

LEG. FINANCE - BILLS 1983 - 1984 2009

SB 51 cont. - CSSB 55 2009

1           (c) The Department of Natural Resources shall consult with the  
2 Department of Fish and Game before adoption of regulations governing  
3 public use of the Shuyak Island State Park.

4           (d) The Department of Fish and Game shall consult with the  
5 Department of Natural Resources before adoption of regulations govern-  
6 ing fish and game management in Shuyak Island State Park.

7           (e) The regulations established under this section shall be  
8 adopted in accordance with the Administrative Procedure Act  
9 (AS 44.62).

10           Sec. 41.20.536. COMPATIBILITY OF USES. (a) The commissioner of  
11 natural resources shall designate by regulation incompatible uses  
12 within the park uplands and freshwater bodies.

13           (b) Discharge of a firearm in the Shuyak Island State Park is  
14 expressly allowed, except in those areas closed by regulation by the  
15 commissioner of natural resources for purposes of public safety.

16           (c) Nothing in AS 41.20.530 - 41.20.538 prohibits the Department  
17 of Fish and Game from engaging in stream rehabilitation enhancement  
18 and development under AS 16.05.092 on land within the Shuyak Island  
19 State Park.

20           (d) The regulations governing public use of the Shuyak Island  
21 State Park shall provide reasonable access for legal hunting, fishing,  
22 and trapping and other recreational uses.

23           (e) The Department of Public Safety and the Department of Fish  
24 and Game shall be allowed reasonable access for fish and game manage-  
25 ment, research, and enforcement purposes.

26           Sec. 41.20.538. PURCHASE AUTHORIZED. The commissioner of  
27 natural resources may acquire, by purchase in the name of the state,  
28 title to or interest in real property lying within the boundaries of  
29 the Shuyak Island State Park. The state may not acquire land by

1 eminent domain for inclusion in the Shuyak Island State Park.

2 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.-  
3 10.070(c).

THE LEGISLATURE OF THE STATE OF ALASKA  
THIRTEENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. S.B. 51  
 Title An Act establishing Shuyak Island State Park  
 Requested by Mulcahy Date 1/20/83

II. FISCAL DETAIL

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

EXPENDITURES (Thousands of Dollars)

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

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>			

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The park, if established, would be placed under passive management until such time that the level of visitor use or the development of on-site facilities required visitor services or maintenance.

HW  
1/24/83

IV. DATE

1/24/83 PREPARED BY [Signature]  
 AGENCY Natural Resources  
 PHONE 465-2400  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/82)

OMB Reviewed by: Glen Price [Signature]

I. REQUEST  
 Bill/Resolution No.: SB 51  
 Title: Shuyak Island  
 Sponsor: Mulcahy  
 Requestor: House Resources

II. FISCAL DETAIL  
 Agency Affected: Natural Resources  
 Program Category Affected: \_\_\_\_\_  
 BRU, Program of Subprogram(s) Affected: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						
	0	0	0	0	0	0

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

No impact

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Ned Farquhar *Ned Farquhar*  
 Division: Commissioner's Office

Phone: 465-2400  
 Date: 5/13/83

Approved by Commissioner: *Wm D James* *Deputy*  
 Department: Natural Resources

Date: 5/16/83

Distribution:

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

## ANALYSIS

- IV. The park, if established, would be placed under passive management until such time as the level of visitor use or the development of on-site facilities requires visitor services or maintenance. Neither situation is expected to occur within the next four years. However, the bill satisfies the terms of an agreement among regional landowners and land managers regarding the eventual disposition of lands on Shuyak Island.

STATE OF ALASKA  
FISCAL NOTE

*Rec'd 3FC. 2/10/84  
Currently in Fisheries  
No H. Fin. referral*  
Revision Date 2/06, 1984

I. REQUEST

Bill/Resolution No: CSSB 52  
Title: Licensing Of Commercial Fishing  
Sponsor: Mulcahy  
Requestor: House Special Comm. Fisheries

II. FISCAL DETAIL

Agency Affected: Revenue  
Program Category Affected: Coll. & Mgt.  
BRU, Program of Subprogram(s) Affected:  
Public Services Division BRU

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
<b>OPERATING</b>						
100 PERSONAL SERVICES	-	-	5.6	11.7	12.2	12.8
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	4.0	-	-	-
400 COMMODITIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC.	-	-	-	-	-	-
<b>TOTAL OPERATING</b>	-	-	9.6	11.7	12.2	12.8
<b>CAPITAL</b>	-	-	-	-	-	-
<b>REVENUE - General Fund</b>	-	-	(3.9)	(8.4)	(8.8)	(9.4)
<b>Fishermen's Fund</b>	-	-	(5.9)	(12.5)	(13.3)	(14.0)

FUNDING: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
GENERAL FUND	-	-	9.6	11.7	12.2	12.8
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-

POSITIONS:

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	.5	.5	.5	.5
TEMPORARY	-	-	-	-	-	-

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

IV. ANALYSIS: Attached.

Prepared By: Martin J. Richard  
Division: Public Services  
Approved by Commissioner: [Signature]  
Department: Revenue

Phone: 465-2392  
Date: 2/6/84  
Date: 2/10/84

Distribution:

- Original to Legislative Finance
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FISCAL NOTE FOR SENATE BILL NO. CSSB 52

Section IV. Analysis

Assuming an amendment is made to make this bill effective January 1, 1985, implementation of the program creates a loss of revenue since it is calculated that 7% of Resident Crewmembers would qualify for a \$15.00 Crewmember license.

It will take 1/2 of a position at the Accounting Clerk III level (range 10) to implement and administer this program. Since the bill will not take effect until 1/1/85, there will be no cost in FY84 and only a six month cost in FY85. A 4.5% increase has been figured for each year for negotiated contract increases.

Contractual costs are for designing new affidavit, application and waiver forms and having a supply printed and distributed. It will also be necessary to incorporate the law into our regulations. Advertising will have to be done and training and guidelines written and distributed to the license officers. This should be a one time cost in FY85 only. The license itself can be incorporated into our present license at no additional cost.

Offered: 4/15/83  
Referred: Finance

Original sponsor: Mulcahy

1 IN THE SENATE BY THE RESOURCES COMMITTEE  
2 CS FOR SENATE BILL NO. 52 (Resources) am  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 THIRTEENTH LEGISLATURE - FIRST SESSION  
5 A BILL

6 For an Act entitled: "An Act relating to the licensing of commercial  
7 fishing; and providing for an effective date."

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

9 \* Section 1. AS 16.05.450(a) is amended to read:

10 (a) The commissioner of revenue or the commissioner's [HIS]  
11 authorized agent shall issue a crewmember fishing license under  
12 AS 16.05.485 [AS 16.05.480] to each qualified person who files a  
13 written application at a place in the state designated by the commis-  
14 sioner, containing the reasonable information required by the commis-  
15 sioner together with the required fee. The application shall be  
16 simple in form and shall be executed by the applicant under the pen-  
17 alty of perjury.

18 \* Sec. 2. AS 16.05.460 is amended to read:

19 Sec. 16.05.460. COMMISSIONER OF REVENUE MAY APPOINT AGENTS. The  
20 commissioner of revenue may appoint qualified [PERSONS AS HIS] agents  
21 to receive applications, issue licenses, and collect license fees  
22 under AS 16.05.440 - 16.05.485 [AS 16.05.440 - 16.05.480], and to  
23 assist in the completion of annual application or renewal forms for  
24 interim-use permits and entry permits issued under AS 16.43.

25 \* Sec. 3. AS 16.05.470 is amended to read:

26 Sec. 16.05.470. AGENT'S FEE FOR ISSUANCE OF LICENSES AND ASSIS-  
27 TANCE [INTERIM-USE OR ENTRY PERMITS]. (a) A person appointed and  
28 authorized by the commissioner of revenue to sell licenses under  
29 AS 16.05.440 - 16.05.485 [AS 16.05.440 - 16.05.480], except salaried

1 employees of the state, shall retain the sum of 15 percent of the fee  
2 for the issuance of a license. An agent shall transmit monthly to the  
3 commissioner all license fees collected by the agent [HIM], less the  
4 authorized commission, together with a full accounting of the fees.  
5 The commissioner shall make monthly remittances of the fees collected  
6 to the proper state official. The commissioner [IS NOT LIABLE FOR  
7 DEFALCATION OR FAILURE TO ACCOUNT FOR THE FEES COLLECTED BY AN AGENT,  
8 BUT HE] shall require a bond in the sum the commissioner [HE] con-  
9 sidered adequate, conditioned upon the faithful accounting of money  
10 collected.

11 (b) A person appointed by the commissioner of revenue under  
12 AS 16.05.460 to issue licenses under AS 16.05.440 - 16.05.485 [AS 16.-  
13 05.440 - 16.05.480], except salaried employees of the state, shall  
14 retain the sum of 15 percent of the interim-use or entry permit fee  
15 for assisting in completion of the annual application or renewal form  
16 for the interim-use or entry permit, as provided by regulations of the  
17 Commercial Fisheries Entry Commission. An agent shall transmit  
18 promptly to the Commercial Fisheries Entry Commission all application  
19 or renewal forms and fees collected by the agent [HIM], less the  
20 authorized commission, together with a full accounting of the fees.  
21 The commissioner [AND THE COMMERCIAL FISHERIES ENTRY COMMISSION ARE  
22 NOT LIABLE FOR DEFALCATION OR FAILURE TO ACCOUNT FOR THE FEES COL-  
23 LECTED BY AN AGENT, BUT THE COMMISSIONER] shall require a bond in the  
24 sum the commissioner [HE] considers adequate, conditioned upon the  
25 faithful accounting of money collected.

26 \* Sec. 4. AS 16.05.480 is repealed and reenacted to read:

27 Sec. 16.05.480. COMMERCIAL FISHING LICENSE. (a) A person  
28 engaged in commercial fishing shall obtain a commercial fishing li-  
29 cense. The annual fee for the license is \$15 for a resident who is

1 eligible for an entry permit or interim-use permit under AS 16.43.-  
2 160(c) or who is eligible for a \$15 crewmember fishing license under  
3 AS 16.05.485(a). The annual fee for a commercial fishing license for  
4 all other residents is \$30. The annual fee for a commercial fishing  
5 license for a nonresident is \$90.

6 (b) A commercial fishing license is included in and need not be  
7 issued separately from a crewmember fishing license issued under  
8 AS 16.05.485 and an entry permit or interim-use permit issued, re-  
9 newed, or transferred under AS 16.43. The annual fee for a commercial  
10 fishing license is included in the annual fee for a crewmember fishing  
11 license issued under AS 16.05.485 and the first fee paid during a  
12 calendar year for an entry permit or interim-use permit issued or  
13 renewed under AS 16.43.

14 \* Sec. 5. AS 16.05 is amended by adding a new section to read:

15 Sec. 16.05.485. CREWMEMBER FISHING LICENSE. (a) A person  
16 engaged in commercial fishing who does not hold a valid entry permit  
17 or interim-use permit issued, renewed, or transferred under AS 16.43  
18 shall obtain a crewmember fishing license. The annual crewmember  
19 fishing license fee is \$15 for a resident who has a net family income  
20 falling within the Federal Community Services Administration poverty  
21 guidelines, adjusted by the Department of Revenue to reflect appropri-  
22 ate cost-of-living differentials. The annual crewmember fishing  
23 license fee for all other residents is \$30. The annual crewmember  
24 fishing license fee for a nonresident is \$90.

25 (b) A crewmember fishing license is nontransferable and shall be  
26 retained in the possession of the licensee, readily accessible for  
27 inspection at all times.

28 (c) A person applying for a resident crewmember fishing license  
29 under this section shall provide the proof of residence that the

1 Department of Revenue requires by regulation

2 (d) If a valid crewmember fishing license issued under this  
3 section is lost or destroyed, the person to whom the license was  
4 issued may, upon payment of a \$2 fee, obtain a duplicate license. A  
5 person who recovers an original license for which a duplicate has been  
6 issued shall immediately surrender the duplicate to the Department of  
7 Revenue.

8 \* Sec. 6. AS 16.05.680(1) is amended to read:

9 (1) to employ a person [HAVE IN HIS EMPLOY,] in the har-  
10 vesting, transporting or purchasing of fish unless the person [, A  
11 FISHERMAN WHO NEITHER] is licensed under AS 16.05.485 or [AS 16.05.480  
12 NOR] is the holder of a permit issued under AS 16.43,

13 \* Sec. 7. AS 16.05.710 is repealed and reenacted to read:

14 Sec. 16.05.710. LICENSE FORFEITURE. (a) Upon a first or second  
15 conviction of a person for a violation of AS 16.05.440 - 16.05.720 or  
16 a federal or state law or regulation for the protection of the commer-  
17 cial fish of the state, the court may, in addition to the penalty  
18 imposed by law, order

19 (1) a forfeiture of a crewmember fishing license, interim-  
20 use permit, or entry permit held by the person;

21 (2) a loss of eligibility to hold a crewmember fishing  
22 license, interim-use permit, or entry permit for a period of not more  
23 than one year; and

24 (3) a suspension of fishing rights under a crewmember  
25 fishing license, interim-use permit, or entry permit for a period of  
26 not more than one year.

27 (b) Upon a third conviction, the court may, in addition to the  
28 penalty imposed by law, order

29 (1) a forfeiture of the crewmember fishing license,

1 interim-use permit, or entry permit held by the person;

2 (2) a loss of eligibility to hold a crewmember fishing  
3 license, interim-use permit, or entry permit for a period of not more  
4 than three years; and

5 (3) a suspension of fishing rights under a crewmember  
6 fishing license, interim-use permit, or entry permit for a period of  
7 not more than three years.

8 \* Sec. 8. AS 16.10.310(a)(1)(A) is amended to read:

9 (A) individual commercial fishermen who have been  
10 state residents for a continuous period of five years immediately  
11 preceding the date of application for a loan under AS 16.10.300 -  
12 16.10.370 and have had a crewmember [OR COMMERCIAL] fishing  
13 license under AS 16.05 [AS 16.05.480] or a permit under AS 16.43  
14 for any one of the past five years, and who actively participated  
15 in the fishery during that period, for the purchase of entry  
16 permits;

17 \* Sec. 9. AS 16.10.310(a)(1)(C) is amended to read:

18 (C) corporations, partnerships, or joint ventures, 100  
19 percent of which are owned by individual commercial fishermen who  
20 have been state residents for a continuous period of five years  
21 immediately preceding the date of application for a loan under  
22 AS 16.10.310(a)(1)(B) and have had a crewmember [OR COMMERCIAL]  
23 fishing license under AS 16.05 [AS 16.05.480] or a permit under  
24 AS 16.43 for any one of the past five years, and who actively  
25 participated in the fishery during that period, for the repair,  
26 restoration or upgrading of existing vessels and gear, for the  
27 purchase of gear, and for the construction and purchase of ves-  
28 sels;

29 \* Sec. 10. AS 16.43.160(a) is amended to read:

1 (a) The commission shall establish annual fees for the issuance  
2 and annual renewal of entry permits or interim-use permits. [THE  
3 AMOUNT PAID BY A PERMIT HOLDER UNDER THE PROVISIONS OF AS 16.05.480  
4 SHALL BE CREDITED BY THE COMMISSION TOWARD PAYMENT OF THE FEE CHARGED  
5 UNDER THIS SECTION. NO MORE THAN ONE CREDIT MAY BE OBTAINED ANNUALLY  
6 BY A PERSON.]

7 \* Sec. 11. AS 16.43.160(b) is amended to read:

8 (b) Except as provided in (c) of this section, annual [ANNUAL]  
9 fees established under this section shall be not [NO] less than \$30  
10 nor [\$10 AND NO] more than \$750 and shall reasonably reflect the  
11 different rates of economic return for different fisheries. The  
12 amount of an annual fee for a nonresident shall be three times the  
13 amount of an annual fee for a resident.

14 \* Sec. 12. AS 23.35.060 is amended to read:

15 Sec. 23.35.060. CREATION AND ADMINISTRATION OF FISHERMEN'S FUND.  
16 There is created a fund, designated as the "fishermen's fund." The  
17 Department of Revenue is the custodian of the fund and the Department  
18 of Labor shall administer it. The fund shall be composed of 60 per-  
19 cent of the money derived by the state from all commercial fishing  
20 [FISHERMEN'S] licenses required under AS 16.05.480 and money appropri-  
21 ated to carry out the purpose of AS 23.35.

22 \* Sec. 13. AS 23.35.150(4) is amended to read:

23 (4) "fisherman" means a person who is licensed by the state  
24 to engage in commercial fishing under AS 16.05 [AS 16.05.480] or who  
25 is the holder of a permit issued under AS 16.43 and who, at the time  
26 injury is sustained or illness is contracted, is actually so engaged  
27 or is occupied in Alaska in preparing or dismantling boats or gear  
28 used in commercial fishing;

29 \* Sec. 14. AS 43.75.017(1) is amended to read:

1           (1) the vessel is operated as a commercial fishing vessel  
2 by a person holding [UNDER] a valid entry permit or interim-use permit  
3 issued, renewed, or transferred under AS 16.43, or a valid crewmember  
4 [COMMERCIAL] fishing license issued under AS 16.05.485;

5 \* Sec. 15. AS 44.81.210(a)(20) is amended to read:

6           (20) make loans to individual commercial fishermen for  
7 limited entry permits; a loan under this paragraph may be made only to  
8 an individual commercial fisherman who has been a state resident for a  
9 continuous period of five years immediately preceding the date of  
10 application for the loan and who has had a crewmember [OR COMMERCIAL]  
11 fishing license under AS 16.05 [AS 16.05.480] or a permit under  
12 AS 16.43 for any one of the past five years, and who has actively  
13 participated in the fishery during that period; loans made under this  
14 paragraph are subject to the provisions of AS 44.81.230;

15 \* Sec. 16. This Act takes effect January 1, 1984.

16

STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: November 30, 1983

REQUEST

Bill/Resolution No.: SB 52  
Title: "...licensing of commercial fishing..."  
Sponsor: Senator Mulcahy  
Requestor: Resources and Finance  
Date of Request: March 9, 1983

FISCAL DETAIL

Agency Affected: Labor  
Program Category Affected: Worker Protection  
BRU, Program or Subprogram(s) Affected: Fishermen's Fund

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>	0	0	0	0	0	0
<b>CAPITAL</b>						
<b>REVENUE</b>						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER *		<5.8>	<11.5>	<11.5>	<11.5>	<11.5>
<b>TOTAL</b>						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

The impact is on the Fishermen's Fund.

ANALYSIS: Attach a separate page for analysis

Prepared By: Jacquelyn McClintock

Division: Workers' Compensation

Phone: 465-2790

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

Approved by Commissioner: Jim Robison

Agency: Labor

Date: 12/11/83

LEG:A:13

Distribution (by Agency preparing fiscal note):

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

12/1/83

FISCAL NOTE

THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE

BILL/RESOLUTION NO: SB 52

TITLE: "An Act relating to licensing of commercial fishing"

AGENCY AFFECTED: Department of Labor

Page 2

This bill would revise the cost for resident crewmember commercial fishing licenses for approximately 1,282 individuals in Calendar Year 1985. The cost will be reduced from \$30.00 to \$15.00 for all residents who have a net family income falling within the poverty guidelines established by the Federal Community Services Administration and the Department of Revenue.

In preparing this fiscal note the following assumptions have been made:

1. Effective date of January 1, 1985.
2. No significant increase in the number of licenses sold from Calendar Year 1982 is anticipated.
3. Seven percent of resident crewmembers would qualify.
4. Loss of General Funds (40 percent of fee) will be reflected in the Department of Revenue's fiscal note.

The projected loss in revenue to the Fishermen's Fund will therefore be as follows:

Number of licenses sold in Calendar Year 1982	18,309
Number of low-income Crew Members	$x .07$ <u>1,282</u>
Total Loss in Revenue	$x \$15$ <u>\$19,230</u>
Total Loss to Fund	$x .60$ <u>\$11,538</u>

The same loss would be projected for Fiscal Year 1986 through Fiscal Year 1989. The impact on Fiscal Year 1985 would be only \$5,769, as the law would take effect January 1, 1985.

LEG:A:13

SENATE AMENDMENT #1

BY Senator Eliason

To: \_\_\_\_\_ SENATE BILL No. CSSB 52 (Res)

To: \_\_\_\_\_ HOUSE BILL No. \_\_\_\_\_

PAGE: 6      LINE: 13 through 15

Delete: The commission may charge interest at a rate not more than than the rate provided by AS 45.45.010 (a) on a fee not paid during the calendar in which it was due.

COMMITTEE REPORT  
SENATE

FURTHER:

4/15/83

Date: 5/19/83

Mr. President:

The Committee on FINANCE has had SB 52

Relating to the licensing of commercial fishing; eff. date

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

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for SB 52 (ROS)  same title  new title
- and recommends do pass
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

[Handwritten signatures]

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Handwritten signature]  
CHAIRMAN

Offered: 4/15/83  
Referred: Finance

Original sponsor: Mulcahy

1 IN THE SENATE BY THE RESOURCES COMMITTEE  
2 CS FOR SENATE BILL NO. 52 (Resources)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 THIRTEENTH LEGISLATURE - FIRST SESSION  
5 A BILL

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13 written application at a place in the state designated by the commis-  
14 sioner, containing the reasonable information required by the commis-  
15 sioner together with the required fee. The application shall be  
16 simple in form and shall be executed by the applicant under the pen-  
17 alty of perjury.

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25 \* Sec. 3. AS 16.05.470 is amended to read:

26 Sec. 16.05.470. AGENT'S FEE FOR ISSUANCE OF LICENSES AND ASSIS-  
27 TANCE [INTERIM-USE OR ENTRY PERMITS]. (a) A person appointed and  
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29 AS 16.05.440 - 16.05.485; [AS 16.05.440 - 16.05.480], except salaried

1 employees of the state, shall retain the sum of 15 percent of the fee  
2 for the issuance of a license. An agent shall transmit monthly to the  
3 commissioner all license fees collected by the agent [HIM], less the  
4 authorized commission, together with a full accounting of the fees.  
5 The commissioner shall make monthly remittances of the fees collected  
6 to the proper state official. The commissioner [IS NOT LIABLE FOR  
7 DEFALCATION GR FAILURE TO ACCOUNT FOR THE FEES COLLECTED BY AN AGENT,  
8 BUT HE] shall require a bond in the sum the commissioner [HE] con-  
9 siders adequate, conditioned upon the faithful accounting of money  
10 collected.

11 (b) A person appointed by the commissioner of revenue under  
12 AS 16.05.460 to issue licenses under AS 16.05.440 - 16.05.485 [AS 16.-  
13 05.440 - 16.05.480], except salaried employees of the state, shall  
14 retain the sum of 15 percent of the interim-use or entry permit fee  
15 for assisting in completion of the annual application or renewal form  
16 for the interim-use or entry permit, as provided by regulations of the  
17 Commercial Fisheries Entry Commission. An agent shall transmit  
18 promptly to the Commercial Fisheries Entry Commission all application  
19 or renewal forms and fees collected by the agent [HIM], less the  
20 authorized commission, together with a full accounting of the fees.  
21 The commissioner [AND THE COMMERCIAL FISHERIES ENTRY COMMISSION ARE  
22 NOT LIABLE FOR DEFALCATION OR FAILURE TO ACCOUNT FOR THE FEES COL-  
23 LECTED BY AN AGENT, BUT THE COMMISSIONER] shall require a bond in the  
24 sum the commissioner [HE] considers adequate, conditioned upon the  
25 faithful accounting of money collected.

26 \* Sec. 4. AS 16.05.480 is repealed and reenacted to read:

27 Sec. 16.05.480. COMMERCIAL FISHING LICENSE. (a) A person  
28 engaged in commercial fishing shall obtain a commercial fishing li-  
29 cense. The annual fee for the license is \$15 for a resident who is

1 eligible for an entry permit or interim-use permit under AS 16.43.-  
2 160(c) or who is eligible for a \$15 crewmember fishing license under  
3 AS 16.05.485(a). The annual fee for a commercial fishing license for  
4 all other residents is \$30. The annual fee for a commercial fishing  
5 license for a nonresident is \$90.

6 (b) A commercial fishing license is included in and need not be  
7 issued separately from a crewmember fishing license issued under  
8 AS 16.05.485 and an entry permit or interim-use permit issued, re-  
9 newed, or transferred under AS 16.43. The annual fee for a commercial  
10 fishing license is included in the annual fee for a crewmember fishing  
11 license issued under AS 16.05.485 and the first fee paid during a  
12 calendar year for an entry permit or interim-use permit issued or  
13 renewed under AS 16.43.

14 \* Sec. 5. AS 16.05 is amended by adding a new section to read:

15 Sec. 16.05.485. CREWMEMBER FISHING LICENSE. (a) A person  
16 engaged in commercial fishing who does not hold a valid entry permit  
17 or interim-use permit issued, renewed, or transferred under AS 16.43  
18 shall obtain a crewmember fishing license. The annual crewmember  
19 fishing license fee is \$15 for a resident who has a net family income  
20 falling within the Federal Community Services Administration poverty  
21 guidelines, adjusted by the Department of Revenue to reflect appropri-  
22 ate cost-of-living differentials. The annual crewmember fishing  
23 license fee for all other residents is \$30. The annual crewmember  
24 fishing license fee for a nonresident is \$90.

25 (b) A crewmember fishing license is nontransferable and shall be  
26 retained in the possession of the licensee, readily accessible for  
27 inspection at all times.

28 (c) A person applying for a resident crewmember fishing license  
29 under this section shall provide the proof of residence that the

1 Department of Revenue requires by regulation.

2 (d) If a valid crewmember fishing license issued under this  
3 section is lost or destroyed, the person to whom the license was  
4 issued may, upon payment of a \$2 fee, obtain a duplicate license. A  
5 person who recovers an original license for which a duplicate has been  
6 issued shall immediately surrender the duplicate to the Department of  
7 Revenue.

8 \* Sec. 6. AS 16.05.680(1) is amended to read:

9 (1) to employ a person [HAVE IN HIS EMPLOY,] in the har-  
10 vesting, transporting or purchasing of fish unless the person [, A  
11 FISHERMAN WHO NEITHER] is licensed under AS 16.05.485 or [AS 16.05.480  
12 NOR] is the holder of a permit issued under AS 16.43,

13 \* Sec. 7. AS 16.05.710 is repealed and reenacted to read:

14 Sec. 16.05.710. LICENSE FORFEITURE. (a) Upon a first or second  
15 conviction of a person for a violation of AS 16.05.440 - 16.05.720 or  
16 a federal or state law or regulation for the protection of the commer-  
17 cial fish of the state, the court may, in addition to the penalty  
18 imposed by law, order

19 (1) a forfeiture of a crewmember fishing license, interim-  
20 use permit, or entry permit held by the person;

21 (2) a loss of eligibility to hold a crewmember fishing  
22 license, interim-use permit, or entry permit for a period of not more  
23 than one year; and

24 (3) a suspension of fishing rights under a crewmember  
25 fishing license, interim-use permit, or entry permit for a period of  
26 not more than one year.

27 (b) Upon a third conviction, the court may, in addition to the  
28 penalty imposed by law, order

1 (1) a forfeiture of the crewmember fishing license, inter-  
2 im-use permit, or entry permit held by the person;

3 (2) a loss of eligibility to hold a crewmember fishing  
4 license, interim-use permit, or entry permit for a period of not more  
5 than three years; and

6 (3) a suspension of fishing rights under a crewmember  
7 fishing license, interim-use permit, or entry permit for a period of  
8 not more than three years.

9 \* Sec. 8. AS 16.10.310(a)(1)(A) is amended to read:

10 (A) individual commercial fishermen who have been  
11 state residents for a continuous period of five years immediately  
12 preceding the date of application for a loan under AS 16.10.300 -  
13 16.10.370 and have had a crewmember [OR COMMERCIAL] fishing  
14 license under AS 16.05 [AS 16.05.480] or a permit under AS 16.43  
15 for any one of the past five years, and who actively participated  
16 in the fishery during that period, for the purchase of entry  
17 permits;

18 \* Sec. 9. AS 16.10.310(a)(1)(C) is amended to read:

19 (C) corporations, partnerships, or joint ventures, 100  
20 percent of which are owned by individual commercial fishermen who  
21 have been state residents for a continuous period of five years  
22 immediately preceding the date of application for a loan under  
23 AS 16.10.310(a)(1)(B) and have had a crewmember [OR COMMERCIAL]  
24 fishing license under AS 16.05 [AS 16.05.480] or a permit under  
25 AS 16.43 for any one of the past five years, and who actively  
26 participated in the fishery during that period, for the repair,  
27 restoration or upgrading of existing vessels and gear, for the  
28 purchase of gear, and for the construction and purchase of  
29 vessels;

1 \* Sec. 10. AS 16.43.160(a) is amended to read:

2 (a) The commission shall establish annual fees for the issuance  
3 and annual renewal of entry permits or interim-use permits. [THE  
4 AMOUNT PAID BY A PERMIT HOLDER UNDER THE PROVISIONS OF AS 16.05.480  
5 SHALL BE CREDITED BY THE COMMISSION TOWARD PAYMENT OF THE FEE CHARGED  
6 UNDER THIS SECTION. NO MORE THAN ONE CREDIT MAY BE OBTAINED ANNUALLY  
7 BY A PERSON.]

8 \* Sec. 11. AS 16.43.160(b) is amended to read:

9 (b) Except as provided in (c) of this section, annual [ANNUAL]  
10 fees established under this section shall be not [NO] less than \$30  
11 nor [\$10 AND NO] more than \$750 and shall reasonably reflect the  
12 different rates of economic return for different fisheries. The  
13 amount of an annual fee for a nonresident shall be three times the  
14 amount of an annual fee for a resident. The commission may charge  
15 interest at a rate not more than the rate provided by AS 45.45.010(a)  
16 on a fee not paid during the calendar year in which it was due.

17 \* Sec. 12. AS 23.35.060 is amended to read:

18 Sec. 23.35.060. CREATION AND ADMINISTRATION OF FISHERMEN'S FUND.  
19 There is created a fund, designated as the "fishermen's fund." The  
20 Department of Revenue is the custodian of the fund and the Department  
21 of Labor shall administer it. The fund shall be composed of 60 per-  
22 cent of the money derived by the state from all commercial fishing  
23 [FISHERMEN'S] licenses required under AS 16.05.480 and money appropri-  
24 ated to carry out the purpose of AS 23.35.

25 \* Sec. 13. AS 23.35.150(4) is amended to read:

26 (4) "fisherman" means a person who is licensed by the  
27 state to engage in commercial fishing under AS 16.05 [AS 16.05.480]  
28 or who is the holder of a permit issued under AS 16.43 and who, at  
29 the time injury is sustained or illness is contracted, is actually so

1 engaged or is occupied in Alaska in preparing or dismantling boats or  
2 gear used in commercial fishing;

3 \* Sec. 14. AS 43.75.017(1) is amended to read:

4 (1) the vessel is operated as a commercial fishing vessel  
5 by a person holding [UNDER] a valid entry permit or interim-use permit  
6 issued, renewed, or transferred under AS 16.43, or a valid crewmember  
7 [COMMERCIAL] fishing license issued under AS 16.05.485;

8 \* Sec. 15. AS 44.81.210(a)(20) is amended to read:

9 (20) make loans to individual commercial fishermen for  
10 limited entry permits; a loan under this paragraph may be made only to  
11 an individual commercial fisherman who has been a state resident for a  
12 continuous period of five years immediately preceding the date of  
13 application for the loan and who has had a crewmember [OR COMMERCIAL]  
14 fishing license under AS 16.05 [AS 16.05.480] or a permit under  
15 AS 16.43 for any one of the past five years, and who has actively  
16 participated in the fishery during that period; loans made under this  
17 paragraph are subject to the provisions of AS 44.81.230;

18 \* Sec. 16. This Act takes effect January 1, 1984.

Introduced: 1/18/83  
Referred: Resources and  
Finance

1 IN THE SENATE

BY MULCAHY

2

SENATE BILL NO. 52

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the licensing of commercial  
7 fishing; and providing for an effective date."

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

9 \* Section 1. AS 16.05.450(a) is amended to read:

10 (a) The commissioner of revenue or the commissioner's [HIS]  
11 authorized agent shall issue a crewmember fishing license under  
12 AS 16.05.485 [AS 16.05.480] to each qualified person who files a  
13 written application at a place in the state designated by the commis-  
14 sioner, containing the reasonable information required by the commis-  
15 sioner together with the required fee. The application shall be  
16 simple in form and shall be executed by the applicant under the pen-  
17 alty of perjury.

18 \* Sec. 2. AS 16.05.460 is amended to read:

19 Sec. 16.05.460. COMMISSIONER OF REVENUE MAY APPOINT AGENTS. The  
20 commissioner of revenue may appoint qualified [PERSONS AS HIS] agents  
21 to receive applications, issue licenses, and collect license fees  
22 under AS 16.05.440 - 16.05.485 [AS 16.05.440 - 16.05.480], and to  
23 assist in the completion of annual application or renewal forms for  
24 interim-use permits and entry permits issued under AS 16.43.

25 \* Sec. 3. AS 16.05.470 is amended to read:

26 Sec. 16.05.470. AGENTS FEE FOR ISSUANCE OF LICENSES AND ASSIS-  
27 TANCE [INTERIM-USE OR ENTRY PERMITS]. (a) A person appointed and  
28 authorized by the commissioner of revenue to sell licenses under  
29 AS 16.05.440 - 16.05.485 [AS 16.05.440 - 16.05.480], except salaried

1 employees of the state, shall retain the sum of 15 percent of the fee  
2 for the issuance of a license. An agent shall transmit monthly to the  
3 commissioner all license fees collected by the agent [HIM], less the  
4 authorized commission, together with a full accounting of the fees.  
5 The commissioner shall make monthly remittances of the fees collected  
6 to the proper state official. The commissioner [IS NOT LIABLE FOR  
7 DEFALCATION OR FAILURE TO ACCOUNT FOR THE FEES COLLECTED BY AN AGENT,  
8 BUT HE] shall require a bond in the sum the commissioner [HE] con-  
9 siderers adequate, conditioned upon the faithful accounting of money  
10 collected.

11 (b) A person appointed by the commissioner of revenue under  
12 AS 16.05.460 to issue licenses under AS 16.05.440 - 16.05.485 [AS 16.-  
13 05.440 - 16.05.480], except salaried employees of the state, shall  
14 retain the sum of 15 percent of the interim-use or entry permit fee  
15 for assisting in completion of the annual application or renewal form  
16 for the interim-use or entry permit. An agent shall transmit promptly  
17 to the Commercial Fisheries Entry Commission all application or re-  
18 newal forms and fees collected by the agent [HIM], less the authorized  
19 commission, together with a full accounting of the fees. The commis-  
20 sioner [AND THE COMMERCIAL FISHERIES ENTRY COMMISSION ARE NOT LIABLE  
21 FOR DEFALCATION OR FAILURE TO ACCOUNT FOR THE FEES COLLECTED BY AN  
22 AGENT, BUT THE COMMISSIONER] shall require a bond in the sum the  
23 commissioner [HE] considers adequate, conditioned upon the faithful  
24 accounting of money collected.

25 \* Sec. 4. AS 16.05.480 is repealed and reenacted to read:

26 Sec. 16.05.480. COMMERCIAL FISHING LICENSE. (a) A person  
27 engaged in commercial fishing shall obtain a commercial fishing  
28 license. The annual fee for the license is \$15 for a resident who is  
29 subject to a maximum annual fee of \$15 for an entry permit or interim-

1 use permit under AS 16.43.160(c) or who is eligible for a \$15 crew-  
2 member fishing license under AS 16.05.485(a). The annual fee for a  
3 commercial fishing license for all other residents is \$30. The annual  
4 fee for a commercial fishing license for a nonresident is \$90.

5 (b) A commercial fishing license is included in and need not be  
6 issued separately from a crewmember fishing license issued under  
7 AS 16.05.485 and an entry permit or interim-use permit issued, re-  
8 newed, or transferred under AS 16.43. The fee for a commercial  
9 fishing license is included in the fee for a crewmember fishing li-  
10 cense issued under AS 16.05.485 and the first fee paid during a calen-  
11 dar year for an entry permit or interim-use permit issued or renewed  
12 under AS 16.43.

13 \* Sec. 5. AS 16.05 is amended by adding a new section to read:

14 Sec. 16.05.485. CREWMEMBER FISHING LICENSE. (a) A person  
15 engaged in commercial fishing who does not hold a valid entry permit  
16 or interim- use permit issued, renewed, or transferred under AS 16.43  
17 shall obtain a crewmember fishing license. The annual crewmember  
18 fishing license fee for a nonresident is \$90. The annual crewmember  
19 fishing license fee is \$15 for a resident who has a net family income  
20 falling within the Federal Community Services Administration poverty  
21 guidelines, adjusted by the Department of Revenue to reflect appropri-  
22 ate cost-of-living differentials. The annual crewmember fishing  
23 license fee for all other residents is \$30.

24 (b) A crewmember fishing license is nontransferable and shall be  
25 retained in the possession of the licensee, readily accessible for  
26 inspection at all times.

27 (c) A person applying for a resident crewmember fishing license  
28 under this section shall provide the proof of residence that the  
29 Department of Revenue requires by regulation.

1 (d) If a valid crewmember fishing license issued under this  
2 section is lost or destroyed, the person to whom the license was  
3 issued may, upon payment of a \$2 fee, obtain a duplicate license. A  
4 person who recovers an original license for which a duplicate has been  
5 issued shall immediately surrender the duplicate to the Department of  
6 Revenue.

7 \* Sec. 6. AS 16.05.680(1) is amended to read:

8 (1) to employ a person [HAVE IN HIS EMPLOY,] in the har-  
9 vesting, transporting or purchasing of fish unless the person [, A  
10 FISHERMAN WHO NEITHER] is a licensee [LICENSED] under AS 16.05.485 or  
11 [AS 16.05.480 NOR] is the holder of a permit issued under AS 16.43,

12 \* Sec. 7. AS 16.05.710 is repealed and reenacted to read:

13 Sec. 16.05.710. LICENSE FORFEITURE. (a) Upon a first or second  
14 conviction of a person for a violation of AS 16.05.440 - 16.05.720 or  
15 a federal or state law or regulation for the protection of the commer-  
16 cial fish of the state, the court may, in addition to the penalty  
17 imposed by law, order

18 (1) a forfeiture of a crewmember fishing license, interim-  
19 use permit, or entry permit held by the person;

20 (2) a loss of eligibility to hold a crewmember fishing  
21 license, interim-use permit, or entry permit for a period of not more  
22 than one year; and

23 (3) a suspension of fishing rights under a crewmember  
24 fishing license, interim-use permit, or entry permit for a period of  
25 not more than one year.

26 (b) Upon a third conviction, the court may, in addition to the  
27 penalty imposed by law, order

28 (1) a forfeiture of the crewmember fishing license, inter-  
29 im-use permit, or entry permit held by the person;

1                   (2) a loss of eligibility to hold a crewmember fishing  
2 license, interim-use permit, or entry permit for a period of not more  
3 than three years; and

4                   (3) a suspension of fishing rights under a crewmember  
5 fishing license, interim-use permit, or entry permit for a period of  
6 not more than three years.

7 \* Sec. 8. AS 16.10.310(a)(1)(A) is amended to read:

8                   (A) individual commercial fishermen who have been  
9 state residents for a continuous period of five years immediately  
10 preceding the date of application for a loan under AS 16.10.300 -  
11 16.10.370 and have had a crewmember [OR COMMERCIAL] fishing  
12 license under AS 16.05.485 [AS 16.05.480] or a permit under  
13 AS 16.43 for any one of the past five years, and who actively  
14 participated in the fishery during that period, for the purchase  
15 of entry permits;

16 \* Sec. 9. AS 16.10.310(a)(1)(C) is amended to read:

17                   (C) corporations, partnerships, or joint ventures, 100  
18 percent of which are owned by individual commercial fishermen who  
19 have been state residents for a continuous period of five years  
20 immediately preceding the date of application for a loan under  
21 AS 16.10.310(a)(1)(B) and have had a crewmember [OR COMMERCIAL]  
22 fishing license under AS 16.05.485 [AS 16.05.480] or a permit  
23 under AS 16.43 for any one of the past five years, and who  
24 actively participated in the fishery during that period, for the  
25 repair, restoration or upgrading of existing vessels and gear,  
26 for the purchase of gear, and for the construction and purchase  
27 of vessels;

28 \* Sec. 10. AS 16.43.160(a) is amended to read:

29                   (a) The commission shall establish annual fees for the issuance

1 and annual renewal of entry permits or interim-use permits. [THE  
2 AMOUNT PAID BY A PERMIT HOLDER UNDER THE PROVISIONS OF ~~AS~~ 16.05.480  
3 SHALL BE CREDITED BY THE COMMISSION TOWARD PAYMENT OF THE FEE CHARGED  
4 UNDER THIS SECTION. NO MORE THAN ONE CREDIT MAY BE OBTAINED ANNUALLY  
5 BY A PERSON.]

6 \* Sec. 11. AS 16.43.160(b) is amended to read:

7 (b) Except as provided in (c) of this section, annual [ANNUAL]  
8 fees established under this section shall be not [NO] less than \$30  
9 nor [\$10 AND NO] more than \$750 and shall reasonably reflect the  
10 different rates of economic return for different fisheries. The  
11 amount of an annual fee for a nonresident shall be three times the  
12 amount of an annual fee for a resident. The commission may charge  
13 interest at a rate not more than the rate provided by AS 45.45.010(a)  
14 on a fee not paid during the calendar year in which it was due.

15 \* Sec. 12. AS 23.35.060 is amended to read:

16 Sec. 23.35.060. CREATION AND ADMINISTRATION OF FISHERMEN'S FUND,  
17 There is created a fund, designated as the "fishermen's fund." The  
18 Department of Revenue is the custodian of the fund and the Department  
19 of Labor shall administer it. The fund shall be composed of 60 per-  
20 cent of the money derived by the state from all commercial fishing  
21 [FISHERMEN'S] licenses required under AS 16.05.480 and money appropri-  
22 ated to carry out the purpose of AS 23.35.

23 \* Sec. 13. AS 23.35.150(4) is amended to read:

24 (4) "fisherman" means a person who is licensed by the state  
25 to engage in commercial fishing under AS 16.05.485 [AS 16.05.480] or  
26 who is the holder of a permit issued under AS 16.43 and who, at the  
27 time injury is sustained or illness is contracted, is actually so  
28 engaged or is occupied in Alaska in preparing or dismantling boats or  
29 gear used in commercial fishing;

1 \* Sec. 14. AS 43.75.017(1) is amended to read:

2 (1) the vessel is operated as a commercial fishing vessel  
3 by a person holding [UNDER] a valid entry permit or interim-use permit  
4 issued, renewed, or transferred under AS 16.43 [COMMERCIAL FISHING  
5 LICENSE];

6 \* Sec. 15. AS 44.81.210(a)(20) is amended to read:

7 (20) make loans to individual commercial fishermen for  
8 limited entry permits; a loan under this paragraph may be made only to  
9 an individual commercial fisherman who has been a state resident for a  
10 continuous period of five years immediately preceding the date of  
11 application for the loan and who has had a crewmember [OR COMMERCIAL]  
12 fishing license under AS 16.05.485 [AS 16.05.480] or a permit under  
13 AS 16.43 for any one of the past five years, and who has actively  
14 participated in the fishery during that period; loans made under this  
15 paragraph are subject to the provisions of AS 44.81.230;

16 \* Sec. 16. This Act takes effect January 1, 1984.

COMMITTEE REPORT  
SENATE

FURTHER: FINANCE

1/18/83

Date: 4-13-83

Mr. President:

The Committee on RESOURCES has had SENATE BILL NO. 52

"An Act relating to the licensing of commercial fishing;  
eff. date."

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

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for SB 52 (Res)  same title  
 new title
- and recommends & my do pass
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

[Signature]

[Signature]

3

[Signature]

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

[Signature]

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

[Signature] Do Pass  
CHAIRMAN



Introduced: 1/18/83  
Referred: Community and Regional  
Affairs and Finance

1 IN THE SENATE

BY MULCAHY AND KELLY

2

SENATE BILL NO. 53

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act authorizing municipalities to exempt business  
7 inventories from taxation; and providing for an  
8 effective date."

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

10 \* Section 1. AS 29.53.025(b) is amended by adding a new paragraph to  
11 read:

12 (3) exempt business inventories from taxation.

13 \* Sec. 2. AS 29.45.050(b) is amended by adding a new paragraph to read:

14 (4) exempt business inventories from taxation.

15 \* Sec. 3. Section 1 of this Act is repealed.

16 \* Sec. 4. Sections 2 and 3 of this Act take effect on the effective  
17 date of a version of an Act revising AS 29 passed by the Thirteenth Legis-  
18 lature and enacted into law.

19 \* Sec. 5. Section 1 of this Act takes effect immediately in accordance  
20 with AS 01.10.070(c).

"LETTER OF INTENT OF SENATE

SENATE BILL NO. 53

Senate Bill 53 permits municipalities to exempt business inventories from taxation. The taxation of business inventories may be considered to be undesirable by local authorities, for several reasons. Local authorities, in their discretion may find that such taxation is inequitable, treating businesses in disparate ways only on the basis of the size and value of inventories, and not on such criteria as profitability or the demands made upon municipal services. Exemption of business inventories may also be found as a way of enhancing local business climate and attracting new businesses, and jobs, to a local community.

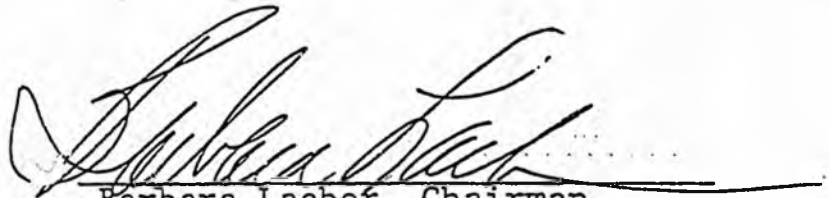
Such considerations, and others, ought to be within the right of local officials to make. Senate Bill 53 will give them that right. However, because the bill broadens municipal discretion and requires no change in municipal taxation, it is not the intention of the Senate to replace revenues which may be lost by the exemption by increased municipal assistance or state aid. Local officials exercising the authority to exempt business inventories from taxation under this bill would be well advised not to anticipate compensating revenues from the state to replace such lost local tax receipts."

Adopted in the Senate April 8, 1983.

HOUSE COMMUNITY & REGIONAL AFFAIRS COMMITTEE

SENATE BILL NO. 53

While the bill broadens discretion and requires no change in municipal taxation, it is not the intention of the House to replace revenues which may be lost by the exemption by increased municipal assistance or state aid. Local officials exercising the authority to exempt business inventories from taxation under this bill would be well advised not to anticipate compensating revenues from the state to replace such lost local tax receipts.



Barbara Lacher, Chairman  
House Community & Regional Affairs Committee

STATE OF ALASKA  
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: SB 53 Date on Bill: 1/18/83  
 Title: Authorize Municipalities to exempt business inventories from taxation.  
 Sponsor: Mulcahy and Kelly  
 Requestor: SCRA

1. Estimated fiscal impacts on: Department of Community and Regional Affairs

a. Expenditures:

(Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86
Capital		-0-	-0-	-0-
Operating		-0-	-0-	-0-
Total		-0-	-0-	-0-

b. Revenues:

Revenue				
---------	--	--	--	--

2. Source of funds to offset fiscal impact of bill:

3. Assumptions: This bill allows municipal governments the option of excluding business inventories from taxation. This option will have no impact on the Department's operations. No fiscal impact.

4. Disclaimer:

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

Prepared By: Richard Rainery  
 Division: Commissioner's Office

Phone: 465-4703  
 Date: \_\_\_\_\_

Approved by Commissioner: \_\_\_\_\_  
 Department: Department of Community and Regional Affairs

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

5. Distribution:

- Original to Legislative Finance
- Copy to OMB
- Copy to Sponsor
- Copy to Requestor

2/8/83

The following individuals are expected to testify on SB  
53:

Senator Bob Mulcahy, prime sponsor

"LETTER OF INTENT OF SENATE

SENATE BILL NO. 53

Senate Bill 53 permits municipalities to exempt business inventories from taxation. The taxation of business inventories may be considered to be undesirable by local authorities, for several reasons. Local authorities, in their discretion may find that such taxation is inequitable, treating businesses in disparate ways only on the basis of the size and value of inventories, and not on such criteria as profitability or the demands made upon municipal services. Exemption of business inventories may also be found as a way of enhancing local business climate and attracting new businesses, and jobs, to a local community.

Such considerations, and others, ought to be within the right of local officials to make. Senate Bill 53 will give them that right. However, because the bill broadens municipal discretion and requires no change in municipal taxation, it is not the intention of the Senate to replace revenues which may be lost by the exemption by increased municipal assistance or state aid. Local officials exercising the authority to exempt business inventories from taxation under this bill would be well advised not to anticipate compensating revenues from the state to replace such lost local tax receipts."

Adopted in the Senate April 8, 1983.

Introduced: 1/18/83  
Referred: Community and Regional  
Affairs and Finance

1 IN THE SENATE

BY MULCAHY AND KELLY

2

SENATE BILL NO. 53

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act authorizing municipalities to exempt business

7

inventories from taxation; and providing for an

8

effective date."

9

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

10

\* Section 1. AS 29.53.025(b) is amended by adding a new paragraph to

11

read:

12

(3) exempt business inventories from taxation.

13

\* Sec. 2. AS 29.45.050(b) is amended by adding a new paragraph to read:

14

(4) exempt business inventories from taxation.

15

\* Sec. 3. Section 1 of this Act is repealed.

16

\* Sec. 4. Sections 2 and 3 of this Act take effect on the effective

17

date of a version of an Act revising AS 29 passed by the Thirteenth Legis-

18

lature and enacted into law.

19

\* Sec. 5. Section 1 of this Act takes effect immediately in accordance

20

with AS 01.10.070(c).

CITY OF KODIAK  
RESOLUTION 57-81

A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK SEEKING A CHANGE IN THE ALASKA STATUTES TITLE 29, CHAPTER 53. MUNICIPAL ASSESSMENT AND TAXATION, SECTION 29.53.025 OPTIONAL EXEMPTIONS AND EXCLUSIONS.

WHEREAS, it is the intent of the Kodiak City Council to seek to allow the exemption of commercial and business inventories from personal property taxation, through the initiation of legislation by local representatives, to Alaska Statutes Title 29, Chapter 53, Municipal Assessment and Taxation; and

WHEREAS, more specifically, the intended change would be an addition of the following words to Section 29.53.025 Optional exemptions and exclusions. (b)(2) "(E) all commercial and business inventories."

NOW, THEREFORE, BE IT RESOLVED by the Kodiak City Council as follows:

Section 1. Senator Mulcahy and Representative Zharoff initiate the appropriate legislative action, which, if approved, would exempt commercial and business inventories from personal property taxation.

PASSED AND APPROVED this 28 day of December, 1981.

CITY OF KODIAK

Alvin J. Binsley  
MAYOR

ATTEST:

Nancy E. Helbert  
CITY CLERK

KODIAK ISLAND BOROUGH  
RESOLUTION NO. 83-19-R

A RESOLUTION OF THE KODIAK ISLAND BOROUGH ASSEMBLY REAFFIRMING  
SUPPORT TO EXEMPT BUSINESS INVENTORIES FROM PERSONAL PROPERTY TAXES.

WHEREAS, it is the intent of the Kodiak Island Borough Assembly to  
to allow the exemption of business inventories from personal property taxation  
through the initiation of legislation to amend Alaska Statute 29, Chapter 53,  
Municipal Assessment and Taxation, and

WHEREAS, Senate Bill No. 53 introduced in the legislature of the  
State of Alaska, Thirteen Legislature, First Session, is a bill entitled  
"An Act Authorizing Municipalities to Exempt Business Inventories from Taxation;  
and Providing for an Effective Date.", and

WHEREAS, the Kodiak Island Borough did by Resolution No. 82-1-R  
pass a resolution seeking to change municipal assessment and taxation thereby  
exempting all business inventories, and

WHEREAS, the Kodiak Retailers Association has requested the Borough  
to initiate through legislation by local representatives the exemption of all  
commercial and business inventories.

NOW, THEREFORE, BE IT RESOLVED by the Kodiak Island Borough Assembly  
that they again reaffirm their support to exempt business inventories from  
personal property taxes.

BE IT FURTHER RESOLVED that the Assembly does hereby express its  
support for Senate Bill No. 53 introduced by Senators Mulcahy and Kelly and  
further request that a companion House Bill be introduced thereby exempting  
business inventories from taxation.

PASSED AND APPROVED this 3rd day of February, 1983  
by the Borough Assembly.

KODIAK ISLAND BOROUGH

By Rand Herntson  
Borough Mayor

ATTEST:

By Shirley Miller, CMC  
Borough Clerk

# Alaska State Legislature



Barbara Lacher, Chairman  
Mae Tischer, Vice-Chairman  
Randy Phillips  
Milo Fritz  
Don Clocksin  
Jack McBride  
Mike Szymanski

Room 104  
State Capitol  
Juneau, Alaska 99811

Pouch V  
Juneau, Alaska 99811

## House of Representatives Committee on Community & Regional Affairs

TO: Committee on Community and Regional Affairs  
FROM: STAFF  
RE: SB 53

SB 53 provides municipalities with the option to exempt business inventories from municipal taxation.

AS 29.53.025 is specific as to what categories of property a municipality may exempt from Taxation. Business inventories are not included as a optional item for exemption.

ALASKA'S INVENTORY TAX

Donald R. Magnusson

The inventory tax is the most unfair and inequitable business tax in Alaska today. This tax has been condemned repeatedly by the Federal Advisory Commission on Intergovernmental Relations and by innumerable state level legislative and administrative studies. Many of their conclusions are well known and we think it is unnecessary to dwell on them at length, but we do think they should be stated briefly for the record. The inventory tax is unfair in that it bears no relation to profit or loss, placing a heavy burden on one segment of the business community which is not shared, either by private citizens or by other segments of the business and professional community. The business or profession that does not hold merchandise for resale, but who may deal with services, professional or otherwise, pays no similar tax. In fact, the merchant who attempts to compete efficiently by stocking more sizes to serve the hard-to-fit, who has more inventory and less turnover, ends up paying more inventory tax -- even if there is no profit with which to pay it.

Taxes on the same amount of inventory vary widely because of different local tax rates and different methods used by taxpayers in determining "fair market value", with some taxpayers paying a tax on maximum value while others pay on a much lower amount. Inventory taxes are, by universal admission, almost impossible to administer fairly, even by the most conscientious tax assessor.



Inventory taxes discourage the warehousing of goods within the State and can cause serious disruptions in the flow of goods, higher prices (such as freight) and more inconvenience to the consumer. In Alaska, this is a matter of critical concern.

When seeking to attract new industry, nontax states openly advertise that they have no inventory tax.

Attached is a list of the forty (40) states, plus the District of Columbia, that have acted to repeal or substantially reduce the inventory tax. Note that twenty-seven (27) states, plus the District, have completely repealed it or are in process of completely phasing it out. (Note also, in this connection, that on March 14, 1979 the Illinois Supreme Court declared the personal property tax abolished as of January 1, 1979 irrespective of whether or not the legislature acts to implement its prior constitutional mandate.)

Most of these actions have occurred during the past dozen years and there is every indication that the trend will continue. No state that has repealed its inventory tax has ever reimposed it. The evidence shows just the opposite. States that have abolished the tax are reporting increased business activity and more jobs created from improvement in the state's business climate. State and local tax revenues have increased due to improved sales tax and income tax collections. Increases in the number of jobs lowers welfare and unemployment insurance costs. The repealed inventory

tax increases the efficiency of city and town administration by permitting greater attention to appraisal of real property and other items of personal property that remain subject to tax.

And, most importantly, a repealed inventory tax removes the pyramiding of inventory tax costs through the various trade levels which are reflected in the price of consumer goods.

In summary, the inventory tax is unfair, unwieldy and unworkable, and has been recognized as such by most states which seek to attract and retain a wide variety of business and industry. If a tax falls unfairly upon a limited few, and if its enforcement is irregular and compliance strained, then the tax should be abolished and a better system substituted in its place. The tax on inventories should be repealed.

## TAXATION OF BUSINESS INVENTORIES

Alabama	Inventory tax repealed by constitutional amendment effective 10/1/78.
Arizona	State constitution exempts all inventories effective 1964.
California	Inventories taxed at .5% of value effective 7/1/78.
Colorado	95% exemption on inventories effective 1973.
Connecticut	Inventory tax phases out by 1982.
Delaware	Exempts all personal property, including inventories, effective 1953.
District of Columbia	Inventories exempt effective 1974.
Florida	90% exemption for inventories of finished goods, 99% exemption for goods in process and raw materials, effective 1978.
Hawaii	Exempts all personal property, including inventories, effective 1947.
Idaho	Inventories exempt effective 1971.
Illinois	An approved constitutional amendment to exempt all personal property, including inventories, effective 1/1/79, has yet to be implemented by the legislature.
Indiana	35% exemption on inventories plus 20% property tax credit.
Iowa	Annually increases personal property credits until total exemption is reached, probably in 1986.
Maine	Inventories exempt effective 1977.
Maryland	Local option phase-out of inventory tax is in progress, each county having different effective date.
Massachusetts	All personal property, including inventories, is exempt unless taxpayer is subject to the corporate excise tax.
Michigan	Inventories exempt effective 1976.
Minnesota	Inventories exempt effective 1967.
Mississippi	Exempts manufactured products in hands of manufacturer, effective 1942.
Montana	93% exemption on inventories effective 1975.

Nebraska - Inventories exempt effective 1979..

Nevada . 1978 constitutional amendment phases out the inventory tax over four years and authorizes the legislature to exempt all other personal property.

New Hampshire Exempts all personal property, including inventories, effective 1970.

New Jersey Inventories exempt effective 1966.

New Mexico Inventories exempt effective 1974.

New York Exempts all personal property, including inventories, effective 1917.

North Carolina Partially exempts manufacturers' inventories effective 1/1/80.

North Dakota Exempts all personal property, including inventories, effective 1970.

Ohio Phasing in an inventory tax exemption of 65%.

Oregon - Inventories exempt effective 1980.

Pennsylvania Exempts all personal property, including inventories, effective 1939.

Rhode Island . Exempts manufacturers' inventories effective 1966..

South Carolina Exempts manufacturers' inventories effective 1962.

South Dakota, Inventories exempt effective 1979.

Tennessee Inventories exempt effective 1972.

Utah Inventories exempt effective 1973.

Vermont Inventories exempt on local option basis.

Virginia Inventories exempt in all counties that impose license tax.

Washington Inventory tax phase-out, with full exemption in 1983.

Wisconsin Inventory tax phase-out, with full exemption in 1981.

Wyoming Inventories exempt effective 1972.

Municipalities that are allowed to exempt business inventories because of "grand father" rights.

From Sen. Mulcahy  
Re. SB 53: SAME AS HB250

TABLE II  
LOCAL ASSESSMENT POLICY

	RESIDENTIAL		GENERAL PERSONAL PROPERTY		MOTOR VEHICLES		BOATS & VESSELS		BUSINESS INVENTORY		AIRCRAFT	
	AV	EX	AV	EX	AV	EX	AV	EX	AV	EX	AV	EX
ANCHORAGE, MUNICIPALITY OF	X	-	X	-	2	-	X	-	X	-	X	-
BRISTOL BAY BOROUGH	1	-	X	-	X	-	X	-	X	-	X	-
★ FAIRBANKS NORTH STAR BOROUGH	1	-	-	X	-	X	-	X	-	X	-	X
★ HAINES BOROUGH	X	-	-	X	-	X	-	X	-	X	-	X
JUNEAU, CITY & BOROUGH	X	-	X	-	-	X	-	X	-	X	-	X
★ KENAI PENINSULA BOROUGH	1	-	X	-	X	-	X	-	-	X	-	X
KETCHIKAN GATEWAY BOROUGH	X	-	X	-	2	-	-	3	X	-	X	-
KODIAK ISLAND BOROUGH	X	-	X	-	2	-	X	-	X	-	X	-
MATANUSKA-SUSITNA BOROUGH	X	-	X	-	2	-	X	-	X	-	X	-
NORTH SLOPE BOROUGH	1	-	X	-	X	-	X	-	X	-	X	-
SITKA, CITY & BOROUGH	X	-	X	-	X	-	-	3	X	-	X	-
<u>CITIES</u>												
★ CORDOVA	X	-	-	X	-	X	-	-	X	-	-	X
★ CRAIG	X	-	-	X	-	-	X	-	-	X	-	-
DILLINGHAM	X	-	X	-	X	-	X	-	X	-	X	-
★ EAGLE	X	-	X	-	-	X	-	-	X	-	-	X
GALENA		NA		NA		NA		NA		NA		NA
HOONAI		NA		NA		NA		NA		NA		NA
HYDABURG		NA		NA		NA		NA		NA		NA
KAKE		NA		NA		NA		NA		NA		NA
KING COVE		NA		NA		NA		NA		NA		NA
KLAWOCK		NA		NA		NA		NA		NA		NA
NENANA	X	-	X	-	X	-	X	-	X	-	X	-
NOME	X	-	X	-	X	-	X	-	X	-	X	-
PELICAN	X	-	X	-	-	X	-	3	X	-	X	-
PETERSBURG	X	-	X	-	2	-	-	X	X	-	X	-
ST. MARY'S		NA		NA		NA		NA		NA		NA
★ SKAGWAY	X	-	-	X	-	X	-	-	X	-	-	X
TANANA		NA		NA		NA		NA		NA		NA
UNALASKA	X	-	X	-	-	X	-	-	X	-	X	-
VALDEZ	1	-	-	X	-	X	-	-	X	-	-	X
WRANGELL	X	-	X	-	-	X	-	-	X	-	X	-
★ YAKUTAT	X	-	-	X	-	X	-	-	X	-	-	X

1. optional residential exemption up to \$10,000 exercised (AS 29.53.025(a))
2. state collected, annual motor vehicle tax (AS 20.10.431)
3. option 5 & 15 dollar fee collected in lieu of property tax (AS 25.53.025(b)(1))

EFFECT OF EXEMPTING BUSINESS INVENTORIES FROM  
MUNICIPAL TAXATION

	<u>Value of 1 mil</u>	<u>\$ of Bus. Inv. Tax</u>	<u>Portion of 1 mil</u>
Anchorage	\$ 7,981,000	\$ 2,441,200	.3059
Fairbanks		-0-	-0-
City/Borough of Juneau	839,000	233,654	.2785
Ketchikan-Borough	574,129	30,119	.0525
-City	289,426	112,248	.3878

*Alaska*  
**MUNICIPAL**  
*League*

TELEPHONES  
607 586-1325  
586-6526

204 N. FRANKLIN ST.  
JUNEAU, ALASKA 99801

March 17, 1983

to: Senate Finance Committee  
from: Ginny Chitwood, AML Executive Director  
re: SB 53 - Business Inventory Exemption

Alaska Municipal League supports passage of SB 53, authorizing municipalities to exempt business inventories from taxation.

Municipalities would like to see increased business activity in their areas. Local officials see eliminating the property tax on business inventories as one way of encouraging economic activity.

In many cases, the business inventory property tax is merely a "nuisance" tax - a hassle for both the business person and the local official withough enough money changing hands to be worth the effort.

This bill would assist municipalities in being able to design their local tax structure to fit their local situation.

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B  
JUNEAU, ALASKA 99811  
PHONE: 1907) 465-4700

February 8, 1983

POSITION PAPER

RE: SB 53

SPONSORS: Senators Mulcahy and Kelly

Program Effects of Bill

Provides for a local option for tax exemptions on business inventories.

Comments

The Department has supported maximizing local options as opposed to mandating such tax exemptions. This measure would allow a municipality to consider such exemptions, assuring that any decision is a local one. The Department believes that the position of the Alaska Municipal League (AML) on this bill should be an important guide post. The AML has supported such a local option for sometime now and continues to do so in their 1983 Policy Statement. One reason is that business inventory taxes often cost more to collect than they bring in; another impetus is the general encouragement of private enterprise by repealing taxes such as that on business inventories.



# Alaska State Legislature

Barbara Lacher, Chairman  
Mae Tischer, Vice-Chairman  
Randy Phillips  
Milo Fritz  
Don Clocksin  
Jack McBride  
Mike Szymanski



Room 104  
State Capitol  
Juneau, Alaska 99811  
Pouch V  
Juneau, Alaska 99811

## House of Representatives Committee on Community & Regional Affairs

TO: Committee on Community and Regional Affairs  
FROM: STAFF  
RE: SB 53

SB 53 provides municipalities with the option to exempt business inventories from municipal taxation.

AS 29.53.025 is specific as to what categories of property a municipality may exempt from Taxation. Business inventories are not included as a optional item for exemption.

*Alaska*  
**MUNICIPAL**  
*League*

TELEPHONES  
(907) 586-1325  
586-6526

204 N. FRANKLIN ST.  
JUNEAU, ALASKA 99801

May 24, 1983

To: House Finance Committee  
From: Ginny Chitwood, Executive Director *Ginny*  
Re: SB 53 - Business Inventory Exemption

The Alaska Municipal League supports passage of SB 53, authorizing municipalities to exempt business inventories from taxation.

Municipalities would like to see increased business activity in their areas. Local officials see eliminating the property tax on business inventories as one way of encouraging economic activity.

In many cases, the business inventory property tax is merely a "nuisance" tax - a hassle for both the business person and the local official without enough money changing hands to be worth the effort.

This bill would assist municipalities in being able to design their local tax structure to fit their local situation.

7 Municipalities that are allowed to exempt business inventories because of "grand father" rights.

From Sen. Mulcahy  
Re. SB 53

TABLE II  
LOCAL ASSESSMENT POLICY

BOROUGHS	RESIDENTIAL		GENERAL PERSONAL PROPERTY		MOTOR VEHICLES		BOATS & VESSELS		BUSINESS INVENTORY		AIRCRAFT	
	AV	EX	AV	EX	AV	EX	AV	EX	AV	EX	AV	EX
ANCHORAGE, MUNICIPALITY OF	X	-	X	-	2	-	X	-	X	-	X	-
BRISTOL BAY BOROUGH	1	-	X	-	X	-	X	-	X	-	X	-
* FAIRBANKS NORTH STAR BOROUGH	1	-	-	X	-	X	-	-	X	-	-	X
* HAINES BOROUGH	X	-	-	X	-	-	X	-	-	X	-	-
* JUNEAU, CITY & BOROUGH	X	-	X	-	-	X	-	-	X	-	X	-
* KENAI PENINSULA BOROUGH	1	-	X	-	X	-	X	-	-	X	-	X
KETCHIKAN GATEWAY BOROUGH	X	-	X	-	2	-	-	3	X	-	X	-
KODIAK ISLAND BOROUGH	X	-	X	-	2	-	X	-	X	-	X	-
MATANUSKA-SUSITNA BOROUGH	X	-	X	-	2	-	X	-	X	-	X	-
NORTH SLOPE BOROUGH	1	-	X	-	X	-	X	-	X	-	X	-
SITKA, CITY & BOROUGH	X	-	X	-	X	-	-	3	X	-	X	-
<u>CITIES</u>												
* CORDOVA	X	-	-	X	-	X	-	-	X	-	-	X
* CRAIG	X	-	-	X	-	-	X	-	-	X	-	-
DILLINGHAM	X	-	X	-	X	-	X	-	X	-	X	-
* EAGLE	X	-	X	-	-	X	-	-	X	-	-	X
GALENA		NA		NA		NA		NA		NA		NA
HOONAH		NA		NA		NA		NA		NA		NA
HYDABURG		NA		NA		NA		NA		NA		NA
KAKE		NA		NA		NA		NA		NA		NA
KING COVE		NA		NA		NA		NA		NA		NA
KLAWOCK		NA		NA		NA		NA		NA		NA
NENANA	X	-	X	-	X	-	X	-	X	-	X	-
NOME	X	-	X	-	X	-	X	-	X	-	X	-
PELICAN	X	-	X	-	-	X	-	-	3	-	X	-
PETERSBURG	X	-	X	-	2	-	-	X	X	-	X	-
ST. MARY'S		NA		NA		NA		NA		NA		NA
* SKAGWAY	X	-	-	X	-	X	-	-	X	-	-	X
TANANA		NA		NA		NA		NA		NA		NA
UNALASKA	X	-	X	-	-	X	-	-	X	-	X	-
VALDEZ	1	-	-	X	-	-	X	-	-	X	-	-
WRANGELL	X	-	X	-	-	X	-	-	X	-	X	-
* YAKUTAT	X	-	-	X	-	-	X	-	-	X	-	-

1. optional residential exemption up to \$10,000 exercised (AS 29.53.025(a))
2. state collected, annual motor vehicle tax (AS 28.10.431)
3. option 5 & 15 dollar fee collected in lieu of property tax (AS 25.53.025(b)(1))

*Alaska*  
**MUNICIPAL**  
*League*

TELEPHONES  
(907) 586-1325  
586-6526

204 N. FRANKLIN ST.  
JUNEAU, ALASKA 99801

March 17, 1983

to: Senate Finance Committee  
from: Ginny Chitwood, AML Executive Director *GC*  
re: SB 53 - Business Inventory Exemption

Alaska Municipal League supports passage of SB 53, authorizing municipalities to exempt business inventories from taxation.

Municipalities would like to see increased business activity in their areas. Local officials see eliminating the property tax on business inventories as one way of encouraging economic activity.

In many cases, the business inventory property tax is merely a "nuisance" tax - a hassle for both the business person and the local official withough enough money changing hands to be worth the effort.

This bill would assist municipalities in being able to design their local tax structure to fit their local situation.

COMMITTEE REPORT

SENATE

FURTHER:

2/23/83

Date: 2/23/83

Mr. President:

The Committee on FINANCE has had SB 53

Authorizing municipalities to exempt business inventories from taxation; eff. date

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

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

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

Joe Jacobson

Bob [unclear]

[unclear]

Joe [unclear]

W. Fischer

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

[Signature]

CHAIRMAN

COMMITTEE REPORT

SENATE

FURTHER: FINANCE

.1/18/83

Date: 2-22-83

Mr. President:

The Committee on Community & Regional Aff. has had SENATE BILL NO. 53

"An Act authorizing municipalities to exempt business inventories from taxation; eff. date."

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

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

MEMBERS SIGNING DO PASS

1 Don Gilman
1 Rick ...

MEMBERS HAVING OTHER RECOMMENDATIONS:

[Empty lines for other recommendations]

1 Ferguson (DO PASS)
CHAIRMAN

Introduced: 1/18/83  
Referred: Community and Regional  
Affairs and Finance

1 IN THE SENATE

BY MULCAHY AND KELLY

2

SENATE BILL NO. 53

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act authorizing municipalities to exempt business  
7 inventories from taxation; and providing for an  
8 effective date."

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

10 \* Section 1. AS 29.53.025(b) is amended by adding a new paragraph to  
11 read:

12 (3) exempt business inventories from taxation.

13 \* Sec. 2. AS 29.45.050(b) is amended by adding a new paragraph to read:

14 (4) exempt business inventories from taxation.

15 \* Sec. 3. Section 1 of this Act is repealed.

16 \* Sec. 4. Sections 2 and 3 of this Act take effect on the effective  
17 date of a version of an Act revising AS 29 passed by the Thirteenth Legis-  
18 lature and enacted into law.

19 \* Sec. 5. Section 1 of this Act takes effect immediately in accordance  
20 with AS 01.10.070(c).

SB 53

3/23/83

**NFIB**

National Federation of  
Independent Business

EFFECT OF EXEMPTING BUSINESS INVENTORIES FROM  
MUNICIPAL TAXATION

	<u>Value of 1 mil</u>	<u>\$ of Bus. Inv. Tax</u>	<u>Portion of 1 mil</u>
Anchorage	\$ 7,981,000	\$ 2,441,200	.3059
Fairbanks		-0-	-0-
City/Borough of Juneau	839,000	233,654	.2785
Ketchikan-Borough	574,129	30,119	.0525
-City	289,426	112,248	.3878

# 1983 ALASKA STATE BALLOT



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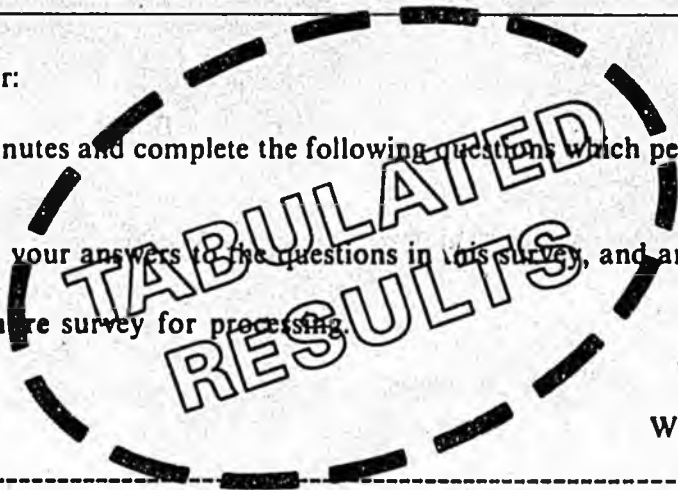
Dear NFIB Member:

Please take a few minutes and complete the following questions which pertain to small business issues in your state.

We are interested in your answers to the questions in this survey, and any comments you may have.

Please return the entire survey for processing.

Thank you.



Wilson S. Johnson, President

## TAXES/FISCAL

### 1. QUESTION

Should the portion of the Alaska Employment Security Tax paid by the employee be increased?

Favor	Oppose	Undecided	
<u>82%</u>	<u>14%</u>	<u>4%</u>	11
1	2	3	

#### BACKGROUND

Alaska statute mandates employers to pay the majority of the cost for the Alaska Employment Security Tax. Since 1981, the employer has paid an average of 82%, the employee an average 18%. It has been proposed that the law be amended so that the employee pays a greater portion of the tax—up to 50%.

Proponents argue that there is already a heavy burden on small businesses to pay a going wage to employees. For every \$100 of wages paid, an employer must pay \$5 or more for the Employment Security Tax, workmen's compensation and other benefits. Frequently these costs cannot be passed through to customers or clients, so the small business must take it out of profit, which are often minimal. Since employees receive the benefits from the program, it is argued that they should contribute a greater portion of the cost.

Opponents argue that the Employment Security Tax is one of many costs employers should expect to pay when a worker is hired.

### 2. QUESTION

Should the state provide funding for a new program to provide small business loans at moderate (12%) interest rates to stimulate small business development throughout the state?

Favor	Oppose	Undecided	
<u>67%</u>	<u>25%</u>	<u>8%</u>	12
1	2	3	

#### BACKGROUND

Over the years, the Alaska Legislature has created many loan programs for various purposes.

A small business loan program was administered by the Division of Business Loans in the Department of Commerce and Economic Development until July 1, 1981, when that funding was terminated. The Small Enterprise Fund was then created within the Alaska Industrial Development Authority to make loans to small business, provided the loan was guaranteed by the federal Small Business Administration. The law also required the business to apply for a loan through a local bank.

Those in favor of a new, separate small business program argue that the program under the Alaska Industrial Development Authority is not effective for businesses who need to borrow less than \$100,000 since 1) the largest bank in the state refuses to process such loans; 2) those applying for loans are discouraged by numerous forms and requirements necessary for a Small

Business Administration guarantee; 3) those banks which do process the applications discourage loans for less than \$100,000 since the loan fee does not adequately compensate for processing the loan; 4) interest rates under this program have always exceeded 16%—not much less than normal bank rates and thus of little assistance to small business; 5) small businesses often need only loans of \$25,000 to \$50,000.

Others argue that the current program adequately meets the needs of small businesses even though there are some problems. They point out that several loans have been made for amounts less than \$100,000 during the past year.

### 3. QUESTION

Assuming a new, small business loan program is created, should the program be administered by local banks rather than a state agency such as the Division of Business Loans?

Favor	Oppose	Undecided	
<u>71%</u>	<u>21%</u>	<u>8%</u>	13
1	2	3	

#### BACKGROUND

Some supporters of a state loan program for small businesses question the most efficient and effective way to administer the program. Some claim that local banks are most knowledgeable. They further state that administration by local banks would also

prevent the addition of more state employees to operate the program.

Those opposing the concept of administration by the banks argue that many banks are as bureaucratic as state government in processing loans. Also, the Division of Business Loans has made loans for several years and does have the expertise to operate the program effectively. Further, the fees paid to banks by the state could pay for additional positions for the state's administration of the program. It is also pointed out that programs administered by banks tend to ignore the needs of rural communities where banking services are not adequate.

#### 4. QUESTION

Should business inventories be exempted from local property taxes?

Favor	Oppose	Undecided	
<u>88%</u> 1	<u>9%</u> 2	<u>3%</u> 3	14

#### BACKGROUND

Many states and local communities in other states, exempt business inventories from property taxes. Those arguing for the exemption claim that taxing business inventories discourages business growth. It also discriminates against businesses which maintain inventories. Often, a business doesn't own the inventory, a bank holds the financing loan. Thus, a company pays interest to finance the inventory and must also pay tax on that inventory.

There are many who also believe that only those items with extended life, such as land, buildings, and equipment should be subject to property tax. To replace the revenue lost by local municipalities from the inventory tax exemption, the millage rate could be increased slightly on all remaining property, both business and residential. The exemption could be phased in to ease the impact on local governments.

Those opposed to the inventory tax exemption believe that the local government tax base should not be eroded by exempting property. Further, they argue that business inventories have traditionally been included as part of the property tax base. To recover the revenue lost from the exemption, local governments may need to increase the millage rate on residential property, and that is politically unpopular.

#### 5. QUESTION

Should the funds appropriated for the Permanent Fund Dividend Program be used for new harbors, airports and roads throughout Alaska instead of the individual grants to residents?

Favor	Oppose	Undecided	
<u>61%</u> 1	<u>31%</u> 2	<u>8%</u> 3	15

#### BACKGROUND

Many people throughout Alaska have stated that the funds appropriated to the Alaska Permanent Fund Dividend Program would be better spent constructing new or improved harbors, airports, or roads rather than in making payments to each resident of the state. These capital expenditures would improve the quality of life for residents of the state for years to come. Further, it is argued that too often the dividends are frivolously spent by recipients.

Proponents of the Permanent Fund Dividend Program argue that individual residents should determine how to spend the income from Alaska's natural resources and the best way is to make the payments directly to each person. Many who review the Legislature's annual appropriations claim that much money is also frivolously spent by the state. Further, millions of dollars are already appropriated annually for harbors, airports and roads.

#### LABOR

#### 6. QUESTION

Should all primary corporate officers be given the option of exemption from the Alaska Employment Security Act?

Favor	Oppose	Undecided	
<u>73%</u> 1	<u>19%</u> 2	<u>8%</u> 3	16

#### BACKGROUND

During this past legislative session, a law was passed permitting corporate officers who own 25% or more of a corporation's outstanding voting stock to elect exemption from the Alaska Employment Security Act, the program which provides unemployment compensation. The proponents of extending this exemption to all primary corporate officers argue that most, if not all, corporate officers never file for unemployment compensation and thus pay a tax for benefits they will never collect.

Some say allowing officers with 25% or more of a corporation's stock to elect exemption was a good change but did not go far enough. The individual election should allow each corporate officer to remain in the UC program, if so desired.

Opponents of the extended exemption say there are many individuals who pay the unemployment tax who likewise never collect benefits. Corporate officers, therefore, should not be specifically entitled to the exemption.

#### 7. QUESTION

Should the wage base for computing workmen's compensation benefits be changed from the current average weekly wage to the spendable weekly wage?

Favor	Oppose	Undecided	
<u>72%</u> 1	<u>16%</u> 2	<u>12%</u> 3	17

#### BACKGROUND

Present law provides that the computation determining an injured employee's loss of earnings be based on the average weekly wage of the employee during any one of the previous three years. Obviously, the employee will choose the year of highest wages. The result is that an employee often ends up with an income equal to or greater than the amount earned if the employee had been working. This provides little or no incentive to return to work. Using the spendable wage base reduces the employee's gross income which causes a reduction in benefits paid and thus results in lower WC premiums paid by employers.

Proponents of a change to the spendable weekly wage believe that there should be some incentive for a speedy return to work. The current system encourages the delay in that return to work.

Those opposed to changing from the current wage base argue that an employee should receive a reasonable income when unemployed due to an injury. The workers' living expenses continue, and so should their income; also, the WC benefit payments in many cases are much less than what an injured worker would currently earn if working.

#### 8. QUESTION

Should the maximum benefit paid under workmen's compensation for a permanent partial disability be increased?

Favor	Oppose	Undecided	
<u>17%</u> 1	<u>65%</u> 2	<u>18%</u> 3	18

8A. If you favor an increase, indicate what maximum percentage increase you prefer.

10%	20%	35%	Undecided	
<u>26%</u> 1	<u>26%</u> 2	<u>11%</u> 3	<u>37%</u> 4	19

#### BACKGROUND

During the last legislative session, an increase of 35% in the maximum benefit for permanent partial disability was proposed. This provision was passed by the House but subsequently defeated by a Senate committee. A permanent partial disability includes the loss of all or part of a limb or faculty, such as the sight in one eye. It is anticipated that the permanent partial disability increase will be



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COMMITTEE REPORT  
HOUSE

(11)

FURTHER:

6/22/83

Date:

1-24-84

Mr. Speaker:

The Committee on FINANCE has had CSSB 55 (R1s)

"An Act relating to collective bargaining; and providing for an effective date."

under consideration and reports it back as follows:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with <sup>H</sup>CS for CSSB 55 (FIN)  same title
- new title
- and recommends INDIVIDUAL RECOMMENDATIONS
- AND attaches a "Letter of Intent"  New Fiscal Note 78.4
- Zero Fiscal Note Attached
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

[Signature]

[Signature]

[Signature]

[Signature]

Walt Furnace

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

Terry [Signature] - No recomm.

Robert P. [Signature] - No Recomm.

[Signature] Do not

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

[Signature]

CHAIRMAN

Original sponsor: Rules/Legislative Council

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 55 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to collective bargaining; and pro-  
7 viding for an effective date."

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

9 \* Section 1. AS 23.40.215 is amended by adding a new subsection to  
10 read:

11 (b) The Department of Administration shall submit the monetary  
12 terms of an agreement to the legislature within 10 legislative days  
13 after the agreement of the parties, if the legislature is in session,  
14 or within 10 legislative days after the convening of the next regular  
15 session. The legislature shall advise the parties by concurrent  
16 resolution if it approves or disapproves of the monetary terms within  
17 60 legislative days after the agreement is submitted to the  
18 legislature. The approval of the monetary terms of an agreement under  
19 this subsection is a nonbinding, advisory expression of legislative  
20 intent. If within 60 legislative days after the agreement is  
21 submitted the legislature advises the parties by concurrent resolution  
22 that it disapproves the monetary terms of the agreement, the parties  
23 may resume negotiations.

24 \* Sec. 2. AS 23.40.250 is amended by adding a new paragraph to read:

25 (8) "monetary terms of an agreement" means the changes in  
26 the terms and conditions of employment resulting from an agreement  
27 that will require an appropriation for their implementation or will  
28 result in a change in state revenues or productive work hours for  
29 state employees.

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

STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

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

**REQUEST**

Bill/Resolution No.: HCSCSSB 55 (Fin)  
 Title: Act relating to Collective Bargaining

**FISCAL DETAIL**

Agency Affected: Administration  
 Program Category Affected: General Government

Sponsor: Labor & Commerce  
 Requestor: \_\_\_\_\_  
 Date of Request: \_\_\_\_\_

BRU, Program or Subprogram(s) Affected:  
Labor Relations

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

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL	12.5	13.1	13.7	14.4	15.1	15.8
300 CONTRACTUAL	65.9	69.2	72.7	76.3	80.1	84.1
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>78.4</b>	<b>82.3</b>	<b>86.4</b>	<b>90.7</b>	<b>95.2</b>	<b>99.9</b>
<b>CAPITAL</b>						
<b>REVENUE</b>						

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	78.4	82.3	86.4	90.7	95.2	99.9
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>78.4</b>	<b>82.3</b>	<b>86.4</b>	<b>90.7</b>	<b>95.2</b>	<b>99.9</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

**ANALYSIS:** Attach a separate page for analysis

Prepared By: House Finance Committee Phone: 465-3706  
 Division: Al Adams, Chairman Date: 1-24-84

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

Distribution (by Agency preparing fiscal note):

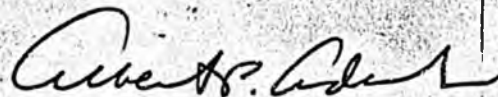
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

HOUSE JOURNAL

HOUSE FINANCE COMMITTEE  
LETTER OF INTENT  
FOR  
HCS FOR CSSB 55 (FIN)

Before an organization and the state may enter into an agreement, the agreement proposed to be entered into shall be submitted to the legislature for consideration of the monetary terms of the agreement. Submittal of the proposed agreement to the legislature shall occur within ten (10) days after the proposed agreement of the parties has been reached, or ten (ten) days after the convening of the next regular session. The monetary terms of the proposed agreement take effect if they are not rejected by the legislature by concurrent resolution within sixty (60) days after the agreement is submitted to the legislature.



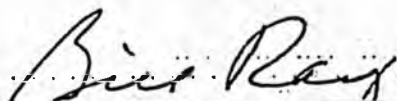
---

Al Adams, Chairman  
House Finance Committee

Senate Judiciary Committee

Letter of Intent on SB 55

Before an organization and the state may enter into an agreement, the agreement proposed to be entered into shall be submitted to the legislature for consideration of the monetary terms of the agreement. Submittal of the proposed agreement to the legislature shall occur within ten (10) days after the proposed agreement of the parties has been reached, or ten (10) days after the convening of the next regular session. The monetary terms of the proposed agreement take effect if they are not rejected by the legislature by concurrent resolution within thirty (30) days after the agreement is submitted to the legislature. (60)

  
.....  

---

Senator Bill Ray, Chairman

STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

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

Page 1 of 2

REQUEST

Bill/Resolution No. HCSCSSB 55 (L&C)  
Title: Act relating to Collective Bargaining

Sponsor: Labor & Commerce Committee  
Requestor: \_\_\_\_\_  
Date of Request: \_\_\_\_\_

FISCAL DETAIL

Agency Affected: Administration  
Program Category Affected: General Government

BRU, Program or Subprogram(s) Affected: Labor Relations

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	12.5	13.1	13.7	14.4	15.1	15.8
300 CONTRACTUAL	65.9	69.2	72.7	76.3	80.1	84.1
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>78.4</b>	<b>82.3</b>	<b>86.4</b>	<b>90.7</b>	<b>95.2</b>	<b>99.9</b>
<b>CAPITAL</b>						
<b>REVENUE</b>						

FUNDING: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
GENERAL FUND	78.4	82.3	86.4	90.7	95.2	99.9
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>78.4</b>	<b>82.3</b>	<b>86.4</b>	<b>90.7</b>	<b>95.2</b>	<b>99.9</b>

POSITIONS:                    /                    /                    /                    /                    /                    /

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Eleanor Andrews *Eleanor Andrews* Phone: \_\_\_\_\_  
Division: Commissioner's Office Date: 1/23/84

Approved by Commissioner: Lisa Rudd *LJR* Date: 1/23/84  
Agency: Administration

Distribution (by Agency preparing fiscal note):

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

12/1/83

HCSCSB 55 (L&C) Fiscal Note Analysis  
Prepared by  
Commissicner's Office  
Department of Administration

January 23, 1984

The Department of Administration is concerned about potential fiscal impact of this legislation. The potential of costs is for additional staff time in negotiations because of this prolonged, cumbersome process.

Assumptions for least fiscal impact 0:

1. Assumes all nine contracts are negotiated with no problems in getting a concurrent resolution in support of agreements reached, and the legislature appropriates funds necessary to implement the monetary terms.

Assumptions for most severe impact 78.4 for FY 84:

2. Assumes legislature does not act within 60 days nor does it appropriate funds to implement the monetary terms of negotiated agreements. In order to avoid work slow downs on grievance processing and general contract administration, the division would need to add two Senior Labor Negotiators for six months each year to coordinate negotiation of collective bargaining agreements. We are assuming yearly negotiations rather than longer contracts because the unions would probably be unwilling to enter into longer contracts under the provisions of this bill. Additional potential fiscal impact could be Department of Law.

proposed language change from  
Dept. of Administration

PROPOSED (Dept. of Law)

Offered: 3/3/83  
Referred: Finance

Original sponsor: Rules/Legislative Council

IN THE SENATE

BY THE JUDICIARY COMMITTEE

CS FOR SENATE BILL NO. 55 (Judiciary)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to collective bargaining; and providing for an effective date."

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

\* Section 1. AS 23.40.215 is amended by adding a new subsection to read:

(b) The Department of Administration shall submit the monetary terms of an agreement to the legislature within 10 days after the agreement of the parties, if the legislature is in session, or within 10 days after the convening of the next regular session. Unless, within 30 days after the agreement is submitted, the legislature advises the parties by concurrent resolution that it will reject the monetary terms of the agreement, the monetary terms of the agreement are considered acceptable to the legislature. The approval or rejection of the monetary terms of an agreement under this subsection is a non-binding, advisory expression of legislative intent. If the legislature advises the parties by concurrent resolution that it will reject the monetary terms of the agreement, the parties shall resume negotiations.

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

# STATE OF ALASKA

## DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

BILL SHEFFIELD, GOVERNOR

MAY 23 1983

POUCH K - STATE CAPITOL  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3600

May 20, 1983

The Honorable Bill Ray  
Senate  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Re: CSSB 55 -- collective  
bargaining  
Our file no.: 377-103-83

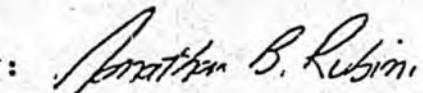
Dear Senator Ray:

Attached please find a proposed substitute for CSSB 55 which does not raise the legal concerns identified in our letter of May 18, 1983. As you will note, the substitute provides for the prompt submission of the monetary terms of an agreement to the legislature. The legislature, acting in its advisory capacity, will be considered to approve the monetary terms, unless a contrary concurrent resolution is adopted within 30 days. Any action under this new review procedure does not disturb any legislatures prerogatives with respect to the funding of an agreement.

We apologize that the Department of Law did not provide you with a prepared substitute for SB 55 at an earlier date. If you have any questions, please feel free to call.

NORMAN C. GORSUCH  
ATTORNEY GENERAL

By:



Jonathan B. Rubini  
Assistant Attorney General

JBR:jb

cc: Emil Notti  
Legislative Assistant  
Governor's Office

Eleanor Andrews  
Deputy Commissioner -- Personnel Mgr.  
Department of Administration

Position Paper

House CS for CS for Senate Bill 55 (L & C)

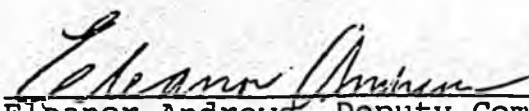
This amended version of the bill would add a new subsection to the Public Employment Relations Act providing:

1. for submission of the monetary terms of a collective bargaining agreement to the legislature within 10 days after the agreement of the parties, if the legislature is in session, or within 10 days after convening of the next regular session
2. legislative consideration of the monetary terms within 60 days after the agreement is submitted to the legislature and approval or disapproval of those terms by concurrent resolution as a nonbinding, advisory expression of legislative intent
3. that if the legislature does not pass a concurrent resolution under this section, the monetary terms are considered approved.

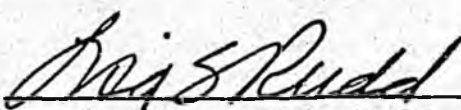
Further, the bill is amended by adding a new paragraph defining what portions of a collective bargaining agreement are considered "monetary terms".

House CS for CS for SB 55 (L & C) version of the bill still allows for the monetary terms of a collective bargaining agreement to become effective if the legislature does not pass a concurrent resolution within 60 days after submission. For this reason, the Department of Administration cannot support this bill. Attached is a copy of an Attorney General's opinion dated May 18, 1983 which explains the problems the administration has with monetary terms of a collective bargaining agreement taking effect without specific approval, and appropriation by the legislature, as written in HCSSB 55 (L & C). Also attached for your consideration is a substitute for CSCS for SB 55 drafted by the Department of Law on May 21, 1983 which satisfies this Department's concern about this issue.

The Department of Administration has another, serious concern about this bill. The State has a long history, relatively problem free, of collective bargaining with its employee representatives. This amendment to AS 23.40.215 will cloud the clear roles already established for the executive and legislative bodies in relation to collective bargaining, thereby disturbing a process that has worked to the benefit of all parties in the past. For this reason, also, we oppose this bill.

  
Eleanor Andrews, Deputy Commissioner

1/23/84  
Date

  
Commissioner Lisa Rudd

1/24/84  
Date



Alaska Public  
Employees Association **APEA**

State Headquarters: 340 N. Franklin, Juneau, AK 99801 (907) 586-2334

MEMORANDUM

TO: Al Adams, Chairman  
House Finance Committee

FROM: Cherie Shelley  
Executive Director

SUBJECT: CSSB55 (Rules)

DATE: January 23, 1984

The Alaska Public Employees Association supports this bill as a method of determining legislative intent to fund negotiated contracts. The bill provides reasonable time for the legislature to review the financial aspects of labor agreements.

This bill would require a nonbinding resolution expressing legislative intent regarding the monetary terms of contract settlements. This affords both the labor union and the administration the opportunity to resume negotiations before the legislature adjourns.

CS/rb

Fairbanks Field Office  
825-D College Road  
Fairbanks, AK 99701  
Telephone: (907) 456-5412

Anchorage Field Office  
833 Gambell Street, Suite A  
Anchorage, AK 99501  
Telephone: (907) 274-1688

Juneau Field Office  
227 4th Street  
Juneau, AK 99801  
Telephone: (907) 586-8305

relates to Senate version of the bill

# STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

## DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K - STATE CAPITOL  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3600

May 18, 1983

The Honorable Vic Fischer  
Senator  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Re: CSSB 55 -- Collective  
bargaining agreements  
Our file no.: 366-612-83

Dear Senator Fischer:

In your letter of May 18, 1983, you have asked whether the procedures proposed in CSSB 55 to effectuate approval of a collective bargaining agreement raise constitutional concerns. As we discussed below, the bill raises substantial constitutional questions and, as a consequence, will almost undoubtedly foster extensive litigation. In light of the limited time available for our response and the complexity of the matter, we limit our response to identifying the legal questions posed by CSSB 55.

As you know, present law provides that the monetary terms of an agreement do not take effect without legislative approval. AS 23.40.215. In practical application, monetary terms take effect only when an appropriation to fund the agreement is adopted. The effective dates of other provisions in an agreement are not, however, contingent on legislative review and approval. CSSB 55 proposes, in contrast, that monetary terms of an agreement would take effect unless the legislature adopts within 30 days a concurrent resolution which disapproves of the monetary terms. Further, the effective date for other items in the agreement would be contingent on the monetary terms taking effect through legislative inaction.

We first question whether CSSB 55 proposes a permissible exercise of legislative powers. The novel feature of the legislation is the significance of the legislature's failure to

act. In State v. A.L.I.V.E. Voluntary, 606 P.2d 769 (Alaska 1980), the Alaska Supreme Court considered the constitutionality of a statute, AS 44.62.320(a), which provided for the annulment of administrative regulations through adoption of a concurrent resolution. The Court observed that "[t]he Alaska Constitution defines with specificity the mechanics of legislation. Each provision has a purpose 'designed to engender a responsible legislative process worthy of the public trust.'" Id. at 772, quoting Plumley v. Hale, 594 P.2d 497, 500 (Alaska 1979). With respect to the regulation annulment procedure at issue, the court concluded that the adoption of a concurrent resolution was an impermissible method to exercise legislative power. Indeed, since CSSB 55 infers legislative action through an absence of action, the bill arguably exacerbates the procedural deficiencies identified at length in A.L.I.V.E. Voluntary. Further, the A.L.I.V.E. Voluntary court also noted that where the legislature acts through the adoption of a concurrent resolution, the governor is deprived of an opportunity to exercise a veto of the legislative action. That concern is equally applicable to the procedures established under CSSB 55.

The bill also raises substantial questions with respect to the appropriation process. Article 9, section 13 of the Alaska Constitution provides that "no money shall be withdrawn from the treasury except in accordance with appropriations made by law." Clearly, legislative inaction cannot suffice to permit the expenditure of public money without an appropriation. The bill, therefore, should not be construed to permit a "de facto appropriation" of public money to fund the agreement. And, if the monetary terms of an agreement became effective through legislative inaction, the terms of any outstanding appropriations would be determinative of whether the executive branch had authority to expend public money to fund the agreement. Of course, as a practical matter the use of a preexisting appropriation may require the dismissal of public employees to provide sufficient money to fund the agreement. A related, and more difficult problem is that once the monetary terms are effective, contractual obligations are established. We cannot opine with any certainty what ramifications would follow were the state in the difficult posture of being subject to contractual obligations, yet without the requisite appropriation to enable the expenditure of public money. We note that it is arguable that the legislature's continuing obligation to fund the monetary terms of an agreement pursuant to AS 23.40.215 may, ultimately, be compromised in this instance.

Hon. Vic Fischer  
CSSB 55 -- collective bargaining agreements  
366-612-83

May 18, 1983  
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If you have any further questions on this matter,  
please feel free to call.

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cc: Honorable Bill Ray  
Alaska State Legislature

Eleanor Andrews, Deputy Commissioner  
Department of Administration



JUNEAU, ALASKA

# Alaska State Legislature

BLUE RIBBON COMMISSION ON THE  
STATE PERSONNEL ACT

Senator Bill Ray, Chairman

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## MEMORANDUM

June 23, 1983

TO: House Finance Committee

FROM: Teresa B. Cramer *Teresa B Cramer*  
Administrative Assistant

SUBJECT: CS for Senate Bill No. 55 (Labor & Commerce)  
Relating to Collective Bargaining

The Public Employment Relations Act provides that the monetary terms of any agreement entered into between the state and an employee representative are subject to funding through legislative appropriation. AS 23.40.215. The PERA does not set out a system of legislative review for the monetary terms. If the legislature is dissatisfied with the negotiated terms, there is no formal vehicle to explain to the parties to the agreement (the Administration and the employee union or association) the substance of the legislature's concerns. Therefore, the parties do not have a concrete set of limitations from which to work should they decide to renegotiate the original agreement. Furthermore, legislative delay and rejection of negotiated contracts has, in the past, led to the calling of a Special Session, which is an expensive way to resolve the issue.

The Blue Ribbon Commission recommends legislation to encourage legislative review of collective bargaining agreements early in the session. If the legislature is dissatisfied with the monetary terms, the parties may choose to renegotiate before the session adjourns with a clear understanding of the legislature's concerns.

### Bill Analysis

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Line 9

The first section requires that the monetary terms of a collective bargaining agreement be submitted to the legislature within 10 days of agreement by the parties. If the parties reach an agreement while the legislature is not in session, then the monetary terms are to be submitted within 10 days of the convening of the next regular session. The legislature is given 60 days to consider the agreement and express its opinion by concurrent resolution.