

LEG. FINANCE - BILLS 1983 - 1984 2120
CSSB 409 cont. - SB 415 2120

1 ITEMS FUND
 2 Fairbanks-Public Health/
 3 Sanitation Improvements
 4 [WORKS EQUIPMENT] (ED 20) 110,000 110,000

5 * Sec. 220. Section 30, ch. 82, SLA 1981, page 171, line 5 is amended
 6 to read:

7 APPROPRIATION GENERAL
 8 ITEMS FUND
 9 Sand Point Realignment (ED 15) 211,800 211,800
 10 [242,000] [242,000]

11 * Sec. 221. Section 286, ch. 50, SLA 1980, page 80, line 17 is amended
 12 to read:

13 APPROPRIATION GENERAL
 14 ITEMS FUND
 15 Sand Point (ED 15) 729,500 729,500
 16 [1,000,000] [1,000,000]

17 * Sec. 222. The sum of \$40,000 is appropriated from the general fund to
 18 the Department of Community and Regional Affairs for payment as a grant to
 19 the unincorporated community of Kongiganak for construction of an airport
 20 freight terminal.

21 * Sec. 223. Section 30, ch. 82, SLA 1981, page 176, line 23 is amended
 22 to read:

23 APPROPRIATION GENERAL
 24 ITEMS FUND
 25 Southeast Region Highways 1,547,000 1,547,000
 26 [1,687,000] [1,687,000]

27 * Sec. 224. Section 30, ch. 82, SLA 1981, page 177, line 6 is amended
 28 to read:

29 ALLOCATIONS

1 Ketchikan Viaduct Resurfacing

2 (ED 1) 260,000

3 [400,000]

4 * Sec. 225. The sum of \$140,000 is appropriated from the general fund
5 for payment as a grant to the City of Ketchikan for the downtown port and
6 harbor project.

7 * Sec. 226. The sum of \$7,800 is appropriated from the general fund to
8 the Department of Community and Regional Affairs for payment as a grant to
9 the Sealaska Heritage Foundation for the Chilkat weaving program.

10 * Sec. 227. The sum of \$27,600 is appropriated from the general fund to
11 the Department of Administration for payment as a grant to the City of
12 Deering for a youth work experience program.

13 * Sec. 228. \$1,542,000 of the appropriation made in sec. 2, ch. 3, SSLA
14 1980 for tax credits payable under AS 43.20.012 lapse into the general fund
15 June 30, 1984.

16 * Sec. 229. The appropriation made in sec. 2, ch. 24, SLA 1984, page
17 14, line 20 to the Department of Transportation and Public Facilities is
18 transferred for payment as a grant to the City and Borough of Juneau.

19 * Sec. 230. The unexpended and unobligated portion of the appropriation
20 made by sec. 32, ch. 107, SLA 1983, page 19, line 26 is reappropriated to
21 the Department of Health and Social Services for child abuse and neglect
22 training programs.

23 * Sec. 231. The sum of \$2,564,522 is appropriated from the general fund
24 to the University of Alaska working capital reserve fund (AS 14.40.296).

25 * Sec. 232. The sum of \$3,799,754 is appropriated from the University
26 of Alaska working capital reserve fund (AS 14.40.296) to the University of
27 Alaska to pay fiscal year 1977 and fiscal year 1979 obligations for which
28 appropriations have lapsed.

29 * Sec. 233. Section 286, ch. 50, SLA 1980, page 79, line 17 is amended

1 to read:

2	APPROPRIATION	GENERAL
3	ITEMS	FUND
4	Fortuna Ledge (Marshall) (ED 18) <u>960,000</u>	<u>960,000</u>
5	[1,000,000]	[1,000,000]

6 * Sec. 234. The sum of \$40,000 is appropriated from the general fund to
7 the Department of Fish and Game for a study on the feasibility and effects
8 of limiting and licensing of sport fishing guides.

9 * Sec. 235. The sum of \$40,000 is appropriated from the general fund to
10 the Department of Community and Regional Affairs for payment as a grant to
11 Halibut Cove for water well digging.

12 * Sec. 236. The unexpended and unobligated portion of the appropriation
13 made in sec. 69, ch. 92, SLA 1981, page 12, line 7 lapses into the general
14 fund June 30, 1984.

15 * Sec. 237. The unexpended and unobligated portion of the appropriation
16 made in sec. 69, ch. 92, SLA 1981, page 12, line 19 lapses into the general
17 fund June 30, 1984.

18 * Sec. 238. The unexpended and unobligated portion of the appropriation
19 made in sec. 32, ch. 107, SLA 1983, page 50, line 9, for the Senate Finance
20 Committee special projects lapses into the general fund June 30, 1985.

21 * Sec. 239. The unexpended and unobligated portion of the appropriation
22 made in sec. 79, ch. 101, SLA 1982, page 26, line 7, lapses into the
23 general fund June 30, 1986.

24 * Sec. 240. The sum of \$25,000 is appropriated from the general fund to
25 the Department of Fish and Game for a pilot project for herring spawning
26 grounds enhancement in Sitka Sound for fiscal year 1985.

27 * Sec. 241. The sum of \$95,000 is appropriated from the general fund to
28 the Department of Administration for payment as a grant to Medalert, Inc.,
29 for the health emergency warning program.

1 * Sec. 242. The appropriation made in sec. 134 of this Act lapses into
2 the general fund June 30, 1986.

3 * Sec. 243. The appropriation made in sec. 33, ch. 107, SLA 1983, page
4 57, line 4 lapses into the general fund June 30, 1985.

5 * Sec. 244. The appropriation made in sec. 24, ch. 34, SLA 1983 lapses
6 into the general fund June 30, 1985.

7 * Sec. 245. The appropriations made in secs. 11, 146, 209, a of
8 this Act lapse into the general fund June 30, 1985.

9 * Sec. 246. The unexpended and unobligated portion of the appropriation
10 made in sec. 179, ch. 141, SLA 1982 lapses to the general fund June 30,
11 1985

12 * Sec. 247. (a) The appropriations made by this Act for payment as
13 grants shall be disbursed in accordance with AS 37.05.315 - 37.05.319.

14 (b) The appropriations made by this Act for capital projects are
15 subject to AS 37.25.020.

16 * Sec. 248. This Act takes effect immediately in accordance with
17 AS 01.10.070(c).

Offered: 2/23/84
Referred: Finance

Original sponsor: Rules/Governor

Funding Information

General Fund \$3,205,200
Other Funds -0-
\$3,205,200

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 409 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making miscellaneous supplemental appro-
7 priations and transfers among appropriations; and
8 providing for an effective date."

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

10 * Section 1. The sum of \$1,649,900 is appropriated from the general
11 fund to the Adult Corrections Agency to pay increased costs of confinement,
12 to secure additional space, and to hire immediately 66 additional staff
13 people to provide supervision and security of the inmate population for the
14 fiscal year ending June 30, 1984.

15 * Sec. 2. Section 32, ch. 107, SLA 1983, page 44, line 11, is amended
16 to read:

	APPROPRIATION	GENERAL
	ITEMS	FUND
19 ADULT CORRECTIONS	<u>44,976,700</u>	<u>44,976,700</u>
20	[44,411,500]	[44,411,500]

21 * Sec. 3. Section 32, ch. 107, SLA 1983, page 45, line 12, is amended
22 to read:

	ALLOCATIONS
24 MAJOR MEDICAL & GUARD	
25 HIRE (8 POSITIONS)	
26	<u>3,114,000</u> [2,548,800]

27 * Sec. 4. Section 32, ch. 107, SLA 1983, page 45, line 13, is amended
28 to read:

	APPROPRIATION	GENERAL
--	---------------	---------

1		ITEMS	FUND
2	ADULT PROBATION AND		
3	COMMUNITY PROGRAMS	<u>6,616,400</u>	<u>6,616,400</u>
4		[6,579,500]	[6,579,500]

5 * Sec. 5. Section 32, ch. 107, SLA 1983, page 45, line 16, is amended
6 to read:

7	ALLOCATIONS
8	ADULT PROBATION THIRD
9	JUDICIAL DISTRICT
10	(30 POSITIONS)
11	<u>1,411,700</u> [1,374,800]

12 * Sec. 6. Section 32, ch. 107, SLA 1983, page 45, line 19, is amended
13 to read:

14	APPROPRIATION	GENERAL	
15	ITEMS	FUND	OTHER
16	CORRECTIONS ADMINISTRATION		
17	AND SUPPORT	<u>4,718,700</u>	<u>4,540,100</u> 178,600
18		[5,295,200]	[5,116,600]

19 * Sec. 7. Section 32, ch. 107, SLA 1983, page 45, line 20, is amended
20 to read:

21	ALLOCATIONS
22	COMMISSIONER'S OFFICE
23	(72 POSITIONS)
24	<u>4,288,300</u> [4,361,400]

25 * Sec. 8. Section 32, ch. 107, SLA, 1983, page 45, line 21, is amended
26 to read:

27	ALLOCATIONS
28	CAREER ENHANCEMENT TRAINING
29	<u>251,800</u> [255,200]

1 (4 POSITIONS)

2 * Sec. 9. Section 32, ch. 107, SLA 1983, page 45, line 23, is amended
3 to read:

4	APPROPRIATION	GENERAL
5	ITEMS	FUND
6	PAROLE BOARD	
7	(4 POSITIONS)	
	<u>305,300</u>	<u>305,300</u>
8	[330,900]	[330,900]

9 * Sec. 10. The sum of \$718,300 is appropriated from the general fund to
10 the Department of Fish and Game, division of fisheries rehabilitation,
11 enhancement and development, for the cost of full-year operations of state
12 hatchery facilities at Klawock, Beaver Falls, Cannery Creek, and Main Bay,
13 for the fiscal year ending June 30, 1984.

14 * Sec. 11. The sum of \$250,000 is appropriated from the general fund to
15 the Department of Natural Resources for land records research, appraisal,
16 and title search costs of the Alaska mental health land as required by the
17 court order issued in conjunction with Vern T. Weiss v. State of Alaska,
18 during the fiscal year ending June 30, 1984.

19 * Sec. 12. The sum of \$45,000 is appropriated from the general fund to
20 the Department of Natural Resources, division of technical services, for
21 the costs of the Fairbanks recorder's office lease, for the fiscal year
22 ending June 30, 1984.

23 * Sec. 13. The sum of \$95,000 is appropriated from the general fund to
24 the Department of Natural Resources, division of technical services, for
25 the costs of five permanent and five temporary additional staff people in
26 the Anchorage recorder's office to reduce delays in service to the public,
27 for the fiscal year ending June 30, 1984.

28 * Sec. 14. The sum of \$415,000 is appropriated from the general fund to
29 the Alaska Power Authority for the continuation of fisheries studies on the

1 Newhalen River.

2 * Sec. 15. The sum of \$32,000 is appropriated from the general fund to
3 the Department of Education to pay the stipulated settlement in The School
4 District of St. Mary's v. Department of Education of the State of Alaska,
5 No. 3AN-82-9518 Civil.

6 * Sec. 16. The unexpended and unobligated portion of the appropriation
7 made in sec. 14 of this Act lapses into the general fund June 30, 1985.

8 * Sec 17. This Act takes effect March 15, 1984.

Introduced: 2/6/84
Referred: Health, Education and
Social Services and Finance

Funding Information
General Fund \$3,702,900
Other Funds -0-
\$3,702,900

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 409

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making miscellaneous supplemental appro-
7 priations and transfers among appropriations; and
8 providing for a March 15, 1984 effective date."

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

10 * Section 1. The sum of \$2,147,600 is appropriated from the general
11 fund to the Adult Corrections Agency to pay increased costs of confinement,
12 to secure additional space, and to hire immediately 83 additional staff
13 people to provide supervision and security of the inmate population for the
14 fiscal year ending June 30, 1984.

15 * Sec. 2. Section 32, ch. 107, SLA 1983, page 44, line 11, is amended
16 to read:

	APPROPRIATION	GENERAL
	ITEMS	FUND
19 ADULT CORRECTIONS	44,976,700	44,976,700
20	[44,411,500]	[44,411,500]

21 * Sec. 3. Section 32, ch. 107, SLA 1983, page 45, line 12, is amended
22 to read:

	ALLOCATIONS
24 MAJOR MEDICAL & GUARD	
25 HIRE (8 POSITIONS)	
26	3,114,000 [2,548,800]

27 * Sec. 4. Section 32, ch. 107, SLA 1983, page 45, line 13, is amended
28 to read:

	APPROPRIATION	GENERAL
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1		ITEMS	FUND
2	ADULT PROBATION AND		
3	COMMUNITY PROGRAMS	<u>6,616,400</u>	<u>6,616,400</u>
4		[6,579,500]	[6,579,500]

5 * Sec. 5. Section 32, ch. 107, SLA 1983, page 45, line 16, is amended
6 to read:

7	ALLOCATIONS
8	ADULT PROBATION THIRD
9	JUDICIAL DISTRICT
10	(30 POSITIONS)
11	<u>1,411,700</u> [1,374,800]

12 * Sec. 6. Section 32, ch. 107, SLA 1983, page 45, line 19, is amended
13 to read:

14	APPROPRIATION	GENERAL	
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17	AND SUPPORT	<u>4,718,700</u>	<u>4,540,100</u> 178,600
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21	ALLOCATIONS
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25 Sec. 8. Section 32, ch. 107, SLA, 1983, page 45, line 21, is amended
26 to read:

27	ALLOCATIONS
28	CAREER ENHANCEMENT TRAINING
29	<u>251,800</u> [255,200]

1 (4 POSITIONS)

2 * Sec. 9. Section 32, ch. 107, SLA 1983, page 45, line 23, is amended
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9 * Sec. 10. The sum of \$718,300 is appropriated from the general fund to
10 the Department of Fish and Game, Division of Fisheries Rehabilitation,
11 Enhancement and Development, for the cost of full-year operations of state
12 hatchery facilities at Klawock, Beaver Falls, Cannery Creek, and Main Bay,
13 for the fiscal year ending June 30, 1984.

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15 the Department of Natural Resources for land records research, appraisal,
16 and title search costs of the Alaska mental health land as required by the
17 court order issued in conjunction with Vern T. Weiss v. State of Alaska,
18 during the fiscal year ending June 30, 1984.

19 * Sec. 12. The sum of \$45,000 is appropriated from the general fund to
20 the Department of Natural Resources, Division of Technical Services, for
21 the costs of the Fairbanks recorder's office lease, for the fiscal year
22 ending June 30, 1984.

23 * Sec. 13. The sum of \$95,000 is appropriated from the general fund to
24 the Department of Natural Resources, division of technical services, for
25 the costs of five permanent and five temporary additional staff people in
26 the Anchorage recorder's office to reduce delays in service to the public,
27 for the fiscal year ending June 30, 1984.

28 * Sec. 14. (a) The sum of \$415,000 is appropriated from the general
29 fund to the Alaska Power Authority for the continuation of fisheries

1 studies on the Newhalen River.

2 (b) The unexpended and unobligated portion of the appropriation made
3 in (a) of this section lapses into the general fund June 30, 1985.

4 * Sec. 16. The sum of \$32,000 is appropriated from the general fund to
5 the Department of Education to pay the stipulated settlement in The School
6 District of St. Mary's v. Department of Education of the State of Alaska,
7 No. 3AN-82-9518 Civil.

8 * Sec. 16. This Act takes effect March 15, 1984.

COMMITTEE REPORT
SENATE

FURTHER:

Date 5/7/84

Mr. President

The Committee on _____ considered _____

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

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

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Chairman

Chairman recommendation

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

All accounted for

Revision Date _____

REQUEST

Bill/Resolution No: SB 410
Title: Repealing certain funds and dedications
Sponsor: Rules by Governor
Requestor: _____
Date of Request: _____

FISCAL DETAIL

Agency Affected: None
Program Category Affected: _____
BRU, Program or Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

POSITIONS:

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

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis.

Prepared By: Milt Barker MB
Division: Treasury

Phone: 465-2350
Date: 01-09-84

Approved by Commissioner: [Signature]
Agency: Revenue

Date: 1/10/84

Distribution (by Agency preparing fiscal note):

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

This bill repeals the reserve for energy facilities development account, the reserve for capital outlay account and the renewable resources development and investment funds. These accounts have been held by the attorney general to be unconstitutional dedications and have no balances in them.

The bill also repeals a dedication of revenue to the Alaska Native Fund. This dedication is no longer operative because the state has paid all amounts owed to this fund. A repeal of a dedication of a portion of federal mineral leasing revenues is also contained in the bill since federal law no longer requires such dedication.

Introduced: 2/5/84
Referred: Judiciary and
Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2

SENATE BILL NO. 410

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act repealing certain accounts, funds, and
7 dedications of state revenue; and providing for an
8 effective date."

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

10 * Section 1. AS 37.05.157, 37.05.158; AS 37.07.062(c)(4); and
11 AS 37.11.010 -- 37.11.090 are repealed.

12 * Sec. 2. AS 37.20.040 and AS 43.05.210 are repealed.

13 * Sec. 3. This Act takes effect July 1, 1984.

Sen Mulcahy

SB410:

Bill Repeals the following accounts:

- 1) AG has held the following accounts, which have zero balances, to be unconstitutional dedications:
 - a) Capital outlay reserve account (37.05.157) and referenced in 37.05.162 (c) (4);
 - b) Energy facilities development reserve account (37.05.158);
 - c) Renewable resources development and investment fund 37.11.010 thru 090;
- 2) Repeals the Alaska Native Fund which, subsequent to ANCSA, is no longer operative.
- 3) Repeals 43.05.210 which dedicated for specific uses a portion of the revenues received under the Federal Mineral Leasing Act which is no longer required by Federal law.

BILL SHEFFIELD, GOVERNOR

STATE OF ALASKA
DEPARTMENT OF REVENUE

TREASURY DIVISION

ELEVENTH FLOOR
STATE OFFICE BUILDING
POUCH SB
JUNEAU, ALASKA 99811
PHONE:

May 2, 1984

The Honorable Bob Mulcahy
Senate Finance Committee
State Capitol
Pouch V
Juneau, AK 99811

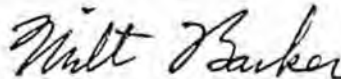
Dear Senator Mulcahy:

At your request, I offer the following explanation of section 2 of SB 410.

First, the repeal of AS 37.20.040 (attached) would eliminate a requirement that the Commissioner of Revenue pay to the Alaska Native Fund amounts due to the fund under section 9 of the Alaska Native Claims Settlement Act (attached). AS 37.20.040 became obsolete when the State had paid a total of \$500 million to the Fund. The State's payments were in the amount of two percent of the gross value of minerals produced and two percent of the mineral rentals and bonuses from State and Federal lands. An appropriation of \$292,585,100 was included in the FY 81 General Appropriations Act, ch. 120, SLA 1980, to extinguish the State's obligation.

Secondly, the repeal of AS 43.05.210 (attached) would eliminate a dedication in the Alaska Statutes of a portion of federal mineral leasing revenues. This dedication was enacted to conform to a requirement in Federal Statutes, 30 USC section 191. However, the Federal Statute has been amended to eliminate this required dedication. Both versions of 30 USC section 191 are attached. Inasmuch as the State has never identified this dedicated revenue stream as a fund source in its budgeting practices and since the requirement for dedication no longer exists, the Department of Revenue is suggesting the repeal of this dedication.

Yours truly,



Milt Barker
Deputy Commissioner

MB/gb

Enclosures

cc: Robert D. Heath

Sec. 37.20.040. Alaska Native Fund. The amount required by federal law to be paid into the Alaska Native Fund established by P. L. 92-203 is not revenue of the state, except for the purpose of calculating the amount to be placed in the Alaska Permanent Fund, and shall be paid by the commissioner of revenue to the Alaska Native Fund directly on receipt. (§ 1 ch 107 SLA 1977)

Sec. 43.05.210. Funds received under the Federal Mineral Leasing Act. The initial 37½ per cent of federal mineral leasing revenues paid to the state under 30 U.S.C. 191 (Federal Mineral Leasing Act), as amended, shall be paid into the state general fund and appropriated by the legislature for the construction and maintenance of public roads or for the support of public schools or other public educational institutions, as required by the Act or Congress allocating the revenue to the state. The additional 52½ per cent of the revenues paid to the state under 30 U.S.C. 191, as amended, shall be paid into the state general fund for disposition by the legislature. (§ 1 ch 75 SLA 1951; am § 1 ch 45 SLA 1962)

REVENUE SHARING

SEC. 9. (a) The provisions of this section shall apply to all minerals that are subject to the disposition under the Mineral Leasing Act of 1920, as amended and supplemented.

(b) With respect to conditional leases and sales of minerals heretofore or hereafter made pursuant to section 6(g) of the Alaska Statehood Act, and with respect to mineral leases of the United States that are or may be subsumed by the State under section 6(h) of the Alaska Statehood Act, until such time as the provisions of subsection (c) become operative the State shall pay into the Alaska Native Fund from the royalties, rentals, and bonuses hereafter received by the State (1) a royalty of 2 per centum upon the gross value (as such gross value is determined for royalty purposes under such leases or sales) of such minerals produced or removed from such lands, and (2) 2 per centum of all rentals and bonuses under such leases or sales, excluding bonuses received by the State at the September 1969 sale of minerals from tentatively approved lands and excluding rentals received pursuant to such sale before the date of enactment of this Act. Such payment shall be made within sixty days from the date of revenues are received by the State.

(c) Each patent hereafter issued to the State under the Alaska Statehood Act, including a patent of lands heretofore selected and tentatively approved, shall reserve for the benefit of the Natives, and for payment into the Alaska Native Fund, (1) a royalty of 2 per centum upon the gross value (as such gross value is determined for royalty purposes under any disposition by the State) of the minerals thereafter produced or removed from such lands, and (2) 2 per centum of all revenues thereafter derived by the State from rentals and bonuses from the disposition of such minerals.

(d) All bonuses, rentals, and royalties received by the United States after the date of enactment of this Act from the disposition by it of such minerals in public lands in Alaska shall be distributed as provided in the Alaska Statehood Act, except that prior to calculating the shares of the State and the United States as set forth in such Act, (1) a royalty of 2 per centum upon the gross value of such minerals produced (as such gross value is determined for royalty purposes under the sale or lease), and (2) 2 per centum of all rentals and bonuses shall be deducted and paid into the Alaska Native Fund. The respective shares of the State and the United States shall be calculated on the remaining balance.

(e) The provisions of this section shall be enforceable by the United States for the benefit of the Natives, and in the event of default by the State in making the payments required, in addition to any other remedies provided by law, there shall be deducted annually by the Secretary of the Treasury from any grant-in-aid or from any other sums payable to the State under any provision of Federal law an amount equal to any such underpayment, which amount shall be deposited in the Fund.

(f) Revenues received by the United States or the State as compensation for estimated drainage of oil or gas shall, for the purposes of this section, be regarded as revenues from the disposition of oil and gas. In the event the United States or the State elects to take royalties in kind, there shall be paid into the Fund on account thereof an amount equal to the royalties that would have been paid into the Fund under the provisions of this section had the royalty been taken in cash.

(g) The payments required by this section shall continue only until a sum of \$500,000,000 has been paid into the Alaska Native Fund less the total of advance payments paid into the Alaska Native Fund pursuant to section 407 of the Trans-Alaska Pipeline Authorization Act. Thereafter, payments which would otherwise go into the Alaska Native Fund will be made to the United States Treasury as reimbursement for the advance payments authorized by section 407 of the Trans-Alaska Pipeline Authorization Act. The provisions of this section shall no longer apply, and the reservation required in patents under this section shall be of no further force and effect, after a total sum of \$500,000,000 has been paid to the Alaska Native Fund and to the United States Treasury pursuant to this subsection.

(h) When computing the final payment into the Fund the respective shares of the United States and the State with respect to payments to the Fund required by this section shall be determined pursuant to this subsection and in the following order:

(1) first, from sources identified under subsections (b) and (c) hereof; and

(2) then, from sources identified under subsection (d) hereof.

(i) The provisions of this section do not apply to mineral revenues received from the Outer Continental Shelf. (Amended November 16 1973, P.L. 93-153 Title IV § 407(b), 87 stat. 591)

Effect of amendments. — The 1973 amendment rewrote subsection (g).

NOTES TO DECISIONS

State's right to oil lease proceeds resolved. — By providing that tentative approvals of state land selections extinguished any aboriginal title thereto, Congress affirmed the Secretary of the Interior's authority to tentatively approve the state land selections pursuant to the Alaska Statehood Act and resolved all questions as to the validity of the state's right to the oil lease proceeds. *United States v. Atlantic Richfield Co.*, 435 F. Supp. 1009 (D. Alas. 1977), *aff'd*, 612 F.2d 1132 (9th Cir.), *cert. denied*, 449 U.S. 888, 101 S. Ct. 244, 66 L. Ed. 2d 112 (1980).

State must pay certain mineral revenues to settlement fund. — The settlement act requires the state to contribute a portion of its oil and mineral

revenues to the settlement fund. Under this section, the natives have the right to receive \$500 million in revenues to be derived from mineral leases on public lands in Alaska, including lands tentatively approved to the state or selected by the state. Thus, Congress has already determined that the state must pay a certain amount of its mineral revenues towards settlement of native claims. *United States v. Atlantic Richfield Co.*, 435 F. Supp. 1009 (D. Alas. 1977), *aff'd*, 612 F.2d 1132 (9th Cir.), *cert. denied*, 449 U.S. 888, 101 S. Ct. 244, 66 L. Ed. 2d 113 (1980).

Cited in *Ukpemvik Inupiat Corp. v. Arctic Slope Regional Corp.*, 517 F. Supp. 1255 (D. Alas. 1981).

§ 191. Disposition of moneys received

All money received from sales, bonuses, royalties, and rentals of public lands under the provisions of this chapter shall be paid into the Treasury of the United States; 37½ per centum thereof shall be paid by the Secretary of the Treasury as soon as practicable after December 31 and June 30 of each year to the State within the boundaries of which the leased lands or deposits are or were located; said moneys to be used by such State or subdivisions thereof for the construction and maintenance of public roads or for the support of public schools or other public educational institutions, as the legislature of the State may direct; and, excepting those from Alaska, 52½ per centum thereof shall be paid into, reserved and appropriated, as a part of the reclamation fund created by the Act of Congress known as the Reclamation Act, approved June 17, 1902, and of those from Alaska 52½ per centum thereof shall be paid to the State of Alaska for disposition by the legislature thereof: *Provided*, That all moneys which may accrue to the United States under the provisions of this chapter from lands within the naval petroleum reserves shall be deposited in the Treasury as "miscellaneous receipts", as provided by the Act of June 4, 1920 (41 Stat. 813), as amended June 30, 1938 (52 Stat. 1252). All moneys received under the provisions of this chapter not otherwise disposed of by this section shall be credited to miscellaneous receipts.

Feb. 25, 1920, c. 85, § 35, 41 Stat. 450; May 27, 1917, c. 83, 61 Stat. 119; Aug. 3, 1950, c. 527, 64 Stat. 402; July 10, 1957, Pub.L. 85-88, § 2, 71 Stat. 282; July 7, 1958, Pub.L. 85-508, §§ 6(k), 28(b), 72 Stat. 343, 351.

Historical Note

References in Text. Reclamation Act, approved June 17, 1902, referred to in the text, is classified generally to Title 43, Public Lands. See Tables Volume for distribution.

Act June 4, 1920 (41 Stat. 813), as amended June 30, 1938 (52 Stat. 1252), referred to in the text, was classified to section 521 of former Title 31, Navy, was repealed by Act Aug. 10, 1950, c. 1011, § 53, 70A Stat. 611, and is now covered by section 7133(b) of Title 10, Armed Forces.

Codification. Provisions which authorized the payment of monies to the Territory of Alaska were omitted as superseded by the provisions authorizing the payment of monies to the State of Alaska.

1958 Amendment. Pub.L. 85-508, §§ 6(k), 28(b), eliminated provisions which related to disposition of proceeds or income derived by the United States from mineral school sections in the Territory of Alaska and substituted ", and of those from Alaska 52½ per centum thereof shall be paid to the State of Alaska for disposition by the legislature thereof" for ", and of those from Alaska 52½ per centum thereof shall be paid to the Territory of Alaska for disposition by the Legislature of the Territory of Alaska" preceding the proviso, respectively.

1957 Amendment. Pub.L. 85-88 inserted ", and of those from Alaska 52½ per centum thereof shall be paid to the Territory of Alaska for disposition by the Legislature of the Territory of Alaska" preceding the proviso.

1950 Amendment. Act Aug. 3, 1950, in providing that payments to States be made bi-annually instead of annually, substituted "as soon as practicable after December 31 and June 30 of each year" for "after the expiration of each fiscal year".

1917 Amendment. Act May 27, 1917, extended provisions by allocating 37½% of the money received from sales, bonuses, royalties, and rentals of public lands to the Territory of Alaska, for the construction and maintenance of public schools or other public educational institutions and added provisions relating to disposition of proceeds or income derived by the United States from mineral school sections in the Territory of Alaska.

Admission of Alaska as State. Effectiveness of amendment of this section by Pub.L. 85-508 was dependent upon the admission of Alaska into the Union under sections 6(k) and 28(b) of Pub.L. 85-508. Admission was accomplished Jan. 3, 1959 upon issuance of Proc.No. 5260, Jan. 3, 1959, 21 F.R. 81, 73 Stat. c16, as required by sections 1 and 5(c) of Pub.L. 85-508. See notes preceding section 21 of Title 48, Territories and Insular Possessions.

Outer Continental Shelf; Revenues from Leases. Disposition of revenues from leases on submerged lands of outer Continental Shelf, see sections 1337(g) and 1338 of Title 43, Public Lands.

Legislative History and Congressional Comment. For legislative history and

§ 191. Disposition of moneys received

All money received from sales, bonuses, royalties, including interest charges collected under the Federal Oil and Gas Royalty Management Act of 1982, and rentals of the public lands under the provisions of this Act and the Geothermal Steam Act of 1970 [30 USCS §§ 1001 et seq.], notwithstanding the provisions of section 20 thereof [30 USCS § 1019], shall be paid into the Treasury of the United States; 50 per centum thereof shall be paid by the Secretary of the Treasury to the State other than Alaska within the boundaries of which the leased lands or deposits are or were located; said moneys paid to any of such States on or after January 1, 1976, to be used by such State and its subdivisions, as the legislature of the State may direct giving priority to those subdivisions of the State socially or economically impacted by development of minerals leased under this Act, for (i) planning, (ii) construction and maintenance of public facilities, and (iii) provision of public service; and excepting those from Alaska, 40 per centum thereof shall be paid into, reserved, appropriated, as part of the reclamation fund created by the Act of Congress known as the Reclamation Act, approved June 17, 1902, and of those from Alaska as soon as practicable after March 31 and September 30 of each year, 90 per centum thereof shall be paid to the State of Alaska for disposition by the legislature thereof; Provided, That all moneys which may accrue to the United States under the provisions of this Act and the Geothermal Steam Act of 1970 [30 USCS §§ 1001 et seq.] from lands within the naval petroleum reserves shall be deposited in the Treasury as "miscellaneous receipts", as provided by the Act of June 4, 1920 (41 Stat. 813), as amended June 30, 1938 (52 Stat. 1252). All moneys received under the provisions of this Act and the Geothermal Steam Act of 1970 [30 USCS §§ 1001 et seq.] not otherwise disposed of by this section shall be credited to miscellaneous receipts. Payments to States under this section with respect to any moneys received by the United States, shall be made not later than the last business day of the month in which such moneys are warranted by the United States Treasury to the Secretary as having been received, except for any portion of such moneys which is under challenge and placed in a suspense account pending resolution of a dispute. Such warrants shall be issued by the United States Treasury not later than 10 days after receipt of such moneys by the Treasury. Moneys placed in a suspense account which are determined to be payable to a State shall be made not later than the last business day of the month in which such dispute is resolved. Any such amount placed in a suspense account pending resolution shall bear interest until the dispute is resolved.

(As amended Jan. 12, 1983, P.L. 97-451, Title I, §§ 104(a), 111(g), 96 Stat. 2452, 2456.)

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

JAY S. HAMMOND, GOVERNOR

POUCH K - STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3000

November 30, 1982

Gerald L. Wilkerson, C.P.A.
Legislative Auditor
Legislative Audit Division
Legislative Affairs Agency
Pouch W
Juneau, Alaska 99811

Honorable Carole J. Burger
Commissioner
Department of Administration
Pouch C
Juneau, Alaska 99811

Re: The dedicated funds
prohibition applied to various
funds and accounts. Our Files
Nos. J66-785-81 and J66-649-80

Dear Mr. Wilkerson and Commissioner Burger:

You have both asked for a broad review of the application of the constitutional dedicated funds prohibition to various state funds and accounts. Alaska Const. art. IX, § 7. Because of the factual complexities presented by the various funds, accounts, and appropriations and because of the paucity of judicial precedent, we are not able to advise you with absolute certainty regarding the constitutionality of state practices. However, some of the issues raised by your request may be resolved in litigation which is now pending concerning the administration of

earned on investments in a fund such as that made by AS 16.05.110(5) is constitutional.

3. Reserves for Capital Outlay (AS 37.05.157) and Energy Facilities Development (AS 37.05.158).

By statute there is allocated to each of these accounts a fixed percentage of annual receipts from minerals on state land. Both of these funds appear to be unconstitutional dedications to the extent that they restrict the purpose for which money may be spent. We are informed that the Department of Administration has recorded the amounts to be allocated to each account but has not retained that money for expenditures related to capital outlay or energy facilities development. We also understand that the legislature has not made any appropriations from these two accounts. We suggest that AS 37.05.157 and AS 37.05.158 be repealed.

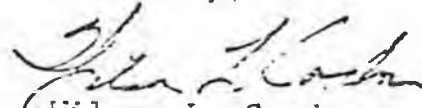
4. Renewable Resources Fund (AS 37.11.010-090). As we advised in our 1975 Attorney General Opinion No. 9, this statutory dedication is unconstitutional. We understand that the Department of Administration has followed our advice and has disregarded AS 37.11.010-090. We suggest that these statutes be repealed.

Mr. Gerald L. Wilkerson
Honorable Carole J. Burger
J66-785-31 and J66-649-00

November 30, 1982
Page 31

We hope you find this analysis helpful in determining the nature of the problems presented by the dedicated fund prohibition and the various statutory programs which may or may not run afoul of it. We expect to be able to advise you with greater certainty on some of these questions at the conclusion of the pending litigation described above.

Sincerely,


Wilson L. Condon
Attorney General

WLC:jf

cc: Ron Lehr, Director
Division of Budget and Management

Jay Hogan, Director
Division of Legislative Finance
Legislative Affairs Agency

COMMITTEE REPORT
SENATE

FURTHER:

FINANCE

2/6/84

Date

Feb. 17, 1984

Mr. President

The Committee on JUDICIARY considered SB 410

repealing certain accounts, funds, and dedications of state revenue; efd.

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

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

MEMBERS SIGNING
DO PASS

13

[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS

2

[Signature] in rec.

Bill Ray
Chairman

DO PASS
Chairman recommendation

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

20410

February 6, 1984

The Honorable Jalmar Kerttula
Alaska State Senate
Pouch V
Juneau, AK 99811

Dear Senator Kerttula:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that repeals certain accounts, funds, and dedications of state revenue.

Section 1 of the bill repeals statutes which appear to create dedicated funds in a manner that is not consistent with the limitations imposed by the Alaska Constitution. Repealed in sec. 1 are: (1) the reserve for capital outlay account (AS 37.05.157); (2) the reserve for energy facilities development account (AS 37.05.158); (3) a reference to AS 37.05.157 (reserve for capital outlay) in AS 37.07.062 dealing with the capital budget; and (4) the Alaska renewable resources development fund and Alaska renewable resources investment fund. (AS 37.11.010 -- 37.11.090). The accounts and the funds are inactive because it has been determined that they violate the dedicated fund prohibition contained in art. IX, sec. 7 of the Alaska Constitution. On the advice of the attorney general, no deposits were ever made to the accounts, and none has an outstanding balance. The renewable resources funds did, but no longer, have outstanding balances.

In sec. 2 of the bill, the dedication of revenue to the Alaska Native fund (AS 37.20.040) is repealed because the fund is no longer needed to implement the Alaska Native Claims Settlement Act. AS 43.05.210 is repealed because the dedication, for specific uses, of a part of the revenue received under 36 U.S.C. sec. 191 (the Federal Mineral Leasing Act) is no longer required by the federal law.

Under some circumstances, the dedication of state revenue might be appropriate. However, I believe that a dedication, if made at all, should be effected by amending the Alaska Constitution.

Sincerely,

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

Bill Sheffield
Governor

Introduced: 2/6/84
Referred: Judiciary and
Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SEN TE BILL NO. 410

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act repealing certain accounts, funds, and
7 dedications of state revenue; and providing for an
8 effective date."

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

10 * Section 1. AS 37.05.157, 37.05.158; AS 37.07.062(c)(4); and
11 AS 37.11.010 -- 37.11.090 are repealed.

12 * Sec. 2. AS 37.20.040 and AS 43.05.210 are repealed.

13 * Sec. 3. This Act takes effect July 1, 1984.

COMMITTEE REPORT
HOUSE

(21)

FURTHER:

5/29/64

Date: 5 30 64

The Committee on FINANCE has had SSB 611 (Reg)

"An Act relating to preferential use of Alaska agricultural products."

under consideration and recommends:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for SSB 611 (Reg) same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation Zero Fiscal Note Attached
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

Original sponsor: Kerttula

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 411 (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 the Alaska Power Authority;
7 authorizing the construction of the Watana and Brad-
8 ley Lake hydroelectric projects; and providing for an
9 effective date."

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

11 * Section 1. AS 44.33 is amended by adding new sections to read:

12 Sec. 44.33.600. CREATION OF FUND. (a) There is established in
13 the Department of Commerce and Economic Development the power develop-
14 ment revolving loan fund to carry out the purpose of AS 44.83.600 -
15 44.33.630. The fund may be used for no other purpose.

16 (b) The fund consists of

17 (1) appropriations to the fund by the legislature;

18 (2) repayments of principal to the fund; and

19 (3) income from investment of money in the fund and from
20 loans made from the fund.

21 Sec. 44.33.610. POWERS AND DUTIES OF DEPARTMENT IN ADMINISTERING
22 THE FUND. (a) The department may make a loan from the power develop-
23 ment revolving loan fund to the Alaska Power Authority for the purpose
24 of financing a power project acquired or constructed by the authority
25 under the energy program for Alaska (AS 44.83.380 - 44.83.425).
26 Repayment of a loan from the fund must be made with the proceeds from
27 the sale of power from projects in the energy program for Alaska.
28 Except as provided in AS 44.83.393(f), the payments required to be
29 made by the authority on a loan from the fund constitute debt service

1 for the purpose of calculating the wholesale power rate in AS 44.83.-
2 398(b)(1).

3 (b) After completion of a final plan of finance and approval of
4 a project under AS 44.83.185(c), a loan may be made from the fund for

5 (1) the cost or a portion of the cost of final design,
6 acquisition, and construction of a power project;

7 (2) defeasance or payment of bonds or notes of the author-
8 ity issued for a power project;

9 (3) the establishment of a reserve fund for renewals and
10 replacements for the operation of a completed power project; and

11 (4) any other project related expenses including those
12 described in AS 44.83.398(1).

13 Sec. 44.33.620. LOAN TERMS. (a) A loan from the fund must be
14 repaid in accordance with the terms that the department determines to
15 be appropriate. In establishing the terms, including provision for a
16 return to the state of an amount in excess of the principal amount of
17 the loan, the department shall consider the revenue that the authority
18 could reasonably derive from the sale of power from the projects based
19 upon

20 (1) the market rate of interest for a loan of comparable
21 size and duration at the time the loan is made; and

22 (2) the estimated costs of alternative sources of energy
23 generation for utilities purchasing power from a project financed with
24 a loan from the fund.

25 (b) The department may agree with the authority to defer repay-
26 ment of a loan. However, the loan must be repaid in full during the
27 period of the loan agreement.

28 (c) A loan to the authority from the fund may not exceed 50
29 years.

1 Sec. 44.33.630. DEFINITIONS. In AS 44.33.600 - 44.33.630

2 (1) "authority" means the Alaska Power Authority;

3 (2) "department" means the Department of Commerce and
4 Economic Development;

5 (3) "fund" means the power development revolving loan fund;

6 (4) "power project" means a project acquired or constructed
7 under the energy program for Alaska, AS 44.83.380 - 44.83.425.

8 * Sec. 2. AS 44.83.092(4) is amended to read:

9 (4) that [AFTER COMPLETION OF A PROJECT] the municipality
10 or other entity is obligated to make payments, notwithstanding the
11 noncompletion of or a suspension or reduction in the amount of the
12 power supplied by its project or another [THE] project.

13 * Sec. 3. AS 44.83.398 is amended by adding a new subsection to read:

14 (1) The authority may place in a separate interest bearing
15 account money appropriated to the authority as a loan for the purpose
16 of meeting the operating expenses of a facility in the initial pro-
17 ject. The money may be used to replace amounts which were expected to
18 be paid by a utility potentially served by a facility in the initial
19 project, which has not entered into a power sales agreement with the
20 authority. Repayment of the amount loaned must be made from revenues
21 attributable to power sales from that facility, as limited by the
22 terms of power sales agreements with power purchasers from that facil-
23 ity. A loan made in accordance with this subsection is not a state
24 loan for purposes of calculating the wholesale power rate under (b)(1)
25 of this section.

26 * Sec. 4. AS 44.83.398(a) is amended to read:

27 (a) The authority shall sell power produced from power projects
28 acquired or constructed under the energy program for Alaska. For
29 purposes of this section, Lake Tvee, Swan Lake, Selmon Gulch, and

1 Terror Lake hydroelectric facilities are considered to be one power
2 project. This power project is referred to as the initial project [A
3 UTILITY THAT PURCHASES POWER PRODUCED BY A POWER PROJECT OF THE AU-
4 THORITY SHALL AGREE WITH THE AUTHORITY

5 (1) TO GIVE PREFERENCE IN THE SALE OF POWER AT RETAIL TO
6 ALL CLASSES OF CONSUMERS OF POWER EXCEPT INDUSTRIAL CONSUMERS;

7 (2) TO CHARGE INDUSTRIAL CONSUMERS OF POWER A RATE DE-
8 TERMINED BY THE AUTHORITY IN ACCORDANCE WITH (d) OF THIS SECTION].

9 * Sec. 5. AS 44.83.398(b) is amended to read:

10 (b) The authority shall establish a wholesale power rate struc-
11 ture applicable to sales of power to the [ITS] customers [AT THE
12 BUSEAR] of a power project as follows:

13 (1) The authority shall establish and maintain a separate
14 wholesale power rate applicable to each power project that it has
15 acquired or constructed under the energy program for Alaska, other
16 than a project described in (f) of this section. The wholesale power
17 rate established by the authority for the initial project shall be a
18 rate calculated under this paragraph except that the portion of the
19 rate applicable to (A) and (C) of this paragraph shall be adjusted for
20 the hydroelectric facilities in the initial project as set out in (3)
21 of this subsection. The wholesale power rate shall be computed by the
22 authority annually, or more frequently as may be necessary, and shall
23 equal the rate that the authority estimates is necessary to produce
24 revenue that is sufficient to pay

25 (A) operation, maintenance, and equipment replacement
26 costs of the power project;

27 (B) the power project's proportionate share of the
28 debt service on state loans and bonds for all power projects in
29 the energy program for Alaska, determined in accordance with (g)

1 of this section;

2 (C) safety inspections and investigations of the power
3 project by the authority.

4 (2) If, by July 1, 1991, the legislature has not appropri-
5 ated at least \$5,000,000,000 to the fund, in addition to appropri-
6 ations to the fund of interest earned on money in the fund, the author-
7 ity shall, beginning on that date, establish and maintain a separate
8 wholesale power rate applicable to each power project that is acquired
9 or constructed under the energy program for Alaska. The wholesale
10 power rate shall be computed by the authority annually, or more fre-
11 quently as may be necessary, and shall be the greater of

12 (A) 10 percent of the amount the authority has in-
13 vested in the power project, including loans and grants made by
14 the state; or

15 (B) the rate that the authority estimates is necessary
16 to produce revenue sufficient to pay

17 (i) operation, maintenance, and equipment re-
18 placement costs of the power project;

19 (ii) the power project's proportionate share of
20 debt service on state loans and bonds for all power projects
21 in the energy program for Alaska, determined in accordance
22 with (g) of this section; and

23 (iii) safety inspections and investigations of the
24 power project by the authority.

25 (3) For the purposes of determining amounts to be allocated
26 to each hydroelectric facility in the initial project under (1)(A) and
27 (1)(C) of this subsection, the authority shall determine for each
28 hydroelectric facility its individual operation, maintenance, equip-
29 ment replacement, safety inspection, and investigation costs.

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* Sec. 6. AS 44.83.398(e) is amended to read:

(e) After determining the wholesale power rate for a power project under the provisions of this section, the authority may adjust the rate or change the rate provisions to insure that the revenue derived from that power project and the aggregate revenues of the authority will be adequate to comply with the rate covenants and other agreements contained in any trust indenture or trust agreement entered into by the authority for the security of the holders of bonds issued to finance power projects in the energy program [ENERGY PROGRAM] for Alaska. The authority may agree with a purchaser of power to limit rate increases caused by debt service payable by the authority on subsequent projects.

* Sec. 7. AS 44.83.398(d) is repealed.

* Sec. 8. The Bradley Lake hydroelectric project is authorized for construction under AS 44.83.185(c) and 44.83.384(c) at a construction cost of \$350,000,000.

* Sec. 9. The Watana Dam project in the Susitna River hydroelectric project is authorized for construction under AS 44.83.185(c) at a construction cost of \$1,500,000,000 and the preliminary report on the Susitna River hydroelectric project is approved in accordance with AS 44.83.320(b), as to the Watana Dam Project.

* Sec. 10. Sections 1 - 3 of this Act take effect July 1, 1984.

* Sec. 11. Sections 4 - 9 of this Act take effect immediately in accordance with AS 01.10.070(c).

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HCSCSSB411(FIN)
 Title: Ak. Power Auth; auth. construc
Watana/Bradley Lk. hydro. projects
 Sponsor: Kerttula
 Requestor: House Finance Committee
 Date of Request: 5/30/84

FISCAL DETAIL

Agency Affected: Commerce
 Program Category Affected: APA
 BRU, Program or Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND		0				
FEDERAL FUNDS		0				
OTHER		0				
TOTAL		0				

POSITIONS:

FULL-TIME		0				
PART-TIME		0				
TEMPORARY		0				

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Al Adams, Chair Phone: 465-3706
 Division: House Finance Committee Date: 5/30/84

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

Original sponsor: Kerttula

IN THE HOUSE

BY THE FINANCE COMMITTEE

HOUSE CS FOR CS FOR SENATE BILL NO. 411 (FINANCE)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to the Alaska Power Authority; authorizing the construction of the Watana and Bradley Lake hydroelectric projects; and providing for an effective date."

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

* Section 1. AS 44.33 is amended by adding new sections to read:

Sec. 44.33.600. CREATION OF FUND. (a) There is established in the Department of Commerce and Economic Development the power development revolving loan fund to carry out the purpose of AS 44.83.600 -- 44.33.630. The fund may be used for no other purpose.

(b) The fund consists of

(1) appropriations to the fund by the legislature;

(2) repayments of principal to the fund; and

(3) income from investment of money in the fund and from loans made from the fund.

Sec. 44.33.610. POWERS AND DUTIES OF DEPARTMENT IN ADMINISTERING THE FUND. (a) The department may make a loan from the power development revolving loan fund to the Alaska Power Authority for the purpose of financing a power project acquired or constructed by the authority under the energy program for Alaska (AS 44.83.380 -- 44.83.425). Repayment of a loan from the fund must be made with the proceeds from the sale of power from projects in the energy program for Alaska. Except as provided in AS 44.83.398(1), the payments required to be made by the authority on a loan from the fund constitute debt service

for the purpose of calculating the wholesale power rate in AS 44.83.398(b)(1).

(b) After completion of a final plan of finance and approval of a project under AS 44.83.185(c), a loan may be made from the fund for

(1) the cost or a portion of the cost of final design, acquisition, and construction of a power project;

(2) defeasance or payment of bonds or notes of the authority issued for a power project;

(3) the establishment of a reserve fund for renewals and replacements for the operation of a completed power project; and

(4) any other project related expenses including those described in AS 44.83.398(i).

Sec. 44.33.620. LOAN TERMS. (a) A loan from the fund must be repaid in accordance with the terms that the department determines to be appropriate. In establishing the terms, including provision for a return to the state of an amount in excess of the principal amount of the loan, the department shall consider the revenues that the authority could reasonably derive from the sale of power from the projects based upon

(1) the market rate of interest for a loan of comparable size and duration at the time the loan is made; and

(2) the estimated costs of alternative sources of energy generation for utilities purchasing power from a project financed with a loan from the fund.

(b) The department may agree with the authority to defer repayment of a loan. However, the loan must be repaid in full during the period of the loan agreement.

(c) A loan to the authority from the fund may not exceed 50 years.

Sec. 44.33.630. DEFINITIONS. In AS 44.33.600 -- 44.33.630

(1) "authority" means the Alaska Power Authority;

(2) "department" means the Department of Commerce and Economic Development;

(3) "fund" means the power development revolving loan fund;

(4) "power project" means a project acquired or constructed under the energy program for Alaska, AS 44.83.380 -- 44.83.425.

* Sec. 2. AS 44.83.092(4) is amended to read:

(4) that [AFTER COMPLETION OF A PROJECT] the municipality or other entity is obligated to make payments, notwithstanding the non-completion of or a suspension or reduction in the amount of the power supplied by its project or another [THE] project.

* Sec. 3. AS 44.83.398 is amended by adding a new subsection to read:

(f) The authority may place in a separate interest bearing account money appropriated to the authority as a loan for the purpose of meeting the operating expenses of a facility in the initial project. The money may be used to replace amounts which were expected to be paid by a utility potentially served by a facility in the initial project, which has not entered into a power sales agreement with the authority. Repayment of the amount loaned must be made from revenues attributable to power sales from that facility, as limited by the terms of power sales agreements with power purchasers from that facility. A loan made in accordance with this subsection is not a state loan for purposes of calculating the wholesale power rate under (b)(1) of this section.

* Sec. 4. AS 44.83.398(a) is amended to read:

(a) The authority shall sell power produced from power projects acquired or constructed under the energy program for Alaska. For purposes of this section, Lake Tvee, Swan Lake, Solomon Gulch, and

Terror Lake hydroelectric facilities are considered to be one power project. This power project is referred to as the initial project [A UTILITY THAT PURCHASES POWER PRODUCED BY A POWER PROJECT OF THE AUTHORITY SHALL AGREE WITH THE AUTHORITY

(1) TO GIVE PREFERENCE IN THE SALE OF POWER AT RETAIL TO ALL CLASSES OF CONSUMERS OF POWER EXCEPT INDUSTRIAL CONSUMERS;

(2) TO CHARGE INDUSTRIAL CONSUMERS OF POWER A RATE DETERMINED BY THE AUTHORITY IN ACCORDANCE WITH (d) OF THIS SECTION].

* Sec. 5. AS 44.83.398(b) is amended to read:

(b) The authority shall establish a wholesale power rate structure applicable to sales of power to the [ITS] customers [AT THE BUSBAR] of a power project as follows:

(1) The authority shall establish and maintain a separate wholesale power rate applicable to each power project that it has acquired or constructed under the energy program for Alaska, other than a project described in (f) of this section. The wholesale power rate established by the authority for the initial project shall be a rate calculated under this paragraph except that the portion of the rate applicable to (A) and (C) of this paragraph shall be adjusted for the hydroelectric facilities in the initial project as set out in (3) of this subsection. The wholesale power rate shall be computed by the authority annually, or more frequently as may be necessary, and shall equal the rate that the authority estimates is necessary to produce revenue that is sufficient to pay

(A) operation, maintenance, and equipment replacement costs of the power project;

(B) the power project's proportionate share of the debt service on state loans and bonds for all power projects in the energy program for Alaska, determined in accordance with (g)

of this section;

(C) safety inspections and investigations of the power project by the authority.

(2) If, by July 1, 1991, the legislature has not appropriated at least \$5,000,000,000 to the fund, in addition to appropriations to the fund of interest earned on money in the fund, the authority shall, beginning on that date, establish and maintain a separate wholesale power rate applicable to each power project that is acquired or constructed under the energy program for Alaska. The wholesale power rate shall be computed by the authority annually, or more frequently as may be necessary, and shall be the greater of

(A) 10 percent of the amount the authority has invested in the power project, including loans and grants made by the state; or

(B) the rate that the authority estimates is necessary to produce revenue sufficient to pay

(i) operation, maintenance, and equipment replacement costs of the power project;

(ii) the power project's proportionate share of debt service on state loans and bonds for all power projects in the energy program for Alaska, determined in accordance with (g) of this section; and

(iii) safety inspections and investigations of the power project by the authority.

(3) For the purposes of determining amounts to be allocated to each hydroelectric facility in the initial project under (1)(A) and (1)(C) of this subsection, the authority shall determine for each hydroelectric facility its individual operation, maintenance, equipment replacement, safety inspection, and investigation costs.

* Sec. 6. AS 44.83.398(e) is amended to read:

(e) After determining the wholesale power rate for a power project under the provisions of this section, the authority may adjust the rate or change the rate provisions to insure that the revenue derived from that power project and the aggregate revenues of the authority will be adequate to comply with the rate covenants and other agreements contained in any trust indenture or trust agreement entered into by the authority for the security of the holders of bonds issued to finance power projects in the energy program [ENERGY PROGRAM] for Alaska. The authority may agree with a purchaser of power to limit rate increases caused by debt service payable by the authority on subsequent projects.

* Sec. 7. AS 44.83.398(g) is amended to read:

(g) For the purposes of (b)(1)(B) [AND (b)(2)(B)(ii)] of this section, a power project's proportionate share of debt service on state loans and bonds for all power projects in the energy program for Alaska is equal to the state's investment in the power project divided by the state's investment in all power projects in the energy program for Alaska and multiplied by the debt service on state loans and bonds for all power projects in the energy program for Alaska. In this subsection

(1) "state's investment in the power project" includes all state money invested in a power project, including loans, grants, and proceeds from bonds, less the principal repayments on the project's proportionate share of debt service on state loans and bonds;

(2) "state's investment in all power projects in the energy program for Alaska" includes all state money invested in the power projects, other than interties, in the energy program for Alaska, including loans, grants, and proceeds from bonds, less the principal

repayments on bonds and state loans issued for the power projects.

* Sec. 8. AS 44.83.398(b)(2) is repealed.

* Sec. 9. AS 44.83.398(d) is repealed.

* Sec. 10. The Bradley Lake hydroelectric project is authorized for construction under AS 44.83.185(c) and 44.83.384(c) at a construction cost of \$350,000,000.

* Sec. 11. The Watana Dam project in the Susitna River hydroelectric project is authorized for construction under AS 44.83.185(c) at a construction cost of \$1,500,000,000 and the preliminary report on the Susitna River hydroelectric project is approved in accordance with AS 44.83.320(b), as to the Watana Dam Project.

* Sec. 12. Sections 1 - 3 of this Act take effect July 1, 1984.

* Sec. 13. Sections 4 - 11 of this Act take effect immediately in accordance with AS 01.10.070(c).

Introduced: 5/12/84
Referred: Rules

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2

SENATE CONCURRENT RESOLUTION NO. 46

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

Suspending Uniform Rules 24(c) and 41(b)

6

of the Alaska State Legislature concern-

7

ing Senate Bill No. 411.

8

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

9

That under Rule 54 of the Uniform Rules of the Alaska State Legisla-
10 ture the provisions of Rules 24(c) and 41(b) of the Uniform Rules relating
11 to change of title in bills are suspended in the consideration of Senate
12 Bill No. 411.

Offered: 3/14/84
Referred: Finance

Original sponsor: Kerttula

1 IN THE SENATE BY THE RESOURCES COMMITTEE
2 CS FOR SENATE BILL NO. 411 (Resources)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - SECOND SESSION
5 A BILL
6 For an Act entitled: "An Act relating to preferential use of Alaska
7 agricultural products."
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
9 * Section 1. AS 36 is amended by adding a new chapter to read:
10 CHAPTER 16. PREFERENTIAL USE OF ALASKA AGRICULTURAL PRODUCTS.
11 Sec. 36.16.010. USE OF LOCAL AGRICULTURAL PRODUCTS REQUIRED IN
12 PURCHASES WITH STATE MONEY. In the purchase of agricultural products
13 financed by state money, only agricultural products originating in
14 this state shall be used wherever competitively priced, available, and
15 of like quality compared with agricultural products originating
16 outside the state.
17 Sec. 36.16.020. INSERTION OF CLAUSE IN CALLS FOR BIDS AND IN
18 CONTRACTS. A clause containing the substance of AS 36.16.010 shall be
19 inserted in all calls for bids and in all contracts awarded that
20 involve agricultural products.
21 Sec. 36.16.030. INSPECTION CERTIFICATE. Before purchase by the
22 state, an agricultural product originating in this state shall receive
23 an inspection certificate from the commissioner of natural resources
24 under AS 03.05.010 or the commissioner of environmental conservation
25 under AS 03.05.011.

Introduced: 2/6/84
Referred: Resources and
Finance

1 IN THE SENATE

BY KERTTULA

2

SENATE BILL NO. 411

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 preferential use of Alaska
7 agricultural products."

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

9 * Section 1. AS 36 is amended by adding a new chapter to read:

10 CHAPTER 16. PREFERENTIAL USE OF ALASKA AGRICULTURAL PRODUCTS.

11 Sec. 36.16.010. USE OF LOCAL AGRICULTURAL PRODUCTS REQUIRED IN
12 EXPENDITURES OF PUBLIC MONEY. In the purchase of agricultural
13 products financed by state money, only agricultural products originat-
14 ing in this state shall be used wherever competitively priced, avail-
15 able, and of like quality to agricultural products originating outside
16 the state.

17 Sec. 36.16.020. INSERTION OF CLAUSE IN CALLS FOR BIDS AND IN
18 CONTRACTS. A clause containing the substance of AS 36.16.010 shall be
19 inserted in all calls for bids and in all contracts awarded that
20 involve agricultural products.

21 Sec. 36.16.030. INSPECTION CERTIFICATE. An agricultural product
22 originating in this state shall receive an inspection certificate by
23 the director of agriculture, Department of Natural Resources before
24 purchase by the state.

Offered: 3/14/84
Referred: Finance

Original sponsor: Kerttula

1 IN THE SENATE BY THE RESOURCES COMMITTEE
2 CS FOR SENATE BILL NO. 411 (Resources)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - SECOND SESSION

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22 state, an agricultural product originating in this state shall receive
23 an inspection certificate from the commissioner of natural resources
24 under AS 03.05.010 or the commissioner of environmental conservation
25 under AS 03.05.011.

Introduced: 2/6/84
Referred: Resources and
Finance

1 IN THE SENATE

BY KERTTULA

2

SENATE BILL NO. 411

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 preferential use of Alaska
7 agricultural products."

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

9 * Section 1. AS 36 is amended by adding a new chapter to read:

10 CHAPTER 16. PREFERENTIAL USE OF ALASKA AGRICULTURAL PRODUCTS.

11 Sec. 36.16.010. USE OF LOCAL AGRICULTURAL PRODUCTS REQUIRED IN
12 EXPENDITURES OF PUBLIC MONEY. In the purchase of agricultural
13 products financed by state money, only agricultural products originat-
14 ing in this state shall be used wherever competitively priced, avail-
15 able, and of like quality to agricultural products originating outside
16 the state.

17 Sec. 36.16.020. INSERTION OF CLAUSE IN CALLS FOR BIDS AND IN
18 CONTRACTS. A clause containing the substance of AS 36.16.010 shall be
19 inserted in all calls for bids and in all contracts awarded that
20 involve agricultural products.

21 Sec. 36.16.030. INSPECTION CERTIFICATE. An agricultural product
22 originating in this state shall receive an inspection certificate by
23 the director of agriculture, Department of Natural Resources before
24 purchase by the state.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: CS SB411
Title: Preferential use of Alaskan agricultural products
Sponsor: Kerttula
Requestor: _____
Date of Request: _____

FISCAL DETAIL

Agency Affected: Natural Resources
Program Category Affected: _____
BRU, Program or Subprogram(s) Affected: Agricultural Management
Agricultural Development

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Sharon Barton Phone: 465-2400

Division: Commissioner's Office Date: 3-12-84

Approved by Commissioner: William D Arnold, Deputy Date: 3-12-84

Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):

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

12/1/83

COMMITTEE REPORT
SENATE

FURTHER: FINANCE

2/6/84

Date 3-12-84

Mr. President

The Committee on RESOURCES considered SB 411

~~relating to~~ preferential use of Alaska agricultural products.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for SB 411 (Res)
- new title
- same title and recommends with my do pass
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING DO PASS

[Signature]

[Signature]

[Signature]

[Signature]

MEMBERS HAVING OTHER RECOMMENDATIONS

[Signature]
Chairman

Do Pass
Chairman recommendation

COMMITTEE REPORT

SENATE

3/2/85

FURTHER:

Date 4/27/84

Mr. President

The Committee on FINANCE considered SB 415

employee benefits under the Alaska Employees' Retirement System; and.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for SB 415(SA)
- new title
- same title and recommends Individual Recommendations
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
3/1/84 771.9 Admin.
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Chairman

Chairman recommendation

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

(Page 1 of 2)

REQUEST

(state) FISCAL DETAIL

Bill/Resolution No.: CSSB 415 - Affairs Agency Affected: All State Agencies
Title: "An act relating to PERS" Program Category Affected: PERS

Sponsor: Ray BRU, Program or Subprogram(s) Affected: _____
Requestor: _____
Date of Request: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

Operating	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
100 Personal Svcs						
100 Rtmnt & Bnfts		392.6	424.0	457.9	494.6	534.1
200 Travel						
300 Contractual						
400 Supplies						
500 Equipment						
600 Land & Struct						
700 Grants, Claims						
700 TRS Match		379.3	409.6	442.4	477.8	516.0
TOTAL OPERATING	-0-	771.9	833.6	900.3	972.4	1050.1

CAPITAL _____

REVENUE _____

FUNDING: (Thousands of Dollars)

General Fund		734.2	792.9	856.3	924.9	998.8
Federal Funds		18.1	19.5	21.1	22.8	24.6
Other		19.6	21.2	22.9	24.7	26.7
Total	-0-	771.9	833.6	900.3	972.4	1050.1

POSITIONS: NONE

Full-Time						
Part-Time						
Temporary						

SOURCE OF FUNDS TO OFFSET IMPACT OF BILL:

Prepared based on 2/27/84 draft CSSB 415 (State Affairs) passed out 2/27/84.

ANALYSIS: Attach a separate page for analysis

Prepared By: J.K. Humphreys, Director Phone: 465-4460
Division: Retirement & Benefits Date: 3-1-84

Approved by Commissioner: Lisa Rudd Date: 3-1-84
Agency: Department of Administration

Distribution (by Agency preparing fiscal note):

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

CSSB 415 (State Affairs)
Fiscal Note Analysis
Prepared by the Division of Retirement & Benefits
Department of Administration

March 1, 1984

IV Analysis: Passage of this bill would allow retirees in the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) to be reemployed with a participating employer and use the highest salaries over their entire period of service under the PERS or the TRS respectively for calculating their additional benefit. We have estimated that approximately 2½% of all retirees would exercise this option and that it would result in an average increase of 20% in their benefit.

This is estimated to result in a .07% increase in the PERS employer contribution rate and a .1% increase in the TRS employer contribution rate. The PERS state salaries for FY 85 are estimated to be \$469,878,512.00 and the TRS state salaries for FY 85 are estimated to be \$63,713,497.00. The FY 85 TRS State Match salaries are estimated to be \$379,349,180.00.

This would result in an increase in Political Subdivision contributions of the following.

<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
\$549.6	\$593.6	\$641.1	\$692.3	\$747.7

The present value of the cost of this bill in PERS is \$2,880,000.00 resulting in a .29% decrease in the funding ratio. The present value of the cost of this bill in TRS is \$1,900,000.00 resulting in a .20% decrease in the funding ratio.

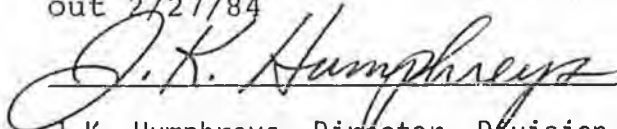
Position Paper

CSSB 415 (State Affairs)

The Department of Administration supports this legislation. Passage of this bill would allow retirees in the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) to be reemployed with a participating employer and use the highest salaries over their entire period of service under the PERS or the TRS respectively in calculating their benefit upon subsequent retirement. It also provides for an equitable actuarial adjustment of benefits in certain cases involving reemployed early retirees or those who chose a level income option.

Passage of this bill would be consistent with the statutory purpose of both retirement systems which is to attract and retain qualified employees. Retired employees who are still ready, willing and able to work are a valuable resource to employers and this bill would remove an impediment to their rehire.

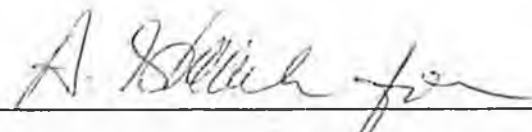
Prepared based on 2/27/84 draft CSSB 415 (State Affairs) passed out 2/27/84



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

3/1/84

Date



Lisa Rudd, Commissioner, Department of Administration

3/1/84

Date

COMMITTEE REPORT

SENATE

FURTHER:

FINANCE

2/7/84

Date 2/20/84

Mr. President

The Committee on STATE AFFAIRS considered SB 415

employee benefits under the Alaska Employees' Retirement System; efd.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for SB 415 (SA)
- new title
- same title and recommends do pass
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

Carlis Stupulovich

Bill Ray

MEMBERS HAVING
OTHER RECOMMENDATIONS

[Signature]

Chairman

do pass

Chairman recommendation

Offered: 3/2/84
Referred: Finance

Original sponsor: Ray

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR SENATE BILL NO. 415 (State Affairs)
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 employee benefits under the
7 Public Employees' Retirement System and the Teachers'
8 Retirement System; and providing for an effective
9 date."
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
11 * Section 1. AS 14.25.043 is repealed and reenacted to read:
12 Sec. 14.25.043. REEMPLOYMENT OF RETIRED MEMBERS. (a) If a
13 retired member subsequently becomes an active member, benefit payments
14 may not be made during the period of reemployment. The retirement
15 benefit must be suspended for the entire school year if the member is
16 reemployed as an active member for a period equivalent to a year of
17 service. During the period of reemployment, deductions from the
18 member's salary shall be made in accordance with AS 14.25.050. Upon
19 subsequent retirement, the retired member's original benefit payments
20 shall resume and the member shall receive an additional pension
21 calculated under (b) of this section.
22 (b) An additional pension for periods of reemployment after
23 retirement is equal to the formula benefit for the member's total
24 credited service, including the period of reemployment, less the
25 formula benefit for credited service before the period of reemploy-
26 ment, including any post-retirement pension adjustments that may have
27 been granted under AS 14.25.143, plus, in the case of a member who
28 retires and is reemployed before the normal retirement age, an
29 actuarially determined increase to reflect the effect of the cessation

1 of benefits during the period of reemployment.

2 (c) An actuarial adjustment to an additional pension under (b) of
3 this section must be made in the case of an early retirement.

4 (d) In this section, "formula benefit" means a retirement bene-
5 fit computed under AS 14.25.110(d) without adjustment for early re-
6 tirement.

7 * Sec. 2. AS 14.25.167(e) is amended to read:

8 (e) If either the member or contingent beneficiary dies before
9 the member is appointed to retirement, the election becomes inopera-
10 tive. Once the member is appointed to retirement, the election is
11 irrevocable, even if the retired member is reemployed. Any additional
12 retirement benefit to which the reemployed member may become entitled
13 will be paid in accordance with AS 14.25.043 [THE INITIAL ELECTION
14 MADE UNDER THIS SECTION, UNLESS THE CONTINGENT BENEFICIARY IS
15 DECEASED. IF THE CONTINGENT BENEFICIARY IS DECEASED, THE BENEFITS
16 EARNED DURING THE PERIOD OF REEMPLOYMENT ARE SUBJECT TO AS 14.25 110,]
17 or this section [IF ANOTHER CONTINGENT BENEFICIARY WAS DESIGNATED
18 DURING THE PERIOD OF REEMPLOYMENT]. All other benefits earned during
19 previous periods of employment are subject to the election at the time
20 the member was appointed to retirement. If death occurs during the
21 period of reemployment and the proximate cause of death is not a
22 bodily injury sustained or hazard undergone while in the performance
23 and within the scope of the member's duties of employment, those
24 benefits earned while reemployed are subject to AS 14.25.155(c). [ALL
25 OTHER BENEFITS EARNED DURING PREVIOUS PERIODS OF EMPLOYMENT ARE
26 SUBJECT TO THE ELECTION AT THE TIME THE MEMBER WAS APPOINTED TO
27 RETIREMENT.] If death occurs during the period of reemployment and
28 the proximate cause of death is a bodily injury sustained or hazard
29 undergone while in the performance and within the scope of the

1 member's duties of employment and the injury or hazard is not the
2 proximate result of wilful negligence on the part of the member, all
3 benefits earned during all periods of employment are subject to
4 AS 14.25.157.

5 * Sec. 3. AS 39.35.150 is repealed and reenacted to read:

6 Sec. 39.35.150. REEMPLOYMENT OF RETIRED EMPLOYEES. (a) If a
7 retired employee subsequently becomes an active member, benefit pay-
8 ments may not be made during the period of reemployment. During the
9 period of reemployment, deductions from the employee's salary shall be
10 made in accordance with AS 39.35.160. Upon subsequent retirement, the
11 employee's original benefit payments shall resume and the employee
12 shall receive an additional pension calculated under (b) of this
13 section.

14 (b) An additional pension for periods of reemployment after
15 retirement is equal to the formula benefit for the employee's total
16 credited service, including the period of reemployment, less the
17 formula benefit for credited service before the period of reemploy-
18 ment, including any post-retirement pension adjustments that may have
19 been granted under AS 39.35.475, plus, in the case of an employee who
20 retires and is reemployed before the normal retirement age or an
21 employee who selects a level income option under AS 39.35.460 and is
22 reemployed before age 65, an actuarially determined increase to re-
23 flect the effect of the cessation of benefits during the period of
24 reemployment.

25 (c) An actuarial adjustment to an additional pension under (b) of
26 this section must be made in the case of an early retirement.

27 (d) In this section, "formula benefit" means a retirement bene-
28 fit computed under AS 39.35.370(c) without adjustment for early re-
29 tirement.

1 * Sec. 4. AS 39.35.450(e) is amended to read:

2 (e) If either the employee or contingent beneficiary dies before
3 the employee is appointed to retirement, the election becomes inopera-
4 tive. Once the employee is appointed to retirement, the election is
5 irrevocable. If a retired employee is reemployed and is subsequently
6 reapointed to retirement, those benefits earned during the period of
7 reemployment are subject to AS 39.35.150 [THE INITIAL ELECTION MADE
8 UNDER THIS SECTION, UNLESS THE CONTINGENT BENEFICIARY IS DECEASED. IF
9 THE CONTINGENT BENEFICIARY IS DECEASED, THE BENEFITS EARNED DURING THE
10 PERIOD OF REEMPLOYMENT ARE SUBJECT TO AS 39.35.370] or this section
11 [IF ANOTHER CONTINGENT BENEFICIARY WAS ELECTED DURING THE PERIOD OF
12 REEMPLOYMENT]. All other benefits earned during prior periods of
13 employment are subject to the election at the time the employee was
14 appointed to retirement. If death occurs from nonoccupational causes
15 during the period of reemployment, those benefits earned while reem-
16 ployed are subject to AS 39.35.420(b). [ALL OTHER BENEFITS EARNED
17 DURING PRIOR PERIODS OF EMPLOYMENT ARE SUBJECT TO THE ELECTION AT THE
18 TIME THE EMPLOYEE WAS APPOINTED TO RETIREMENT.] If death occurs from
19 occupational causes during the period of reemployment, all benefits
20 earned during all periods of employment are subject to AS 39.35.430(b)
21 and (c).

22 * Sec. 5. This Act takes effect July 1, 1984.

Senator Vic Fischer

(907) 465-4954

Alaska State Legislature
Pouch V • Juneau, Alaska 99811 • (907) 465-4954



MEMORANDUM

TO: Members, Senate Finance Committee
FROM: Senator Vic Fischer *VJ*
RE: CSSB 415 (SA) Employment benefits under PERS and TRS
DATE: April 26, 1984

CSSB 415 (State Affairs) amends the method for calculating retirement benefits for members of the TRS or the PERS who have retired and subsequently been reemployed under one of those systems.

This bill would allow contributions made during the members' period of reemployment to be calculated in conjunction with their original contributions to determine the retirement benefits for the second period of retirement.

Under current law, the final retirement benefits for reemployed members equal their original benefit before becoming reemployed and additional benefit based on their years of reemployment. Under CSSB 415 (SA), the final retirement benefits equal the original benefit before becoming reemployed, and the additional benefit based on the employees highest earnings over the total period of credited service less the original benefit.

This bill also amends the reemployment benefit calculations for those who chose early retirement or a level income option to ensure they would not be discouraged from becoming reemployed.

The purpose of this bill is to provide an incentive for retired Alaskans to become reemployed. This bill would help take these people out of the state retirement program and put them in active employment, increase their final benefits, and provide the state with their experience as long term alaskans.

The State Affairs Committee Substitute adds to the original bill the reemployment of retired persons under the Teachers Retirement System. Sections 1 and 2 address the reemployment and benefits for the TRS. Sections 3 and 4 which parallel section 1 and 2 contain the original language on the reemployment of PERS members.

Due to the technical nature of this bill, I have asked a representative from the Division of Retirement to be here to answer any questions you might have.

Members, Senate Finance Committee
April 26, 1984
CSSB 415 (SA)
Page 2

Fiscal note dated 3/1/84

During FY '85, the total cost of the bill is \$771.9 thousand dollars, based on the assumption that approximately 2½% of all retirees would exercise this option and that this would result in an average increase of 20% in their benefit.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____
(Page 1 of 2)

REQUEST

Bill/Resolution No.: SB 415
Title: "An Act relating to PERS"

FISCAL DETAIL

Agency Affected: All State Agencies
Program Category Affected: PERS

Sponsor: Ray
Requestor: _____
Date of Request: _____

BRU, Program or Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

Operating	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
100 Personal Svcs						
100 Rtmnt & Bnfts	-0-	328.9	355.2	383.7	414.4	447.5
200 Travel						
300 Contractual						
400 Supplies						
500 Equipment						
600 Land & Struct						
700 Grants, Claims						
700 TRS Match						
TOTAL OPERATING	-0-	328.9	355.2	383.7	414.4	447.5

CAPITAL _____

REVENUE _____

FUNDING: (Thousands of Dollars)

General Fund	-0-	297.3	321.1	346.8	374.5	404.5
Federal Funds		15.1	16.3	17.6	19.6	20.6
Other		16.5	17.8	19.3	20.3	22.4
Total		328.9	355.2	383.7	414.4	447.5

POSITIONS:

Full-Time						
Part-Time						
Temporary						

SOURCE OF FUNDS TO OFFSET IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: J.K. Humphreys Phone: 465-4460
Division: Retirement & Benefits Date: 2-16-84

Approved by Commissioner: Lisa Rudd Date: 2/21/84
Agency: Department of Administration

Distribution (by Agency preparing fiscal note):

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

Senate Bill 415
Fiscal Note Analysis
Prepared by the Division of Retirement & Benefits
Department of Administration

February 17, 1984

IV Analysis: Passage of this bill would allow retirees in the Public Employees' Retirement System (PERS) to be reemployed with a participating employer and use the highest salaries over their entire period of service under the PERS for calculating their additional benefit. We have estimated that approximately 2½% of all retirees would exercise this option and that it would result in an average increase of 20% in their benefit.

This is estimated to result in a .07% increase in the PERS employer contribution rate. The PERS state salaries for FY 85 are estimated to be \$469,898,512.00.

The present value of the cost of this bill is \$2,880,000.00; this would produce a .29% decrease in the funding ratio.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____
(Page 1 of 2)

<p>REQUEST Bill/Resolution No.: <u>SB 415</u> Title: <u>"An Act relating to PERS"</u></p> <p>Sponsor: <u>Ray</u> Requestor: _____ Date of Request: _____</p>	<p>FISCAL DETAIL Agency Affected: <u>All State Agencies</u> Program Category Affected: <u>PERS</u></p> <p>BRU, Program or Subprogram(s) Affected: _____</p>
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EXPENDITURES/REVENUES: (Thousands of Dollars)

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Full-Time						
Part-Time						
Temporary						

SOURCE OF FUNDS TO OFFSET IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis.

Prepared By: J.K. Humphreys Phone: 465-4460
Division: Retirement & Benefits Date: 2-16-84

Approved by Commissioner: Lisa Rudd Date: 2/21/84
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Distribution (by Agency preparing fiscal note):

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(Page 2 of 2)

Senate Bill 415
Fiscal Note Analysis
Prepared by the Division of Retirement & Benefits
Department of Administration

February 17, 1984

IV Analysis: Passage of this bill would allow retirees in the Public Employees' Retirement System (PERS) to be reemployed with a participating employer and use the highest salaries over their entire period of service under the PERS for calculating their additional benefit. We have estimated that approximately 2½% of all retirees would exercise this option and that it would result in an average increase of 20% in their benefit.

This is estimated to result in a .07% increase in the PERS employer contribution rate. The PERS state salaries for FY 85 are estimated to be \$469,898,512.00.

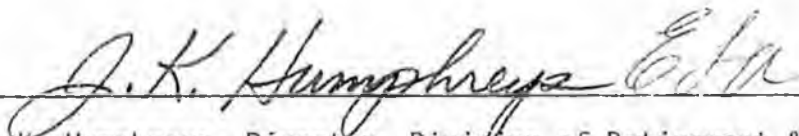
The present value of the cost of this bill is \$2,880,000.00; this would produce a .29% decrease in the funding ratio.

Position Paper

SB 415

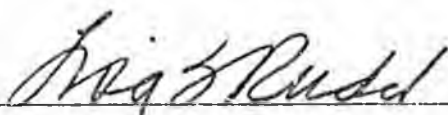
The Department of Administration supports this legislation. Passage of this bill would allow retirees in the Public Employees' Retirement System (PERS) to be reemployed with a participating employer and use the highest salaries over their entire period of service under the PERS in calculating their benefit upon subsequent retirement. It also provides for an equitable actuarial adjustment of benefits in certain cases involving reemployed early retirees or those who chose a level income option.

Passage of this bill would be consistent with the statutory purpose of the PERS which is to attract and retain qualified employees. Retired employees who are still ready, willing and able to work are a valuable resource to employers and this bill would remove an impediment to their rehire.



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

2/17/84
Date



Lisa Rudd, Commissioner, Department of Administration

2/24/84
Date

Sectional Analysis of Senate Bill 415

Section 1 would repeal and reenact AS 39.35.150 to allow a reemployed PERS retiree to take advantage of higher salaries earned during the period of reemployment. The original retirement option selected would be irrevocable, but, in computing the total benefit payable upon reappointment to retirement, the employee's highest earnings would apply to the total period of credited service, not just to the period of reemployment. This would work to further the purpose of the system (AS 39.35.010) by encouraging qualified retirees to return to covered employment. In addition, this section would ensure that retirees who had selected early retirement or a level income option would not be disadvantaged by becoming reemployed. As is done now, benefit payments would cease and mandatory contributions would resume during the period of reemployment.

Section 2 would amend AS 39.35.450 (e) to coincide with the new language in Section 1 of this bill. Although options selected at retirement remain irrevocable, employees in all cases would have the freedom to select a different retirement option for the period of reemployment.

Section 3 would make the bill effective July 1, 1984.

Appendix to Sectional Analysis of SB 415

The purpose of this appendix is to provide concrete examples of how the provisions of SB 415 would work. Under the terms of the bill, a PERS retiree reemployed under the system would, upon subsequent retirement, receive the benefit payments he or she was receiving plus an additional pension. The additional pension, which takes into account the total period of credited service, the employee's highest earnings, and the value of the original benefit, is equal to the new formula benefit minus the old formula benefit, including post retirement pension adjustments (PRPA's) on the old formula benefit, plus adjustments for early retirees who become reemployed before normal retirement age and persons who select a level income option and become reemployed before age 65. In these examples, we have assumed that the retiree has no outstanding indebtedness at the time of retirement.

Example No. 1: Assume that an employee selected normal retirement and was appointed on July 1, 1980, at age 55 with 17 years of PERS service and an average monthly compensation of \$2500. The formula benefit for this person is \$850.

$$\begin{aligned} \text{Average monthly compensation} \times 2\% \times \text{credited service} &= \text{Formula benefit} \\ \$2,500 \times 2\% \times 17.0 \text{ years} &= \$850 \end{aligned}$$

This individual received benefits for over two years before returning to PERS employment. Because a 4% PRPA was granted in both 1981 and 1982, the formula benefit amount as of July 1, 1982, including PRPA's, was \$919.36.

$$\$850 \times .0816\% \text{ (two 4\% PRPA's compounded)} = \$69.36$$

$$\$69.36 + \$850 = \$919.36$$

The employee works for four years after becoming reemployed at a monthly salary of \$3,350 in August of 1982 and then reapplies for normal retirement in 1986 with 21 total years of credited service and an average monthly compensation of \$3,350.

$$\text{New Formula Benefit} = \$3,350 \times 2\% \times 21.0 \text{ years} = \$1,407$$

New Formula Benefit - Old Formula Benefit

(including PRPA's) + Adjustment (if appropriate) = Additional Benefit

$$\$1,407 - \$919.36 = \$487.64$$

Original Actual Benefit + Additional Benefit = New Total Benefit

$$\$919.36 + \$487.64 = \$1,407$$

Example No. 2: Make the same assumptions as in the first example except that the employee selected a 75% joint and survivor option upon initial appointment to retirement (employee and spouse both 55 years old). The formula benefits are the same as in the first example; however, the actual original benefit was reduced using the reduction factor for the joint and survivor option,

$$\$850 \times .86898 = \$738.63$$

Adding the PRPA's on as before,

$$\$738.63 \times .0816 = \$60.27$$

$$\$60.27 + \$738.63 = \$798.90$$

gives the actual original benefit.

The employee selected a normal retirement for the second segment of employment; the 75% joint and survivor remains in effect for the first segment since retirement options are irrevocable.

Because the formula benefits are the same as in the first example, the additional pension is the same and the new, actual benefit is

Original Actual Benefit + Additional Benefit = New Total Benefit

$$\$798.90 + \$487.64 = \$1,286.54$$

Example No. 3: Assume that an employee is appointed to early retirement on September 1, 1982, at age 53 with 13 years of PERS service and an average monthly compensation of \$3000. The formula benefit for this person is \$780.

$$\$3000 \times 2\% \times 13.0 \text{ years} = \$780$$

The actual benefit would be reduced using the reduction factor for early retirement,

$$\$780 \times .849567 = \$662.66$$

This is the actual original benefit since a PRPA was not granted in 1983. The employee receives benefits for one year and is then reemployed at a

monthly salary of \$3,500 for one year. The employee is retired again at age 55 with an average monthly compensation of \$3,167 (one year @ \$3,500 per month and two years @ \$3,000 per month).

An actuarial adjustment is appropriate since the employee retired early and then was reemployed prior to normal retirement age; unlike under the current law, the employee is compensated for the fact that benefits were not received during the full early retirement period.

$$\text{New Formula Benefit} = \$3,167 \times 2\% \times 14.0 \text{ years} = \$886.76$$

$$\text{New Formula Benefit} - \text{Old Formula Benefit} + \text{Adjustment} = \text{Additional Benefit}$$

$$\$886.76 - \$730 + \$45.06 = \$151.82$$

$$\text{Original Actual Benefit} + \text{Additional Benefit} = \text{New Total Benefit}$$

$$\$662.66 + \$151.82 = \$814.48$$

Introduced: 2/7/84
Referred: State Affairs and
Finance

1 IN THE SENATE

BY RAY

2

SENATE BILL NO. 415

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 employee benefits under the
Public Employees' Retirement System; and providing
for an effective date."

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8

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

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* Section 1. AS 39.35.150 is repealed and reenacted to read:

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Sec. 39.35.150. REEMPLOYMENT OF RETIRED EMPLOYEES. (a) If a
retired employee subsequently becomes an active member, benefit pay-
ments may not be made during the period of reemployment. During the
period of reemployment, deductions from the employee's salary shall be
made in accordance with AS 39.35.160. Upon subsequent retirement, the
employee's original benefit payments shall resume and the employee
shall receive an additional pension calculated under (b) of this
section.

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(b) An additional pension for periods of reemployment after
retirement is equal to the formula benefit for the employee's total
credited service, including the period of reemployment, less the
formula benefit for credited service before the period of reemploy-
ment, including any post-retirement pension adjustments that may have
been granted under AS 39.35.475, plus, in the case of an employee who
retires and is reemployed before the normal retirement age or an
employee who selects a level income option under AS 39.35.460 and is
reemployed before age 65, an actuarially determined increase to re-
flect the effect of the cessation of benefits during the period of
reemployment.

1 (c) An actuarial adjustment to an additional pension under (b) of
2 this section must be made in the case of an early retirement.

3 (d) In this section, "formula benefit" means a retirement bene-
4 fit computed under AS 39.35.370(c) without adjustment for early re-
5 tirement.

6 * Sec. 2. AS 39.35.450(e) is amended to read:

7 (e) If either the employee or contingent beneficiary dies before
8 the employee is appointed to retirement, the election becomes inopera-
9 tive. Once the employee is appointed to retirement, the election is
10 irrevocable. If a retired employee is reemployed and is subsequently
11 reappointed to retirement, those benefits earned during the period of
12 reemployment are subject to AS 39.35.150 [THE INITIAL ELECTION MADE
13 UNDER THIS SECTION, UNLESS THE CONTINGENT BENEFICIARY IS DECEASED. IF
14 THE CONTINGENT BENEFICIARY IS DECEASED, THE BENEFITS EARNED DURING THE
15 PERIOD OF REEMPLOYMENT ARE SUBJECT TO AS 39.35.370] or this section
16 [IF ANOTHER CONTINGENT BENEFICIARY WAS ELECTED DURING THE PERIOD OF
17 REEMPLOYMENT]. All other benefits earned during prior periods of
18 employment are subject to the election at the time the employee was
19 appointed to retirement. If death occurs from nonoccupational causes
20 during the period of reemployment, those benefits earned while reem-
21 ployed are subject to AS 39.35.420(b). [ALL OTHER BENEFITS EARNED
22 DURING PRIOR PERIODS OF EMPLOYMENT ARE SUBJECT TO THE ELECTION AT THE
23 TIME THE EMPLOYEE WAS APPOINTED TO RETIREMENT.] If death occurs from
24 occupational causes during the period of reemployment, all benefits
25 earned during all periods of employment are subject to AS 39.35.430(b)
26 and (c).

27 * Sec. 3. This Act takes effect July 1, 1984.