labor	Boiler inspection	80.00
1-25-84	H.C. Industries	Materials	62.00
	Don Norton	Reimbursed(car rental for Gil Reel)	268.33
1-27-84	Casual Labor	Sam & George	4,896.00
		Total	<u>9,224.19</u>
<u>Sterling Plant</u>			
1-12-84	Enstar Nat. Gas	December chgs.	191.57*
1-25-84	Homer Electric	12/8/83 to 1/9/84 Service	1,646.35*
		Total	<u>1,837.92</u>

\*Enstar 191.57 billed to Schwanke

\*Homer Electric 1,646.35 less 569.52 = 1,076.83 billed to Schwanke

E - Expansion  
 S - Start up  
 IR - Investment Banking  
 VC - Venture Capital

ALASKA RESOURCES CORPORATION  
 INVESTMENT RECAP

January 31, 1984

CODE	COMPANY NAME	FISHERIES	SPECIAL FISH	AGRICULTURE	FOREST PRODUCTS	SPECIAL FOREST	MANUFACTURING	COMMITTED UNDISBURSED FUNDS	MISCELLANEOUS	TOTAL DEBT	EQUITY AMOUNT	EQUITY %	TOTAL DEBT & EQUITY
VC	ACT I (AK. F.I.S.H.)	125,000								125,000	125,000	13%	250,000
IB	ALASKA TIMBER					1,500,000				1,500,000			1,500,000
IB	ALYESKA CANDY KITCHEN			23,654						23,654			23,654
IB	AMERICAN EAGLE	129,758	49,861							179,619			179,619
VC	ANCHOR RENEWABLE FARMS			119,468						119,468			119,468
VC	ANCHORAGE TANK						370,000			370,000			370,000
VC	BALL BROTHERS, INC.	807,772	2,564,950						180,000	3,552,722	500,000	40%	4,052,722
VC	BALL, ALBERT	25,000								25,000			25,000
VC	BALL, GERALD	25,000								25,000			25,000
VC	BALL, NEWTON	25,000								25,000			25,000
VC	ICICLE SEAFOODS		2,181,458					17,378		2,198,836	2,222,622	39%	4,421,458
IB	KACHEMAK	213,502								213,502			213,502
VC	KOKECHIK	278,588								278,588	490	49%	279,078
IB	CLARK, INC.		395,000							395,000	25,000	1%	420,000
VC	MASTERCRAFT KITCHENS				265,063					265,063			265,063
IB	PINES SAWMILL				5,111					5,111			5,111
VC	RICE FUR FARM			114,522						114,522			114,522
VC	SALAMATOF		3,022,442							3,022,442	976,264	35%	3,998,706
VC	SAYLES MARINE, INC.	95,126								95,126			95,126
VC	SCHNABEL LUMBER CO.				1,000,000	3,765,066				4,765,066			4,765,066
VC	SEAWARD SHIPYARD	516,274								516,274	150,000	22%	666,274
VC	SMARAGD PARTNERS	456,340								456,340			456,340
VC	STEIK ENTERPRISES				55,000					55,000			55,000
VC	STERLING SEAFOODS	125,000								125,000	100,000	49%	225,000
VC	TRINITY RESOURCES										206,100	32%	206,100
IB	WYMAN	893,642								893,642			893,642
	TOTALS:	3,716,002	8,213,711	257,644	1,325,174	5,265,066	370,000	17,378	180,000	19,344,975	4,305,476		23,650,451

INVESTMENT ANALYSIS

@ January 31, 1984

Date Made	Project	Bank	Type of Account	Balance @ 1-31-84	Interest Yield Rate	Date Interest Paid	Maturity Date
<b>MONEY MARKET ACCOUNTS:</b>							
1-10-83	Funds held for investment	ANB of North	Money Market - checking	100,654.29	8.50	1-31-84	End of ea. month
1-12-83	Ball Brothers (pledged 180,000)	APB	Cash Investment - checking	181,357.44	8.875	1-31-84	End of ea. month
1-13-83	Funds held for investment	ABC	Cash Investment - savings	100,888.27	9.50	1-31-84	End of ea. month
1-13-83	" " " "	PBT	Investor Fund - checking	100,697.59	8.75	1-31-84	Weekly
1-13-83	" " " "	Ak. Mutual	Money Market - checking	100,790.70	9.00	1-31-84	End of ea. month
1-13-83	" " " "	Ak. State	Money Market - checking	100,761.87	8.75	1-31-84	End of ea. month
1-13-83	" " " "	Dean Witter	Liquid Asset Fund	281,553.10	9.00	Compounds daily	Paid every 4-6 days
1-11-83	" " " "	UBA	Money Market - checking	100,729.23	9.50	2-01-84	1st. of ea. month
1-07-83	" " " "	SNB	Hi F1 Plus - checking	100,766.79	9.00	1-31-84	End of ea. month
1-14-83	" " " "	1st. Bk. Ketch.	Money Market - savings	100,749.25	8.701	1-31-84	End of ea. month
1-31-83	" " " "	B.M. Behrends	Money Market - checking	100,750.90	8.50	1-15-84	15th of ea. month
	<b>Totals:</b>			<u>1,369,699.43</u>			
<b>CERTIFICATES OF DEPOSIT:</b>							
1-13-83	Funds held for investment	NBA	Time Certificate Deposit	100,000.00	9.60		3-12-84
1-15-83	" " " "	UBA	" " "	250,000.00	10.00		3-13-84
1-05-83	" " " "	AK. MUTUAL	" " "	500,000.00	9.875		4-02-84
1-23-84	" " " "	AK. MUTUAL	" " "	300,000.00	9.00		4-23-84
1-20-84	" " " "	1st. NAT OF ANCH	" " "	100,000.00	9.25		4-30-84
1-2-83	" " " "	AK. MUTUAL	" " "	600,000.00	9.625		6-04-84
1-2-83	" " " "	AK. CONTINENTAL	" " "	100,000.00	10.00		6-08-84
1-04-84	Kodiak Elect. (pledged)	ANB of NORTH	" " "	40,000.00	9.45		7-05-84
1-2-83	Schnabel (pledged)	B.M.BEHRENDIS	" " "	1,000,000.00	10.324		5-31-84
	<b>Totals:</b>			<u>2,990,000.00</u>			
<b>TREASURY NOTES &amp; BONDS:</b>							
1-2-82	Funds held for investment	DEAN WITTER	Fed. Home Loan Bond	2,000,000.00	9.44	April & Oct.	4-25-84
1-30-83	" " " "	" "	U.S. Treasury Note	1,250,000.00	10.41	March & Sept.	9-30-84
1-03-84	" " " "	" "	Fanny Maye	1,500,000.00	10.86	May & Nov.	11-12-85
1-2-83	" " " "	" "	U.S. Treasury Note	1,000,000.00	10.60	May & Nov.	11-30-85
1-08-83	" " " "	" "	Ryan Mtg. Accept. Bond	1,100,000.00	11.375	June & Dec.	6-28-2013
1-28-83	" " " "	" "	Ryan Mtg. Accept. Bond	1,000,000.00	12.375	Jan. & July	7-28-2013
	<b>Totals:</b>			<u>7,850,000.00</u>			
<b>REPURCHASE AGREEMENT:</b>							
		UBA	Repurchase Agreement	305,000.00	9.00		

## ALASKA RESOURCES CORPORATION

## CASH RECEIPTS

for January 1984

Loans Receivable:

<u>Date</u>	<u>Investee</u>	<u>Principal Payment</u>	<u>Interest Payment</u>	<u>Total Paid</u>
1-03-84	Mastercraft Kitchens	3,060.28	2,539.72	5,600.00
1-03-84	Icicle Seafoods	7,408.87	18,626.49	26,035.36
1-06-84	SeaWard Shipyard	6,589.76	3,270.74	9,860.50
1-09-84	Alaska Timber	-0-	15,489.81	15,489.81
1-10-84	Smaragd Partners	-0-	10,093.16	10,093.16
1-17-84	Anchorage Tank	-0-	2,906.25	2,906.25
	<b>Totals</b>	<u>17,058.91</u>	<u>52,926.17</u>	<u>69,985.08</u>

Income From Sale of Owned Assets:

<u>Date</u>	<u>Investee</u>	<u>Description</u>	<u>Amount</u>
1-18-84	Gibson Cove	Alaska Fresh purchase of equip.	<u>6,200.00</u>

Income From Owned Assets:

<u>Date</u>	<u>Investee</u>	<u>Description</u>	<u>Amount</u>
1-10-84	Sterling Plant	Schwanke lease payment	540.00
1-25-84	Gibson Cove	American Seafood pymt.	2,000.00
1-25-84	Sterling Plant	Schwanke lease payment	1,140.00
1-30-84	Martins	Tesoro Pipeline (84 right of way)	250.00
		<b>Total</b>	<u>3,930.00</u>

Other Revenue:

<u>Date</u>	<u>Description</u>	<u>Amount</u>
1-10-84	Photo copies	2.00
1-10-84	Reimbursed for Ak.Fish Ucc filings	27.00
1-17-84	Partial recovery (Woodyard debt)	33,000.00
1-31-84	Mike Kiech - Alternative Energy	650.59
	<b>Total</b>	<u>33,679.59</u>

Total Interest on Cash Investments:85,079.68**Grand Total** 198,874.35

ALASKA RESOURCES CORPORATION  
FUNDS ADVANCED TO PROTECT COLLATERAL

January 31, 1984

<u>DATE:</u>	<u>DISBURSED TO:</u>	<u>DESCRIPTION:</u>	<u>AMOUNT:</u>
<u>BALL BROTHERS:</u>			
1-25-84	Security-Connecticut	Insurance	280.30

## ALASKA RESOURCES CORPORATION

## CASH INVESTMENT ACTIVITY

for January 1984

Matured Investments:

<u>Date</u>	<u>Type of Investment</u>	<u>Amount</u>	<u>Institution</u>	<u>Interest Yield</u>
1-03-84	U.S. Treasury Bill	1,500,000.00	Dean Witter	9.00%
1-04-84	TCD 91 days	40,000.00	ANB of North	8.72%
1-23-84	TCD 91 days	150,000.00	UBA	9.50%
1-23-84	TCD 91 days	150,000.00	Ak. Mutual	9.50%
1-30-84	TCD 90 days	100,000.00	1st Nat. of Anch.	9.00%
	Total:	<u>1,940,000.00</u>		

New Investments:

<u>Date</u>	<u>Type of Investment</u>	<u>Amount</u>	<u>Institution</u>	<u>Interest Yield</u>
1-03-84	Fanny Maye	1,500,000.00	Dean Witter	10.86%
1-04-84	TCD 183 days	40,000.00	ANB of North	9.45%
1-23-84	TCD 91 days	300,000.00	Ak. Mutual	9.00%
1-30-84	TCD 91 days	100,000.00	1st Nat. of Anch.	9.25%
	Total:	<u>1,940,000.00</u>		

## ALASKA RESOURCES CORPORATION

## STATEMENT OF INCOME &amp; EXPENSES

July 1, 1983 - January 31, 1984

INCOME

Interest Income Investments	\$ 200,094
Interest Income Loans	979,595
Interest Income U.S. Government Obligations	470,573
Miscellaneous Income	5,710
Gain or Loss on Sale of Investments	10,000
Rental Income From Assets Acquired Through Foreclosure	67,670
Other Income From Assets Acquired Through Foreclosure	126,429
Total Income	<u>\$1,860,071</u>

EXPENSES

Personal Services - Salaries & Benefits	\$ 162,672
Travel & Moving - In-State Trans	4,744
Travel & Moving - In-State Per Diem	3,961
Travel & Moving - Out-State Trans	5,269
Travel & Moving - Out-State Per Diem	2,779
Board Member Expenses	9,131
Moving & Relocation	2,875
Telephone	6,910
Postage & Mailing	343
Printing & Binding	176
Advertising	2,739
Subscriptions	394
Rents & Leases	52,496
Storage Fees	130
Professional Services	22,309
Conference Registration	140
Freight Express/Cart	810
Stationary & Supplies	1,937
Miscellaneous Expenses	409
Operating Expenses Pertaining to Assets Acquired Through Foreclosure	266,462
Total Operating Expenses	<u>546,686</u>
Provision For Uncollectible Loans	170,500
Total Expenses	<u>\$ 717,186</u>
NET INCOME	<u>\$ 1,142,885</u>

Offered: 3/29/84  
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE HOUSE SPECIAL  
COMMITTEE ON STATE LOANS

2

CS FOR HOUSE BILL NO. 685 (Loans)

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 Alaska Resources Corporation  
7 and repealing the Alaska renewable resources develop-  
8 ment fund and the Alaska renewable resources invest-  
9 ment fund; and providing for an effective date."

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

11 \* Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that

12 (1) it is in the best interests of the state to terminate the  
13 operations of the Alaska Resources Corporation; and

14 (2) the Alaska Resources Corporation has made substantial loans  
15 and equity investments in certain businesses as part of the performance of  
16 its duties.

17 (b) It is the purpose of this Act to effect an orderly wind-up of  
18 the affairs of the Alaska Resources Corporation.

19 \* Sec. 2. AS 37.12.010 is amended to read:

20 Sec. 37.12.010. ALASKA RESOURCES CORPORATION CREATED. There is  
21 created the Alaska Resources Corporation to carry out the purposes of  
22 this chapter. The corporation is a public corporation of the state  
23 and an instrumentality of the state within the Department of Revenue  
24 [COMMERCE AND ECONOMIC DEVELOPMENT], but has a legal existence in-  
25 dependent of and separate from the state. The exercise by the corpo-  
26 ration of the powers conferred by this chapter is considered an essen-  
27 tial function of the state.

28 \* Sec. 3. AS 37.12.015 is repealed and reenacted to read:

29 Sec. 37.12.015. PURPOSE. The purpose of the corporation is to

1 effect an orderly wind-up of its affairs.

2 \* Sec. 4. AS 37.12.022 is amended to read:

3 Sec. 37.12.022. DEVELOPMENT CAPITAL FUND. The development  
4 capital fund is established in the corporation, consisting of money  
5 [OR ASSETS] appropriated [OR TRANSFERRED] to the corporation [AND  
6 PAYMENTS OF PRINCIPAL AND INTEREST ON LOANS AND EQUITY INVESTMENTS  
7 MADE BY THE CORPORATION]. The development capital fund shall be used  
8 to pay for liabilities of the corporation that might arise during the  
9 wind-up of its affairs [FINANCE PROJECTS THAT QUALIFY FOR ASSISTANCE  
10 UNDER THIS CHAPTER, AND TO PAY THE OPERATING EXPENSES OF THE CORPO-  
11 RATION. IF MONEY REMAINS IN THE DEVELOPMENT CAPITAL FUND AFTER FI-  
12 NANCING PROJECTS THAT QUALIFY FOR ASSISTANCE UNDER THIS CHAPTER AND  
13 AFTER PAYING THE OPERATING EXPENSES OF THE CORPORATION, THE MONEY  
14 SHALL BE INVESTED BY THE CORPORATION UNDER AS 37.10.070(A)].

15 \* Sec. 5. AS 37.12 is amended by adding a new section to read:

16 Sec. 37.12.023. DEPOSIT OF MONEY. Repayments of principal and  
17 payments of interest and other income from loans of the corporation,  
18 dividends received from capital stock investments, and money received  
19 from the sale of equity investments or other assets of the corporation  
20 must be deposited in the general fund.

21 \* Sec. 6. AS 37.12.030 is repealed and reenacted to read:

22 Sec. 37.12.030. COMPOSITION AND TERM OF BOARD OF DIRECTORS. The  
23 board consists of the commissioner of revenue, who shall serve as  
24 chairman, and the commissioners of two other principal executive de-  
25 partments designated by the governor. The term of office of these  
26 board members continues until the corporation is dissolved.

27 \* Sec. 7. AS 37.12.050(a) is amended to read:

28 (a) Two [THREE] members of the board constitute a quorum for the  
29 transaction of business and the exercise of the powers and duties of

1 the board.

2 \* Sec. 8. AS 37.12.055 is amended to read:

3 Sec. 37.12.055. COMPENSATION OF BOARD MEMBERS. Members of the  
4 board [RECEIVE \$200 FOR EACH DAY SPENT ON OFFICIAL BUSINESS OF THE  
5 CORPORATION, AND] are entitled to per diem and travel expenses au-  
6 thorized by law for state boards and commissions under AS 39.20.180.

7 \* Sec. 9. AS 37.12 is amended by adding a new section to read:

8 Sec. 37.12.071. ADDITIONAL POWERS. Notwithstanding other pro-  
9 visions of law governing disposal of state property, the board may, at  
10 either public or private sale, dispose of the assets of the corpo-  
11 ration as required in AS 37.12.075. In addition, the corporation may  
12 spend money to protect the assets of the corporation.

13 \* Sec. 10. AS 37.12.075 is repealed and reenacted to read:

14 Sec. 37.12.075. DUTIES. In carrying out the purposes of this  
15 chapter the board shall

16 (1) contract with the Department of Revenue to manage the  
17 assets of the corporation;

18 (2) divest the corporation of all equity investments by  
19 July 1, 1989; and

20 (3) divest the corporation of all other remaining assets,  
21 with the exception of the outstanding loan portfolio, by July 1, 1989.

22 \* Sec. 11. AS 38.05.180(g) is amended to read:

23 (g) The share of the net profit derived from a lease reserved to  
24 the state under (f) of this section is royalty sale proceeds for the  
25 purposes of the Alaska permanent fund under AS 37.13.010 [AND THE  
26 ALASKA RENEWABLE RESOURCES DEVELOPMENT FUND UNDER AS 37.11.020].

27 \* Sec. 12. AS 38.05.180(i) is amended to read:

28 (i) The commissioner may provide for the establishment of an  
29 exploration incentive credit system under which a lessee of state land

1 drilling an exploratory well on that land may earn credits based upon  
2 the footage drilled and the region in which the well is situated. The  
3 commissioner may also provide for credits to be earned by persons  
4 performing geophysical work on state land, if that work is performed  
5 during the two seasons immediately preceding an announced lease sale  
6 and on land included within the sale area and the geophysical informa-  
7 tion is made public following the sale. Credits may not exceed 50  
8 percent of the cost of the drilling or geophysical work. Credits may  
9 be used during a limited period established by the commissioner and  
10 may be assigned during that period. Credits may be applied against  
11 (1) oil and gas royalty and rental payments payable to the state or  
12 (2) taxes payable under AS 43.55. A [NO] credit may not exceed 50  
13 percent of the payment toward which it is being applied. Amounts due  
14 the Alaska permanent fund (AS 37.10.065) [AND THE ALASKA RENEWABLE  
15 RESOURCES DEVELOPMENT FUND (AS 37.11.020)] shall be calculated before  
16 the application of credits under this subsection.

17 \* Sec. 13. AS 43.05.010 is amended by adding a new paragraph to read:

18 (17) contract to manage the assets of the Alaska Resources  
19 Corporation as provided in AS 37.12.075, and administer the outstand-  
20 ing loan portfolio upon dissolution of the corporation.

21 \* Sec. 14. AS 44.83.181(c) is amended to read:

22 (c) The plan of finance shall include recommendations of the  
23 most appropriate means to finance a project, including, but not  
24 limited to,

25 (1) the issuance of revenue bonds of the authority;

26 (2) the issuance of

27 (A) general obligation bonds of the state; or

28 (B) revenue bonds of the authority that [WHICH] are  
29 guaranteed or partially guaranteed by the state;

- 1                   (3) an appropriation from the general fund  
2                               (A) to pay debt service on bonds or for other project  
3 purposes; or  
4                               (B) to reduce the amount of debt financing for the  
5 project;  
6                   (4) a loan from the general fund;  
7                   (5) financing arrangements with other entities using le-  
8 veraged leases or other financing methods;  
9                   (6) assistance from any federal agency, including, but not  
10 limited to, the Rural Electrification Administration;  
11                   (7) a loan from the power project fund (AS 44.83.170(a)) [,  
12 OR FROM THE RENEWABLE RESOURCES INVESTMENT FUND (AS 37.11.050)]; or  
13                   (8) any combination of financing arrangements listed in  
14 this subsection.

15       \* Sec. 15. All but \$500,000 of the unexpended and unobligated money in  
16 the development capital fund is transferred to the general fund.

17       \* Sec. 16. AS 37.11; AS 37.12.035, 37.12.045, 37.12.060, 37.12.070(5),  
18 37.12.070(6), 37.12.070(11), 37.12.080, 37.12.085, 37.12.125(1), 37.12.-  
19 125(4), 37.12.125(5), 37.12.125(6), 37.12.125(7); AS 44.66.010(a)(7), and  
20 AS 44.83.080(16)(E) are repealed.

21       \* Sec. 17. The Alaska Resources Corporation is dissolved. As of the  
22 date of dissolution, administration of the outstanding loan portfolio along  
23 with all attendant rights and obligations of the corporation is transferred  
24 to the Department of Revenue.

25       \* Sec. 18. AS 37.12.010 - 37.12.125 are repealed.

26       \* Sec. 19. Sections 1 - 16 of this Act take effect immediately in  
27 accordance with AS 01.10.070(c).

28       \* Sec. 20. Sections 17 and 18 of this Act take effect July 1, 1989.

Introduced: 2/13/84  
Referred: Resources, 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. 685

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 Alaska Resources Corporation  
7 and repealing the Alaska renewable resources develop-  
8 ment fund and the Alaska renewable resources invest-  
9 ment fund; and providing for an effective date."

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

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13 operations of the Alaska Resources Corporation; and

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15 and equity investments in certain businesses as part of the performance of  
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18 the affairs of the Alaska Resources Corporation.

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21 created the Alaska Resources Corporation to carry out the purposes of  
22 this chapter. The corporation is a public corporation of the state  
23 and an instrumentality of the state within the Department of Revenue  
24 [COMMERCE AND ECONOMIC DEVELOPMENT], but has a legal existence in-  
25 dependent of and separate from the state. The exercise by the corpo-  
26 ration of the powers conferred by this chapter is considered an essen-  
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8 to pay for liabilities of the corporation that might arise during the  
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22 Sec. 37.12.030. COMPOSITION AND TERM OF BOARD OF DIRECTORS. The  
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24 chairman, and the commissioners of two other principal executive de-  
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26 board members continues until the corporation is dissolved.

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29 transaction of business and the exercise of the powers and duties of

1 the board.

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26 \* Sec. 12. All but \$500,000 of the unexpended and unobligated money in  
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28 \* Sec. 13. AS 37.11.010 -- 37.11.090, AS 37.12.035, 37.12.045, 37.12.-  
29 060, 37.12.070(5), 37.12.070(6), 37.12.070(11), 37.12.080, 37.12.085,

1 37.12.125(1), 37.12.125(4), 37.12.125(5), 37.12.125(6), 37.12.125(7), and  
2 AS 44.66.010(7) are repealed.

3 \* Sec. 14. The Alaska Resources Corporation is dissolved. As of the  
4 date of dissolution, administration of the outstanding loan portfolio along  
5 with all attendant rights and obligations of the corporation is transferred  
6 to the Department of Revenue.

7 \* Sec. 15. AS 37.12.010 -- 37.12.125 are repealed.

8 \* Sec. 16. Sections 1 -- 13 of this Act take effect immediately in  
9 accordance with AS 01.10.070(c).

10 \* Sec. 17. Sections 14 and 15 of this Act take effect July 1, 1989.  
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STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

**REQUEST**

Bill/Resolution No.: HB 687  
 Title: Task force on fire prevention and control

**FISCAL DETAIL**

Agency Affected: Office of the Governor  
 Program Category Affected: \_\_\_\_\_

Sponsor: House Finance Committee

BRU, Program or Subprogram(s) Affected: \_\_\_\_\_

Requestor: House Finance Committee

Date of Request: 2/21/84

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

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

**FUNDING: (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:**

**ANALYSIS:** ~~Attach a separate page for analysis.~~ Funding necessary to implement HB 687 is provided in HB 688.

Prepared By: Al Adams, Chair *ADA* Phone: 465-3706  
 Division: House Finance Committee Date: 2/21/84

Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
 Agency: \_\_\_\_\_

**Distribution (by Agency preparing fiscal note):**

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

Introduced: 2/15/84  
Referred: Finance

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

HOUSE BILL NO. 687

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act providing for a task force on fire prevention  
7 and control; and providing for an effective date."

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

9 \* Section 1. TASK FORCE ON FIRE PREVENTION AND CONTROL. The Alaska  
10 Task Force on Fire Prevention and Control is established in the Office of  
11 the Governor.

12 \* Sec. 2. MEMBERSHIP. The task force consists of seven members ap-  
13 pointed by the governor, without regard to political affiliation, to be  
14 selected as follows:

15 (1) one person who is a member of both the Alaska State  
16 Firefighters Association and the Alaska Fire Chiefs Association from a list  
17 of nominees provided by the associations;

18 (2) the state fire marshal;

19 (3) the supervisor of the fire service training program in the  
20 Department of Education;

21 (4) a representative from the emergency medical services ad-  
22 visory council from a list of nominees submitted by the council;

23 (5) a representative of the division of local government assis-  
24 tance in the Department of Community and Regional Affairs;

25 (6) a representative of the division of labor standards and  
26 safety in the Department of Labor; and

27 (7) a representative from the Office of the Governor who shall  
28 serve as chairman of the task force.

29 \* Sec. 3. OBJECTIVES. The objectives of the task force are to complete

1 the work of the former Alaska Task Force on Fire Prevention and Control  
2 established in sec. 1, ch. 157, SLA 1980, including to

3 (1) identify and provide a detailed account of the fire loss  
4 problem in the state, including causal factors;

5 (2) identify and define the present roles and relationships of  
6 the agencies in the state that are involved in fire protection activities  
7 at the local, regional, state, and federal levels;

8 (3) recommend organizational or operational modifications to  
9 improve the effectiveness of the state's fire protection system;

10 (4) provide documentation that will assist all government  
11 agencies and fire fighting services in effectively meeting their fire  
12 protection responsibilities.

13 \* Sec. 4. MEETINGS AND HEARINGS. The task force shall meet at the call  
14 of the chairman. Public hearings and meetings may be held in areas of the  
15 state that are representative of its urban and rural fire protection prob-  
16 lems.

17 \* Sec. 5. COMPENSATION. The members of the task force 'serve without  
18 compensation but are entitled to per diem and travel expenses authorized  
19 for boards and commissions under AS 39.20.180.

20 \* Sec. 6. DUTIES. The task force shall

21 (1) request and review information concerning the causes and  
22 nature of fire losses in the state;

23 (2) study the activities of the various fire protection agencies  
24 in the state;

25 (3) submit to the governor and the legislature its final report  
26 making recommendations to improve fire prevention and control in the state,  
27 identifying methods to implement the recommendations and to review the  
28 progress of the implementation, and proposing legislation for  
29 recommendations needing legislative action.

1 \* Sec. 7. This Act is repealed 120 days after the effective date of  
2 this Act.

3 \* Sec. 8. This Act takes effect immediately in accordance with AS 01.-  
4 10.070(c).

# STATE OF ALASKA

## THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION  
POUCH W — ALASKA OFFICE BUILDING

FINANCE DIVISION  
POUCH WF — STATE CAPITOL

JUNEAU 99801

### MEMORANDUM

TO: Representative Al Adams  
Chairman  
House Finance Committee

FROM: Jay Hogan  
Director  
Legislative Finance

DATE: February 22, 1982

SUBJECT: Other States and CS for SB 659 (Finance)

Several weeks ago we requested the legal definition of capital projects from each of the 11 western states. To date, we have received a response from 6 states and their definitions are set out as follows:

#### Arizona

"We have by custom referred to capital projects as Land, Buildings and Improvements."

#### Colorado

Capital construction and controlled maintenance are funded in the capital construction fund budget:

"(1) 'Capital construction' means:

(a) Purchase of land, regardless of the value thereof;

(b) Purchase, construction, or demolition of buildings or other physical facilities, including utilities or remodeling or renovation of existing buildings or other physical facilities, including utilities, to make physical changes necessitated by changes in the program, to meet standards required by applicable codes, to correct other conditions hazardous to the health and safety of persons which

are not covered by codes, to effect conservation of energy resources, to effect cost savings for staffing, operations, or maintenance of the facility, or to improve appearance where the cost will be fifteen thousand dollars or more, including the value of materials and labor, either state-supplied or supplied by contracts:

(c) Site improvement or development where the cost will be five thousand dollars or more, including the value of materials and labor either state-supplied or supplied by contract, but not including the value of inmate labor;

(d) Purchase and installation of the fixed and movable equipment necessary for the operation of new, remodeled, or renovated buildings and other physical facilities and for the conduct of programs initially housed therein upon completion of the new construction, remodeling, or renovation;

(e) Purchase of the services of architects, engineers, and other consultants to prepare plans, program documents, life-cycle cost studies, energy analyses, and other studies associated with any capital construction project and to supervise the construction or execution of such capital construction projects;

(f) Any item of instructional or scientific equipment if the cost will exceed fifty thousand dollars.

(2) 'Controlled maintenance' means work required to preserve or restore to their original condition, or to a condition such that they can be effectively used for their designated purposes, those existing state-owned buildings and other physical facilities funded from the general fund, including utilities, site improvements, and the like, which are suitable for retention and use for at least five years, and replacement and repair of the fixed equipment necessary for the operation of such facilities, when such work is not funded in the operating budget of a state agency and is to be accomplished by the agency's physical plant staff."

Hawaii  
Hawaii Revised Statutes

"'Capital investment costs' means costs, beyond the research and development phase, associated with capital improvements, including the acquisition and development of land, the design and construction of new facilities, and the making of renovations or additions to existing facilities."

Idaho

A definition in use is: "building of needed structures, renovations, repairs to and remodeling of existing structures . . ."

Nevada

"The state Administrative Manual requires that state agencies submit all requests for new building construction or repairs or remodeling of existing buildings which are estimated to cost more than \$5,000 to the State Public Works Board."

Oregon

The following are used for budget purposes:

Capital Improvement - Expenditures related to construction or remodeling costs of physical facilities with a project cost of more than \$2,500, but less than \$100,000.

Capital Construction - Expenditures limited to construction or remodeling of physical facilities with a project cost of \$100,000 or more."

STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

REQUEST

Bill/Resolution No.: HB 687  
 Title: Act providing for a task force on fire prevention  
 Sponsor: House Finance  
 Requestor: House Finance  
 Date of Request: 2-21-84

FISCAL DETAIL

Agency Affected: Public Safety  
 Program Category Affected: Life & Property Protection  
 BRU, Program or Subprogram(s) Affected: Fire Prevention

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	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE			--	--		

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Gordon Brunton Phone: 465-4331  
 Division: Fire Prevention Date: 2-21-84

Approved by Commissioner: *[Signature]* Date: 2/21/84  
 Agency: Public Safety

Distribution (by Agency preparing fiscal note):

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

12/1/83

March 29, 1983

The Honorable John Sackett  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Senator Sackett:

Per your request, the following is the definition of "capital project" that we have used as a guideline in the development of the Capital Budget.

CAPITAL PROJECT - An asset that has an anticipated life in excess of one year and a cost of \$25,000 or more, which produces recurring or long-lasting benefits to the public, and includes:

- (A) costs directly related to the acquisition or construction of the asset;
- (B) all costs of financing and carrying out the project; these include, but are not limited to, the costs of all necessary studies, surveys, plans and specifications, architectural, engineering or other special services, acquisition of real property, site preparation and development, purchase, construction, reconstruction and improvement of real property, and the acquisition of machinery and equipment that may be necessary in connection with the project; an allocable portion of the administrative expenses of the project;
- (C) major maintenance, repair, rehabilitation, or improvement of an asset that has an anticipated life in excess of one year.

Sincerely,

Eugene Dusek  
Associate Director

ED/dmc  
bcc: All Associate Directors

Alaska State Legislature  
House of Representatives

Al Adams  
Chairman  
Committee on Finance

WHILE IN SESSION  
Pouch V  
State Capitol  
Juneau, Alaska 99811  
(907) 465-3706

OUT OF SESSION  
P.O. Box 333  
Kotzebue, Alaska 99752  
(907) 442-3320

1024 W. 6th  
Anchorage, Alaska 99501  
(907) 274-0615



Official Business

February 21, 1984

MEMORANDUM

TO: House Finance Committee Members  
FROM: Al Adams, Chair *AAA*  
SUBJ: HBs 687 & 688

You may recall that we heard SBs 80 and 81 regarding the task force on fire prevention and control last month. The bills were assigned to subcommittee for further review. Representative Grussendorf was appointed chair of the subcommittee.

The subcommittee suggested various changes be made to the bill. Because of the technical problem of not being able to change the titles of the Senate bills, the subcommittee's changes were incorporated into HBs 687 and 688. These bills are now before us today.

HB 687 reestablishes the task force and sets up its membership, objectives and duties. Basically, the task force is reestablished to complete the work begun in 1980. The task force is placed in the Office of the Governor. HB 688 appropriates \$20,000 to the Office of the Governor for completion of the task force's work. The task force ends and the appropriation lapses 120 days after going into effect since it is the subcommittee's feeling that the work can be completed in that time.

The bills have been developed in consultation with Senator Zeigler, the prime sponsor of the Senate bills. He concurs with the suggested changes.

DEPARTMENT OF PUBLIC SAFETY

POSITION PAPER

HB 687 / 688  
Support

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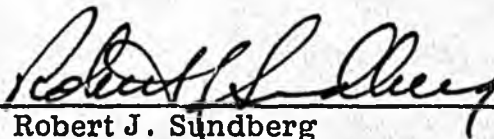
These bills will provide for completion of the work by Alaska's Task Force on Fire Prevention and Control, an effort begun in early 1981 and terminated in June, 1982.

This Administration and the fire service agree that the major recommendations identified by the original Task Force could be resolved in the time specified (120 days from the effective date) and with the \$20,000 allocation.

The reconstituted Task Force would:

- \* Assist in master planning/policy development for fire and emergency services by State government.
- \* Consolidate fire related regulatory functions that tend to be duplicative.
- \* Provide clarification for State funding for fire/rescue services.
- \* Determine what emphasis should be placed on arson prevention and control.
- \* Determine the emphasis placed on fire service training.

If passed these bills will negate the need to consider SB 80 & 81.



---

Robert J. Sundberg  
Commissioner



GASTINEAU CHAPTER

ALASKA STATE FIREFIGHTERS ASSOCIATION

P.O. BOX 187

JUNEAU ALASKA 99802

HOUSE FINANCE COMMITTEE

Hearing on House Bills No. 687 and 688 "Task Force on Fire Prevention and Control".

Mr. Chairman:

My name is E. Robert Haag, representing the Alaska State Firefighters' Association and the Alaska Fire Chiefs' Association.

We wish to make a few comments in support of House Bills No. 687 and 688. Mr. Chairman, you and your committeemen will recall that we appeared before your Committee on January 26, 1984 supporting Senate Bills No. 80 and 81, which was an Act to amend Chapter 156, SLA 1980 to extend the life of the Task Force on Fire Prevention and Control. Senate Bills No. 80 and 81 were introduced on January 27, 1983 by Senator Ziegler at the request of our two associations.

During the January 26, 1984 hearing, the Commissioner of Public Safety interjected a new approach to complete the Task Force mission. His statement, while greatly different from our position, did present an approach to accomplish the desired end results and wisely you referred the matter to a sub-committee to be chaired by Representative Grussendorf.

Mr. Chairman, our two associations would like to complement Representative Grussendorf and his capable staff for the speedy and efficient manner in researching and drafting House Bills No. 687 and 688. We were pleased to work with them on this important matter.

While the House Bills do differ from the Senate Bills, we believe that the desired end results will be accomplished if all the provisions of House Bill No. 687 are carried out by the new Task Force.

We thank you, Mr. Chairman, and your committeemen for considering our request and respectfully ask for a "Do Pass" on these Bills so that they may pass the House and Senate before the end of this Session.

Introduced: 2/15/84  
Referred: Finance

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

HOUSE BILL NO. 687

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act providing for a task force on fire prevention  
7 and control; and providing for an effective date."

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

9 \* Section 1. TASK FORCE ON FIRE PREVENTION AND CONTROL. The Alaska  
10 Task Force on Fire Prevention and Control is established in the Office of  
11 the Governor.

12 \* Sec. 2. MEMBERSHIP. The task force consists of seven members ap-  
13 pointed by the governor, without regard to political affiliation, to be  
14 selected as follows:

15 (1) one person who is a member of both the Alaska State  
16 Firefighters Association and the Alaska Fire Chiefs Association from a list  
17 of nominees provided by the associations;

18 (2) the state fire marshal;

19 (3) the supervisor of the fire service training program in the  
20 Department of Education;

21 (4) a representative from the emergency medical services ad-  
22 visory council from a list of nominees submitted by the council;

23 (5) a representative of the division of local government assis-  
24 tance in the Department of Community and Regional Affairs;

25 (6) a representative of the division of labor standards and  
26 safety in the Department of Labor; and

27 (7) a representative from the Office of the Governor who shall  
28 serve as chairman of the task force.

29 \* Sec. 3. OBJECTIVES. The objectives of the task force are to complete

1 the work of the former Alaska Task Force on Fire Prevention and Control  
2 established in sec. 1, ch. 157, SLA 1980, including to

3 (1) identify and provide a detailed account of the fire loss  
4 problem in the state, including causal factors;

5 (2) identify and define the present roles and relationships of  
6 the agencies in the state that are involved in fire protection activities  
7 at the local, regional, state, and federal levels;

8 (3) recommend organizational or operational modifications to  
9 improve the effectiveness of the state's fire protection system;

10 (4) provide documentation that will assist all government  
11 agencies and fire fighting services in effectively meeting their fire  
12 protection responsibilities.

13 \* Sec. 4. MEETINGS AND HEARINGS. The task force shall meet at the call  
14 of the chairman. Public hearings and meetings may be held in areas of the  
15 state that are representative of its urban and rural fire protection prob-  
16 lems.

17 \* Sec. 5. COMPENSATION. The members of the task force serve without  
18 compensation but are entitled to per diem and travel expenses authorized  
19 for boards and commissions under AS 39.20.180.

20 \* Sec. 6. DUTIES. The task force shall

21 (1) request and review information concerning the causes and  
22 nature of fire losses in the state;

23 (2) study the activities of the various fire protection agencies  
24 in the state;

25 (3) submit to the governor and the legislature its final report  
26 making recommendations to improve fire prevention and control in the state,  
27 identifying methods to implement the recommendations and to review the  
28 progress of the implementation, and proposing legislation for  
29 recommendations needing legislative action.

1 \* Sec. 7. This Act is repealed 120 days after the effective date of  
2 this Act.

3 \* Sec. 8. This Act takes effect immediately in accordance with AS 01.-  
4 10.070(c).

HB 687 "An Act providing for a task force on fire prevention and control; and providing for an effective date."

HOUSE ACTION.

2-15-84 First Reading  
Referred: Finance

2-27-84 Finance: DP07

2-28-84 Second Reading

2-28-84 Third Reading  
Passed: 37-02-01

SENATE ACTION

2-29-84 First Reading  
Referred: State Affairs, Finance

5-16-84 State Affairs referral waived by unanimous consent

FISCAL NOTE: ZERO

SUMMARY

HB 687 creates a task force on fire prevention and control within the Office of the Governor. The task force would consist of six members representing a cross-section of persons knowledgeable in the field, and one member of the Governor's Office.

The task force would have a complete life of 120 days.

The purpose of the task force would be (1) to provide information on the fire loss problem within the state, (2) to define relationships between agencies within the state involved in fire protection, (3) to recommend improvements to the state's fire protection system, and (4) to provide documentation to government for fire protection.

Members of the task force would serve without compensation, but would be entitled to per diem and travel expenses.

HB 687 has a ZERO fiscal note. HB 688 would appropriate \$20,000 for the task force, the unexpended or unobligated portion of which would lapse at the end of 120 days.

DEPARTMENT OF PUBLIC SAFETY

POSITION PAPER

HB 687 / 688  
Support

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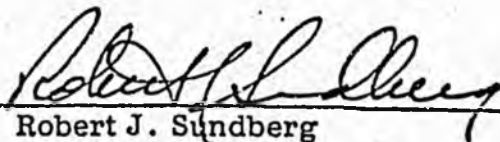
These bills will provide for completion of the work by Alaska's Task Force on Fire Prevention and Control, an effort begun in early 1981 and terminated in June, 1982.

This Administration and the fire service agree that the major recommendations identified by the original Task Force could be resolved in the time specified (120 days from the effective date) and with the \$20,000 allocation.

The reconstituted Task Force would:

- \* Assist in master planning/policy development for fire and emergency services by State government.
- \* Consolidate fire related regulatory functions that tend to be duplicative.
- \* Provide clarification for State funding for fire/rescue services.
- \* Determine what emphasis should be placed on arson prevention and control.
- \* Determine the emphasis placed on fire service training.

If passed these bills will negate the need to consider SB 80 & 81.



---

Robert J. Sundberg  
Commissioner

*Position Paper Public Safety 2/21/82*

Sec. 19. Sections 13 and 16 — 19 of this Act take effect immediately in accordance with AS 01.10.070(c).

Approved July 1, 1980  
Effective Date: Sections 1—12, 14, and 15, July 1, 1980; sections 13, and 16—19, July 2, 1980 with section 13 retroactive to July 1, 1979

Editor's note. — Section 17 of this act provides that sections 1 — 12 of the act take effect on the first day of the fiscal year for which \$33,400,000 or more is appropriated and allowed by the governor for distribution to municipalities and other recipients under the provisions of sections 1 — 12 of this act or on July 1,

1983, whichever is earlier. A total of \$33,500,000 was appropriated for the programs for the fiscal year beginning July 1, 1980. The appropriations were made in section 51, Chapter 120, SLA 1980, section 52, Chapter 120, SLA 1980, and section 6, Chapter 165, SLA 1980.

## CHAPTER 157

### AN ACT PROVIDING FOR A TASK FORCE ON FIRE PREVENTION AND CONTROL; AND PROVIDING FOR AN EFFECTIVE DATE.

(CSHB 863 am)

*Be it enacted by the Legislature of the State of Alaska:*

Section 1. TASK FORCE ON FIRE PREVENTION AND CONTROL. The Alaska Task Force on Fire Prevention and Control is established in the Department of Community and Regional Affairs.

Sec. 2. MEMBERSHIP. (a) The Alaska Task Force on Fire Prevention and Control consists of nine members appointed by the governor, without regard to political affiliation, to be selected as follows:

- (1) one member from the Alaska State Firefighters Association from a list of nominees provided by the association;
- (2) one member from the International Association of Firefighters from a list of nominees provided by the association;
- (3) one member from the Alaska Fire Chiefs Association from a list of nominees provided by the association;
- (4) one member representative of the insurance industry;
- (5) a contractor or architect licensed under AS 08.18;
- (6) a commissioner or executive officer of a regional native housing authority created under AS 18.55.996;
- (7) an educator from the state public school system;

- (8) one public
  - (9) one member
- a list of nominee  
(b) There shall

#### Sec. 3. OBJECTIVES

- (1) identify and list the agencies in the state, including the local, regional and state agencies;
- (2) identify and list the agencies in the state, including the local, regional and state agencies;
- (3) recommend ways to improve the effectiveness of fire fighting and fire fighting responsibilities.

#### Sec. 4. CHAIRMAN AND TASK FORCE

Sec. 5. PROJECTS. The project and control shall be under the direction of the chairman, employee

Sec. 6. MEETINGS. The first meeting and the appointment of meetings shall be held in its urban and rural areas.

Sec. 7. COMMISSIONS. Prevention and control per diem and commissions.

Sec. 8. DUTY. shall  
(1) request information of fire nature of fire  
(2) hold public awareness  
(3) study the state;  
(4) submit improvement.

Ch. 157

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Ch. 157

TEMPORARY AND SPECIAL ACTS

Ch. 157

(8) one public member; and  
(9) one member representative of the Alaska Municipal League from a list of nominees provided by the league.

(b) There shall be at least one member from each judicial district.

Sec. 3. OBJECTIVES. The objectives of the task force are to

(1) identify and provide a detailed account of the fire loss problem in the state, including causal factors;

(2) identify and define the present roles and relationships of the agencies in the state which are involved in fire protection activities at the local, regional, state and federal levels;

(3) recommend organizational or operational modifications to improve the effectiveness of the state's fire protection system;

(4) provide documentation that will assist all government agencies and fire fighting services in effectively meeting their fire protection responsibilities.

Sec. 4. CHAIRMAN. The members of the Task Force on Fire Prevention and Control shall elect a chairman from the membership of the task force.

Sec. 5. PROJECT DIRECTOR. The Task Force on Fire Prevention and Control shall hire an executive director to function as an impartial investigator and project director. The executive director shall be under the direction of the chairman and may, with the approval of the chairman, employ additional staff as necessary.

Sec. 6. MEETINGS AND HEARINGS. The Task Force on Fire Prevention and Control shall meet at least once every three months. The first meeting shall be held not later than 60 days following the appointment of the nine members to the task force. Public hearings and meetings shall be held in areas of the state that are representative of its urban and rural fire protection problems.

Sec. 7. COMPENSATION. The members of the Task Force on Fire Prevention and Control serve without compensation but are entitled to per diem and travel expenses authorized by law for boards and commissions.

Sec. 8. DUTIES. The Task Force on Fire Prevention and Control shall

(1) request and review information concerning the causes and nature of fire losses in the state;

(2) hold public hearings and meetings to determine the extent of public awareness of existing fire protection systems;

(3) study the activities of the various fire protection agencies in the state;

(4) submit an annual report with recommendations for the improvement of fire prevention and control in the state to the governor

and the legislature; the first annual report shall be submitted by January 1, 1982; and

(5) by January 1, 1983, submit to the governor and the legislature its final report which shall identify those interim report recommendations which have been implemented, evaluate the practical effects of the implementation of the recommendations, and make further recommendations on the improvement of fire prevention and control.

Sec. 9. This Act terminates on June 30, 1983.

Sec. 10. This Act takes effect immediately in accordance with AS 01.10.070(c).

Approved July 1, 1980  
Effective July 2, 1980

## CHAPTER 161

AN ACT CREATING THE ALASKA STATEHOOD COMMISSION; AND PROVIDING FOR AN EFFECTIVE DATE.

(FCCSHB 644)

*Be it enacted by the Legislature of the State of Alaska:*

**Section 1. Findings and purpose.** The people of Alaska seek reasonable self-control of their lives, land and water, fish and wildlife, and trade and commerce. The legislature finds that the current relationship of the people of Alaska to the United States inhibits the achievement of that goal. The purpose of this Act is to study the status of the people of Alaska within the United States and to recommend appropriate changes to that status.

**Sec. 2. Alaska Statehood Commission.** The Alaska Statehood Commission is established to study the status of the people of Alaska within the United States and to consider and recommend appropriate changes in the relationship of the people of Alaska to the United States.

**Sec. 3. Duties.** The commission shall study, review, hold public hearings throughout the state, and report to the legislature and to the people of the state on

(1) progress made in implementing the Alaska Statehood Act and the likely nature of its implementation in the future;

(2) recent experiences of other states and peoples under the American flag in their relationships with the United States;

(3) the structure of changing forms

(4) alternative forms of Alaska and the

(5) the legal basis for Alaska and the constitutions of

(6) other matters

**Sec. 4. Convocation.** The commission shall meet until a call is made.

(b) The call is made by the commission for convening the commission and for the duties or powers of the commission.

**Sec. 5. Membership.** The commission shall have 11 members appointed by the governor.

(b) Five members shall be appointed by the governor.

(c) Two members shall be appointed by the legislature. One shall be a representative and one shall be a member of the council.

(d) The president of the commission shall be a member of the commission.

**Sec. 6. Term.** The commission shall begin its work on the day following the day of the commission's recommendation.

**Sec. 7. Vacancies.** The commission shall fill any vacancies by appointment.

**Sec. 8. Powers.** The commission shall have the power to employ legal, and other services.

(b) Members of the commission shall be entitled to expenses.

(c) Agencies shall provide information requested by the commission.

**Sec. 9. Report.** The commission shall submit its report to the legislature within the first 10 days of the session.

(b) The commission shall hold public hearings on the

COMMITTEE REPORT  
SENATE

FURTHER:

5/16/84

Date 5/17/84

Mr. President

The Committee on FINANCE considered HB 687  
providing for a task force on fire prevention and control; and

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  
@ FN - Adams 2/21/84
- reports it back without recommendation
- recommends referral to \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

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MEMBERS HAVING  
OTHER RECOMMENDATIONS

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Chairman

\_\_\_\_\_  
Chairman recommendation

STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

*Cancel w/original bill*

*QC*

Revision Date: \_\_\_\_\_

**REQUEST**

Bill/Resolution No.: HB 687  
Title: Task force on fire prevention and control

**FISCAL DETAIL**

Agency Affected: Office of the Governor  
Program Category Affected: \_\_\_\_\_

Sponsor: House Finance Committee  
Requestor: House Finance Committee  
Date of Request: 2/21/84

BRU, Program or Subprogram(s) Affected: \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

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

**FUNDING: (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:**

**ANALYSIS:** ~~Attach a separate page for analysis.~~ Funding necessary to implement

HB 687 is provided in HB 688.

Prepared By: Al Adams, Chair *ADA*  
Division: House Finance Committee

Phone: 465-3706

Date: 2/21/84

Approved by Commissioner: \_\_\_\_\_  
Agency: \_\_\_\_\_

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

**Distribution (by Agency preparing fiscal note):**

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

12/1/83

Introduced: 2/15/84  
Referred: Finance

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

HOUSE BILL NO. 687

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act providing for a task force on fire prevention  
7 and control; and providing for an effective date."

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

9 \* Section 1. TASK FORCE ON FIRE PREVENTION AND CONTROL. The Alaska  
10 Task Force on Fire Prevention and Control is established in the Office of  
11 the Governor.

12 \* Sec. 2. MEMBERSHIP. The task force consists of seven members ap-  
13 pointed by the governor, without regard to political affiliation, to be  
14 selected as follows:

15 (1) one person who is a member of both the Alaska State  
16 Firefighters Association and the Alaska Fire Chiefs Association from a list  
17 of nominees provided by the associations;

18 (2) the state fire marshal;

19 (3) the supervisor of the fire service training program in the  
20 Department of Education;

21 (4) a representative from the emergency medical services ad-  
22 visory council from a list of nominees submitted by the council;

23 (5) a representative of the division of local government assis-  
24 tance in the Department of Community and Regional Affairs;

25 (6) a representative of the division of labor standards and  
26 safety in the Department of Labor; and

27 (7) a representative from the Office of the Governor who shall  
28 serve as chairman of the task force.

29 \* Sec. 3. OBJECTIVES. The objectives of the task force are to complete

1 the work of the former Alaska Task Force on Fire Prevention and Control  
2 established in sec. 1, ch. 157, SLA 1980, including to

3 (1) identify and provide a detailed account of the fire loss  
4 problem in the state, including causal factors;

5 (2) identify and define the present roles and relationships of  
6 the agencies in the state that are involved in fire protection activities  
7 at the local, regional, state, and federal levels;

8 (3) recommend organizational or operational modifications to  
9 improve the effectiveness of the state's fire protection system;

10 (4) provide documentation that will assist all government  
11 agencies and fire fighting services in effectively meeting their fire  
12 protection responsibilities.

13 \* Sec. 4. MEETINGS AND HEARINGS. The task force shall meet at the call  
14 of the chairman. Public hearings and meetings may be held in areas of the  
15 state that are representative of its urban and rural fire protection prob-  
16 lems.

17 \* Sec. 5. COMPENSATION. The members of the task force serve without  
18 compensation but are entitled to per diem and travel expenses authorized  
19 for boards and commissions under AS 39.20.180.

20 \* Sec. 6. DUTIES. The task force shall

21 (1) request and review information concerning the causes and  
22 nature of fire losses in the state;

23 (2) study the activities of the various fire protection agencies  
24 in the state;

25 (3) submit to the governor and the legislature its final report  
26 making recommendations to improve fire prevention and control in the state,  
27 identifying methods to implement the recommendations and to review the  
28 progress of the implementation, and proposing legislation for  
29 recommendations needing legislative action.

1 \* Sec. 7. This Act is repealed 120 days after the effective date of  
2 this Act.

3 \* Sec. 8. This Act takes effect immediately in accordance with AS 01.-  
4 10.070(c).

**COMMITTEE REPORT**  
**SENATE**

2/29/84

FURTHER: FINANCE

Date \_\_\_\_\_

Mr. President

The Committee on STATE AFFAIRS considered HB 687  
providing for a task force on fire prevention and control; 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

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Chairman

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Chairman recommendation