

LEG. FINANCE - BILLS 1983 - 1984 2124

CSSB 432 cont. - SB 445 2124

COMMITTEE REPORT
SENATE

FURTHER:

Date _____

Mr. President

The Committee on FINANCE considered W.A.S.

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
1/31/84 275 Hess
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Joe Josephson

Chairman _____

Chairman recommendation _____

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

F. H. 0199011
Bill No. 377

Revision Date: _____

REQUEST

Bill/Resolution No.: SB424
Title: An act relating to recovery of Medical Assistance expenses
Sponsor: _____
Requestor: _____
Date of Request: _____

FISCAL DETAIL

Agency Affected: Division of Public Assistance
Program Category Affected: Medical Assistance
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 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	250	275	310	350	400	475

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

No additional cost is forseen by the Department of Health & Social Services as a result of this legislation.

ANALYSIS: Attach a separate page for analysis

Prepared By: Rod Betit
Division: Public Assistance

Phone: 465-3355
Date: 1/19/84

Approved by Commissioner: Robert Landon Smith
Agency: Dept. of Health & Social Services

Date: 1/31/84

Distribution (by Agency preparing fiscal note):

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

12/1/83

Analysis - An act relating to recovery of medical assistance expenses.

Current effort to identify and recover medical assistance from third party liability (TPL) requires the labor of two TPL staff positions. Recovery has increased from \$80,000 in FY79 to approximately \$300,000 in FY83. It has been the experience of present staff, though, that excessive time is spent confronting legal challenge to the State's subrogation rights. The existence of an explicit subrogation statute would remove this challenge and provide current staff additional time to identify and recover TPL currently not being identified that is estimated to be in excess of \$200,000 each year.



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

124

February 8, 1984

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

Dear Senator Kerttula:

Under the authority of art. III, sec. 15, of the Alaska Constitution, I am transmitting a bill relating to subrogation. The bill establishes, for the Department of Health and Social Services, a statutory right to subrogation in cases in which the department provides medical assistance for which a third party is liable.

Current Alaska statutes are silent on the department's right to recover medical assistance expenses when it is determined that a third party is liable for those expenses. Almost every claim by the department for reimbursement has been challenged, and absent a statutory basis for such claims, time-consuming and expensive legal proceedings have been required to obtain reimbursement. Consequently, the department has had to expend excessive amounts of money or forego reimbursement in many cases. The department estimates that at least several thousand dollars every year would be saved if this bill were enacted.

Additionally, the bill provides that the department will reimburse a recipient of medical assistance, in accordance with the rules of court, for the attorney fees incurred in establishing third-party liability for the medical assistance provided.

In the interest of fairness and efficiency, I urge your prompt and favorable consideration of this bill.

Sincerely,


Bill Sheffield
Governor

Introduced: 2/8/84
Referred: Health, Education and
Social Services and
Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2

SENATE BILL NO. 424

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 recovery of medical assistance
7 expenses; and providing for an effective date."

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

9 * Section 1. AS 47.05 is amended by adding a new section to read:

10 Sec. 47.05.070. SUBROGATION. (a) If the department provides or
11 pays for medical assistance for injury or illness under this title,
12 the department is subrogated to the rights of the recipient of that
13 medical assistance for any claim arising from the injury or illness
14 and to the proceeds of an insurance policy covering the injury or
15 illness to the extent of the value of the medical assistance provided.

16 (b) If a recipient of medical assistance under this title set-
17 tles a claim or obtains an award or judgment arising from the injury
18 or illness for which the medical assistance was received, the depart-
19 ment shall reimburse the recipient for attorney fees and costs commen-
20 surate with the amount of the settlement, award, or judgment to which
21 the department is entitled under (a) of this section. Regardless of
22 the manner in which the amount of the attorney fees is derived, reim-
23 bursement of attorney fees shall be in accordance with the applicable
24 rules of court governing the award of attorney fees in civil matters.

25 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
26 10.070(c).

COMMITTEE REPORT

SENATE

FURTHER:

FINANCE

2/8/84

Date March 23, 1984

Mr. President

The Committee on HESS considered SB 424

recovery of medical assistance expenses; 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 COMMENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Greg ...
Rich ...
V. ...

Chairman

Chairman recommendation

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 8, 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 relating to subrogation. The bill establishes, for the Department of Health and Social Services, a statutory right to subrogation in cases in which the department provides medical assistance for which a third party is liable.

Current Alaska statutes are silent on the department's right to recover medical assistance expenses when it is determined that a third party is liable for those expenses. Almost every claim by the department for reimbursement has been challenged, and absent a statutory basis for such claims, time-consuming and expensive legal proceedings have been required to obtain reimbursement. Consequently, the department has had to expend excessive amounts of money or forego reimbursement in many cases. The department estimates that at least several thousand dollars every year would be saved if this bill were enacted.

Additionally, the bill provides that the department will reimburse a recipient of medical assistance, in accordance with the rules of court, for the attorney fees incurred in establishing third-party liability for the medical assistance provided.

In the interest of fairness and efficiency, I urge your prompt and favorable consideration of this bill.

Sincerely,


Bill Sheffield
Governor

SENATE BILL 424 "An Act relating to recovery of medical assistance expenses; and providing for an effective date."

2-8-84 Introduced by the Rules Committee by request of the Governor
Referred: HESS, Finance

3-26-84 HESS Committee voted "Do Pass" 3-0

FISCAL NOTE \$250,000 estimated revenue for FY 84

SUMMARY

The purpose of the bill is to expedite efforts of the Department of Health and Social Services in recovering money from insurance companies and others when money has been paid by the State for medical assistance. Without an explicit subrogation statute, much time is spent attempting to recover these funds. The State would be able to collect up to the value of the medical assistance provided.

In addition, the bill specifies that when the State has paid medical expenses, the State will reimburse the recipient for its share of attorney fees or other costs that may result from a settlement, award, or judgement. The State's share of attorney fees would be comensurate with the amount of the settlement, and would be reimbursed "...in accordance with the applicable rules of court governing the award of attorney fees in civil matters."

It is estimated by the Department of Health and Social Services that an additional several hundred thousand dollars could be collected annually as a result of the subrogation statute.

4-6-84

COMMITTEE REPORT
SENATE

FURTHER:

3/19/84

Date 3/19/84

Mr. President

The Committee on FINANCE considered SB 431

purchase of residential child care services; etc.

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

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

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Chairman

Chairman recommendation



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 9, 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 relating to the purchase of residential services for children in the custody of the Department of Health and Social Services (DHSS) under AS 47.10. This bill establishes a new method by which DHSS will purchase residential child care services. The bill repeals the "full costs of care" provisions of AS 47.40 and creates a grant mechanism.

In ch. 138, SLA 1982, the legislature suspended the existing statutory system for payment of residential child care services, and set out a system of payment for services during the period of suspension which ends July 1, 1984. Sections 1 and 3 of the bill establish a grant system to replace the existing statutory provisions found inadequate by the legislature, and secs. 2 and 5 of the bill repeal those existing provisions.

The new system requires DHSS to adopt regulations to carry out the new statutory provisions. Section 9 of the bill provides for an immediate effective date for AS 47.40.-005(b), to allow the department to proceed immediately with the regulation-adopting process. Section 10 of the bill provides the new statutory grant provisions will not take effect until the regulations are in effect. Likewise, to continue the status quo, the period of suspension and the system of payment established in ch. 138, SLA 1983 should be extended to the effective date of those regulations. Sections 6 -- 8 of the bill accomplish that extension, and sec. 9 of the bill gives the extension an immediate effective date.

On the effective date of the DHSS regulations the existing statutory payment system is repealed (secs. 2 and 5 of the bill), the new statutory grant system takes effect (secs. 1 and 3 of the bill), and the suspension and payment system provisions of ch. 138, SLA 1982 automatically expire.

Section 4 of the bill allows DHSS to stagger the period of grants awarded during FY 85, so that not all of the initial grants will expire at the same time.

A description of the new grant system in sec. 3 of the bill follows.

Under new AS 47.40, purchase of residential services through grants would be awarded by DHSS for a specified number of beds in specific geographical areas. Under new AS 47.40.035 the grants, when possible, will be for three-year periods with adjustments annually to include a cost-of-living allowance. Grant money would be available for payment of services to be specified in regulations. (New AS 47.40.005(b)) However, the grant money could not be used for capital expenditures, substandard services, services which exceed departmental requirements, costs of academic education which are already provided by the public education system, costs incurred in raising funds including lobbying, costs of religious training, and costs which are paid for by other governmental sources. (New AS 47.40.035(c))

Under new AS 47.40.015, the grant recipients will continue to be required to be licensed and supervised by the state as also required under current AS 47.35.010 -- 47.35.080. The recipients must also meet accepted standards of fiscal accountability for public funds and when requested supply the department or division of legislative audit with information regarding the use of the grant money. (New AS 47.40.025)

Drafts of this bill have been discussed extensively with representatives of private residential child care facilities. The attached bill has been approved by the committee formed under sec. 1, ch. 138, SLA 1982. I urge your prompt consideration and early passage of this bill.

Sincerely,

Bill Sheffield
Bill Sheffield
Governor

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 2/15/84

REQUEST

Bill/Resolution No.: SB No. 431
Title: An Act....purchase of
residential child care
Sponsor: Rules Committee
Requestor: Governor
Date of Request: _____

FISCAL DETAIL

Agency Affected: Health and Social Services
Program Category Affected: _____
Social Services
BRU, Program or Subprogram(s) Affected: _____
Social Services BRU, Juvenile Custody Component
and Direct Service Delivery Component

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		77.5	3.9	4.1	4.3	4.5
200 TRAVEL		3.0	.2	.2	.2	.2
300 CONTRACTUAL		1.5	.1	.1	.1	.1
400 SUPPLIES		.8	.0	.1	.1	.1
500 EQUIPMENT		2.8	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS		(85.6)	547.7	575.0	603.7	634.0
800 MISCELLANEOUS						
TOTAL OPERATING		-0-	551.9	579.5	608.4	638.9
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		-0-	551.9	579.5	608.4	638.9
FEDERAL FUNDS						
OTHER						
TOTAL		-0-	551.9	579.5	608.4	638.9

POSITIONS:

FULL-TIME		2.0	2.0	2.0	2.0	2.0
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Michael L. Price, Director Phone: 465-3170
Division: Family and Youth Services Date: 2/16/84

Approved by Commissioner: Robert Gordon Smith Date: 2/24/84
Agency: Dept. of Health & Social Services

Distribution (by Agency preparing fiscal note):

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

12/1/83

1.	POSITION TITLE PROGRAM COORDINATOR				RANGE/STEP 20/A	BARG. UNIT GGU	FORM 12 PAGE/LINE	GOV.	APPRDV.	DISAPP.
2.	TYPE OF POSITION	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION Juneau	ELECTION DISTRICT 04	LEG.		
3.	CONTINUATION LEVEL				JUSTIFICATION					
4.	TYPE OF EXPENDITURE									
	1	2	3							
	PERSONAL SERVICES									
5.	Salary	40,728								
6.	Benefits	6,842								
7.	Supplemental Benefits	2,496								
8.	Fixed Benefits	2,880								
9.	TOTAL PERSONAL SERVICES	01	52,946							
10.	Travel	02	3,000							
11.	Contractual	03	750							
12.	Commodities	04	400							
13.	Equipment	05	1,400							
14.	Other									
15.	TOTAL COST		58,496							
	RECEIPT CODE	FUNDING SOURCE								
16.		Federal Receipts 1002								
17.		G.F. Match 1003								
18.		General Funds 1004		58,496						
19.		I-A Receipts 1005								
20.		Program Receipts 1020								
21.		Other								
FOR B&M USE ONLY										
4A KEY NUMBER _____										

A Program Coordinator is needed to write regulations, hold hearings and promulgate regulations as well as administer the grant program. The program will require, on an ongoing basis, the publication of notices of impending grant awards, the processing of awards, and the monitoring of programs.

13 REQUEST FOR
NEW POSITION

AGENCY Health and Social Services
Social and Economic Assistance
for the General Population

PROGRAM _____

BRU Social Services

COMPONENT Direct Service Delivery

FY 85

Page 1 of 2

Revised Date _____

1.	POSITION TITLE Clerk Typist III				RANGE/STEP 8/A	BARG. UNIT GGU	FORM 12 PAGE/LINE	GOV.	APPRDV.	DISAPP.
2.	TYPE OF POSITION	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION Juneau	ELECTION DISTRICT 04	LEG.		
3.	CONTINUATION LEVEL				JUSTIFICATION					
4.	TYPE OF EXPENDITURE									
	1		2		3					
	PERSONAL SERVICES									
5.	Salary		18,636							
6.	Benefits		1,912							
7.	Supplemental Benefits		1,142							
8.	Fixed Benefits		2,880							
9.	TOTAL PERSONAL SERVICES	01		24,570						
10.	Travel	02		- 0 -						
11.	Contractual	03		750						
12.	Commodities	04		400						
13.	Equipment	05		1,400						
14.	Other									
15.	TOTAL COST			27,120						
	RECEIPT CODE	FUNDING SOURCE								
16.		Federal Receipts 1002								
17.		G.F. Match 1003								
18.		General Funds 1004			27,120					
19.		I-A Receipts 1005								
20.		Program Receipts 1028								
21.		Other								
FOR B&M USE ONLY										
4A KEY NUMBER										

A Clerk Typist III is needed to provide clerical support to the Program Coordinator in the administration of the grant program.

13 REQUEST FOR
NEW POSITION

AGENCY Health and Social Services
Social and Economic Assistance
PROGRAM for the General Population
BRU Social Services
COMPONENT Direct Service Delivery

Page 2 of 2

Revised Date

FY 85

POSITION PAPER
SENATE BILL 431

This Bill would change the method of payment for residential child care services from the present full cost of care system to a granting process.

Discussion

The current full cost of care system sets daily rates for residential child care services by calculating the unit cost to provide the services to the number of children in care in the previous year, and adding to that a cost of living and staff salary increase. A low census in one year results in higher per bed rates in the following year. A number of problems with this system have become evident over the years. These include: (1) cycles of feast or famine for facilities because their rates and capacities fluctuate dramatically, leading to deficits in some years and surpluses in other years; (2) the costs to the state have escalated dramatically; (3) difficulties in projecting rates leading to a wide disparity between the provisional rates set at the beginning of a fiscal year, and the final audited rates; and (4) extreme difficulty for the state in projecting daily rates during the budget preparation process. Providers indicate that the present system creates a great deal of difficulty for them in planning and budgeting from year to year. The state is concerned that the costs for residential care services have risen from an average per child cost of \$53/day in 1978 to \$110/day in 1982, when the rates were frozen by Chapter 138, SLA 1982. If the costs for care are projected out for 1983, 1984 and 1985, rates would increase to \$151/day in FY 85. With a static budget, the result of these increases is that the Division can place fewer children. In FY 85, if the full cost of care system goes back into effect, the Division would have to reduce the number of children placed by 40 FTE's (full-time equivalents) from approximately 227 to 187.

As a result of the problems in this system the Twelfth Legislature ordered that the Department conduct a study of the payment method. A Committee of three departmental personnel and two residential child care providers has met over the last 13 months. In addition to the two private providers, the Committee has also had three joint meetings with the Alaska Association of Homes for Children, which includes all the providers from whom the Department purchases services. While the Committee originally tried to modify the full cost of care system to build in fiscal controls, the providers eventually requested that the Department go to a granting system which would allow them to plan more effectively. This Bill represents the wishes of the Committee.

The Bill sets up a system whereby the Department would advertise for the type of services, specified number of beds anticipated to be needed in specific geographic areas, and the maximum number of days of care. These grants would be exempt from competitive bid requirements, and would be awarded through regulations enacted by the Department. The grants would not include payment for costs incurred in raising funds or

POSITION PAPER

SENATE BILL 431
PAGE 2

lobbying; original and replacement costs of facilities other than depreciation or use allowance costs; costs of academic education duplicating the education system; costs of religious training; costs of services which are substandard to or exceed the Department's requirements; or costs funded by other governmental sources. Grants could be renewed for up to three years, depending on the availability of funds and on the results obtained in performance evaluations during grant review site visits and in periodic fiscal audits. A complete report of the Committee's work, dated January, 1984, has been provided to the Legislature.

Position

The Department of Health and Social Services is in full support of SB 431. The Department has very real concerns that services to children would decrease (by 40 FTE's) if this legislation is not passed. In addition, the present system would continue to create problems for both the private providers and the state in living within their budgets.

Recommendations

In its final meeting, on January 31, 1984, the Committee moved to make several minor changes to the proposed bill. They are as follows:

(1) On page 1, line 18, it was recommended that the wording be changed to: "award grants to local governmental units or non-profit corporations;"

(2) On page 2, line 5, the wording be changed to "Facilities which solicit or receive grants from the department for services..."

(3) On page 2, line 11, change to: "demonstrate the expenditures for the services..."

(4) On page 3, lines 10-11, delete item (5).

(5) On page 3, line 19, delete the year "1983."

RECOMMENDED:

Michael L. Price
Michael L. Price, Director
Division of Family
and Youth Services

DATE:

2/18/84

APPROVED BY:

Robert London Smith
Robert London Smith, Ph.D.
Commissioner
Department of Health and
Social Services

DATE:

2/28/84

Offered: 3/19/84
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE SENATE
2 CS FOR SENATE BILL NO. 431 (HESS)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - SECOND SESSION
5 A BILL
6 For an Act entitled: "An Act relating to the purchase of residential child
7 care services; and providing for an effective date."
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
9 * Section 1. AS 37.05.230 is amended by adding a new paragraph to read:
10 (11) the provisions of this section concerning competitive
11 bids do not apply to the purchase of residential child care services
12 under AS 47.40.
13 * Sec. 2. AS 47.40 is amended by adding new sections to read:
14 Sec. 47.40.011. PURCHASE OF SERVICES. (a) When the department
15 purchases residential services for minors for whom the state has
16 assumed responsibility under AS 47.10, the department shall
17 (1) purchase the services only under grants to local gov-
18 ernmental units or nonprofit corporations;
19 (2) award grants for a specified number of beds as provided
20 in AS 47.40.041.
21 (b) The department shall adopt regulations necessary to carry
22 out the provisions of this chapter, including regulations establishing
23 the procedures to be followed in awarding grants, the types of ser-
24 vices for which payment may be made, costs that may be paid with grant
25 money, and the method of payment.
26 (c) Services of jails and other penal institutions may not be
27 included in services purchased by the state under this chapter.
28 Sec. 47.40.021. LICENSING AND SUPERVISION. Facilities providing
29 services that are purchased by the department under this chapter,

1 shall, if required by the department, be licensed and supervised under
2 AS 47.35.

3 Sec. 47.40.031. REQUIRED ACCOUNTING PROCEDURES. Facilities that
4 solicit or receive grants from the department for the cost of services
5 provided under this chapter shall

6 (1) meet accepted standards of fiscal accountability for
7 public money and shall, upon request, submit to the department and to
8 the division of legislative audit a complete financial statement
9 prepared by an independent certified public accountant;

10 (2) keep records of the expenditures for the services
11 provided, using cost-accounting procedures in accordance with depart-
12 ment regulations;

13 (3) upon request, furnish the department and the division
14 of legislative audit all fiscal information, books, records, and
15 accounts pertaining to services paid for under this chapter.

16 Sec. 47.40.041. GRANTS. (a) The department shall award grants
17 in accordance with regulations adopted by the department. When possi-
18 ble, grants shall be for a period of three years. Multi-year grants
19 shall be adjusted annually to include a cost-of-living allowance.

20 (b) Notices published by the department concerning the opening
21 of the application process for a grant award shall specify the geo-
22 graphical area in which services are needed, the type of services, the
23 number of beds anticipated to be needed, the maximum number of days of
24 care, and any other requirements established by the department.
25 Grants authorized under this section are exempt from the competitive
26 bid requirements of AS 37.05.230.

27 (c) Grants may not include payment for

28 (1) costs, including salaries and fees, incurred in raising
29 funds or lobbying;

1 (2) original and replacement costs of facilities, major
2 equipment, and other capital assets, including those capital assets
3 obtained by purchase, construction, or lease with option to purchase,
4 other than costs for depreciation or use allowance, as specified in
5 regulations;

6 (3) costs of academic education that duplicate the public
7 education system, except as provided for in regulations;

8 (4) costs of religious training; and

9 (5) costs that are funded by other government sources.

10 Sec. 47.40.200. DEFINITIONS. In this chapter

11 (1) "bed" means space in a facility that may be occupied by
12 a minor for 365 days a year;

13 (2) "cost-of-living allowance" means the percentage of
14 change from the preceding calendar year, using the U.S. Department of
15 Labor's All-Urban Consumer Price Index (CPI) for Anchorage, or a
16 comparable index specified in regulations, and using calendar year
17 1983 as the base year;

18 (3) "department" means the Department of Health and Social
19 Services;

20 (4) "nonprofit corporation" means a corporation organized
21 under AS 10.20;

22 (5) "residential services" means 24-hour care and super-
23 vision of minors in residential child care facilities that are com-
24 monly known as group homes or institutions.

25 * Sec. 3. Section 1, ch. 138, SLA 1982 is amended to read:

26 Section 1. FINDINGS. The legislature finds that the present
27 method for establishing payment rates under AS 47.40 for residential
28 child care services is inadequate. The Department of Health and
29 Social Services shall conduct a study of alternatives to the method of

1 establishing payment rates under AS 47.40. The study shall be con-
2 ducted by a committee of five members appointed by the commissioner of
3 the Department of Health and Social Services. Three members of the
4 committee shall be employees of the Department of Health and Social
5 Services and two members shall be providers of residential child care
6 services. The study shall contain, among other matters determined by
7 the department, a suggested redefinition of the manner in which rates
8 for residential child care services are calculated, a consideration of
9 the method and amount of reimbursement for capital costs of residen-
10 tial child care facilities, and the availability and use of other
11 sources of money to finance residential child care services and to
12 finance the construction of residential child care facilities. The
13 committee shall report its findings to the legislature on or before
14 the 30th day of the Second Session of the Thirteenth Legislature. The
15 legislature further finds that the rates established under AS 47.40
16 should be suspended from June 30, 1982 to January 1, 1985 [JULY 1,
17 1984].

18 * Sec. 4. Section 2, ch. 138, SLA 1982, is amended to read:

19 Sec. 2. The operation of AS 47.05.010(14), AS 47.40.010, 47.40.-
20 040, and 47.40.050 is suspended from July 1, 1982 through January 1,
21 1985 [JUNE 30, 1984]. During the period of suspension, payment for
22 services provided by residential child care facilities shall be made
23 solely in accordance with the provisions of secs. 3 and 4 of this Act.

24 * Sec. 5. Section 4, ch. 138, SLA 1982, is amended to read:

25 Sec. 4. For fiscal year 1984 the payment rates for residential
26 child care services shall be the amounts set out in sec. 3 of this Act
27 increased by five percent. For fiscal year 1985 the payment rates for
28 child care services shall be the amounts set out in sec. 3 of this Act
29 increased by 10 percent.

1 * Sec. 6. AS 47.05.010(14) is repealed.

2 * Sec. 7. AS 47.40.010, 47.40.020, 47.40.030, 47.40.040, 47.40.050, and
3 47.40.080 are repealed.

4 * Sec. 8. TRANSITION. Grants awarded under AS 47.40 during fiscal year
5 1985 may be for periods of one, two, or three years.

6 * Sec. 9. AS 47.40.011(b), enacted in sec. 2 of this Act, and secs. 3 -
7 5 of this Act take effect immediately in accordance with AS 01.10.070(c).

8 * Sec. 10. AS 47.40.011(a) and (c) and 47.40.021 - 47.40.200, enacted
9 in sec. 2 of this Act, and secs. 1, 6, 7, and 8 of this Act take effect
10 January 1, 1985.

11

Introduced: 2/9/84
Referred: Health, Education and
Social Services and
Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 431

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 purchase of residential child
7 care services; and providing for an effective date."

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

9 * Section 1. AS 37.05.230 is amended by adding a new paragraph to read:

10 (1) The provisions of this section relative to competitive
11 bids do not apply to the purchase of residential child care services
12 under AS 47.40.

13 * Sec. 2. AS 47.40.010 -- 47.40.080 are repealed.

14 * Sec. 3. AS 47.40 is amended by adding new sections to read:

15 Sec. 47.40.005. PURCHASE OF SERVICES. (a) When the department
16 purchases residential services for minors for whom the state has
17 assumed responsibility under AS 47.10, the department shall

18 (1) purchase the services only under grants to local gov-
19 ernmental units or nonprofit corporations;

20 (2) award grants for a specified number of beds as provided
21 in AS 47.40.035.

22 (b) The department shall adopt regulations necessary to carry
23 out the provisions of AS 47.40.005 -- 47.40.045, including regulations
24 establishing the procedures to be followed in awarding grants, the
25 types of services for which payment may be made, costs that may be
26 paid with grant money, and the method of payment.

27 (c) Services of jails and other penal institutions may not be
28 included in services purchased by the state under this chapter.

29 Sec. 47.40.015. LICENSING AND SUPERVISION. Facilities providing

1 services which are purchased by the department under this chapter.
2 shall, if required by the department, be licensed and supervised as
3 provided for in AS 47.35.010 -- 47.35.080.

4 Sec. 47.40.025. REQUIRED ACCOUNTING PROCEDURES. Facilities
5 which solicit or receive money from the department for the cost of
6 services provided under this chapter shall

7 (1) meet accepted standards of fiscal accountability for
8 public money and shall, upon request, submit a complete financial
9 statement by an independent, certified public accountant to the de-
10 partment and to the division of legislative audit;

11 (2) demonstrate the actual cost of services provided using
12 cost-accounting procedures in accordance with department regulations;

13 (3) upon request, furnish the department and the division
14 of legislative audit all fiscal information, books, records, and
15 accounts pertaining to services paid for under this chapter.

16 Sec. 47.40.035. GRANTS. (a) The department will award grants
17 in accordance with regulations adopted by the department. To the
18 maximum extent possible, grants shall be for a period of three years.
19 Multi-year grants shall be adjusted annually to include a cost-of-
20 living allowance.

21 (b) Notices published by the department regarding the opening of
22 the application process for an impending grant award will specify the
23 geographical area in which services are needed, the type of services,
24 the number of beds anticipated to be needed, the maximum number of
25 days of care, and any other requirements established by the depart-
26 ment. Grants authorized under this section are exempt from the com-
27 petitive bid requirements of AS 37.05.230.

28 (c) Grants may not include payment for

29 (1) costs, including salaries and fees, incurred in raising

1 services which are purchased by the department under this chapter,
2 shall, if required by the department, be licensed and supervised as
3 provided for in AS 47.35.010 -- 47.35.080.

4 Sec. 47.40.025. REQUIRED ACCOUNTING PROCEDURES. Facilities
5 which solicit or receive money from the department for the cost of
6 services provided under this chapter shall

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8 public money and shall, upon request, submit a complete financial
9 statement by an independent, certified public accountant to the de-
10 partment and to the division of legislative audit;

11 (2) demonstrate the actual cost of services provided using
12 cost-accounting procedures in accordance with department regulations;

13 (3) upon request, furnish the department and the division
14 of legislative audit all fiscal information, books, records, and
15 accounts pertaining to services paid for under this chapter.

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18 maximum extent possible, grants shall be for a period of three years.
19 Multi-year grants shall be adjusted annually to include a cost-of-
20 living allowance.

21 (b) Notices published by the department regarding the opening of
22 the application process for an impending grant award will specify the
23 geographical area in which services are needed, the type of services,
24 the number of beds anticipated to be needed, the maximum number of
25 days of care, and any other requirements established by the depart-
26 ment. Grants authorized under this section are exempt from the com-
27 petitive bid requirements of AS 37.05.230.

28 (c) Grants may not include payment for

29 (1) costs, including salaries and fees, incurred in raising

Introduced: 2/9/84
Referred: Health, Education and
Social Services and
Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2

SENATE BILL NO. 431

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 purchase of residential child

7

care services; and providing for an effective date."

8

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

9

* Section 1. AS 37.05.230 is amended by adding a new paragraph to read:

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(11) The provisions of this section relative to competitive

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12

under AS 47.40.

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* Sec. 2. AS 47.40.010 -- 47.40.080 are repealed.

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* Sec. 3. AS 47.40 is amended by adding new sections to read:

15

Sec. 47.40.005. PURCHASE OF SERVICES. (a) When the department

16

purchases residential services for minors for whom the state has

17

assumed responsibility under AS 47.10, the department shall

18

(1) purchase the services only under grants to local gov-

19

ernmental units or nonprofit corporations;

20

(2) award grants for a specified number of beds as provided

21

in AS 47.40.035.

22

(b) The department shall adopt regulations necessary to carry

23

out the provisions of AS 47.40.005 -- 47.40.045, including regulations

24

establishing the procedures to be followed in awarding grants, the

25

types of services for which payment may be made, costs that may be

26

paid with grant money, and the method of payment.

27

(c) Services of jails and other penal institutions may not be

28

included in services purchased by the state under this chapter.

29

Sec. 47.40.015. LICENSING AND SUPERVISION. Facilities providing

1 funds or lobbying;

2 (2) original and replacement costs of facilities, major
3 equipment, and other capital assets, including those capital assets
4 obtained by purchase, construction, or lease with option to purchase,
5 other than costs for depreciation or use allowance, as specified in
6 regulations;

7 (3) costs of academic education which duplicates the public
8 education system except as provided for in regulation;

9 (4) costs of religious training;

10 (5) costs of services provided which are substandard to, or
11 exceed, the requirements of the department; and

12 (6) costs which are funded by other government sources.

13 Sec. 47.40.045. DEFINITIONS. In this chapter,

14 (1) "bed" means space in a facility which is usable for
15 occupancy by a minor for 365 days a year;

16 (2) "cost-of-living allowance" means the percentage change
17 from the preceding calendar year based on the U.S. Department of
18 Labor's All-Urban Consumer Price Index (CPI) for Anchorage for January
19 1 through December 31, 1983, or a comparable index specified in regu-
20 lations;

21 (3) "department" means the Department of Health and Social
22 Services;

23 (4) "nonprofit corporation" means a corporation organized
24 under AS 10.20;

25 (5) "residential services" means 24-hour care and super-
26 vision of minors in residential child care facilities, which are
27 otherwise known as group homes and institutions.

28 * Sec. 4. TRANSITION. Grants awarded under sec. 3 of this Act during
29 fiscal year 1985 may be for periods of one, two, or three years.

1 * Sec. 5. AS 47.05.010(14) is repealed.

2 * Sec. 6. Section 1, ch. 138, SLA 1982 is amended to read:

3 Section 1. FINDINGS. The legislature finds that the present
4 method for establishing payment rates under AS 47.40 for residential
5 child care services is inadequate. The Department of Health and
6 Social Services shall conduct a study of alternatives to the method of
7 establishing payment rates under AS 47.40. The study shall be con-
8 ducted by a committee of five members appointed by the commissioner of
9 the Department of Health and Social Services. Three members of the
10 committee shall be employees of the Department of Health and Social
11 Services and two members shall be providers of residential child care
12 services. The study shall contain, among other matters determined by
13 the department, a suggested redefinition of the manner in which rates
14 for residential child care services are calculated, a consideration of
15 the method and amount of reimbursement for capital costs of residen-
16 tial child care facilities, and the availability and use of other
17 sources of money to finance residential child care services and to
18 finance the construction of residential child care facilities. The
19 committee shall report its findings to the legislature on or before
20 the 30th day of the Second Session of the Thirteenth Legislature. The
21 legislature further finds that the rates established under AS 47.40
22 should be suspended from June 30, 1982 to the effective date of regu-
23 lations adopted by the Department of Health and Social Services under
24 AS 47.40.005(b) [JULY 1, 1984].

25 * Sec. 7. Section 2, ch. 138, SLA 1982, is amended to read:

26 Sec. 2. The operation of AS 47.05.010(14), AS 47.40.010, 47.40.-
27 040, and 47.40.050 is suspended from July 1, 1982 to the effective
28 date of regulations adopted by the Department of Health and Social
29 Services under AS 47.40.005(b) [THROUGH JUNE 30, 1984]. During the

1 period of suspension, payment for services provided by residential
2 child care facilities shall be made solely in accordance with the
3 provisions of secs. 3 and 4 of this Act.

4 * Sec. 8. Section 4, ch. 138, SLA 1982, is amended to read:

5 Sec. 4. For fiscal year 1985 [1984] the payment rates for res-
6 idential child care services shall be the amounts set out in sec. 3 of
7 this Act increased by 10 [FIVE] percent.

8 * Sec. 9. AS 47.40.005(b), enacted in sec. 3 of this Act, and secs.
9 6 -- 9 of this Act take effect immediately in accordance with AS 01.10.-
10 070(c).

11 * Sec. 10. AS 47.40.005(a) and (c) and 47.40.015 -- 47.40.045, enacted
12 in Sec. 3 of this Act, and secs. 1, 2, 4, and 5 of this Act take effect on
13 the effective date of regulations adopted by the Department of Health and
14 Social Services under AS 47.40.005(b), enacted in sec. 3 of this Act.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: SB No. 431
 Title: An Act....purchase of residential child care services
 Sponsor: Rules Committee
 Requestor: Governor
 Date of Request: _____

FISCAL DETAIL

Agency Affected: HEALTH AND SOCIAL SERVICES
 Program Category Affected: _____
 BRU, Program or Subprogram(s) Affected: JUVENILE CUST

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			811.1	851.6	894.2	938.9
800 MISCELLANEOUS						
TOTAL OPERATING			811.1	851.6	894.2	938.9
CAPITAL			-0-			
REVENUE			-0-			

FUNDING: (Thousands of Dollars)

GENERAL FUND			811.1	851.6	894.2	938.9
FEDERAL FUNDS						
OTHER						
TOTAL						

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: Dina Keeler, Acting for Michael Price Phone: 465-3170
 Division: Family and Youth Services Date: 1/9/84

Approved by Commissioner: Robert Gordon Smith Date: 1/30/84
 Agency: Health & Social Services

Distribution (by Agency preparing fiscal note):

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

12/1/83

SENATE BILL NO. 431

FISCAL NOTE

IV. ANALYSIS

A. ASSUMPTIONS

Promulgation of regulations and the monitoring of all programs and facilities will be done by current staff. The Department will negotiate for the number of beds needed and types of services by geographic area.

B. PROGRAM SUMMARY

This bill establishes a grant program whereby the Department would specify the number of beds and types of services needed in specific geographical areas, and facilities would indicate their ability to provide those services. Grants would then be negotiated with facilities throughout the state and the Division would monitor placements to ensure that children did not stay in placement longer than necessary.

C. COMPUTATIONS

Computations are based on the FY 84 Budget, the FY 85 Governor's Budget and then a 5% COLA for subsequent years.

FY 85 Governors Budget	5% COLA	= FY 86
\$16,222.3	\$811.1	\$17,033.4
FY 86	5% COLA	= FY 87
\$17,033.4	\$851.6	\$17,885.0
FY 87	5% COLA	= FY 88
\$17,885.0	\$894.2	\$18,779.2
FY 88	5% COLA	= FY 89
\$18,779.2	\$938.9	\$19,718.1

D. ECONOMIC IMPACT

The Department will be able to stay within budget allocations and provide residential care for those who are most in need.

E. IMPACT ON LOCAL GOVERNMENTS

There will be no impact on local governments.

Senator Vic Fischer

(907) 465-4954

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



4/25/84

MEMORANDUM

TO: Members, Senate Finance Committee

FROM: Senator Vic Fischer

RE: CSSB 431 (HESS), An act relating to the purchase of child care services.

Original sponsor: Rules/Governor

The purpose of this bill is to enact a new method of purchasing residential child care services and to repeal the old "full cost of care" method of payment. The new payment method provides grants to facilities based on the state purchasing a specified number of beds by specific geographic areas.

The proposed FY 85 operating budget for residential child care (DHSS Institutional Care component; Senate Figure = \$10,836,300) is based on passage of this legislation.

Without this legislation the "full cost of care" statutes go back into effect July 1 of this year. The old method of payment was suspended for two years and payments for services have been made under an interim payment schedule established in Ch 138, SLA 1982. It would cost the state approximately \$1.6 million additional to provide the same level of service. Alternatively, a static budget under the old method would result in a cutting of service to 18% of the clients.

The HESS Committee Substitute changed the effective dates (which are designed to allow a phase-in of the program); HESS also changed the order of the sections to correct an error with the repealer sections.

Fiscal Note

The fiscal note for FY 85 is funded through a reduction in the grants line item and provides two new positions to administer the new method of payment. The FY 86 and beyond parts of the Fiscal Note really apply to the Residential Child Care program, not the new method of payment enacted by the bill.

Mike Price, Director, Department of Health & Social Services, Division of Family & Youth Services, will be at the meeting to testify on the bill.

COMMITTEE REPORT

SENATE

FURTHER:

5/2/84

Date _____

Mr. President

The Committee on FINANCE considered SB 439

amending the Alaska Securities Act.

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

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

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Bob Mulcahy

Chairman

Chairman recommendation

Carry over

Revision Date: _____

REQUEST
 Bill/Resolution No.: 432
 Title: "An Act amending the Alaska Securities Act."
 Sponsor: Sen. Rules/by req. of Gov.
 Requestor: Governor's Office - OMB
 Date of Request: _____

FISCAL DETAIL
 Agency Affected: Department of Law
 Program Category Affected: General Government
 BRU, Program or Subprogram(s) Affected: Legal Services Operations

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL		8.0	8.5	9.0	9.5	10.1
300 CONTRACTUAL		39.2	41.6	44.0	46.6	49.4
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	47.2	50.1	53.0	56.1	59.5
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
GENERAL FUND	-0-	47.2	50.1	53.0	56.1	59.5
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Not specified by sponsor.

ANALYSIS: Attach a separate page for analysis

Prepared By: Richard I. Pegues Director Phone: 465-3672
 Division: Administrative Services Date: 1-24-84
 Approved by Richard I. Pegues/for Commissioner: Norman C. Gorsuch Date: 1-24-84
 Agency: Department of Law

Distribution (by Agency preparing fiscal note):

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

This bill amends the state's existing securities laws to strengthen the state's law enforcement jurisdiction over securities offerings made in other states, where the underlying "value" of the security is a (non-competitive) oil, gas or mineral lease on Alaska land. Sales of speculative investments in such leases are already regulated "security" transactions, but Alaska's current law does not allow the state to require registration, or to take enforcement action against sellers who set up offices outside Alaska but who market Alaskan leases as securities, usually only to non-Alaskans.

These sales are often fraught with misrepresentations about the value of the Alaskan oil or gas lease, or the true cost of exploring and developing production on the lease land. Investors in other states pay up to \$1,000 an acre for state and federal lease lands available over-the-counter in Alaska for \$1.00 an acre, in hopes of striking it rich, in line with the promoters' glowing promises.

These sales, and the subsequent losses of \$6,000, \$10,000, even \$20,000 to each of thousands of out-of-state investors, are very damaging to Alaska's commercial and investment image. Moreover, the subdividing into smaller parcels of these 640 acre leases may well defeat the underlying purpose of the state and federal exploratory (non-competitive) leasing program.

Enactment of this bill will require the attorney general to provide additional legal support for research, advice and enforcement action in the courts, as requested by the Division; of Banking and Securities. As most of the offending companies are located outside Alaska, lawsuits to obtain injunctions against them will require substantial out-of-state travel funds to take depositions and interview witnesses, as well as funds to conduct those depositions and interviews.

It is expected that, at a minimum, five trips outside Alaska will be necessary to enforce registration of sales Alaskan oil, gas or mineral leases outside Alaska. It will also be necessary to hire court reporters in order to take depositions and to hire outside counsel to file actions in jurisdictions outside the state.

Out-of-state Travel

5 trips X \$800 air fare =	\$4,000
5 X 10 days X \$80 per day =	<u>\$4,000</u>
Total travel & per diem =	\$8,000

Contractual

Court reporter services

6 hrs. X \$80 X 40 days = \$19,200

Outside counsel 4 occurrences
X \$5,000 \$20,000

Total \$39,200

TOTAL COSTS \$47,200

Costs beyond FY 84 include a 6% annual inflation factor.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

*Came in
Bill*

Revision Date: January 18, 1984

REQUEST

Bill/Resolution No.: SB 432
Title: An act amending the Alaska Securities Act.
Sponsor: Rules Committee
Requestor: Governor Sheffield
Date of Request: 1/18/84

FISCAL DETAIL

Agency Affected: Commerce and Economic Development
Program Category Affected: Consumer Protection
BRU, Program or Subprogram(s) Affected: Banking, Securities and Corporations

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES	54.1	56.8	59.6	62.6	65.7	69.0
200 TRAVEL	3.0	3.2	3.4	3.6	3.8	4.0
300 CONTRACTUAL	3.0	3.2	3.4	3.6	3.8	4.0
400 SUPPLIES	1.0	1.1	1.2	1.3	1.4	1.5
500 EQUIPMENT	5.0					
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	66.1	64.3	67.6	71.1	74.7	78.5
CAPITAL	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
REVENUE	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -

FUNDING: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
GENERAL FUND	66.1	64.3	67.6	71.1	74.7	78.5
FEDERAL FUNDS						
OTHER						
TOTAL	66.1	64.3	67.6	71.1	74.7	78.5

POSITIONS:

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
FULL-TIME	2.0	2.0	2.0	2.0	2.0	2.0
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Willis F. Kirkpatrick, Director
Division: Banking, Securities, Small Loans and Corporations

Phone: 465-2521

Date: 1/18/84

Approved by Commissioner: Richard A. Lyon

Date: 1/20/84

Agency: Commerce and Economic Development

Distribution (by Agency preparing fiscal note):

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

12/1/83

F.Y. Note #1

1.	POSITION TITLE Business Registration Examiner				RANGE/STEP 12A	BARG. UNIT GGU	FORM 12	PAGE/LINE	GOV.	APPRDV.	DISAPP.
2.	TYPE OF POSITION	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION AWA	ELECTION DISTRICT	LEG.			
3.	CONTINUATION LEVEL				JUSTIFICATION						
4.	TYPE OF EXPENDITURE										
	1	2	3								
	PERSONAL SERVICES										
5.	Salary	23.7									
6.	Benefits	3.9									
7.	Supplemental Benefits	1.5									
8.	Fixed Benefits	0.3									
9.	TOTAL PERSONAL SERVICES	01	29.4								
10.	Travel	02	-0-								
11.	Contractual	03	-0-								
12.	Commodities	04	0.5								
13.	Equipment	05	2.5								
14.	Other		-0-								
15.	TOTAL COST		32.4								
	RECEIPT CODE	FUNDING SOURCE									
16.		Federal Receipts 1002									
17.		G.F. Match 1003									
18.		General Funds 1004									
19.		I-A Receipts 1005									
20.		Program Receipts 1028									
21.		Other									
FOR BSM USE ONLY											
4A KEY NUMBER _____											

Position will be necessary if legislation passes requiring the Securities Section to undertake securities registration of oil and gas lease sales programs. The current substantially increased workload has stretched the examining/enforcement staff to the limit with a considerable percentage of the securities examiners' time devoted to nonprofessional clerical functions. The additional clerical support will free up the professional staff time to cope with the expanded registration and enforcement duties imposed by the proposed legislation.

The equipment expense of \$2.5 will be used for purchase of a desk, positions, typewriter, chair and desk calculator.

13 REQUEST FOR NEW POSITION

AGENCY Commerce & Economic Development

PROGRAM Consumer Protection

BRU Banking, Securities & Corporations

COMPONENT Financial Institutions

FY 85

Page 1 of 1

Revised Date _____

1.	POSITION TITLE Clerk IV				RANGE/STEP 9A	BARG. UNIT GGU	FORM 12 PAGE/LINE	GOV.	APPROV.	DISAPP.
2.	TYPE OF POSITION	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION AWA	ELECTION DISTRICT	LEG.		
3.	CONTINUATION LEVEL				JUSTIFICATION					
4.	TYPE OF EXPENDITURE				AMOUNT					
	1		2		3					
	PERSONAL SERVICES									
5.	Salary		19.8							
6.	Benefits		3.3							
7.	Supplemental Benefits		1.3							
8.	Fixed Benefits		0.3							
9.	TOTAL PERSONAL SERVICES		01		24.7					
10.	Travel		02		-0-					
11.	Contractual		03		-0-					
12.	Commodities		04		0.5					
13.	Equipment		05		2.5					
14.	Other									
15.	TOTAL COST				27.7					
16.	RECEIPT CODE	FUNDING SOURCE								
17.		Federal Receipts 1002								
18.		G.F. Hatch 1003								
19.		General Funds 1004		27.7						
20.		I-A Receipts 1005								
21.		Program Receipts 1028								
		Other								
FOR BSM USE ONLY										
4A KEY NUMBER										

Position will be necessary if legislation passes requiring the Securities Section to undertake securities registration of oil and gas lease sales programs. These registrations will result in increased filings as well as substantial efforts in compliance and enforcement activities. The current substantially increased workload has stretched the examining/enforcement staff to the limit with a considerable percentage of the securities examiners' time devoted to nonprofessional clerical functions. The additional clerical support will free up the professional staff time to cope with the expanded registration and enforcement duties imposed by the proposed legislation.

The equipment expense of \$2.5 will be used to purchase a desk, positions, typewriter, chair and desk calculator.

13 REQUEST FOR
NEW POSITION

AGENCY Commerce & Economic Development
PROGRAM Consumer Protection
BRU Banking, Securities & Corporations
COMPONENT Financial Institutions

Page 1 of 7

Revised Date

FY 85

Introduced: 2/9/84
Referred: Labor and Commerce
and Judiciary

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2

SENATE BILL NO. 432

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act amending the Alaska Securities Act."

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

8 * Section 1. AS 45.55.260(c) is amended to read:

9 (c) For the purpose of this section, an offer to sell or to buy
10 is made in this state, whether or not either party is then present in
11 this state, when the offer (1) originates from this state; [OR] (2) is
12 directed by the offeror to this state and received at the place to
13 which it is directed, or at a post office in this state in the case of
14 a mailed offer; or (3) in the case of an offer to sell or to buy an
15 interest or participation in oil, gas, or mining rights, titles, or
16 leases, or in payments out of production under those rights, titles,
17 or leases, if the oil, gas, or mining right, title, or lease is on
18 land, including submerged land, located in the state, regardless of
19 where the offer to sell or the offer to buy is made.

FEDERAL TRADE COMMISSION
WASHINGTON, D. C. 20580

BUREAU OF
CONSUMER PROTECTION

March 14, 1984

The Honorable Richard I. Eliason
Chairman
Senate Labor and Commerce Committee
State Capitol
Pouch V
Juneau, Alaska 99811

Dear Chairman Eliason:

The Federal Trade Commission's Bureaus of Competition, Consumer Protection, and Economics,¹ at the request of Governor Sheffield, submit comments on Senate Bill No. 432. We wish to thank you and Governor Sheffield for the opportunity to share our views on S. 432. We think that expanding the jurisdiction of the Alaska Securities Act of 1959 to cover all oil and gas leases to land located in Alaska would complement our efforts and those of other federal and state agencies to control what appear to be serious abuses in the rapidly growing, nation-wide marketing of Alaska oil and gas leases. The Commission staff favors passage of S. 432.

The Commission, in fulfilling its Congressionally-mandated mission to protect consumers from unfair and deceptive practices in the nation's commerce, has been investigating suspected fraud by sellers of oil and gas leases and related services. In the course of these investigation the Commission staff has identified from the public records of the federal Bureau of Land Management ("BLM") and the Alaska Department of Natural Resources a number of companies that have acquired oil and gas leases to millions of acres of land in Alaska. These companies acquired most of their leases for \$1 per acre under the BLM noncompetitive oil and gas leasing program.² Most of these acquisition have occurred in the Minchumina, Denali, and Tiekel block areas of Alaska.³

¹ This statement reflects the views of the Bureaus of Competition, Consumer Protection and Economics of the Federal Trade Commission, but does not necessarily reflect the views of the Commission or of any individual Commissioner. The Federal Trade Commission has voted, however, to authorize the Bureaus to submit these comments.

² 43 C.F.R. § 3110 et seq.

³ Public Land Orders Nos. 6098, 46 Fed. Reg. 61472 (December 17, 1981), and 6329, 47 Fed. Reg. 39495 (September 8, 1982).

SB 432

FEDERAL TRADE COMMISSION
WASHINGTON, D. C. 20580

BUREAU OF
CONSUMER PROTECTION

March 14, 1984

The Honorable
Chairman

Eliason
Committee

SB 432

n's Bureaus of Competition,
s,¹ at the request of Governor
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The Commission, in fulfilling its Congressionally-mandated mission to protect consumers from unfair and deceptive practices in the nation's commerce, has been investigating suspected fraud by sellers of oil and gas leases and related services. In the course of these investigation the Commission staff has identified from the public records of the federal Bureau of Land Management ("BLM") and the Alaska Department of Natural Resources a number of companies that have acquired oil and gas leases to millions of acres of land in Alaska. These companies acquired most of their leases for \$1 per acre under the BLM noncompetitive oil and gas leasing program.² Most of these acquisition have occurred in the Minchumina, Denali, and Tielke block areas of Alaska.³

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² 43 C.F.R. § 3110 et seq.

³ Public Land Orders Nos. 6098, 46 Fed. Reg. 61472 (December 17, 1981), and 6329, 47 Fed. Reg. 39495 (September 8, 1982).

According to public records kept at the Alaska Oil and Gas Conservation Commission, no oil or gas wells have ever been drilled in any of these areas. Also, the Alaska Department of Geological and Geophysical Survey's 1983 map of potential oil and gas basins in Alaska⁴ indicates that virtually all of the approximately 3 million acres released in these land openings are not within such basins.

BLM records indicate that these companies are assigning these leases in small units, usually 40 acres, to thousands of consumers throughout the lower 48 states and Hawaii. Concerns have been raised that many small investors are being induced to pay far in excess of the fair market value for these leases, and have no idea of the extremely speculative nature of these leases. The action brought by the State of Alaska against several of these companies for misrepresenting the value of leases⁵ indicates that these concern may well be justified.

These concerns have been heightened because the sale of Alaska oil and gas leases is expanding. In August 1982 we were aware of only one company selling Alaska leases. By December 1983, BLM records indicated that at least 40 companies, with holdings of millions of acres of Alaska oil and gas leases, were operating. With the possible release of an additional 21 million acres of federal lands for oil and gas leasing⁶ and plans by the State of Alaska for the release of its own acreage, this growth may continue. We believe that a concerted state and federal effort is necessary to insure that those interested in investing in the development of Alaska's resources have available reliable information on which to make reasoned decisions.

Senate Bill No. 432 should provide a relatively simple means to inhibit misrepresentations of fact made in connection with the sale of Alaska oil and gas leases. The Alaska Securities Act already covers oil and gas leases when either the buyer or seller resides or is located in Alaska. The proposal would expand coverage of the Act to include all sales of oil and gas leases

⁴ DGGS Special Report No. 32 (1983).

⁵ State v. Alaska Land Leasing, Inc., Case No. 3AN-83-8867 (3rd Dist. Oct. 26, 1983).

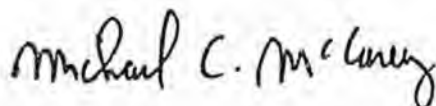
⁶ Secretary of the Interior, Oil and Gas Leasing Program for Non North Slope Federal Lands in Alaska, Annual Report to Congress, 7, Table 3 (1983).

for lands located in Alaska. This revision would empower the Alaska Division of Securities to require these companies to register their leases as securities and to provide prospective purchasers with meaningful disclosures of the speculative nature of these investments.

Senate Bill No. 432 should not materially hinder the development of Alaska's resources. The Alaska Securities Act already includes an exemption for sales of leases to bona fide oil and gas exploration companies. Thus, the expansion of the securities law's jurisdiction should not materially change the effect of the statute on those firms actually exploring and developing Alaska's resources.

The Commission staff strongly supports passage of S. 432. With the new authority granted by this bill, state officials could effectively join the Commission and other federal law enforcement agencies in our efforts to protect consumers and to stop the possible misuse of Alaska's name and its resources.

Very truly yours,



Michael C. McCarey
Associate Director

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF LAW

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

OFFICE OF THE ATTORNEY GENERAL

March 23, 1984

The Honorable Fritz Pettyjohn
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Re: SB 432, "an Act amending
the Alaska Security's Act"

Dear Senator Pettyjohn:

At the Senate Labor and Commerce Committee hearing on February 15, 1984, you requested our opinion with respect to the effect on the jurisdictional scope of SB 432. This legislation would clarify the existing Alaska Security's Act to better reach fraudulent or high pressure out-of-state sales of oil and gas lease hold interests on state or federal lands in Alaska.

The Administration believes that Alaska is well served by having an ability to regulate sales of land or lease hold interests located in Alaska, even where the transactions take place outside the state between non-residents of the state. The state may protect the legitimate concerns of its citizens by exercising the right to sue according to the doctrine of parens patriae. This doctrine is recognized in Alaska. State v. First National Bank of Anchorage, 660 P.2d 406, 420-21 (Alaska 1982); Public Defender Agency v. Superior Court, 534 P.2d 947 (Alaska 1975).

Because we believe there is a substantial state interest in preventing fraudulent sales of oil and gas leases located within the state's border, we believe a constitutional challenge against Alaska's assertion of jurisdiction provided by the proposed legislation would fail. A claim that the jurisdiction afforded by the proposed legislation violates an out-of-state citizen's rights under the Due Process Clause, Full Faith and Credit Clause or Commerce clause of the U.S. Constitution would, in all likelihood, be dismissed. See generally, Aldens, Inc., v. Packel, 524 F.2d 38 (3rd Cir. 1975). The Aldens case is instructive because it involved a challenge to Pennsylvania's right to enforce state credit sales laws as applied to an


Illinois corporation operating a mail order business in all fifty states and where all orders were accepted in Chicago. In that case, the court performed a thorough and comprehensive analysis of a variety of constitutional issues and concluded that none of the constitutional provisions were violated by enforcement of Pennsylvania's laws.

The currently accepted approach to Due Process Clause limitation challenges is one of interest analysis where the court focuses on whether a state has sufficient interest "to justify any exercise of it's sovereignty in connection with the transaction and dispute." Id. at 42-43, (citing McGee v. International Company, 355 U.S. 220 (1957)) emphasis in original. The court further noted in Alden that a relatively low threshold of state interest is needed to justify jurisdiction. Id. at 43.

In conclusion, because Alaska has a substantial interest in transactions involving land or interest of land within its borders, we believe a court would find that the exercise of jurisdiction through the proposed legislation does not interfere with an out-of-state defendant's due process or other constitutional rights.

Please feel free to call if we can be of additional assistance.

Sincerely,


Norman C. Gorsuch
Attorney General

NCG:eer

cc: Senator Richard I. Elaison ✓
Chairman, Senate Labor and
Commerce Committee

Senator Bob Mulcahy
Vice-Chairman, Senate Labor
and Commerce Committee

Senator Patrick Rodey
Senate Labor and Commerce
Committee

Senator John C. Sackett
Senate Labor and Commerce
Committee

The Honorable Fritz Pettyjohn
Senate Bill 432

March 23, 1984
Page #3

Connie Sipe
Assistant Attorney General
Consumer Protection

Jeff Bush Ø
Assistant Attorney General
Commercial

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 2/15/84

REQUEST

Bill/Resolution No.: SB 432
Title: An act amending the Alaska Securities Act.
Sponsor: Rules Committee
Requestor: Governor Sheffield
Date of Request: 1/18/84

FISCAL DETAIL

Agency Affected: Commerce and Economic Dev.
Program Category Affected: Consumer Protection
BRU, Program or Subprogram(s) Affected: Banking, Securities and Corporations

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		54.1	56.8	59.6	62.6	65.7
200 TRAVEL		3.0	3.2	3.4	3.6	3.8
300 CONTRACTUAL		3.0	3.2	3.4	3.6	3.8
400 SUPPLIES		1.0	1.1	1.2	1.3	1.4
500 EQUIPMENT		5.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	- 0 -	66.1	64.3	67.6	71.1	74.7
CAPITAL	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
REVENUE	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -

FUNDING: (Thousands of Dollars)

GENERAL FUND	- 0 -	66.1	64.3	67.6	71.1	74.7
FEDERAL FUNDS						
OTHER						
TOTAL	- 0 -	66.1	64.3	67.6	71.1	74.7

POSITIONS:

FULL-TIME	- 0 -	2.0	2.0	2.0	2.0	2.0
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Please see attached fiscal note analysis.

ANALYSIS: Attach a separate page for analysis

Prepared By: Willis F. Kirkpatrick, Director
Division: Banking, Securities and Corporations

Phone: 465-2521
Date: 2/15/84

Approved by Commissioner: Richard A. Lyon
Agency: Commerce and Economic Development

Date: 2/15/84

Distribution (by Agency preparing fiscal note):

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

12/1/83

FISCAL NOTE ANALYSIS

SB 432, if enacted, will require that the Securites Section of the Division undertake securities registration for the sale of oil and gas leases located in Alaska and will undoubtedly result in increased filings as well as substantial efforts in compliance and enforcement activities including hearings. A Clerk IV and a Business Registration Examiner position will be necessary to support these registrations. The current substantially increased workload has stretched the examining/enforcement staff to the limit with a considerable percentage of the securities examiners' time devoted to nonprofessional clerical functions. The additional clerical support will free up the professional staff time to cope with the expanded registration and enforcement duties imposed by the proposed legislation.

Travel of 3.0 will be required for investigation of wrongdoers in the field. Contractual funds of 3.0 are needed for hearing officer purposes in administrative proceedings. Additionally, a one time expense of 5.0 is included to cover costs of typewriters, desks and chairs for the new positions.

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

432

February 9, 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 which amends the Alaska Securities Act (AS 45.55) by extending its scope to include offers to buy or sell interests in oil, gas, or mining rights on land in the state, regardless of where the offer or sale occurs.

The bill was jointly prepared by the division of banking, securities and corporations of the Department of Commerce and Economic Development and the consumer protection section of the Department of Law in response to numerous complaints of fraudulent oil and gas lease schemes. These schemes typically involve solicitations by firms located outside Alaska who acquire an interest in oil or gas leases through bid offerings of the Department of Natural Resources or the Federal Bureau of Land Management.

The lease tracts these firms acquire are often the least likely to contain valuable oil, gas, or mineral resources. However, these firms conduct massive high pressure telephone sales and media advertising aimed at would-be investors in the lower 48 states, promising them high returns if they "invest" in a portion of one of these Alaskan oil or gas leases. The offering firms often falsely represent that they have expertise in oil, gas or mineral exploration or development. What is particularly offensive to our state is that these slick operators often use names such as "Alaska Oil and Gas Exploration" or "Alaska Petroleum Investments," and set up empty "shell" corporations with Alaska addresses.

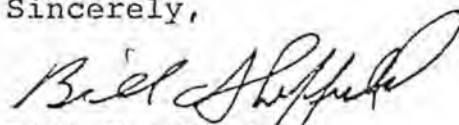
This bill would extend the provisions of the Alaska Securities Act to these business firms even if the "investment" sales are not made in our state or to our citizens.

Essentially, the bill would extend the jurisdiction of our state securities regulators and of our courts over these fraudulent schemes. The state would be able to take legal action against these out-of-state sellers of Alaska mineral rights. By amending the Securities Act, Alaska can require these firms to file securities registrations regarding their sales, and to give prospective purchasers truthful information about the likelihood of realizing a gain on such investments.

This legislation will not affect legitimate companies engaged in oil, gas, or mineral exploration or production as they are already exempted from the Alaska Securities Act by AS 45.55.140(b)(17).

This bill should be supported by consumer groups as well as by the legitimate members of the oil and gas industry. Therefore, I urge your prompt action on this bill to prevent further damage to the commercial image, nationwide, of Alaska.

Sincerely,



Bill Sheffield
Governor

COMMITTEE REPORT
SENATE

FURTHER: FINANCE

3/16/84

Date March 20, 1984

Mr. President

The Committee on JUDICIARY considered SB 432

amending the Alaska Securities Act.

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

Joe Josephson

MEMBERS HAVING
OTHER RECOMMENDATIONS

3 3 equal - N/R
2 do not pass

Bill Ray
Chairman
Do Pass
Chairman recommendation

COMMITTEE REPORT
SENATE

FURTHER: JUDICIARY
FINANCE

Date 3/15/84

2/23/84

Mr. President

The Committee on LABOR & COMMERCE considered SB 432
amending the Alaska Securities Act.

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

Bob Anderson
William L. ...
Richard ...
John ...

MEMBERS HAVING
OTHER RECOMMENDATIONS

do not pass [Signature]

[Signature]
Chairman
Do Pass
Chairman recommendation

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 2/15/84

REQUEST

Bill/Resolution No.: SB 432
Title: An act amending the Alaska Securities Act.
Sponsor: Rules Committee
Requestor: Governor Sheffield
Date of Request: 1/18/84

FISCAL DETAIL

Agency Affected: Commerce and Economic Dev.
Program Category Affected: Consumer Protection
BRU, Program or Subprogram(s) Affected: Banking, Securities and Corporations

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		54.1	56.8	59.6	62.6	65.7
200 TRAVEL		3.0	3.2	3.4	3.6	3.8
300 CONTRACTUAL		3.0	3.2	3.4	3.6	3.8
400 SUPPLIES		1.0	1.1	1.2	1.3	1.4
500 EQUIPMENT		5.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	- 0 -	66.1	64.3	67.6	71.1	74.7
CAPITAL	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
REVENUE	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -

FUNDING: (Thousands of Dollars)

GENERAL FUND	- 0 -	66.1	64.3	67.6	71.1	74.7
FEDERAL FUNDS						
OTHER						
TOTAL	- 0 -	66.1	64.3	67.6	71.1	74.7

POSITIONS:

FULL-TIME	- 0 -	2.0	2.0	2.0	2.0	2.0
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Please see attached fiscal note analysis.

ANALYSIS: Attach a separate page for analysis

Prepared By: Willis F. Kirkpatrick, Director Phone: 465-2521
Division: Banking, Securities and Corporations Date: 2/15/84
Approved by Commissioner: Richard A. Lyon Date: 2/15/84
Agency: Commerce and Economic Development

Distribution (by Agency preparing fiscal note):

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

12/1/83

FISCAL NOTE ANALYSIS

SB 432, if enacted, will require that the Securities Section of the Division undertake securities registration for the sale of oil and gas leases located in Alaska and will undoubtedly result in increased filings as well as substantial efforts in compliance and enforcement activities including hearings. A Clerk IV and a Business Registration Examiner position will be necessary to support these registrations. The current substantially increased workload has stretched the examining/enforcement staff to the limit with a considerable percentage of the securities examiners' time devoted to nonprofessional clerical functions. The additional clerical support will free up the professional staff time to cope with the expanded registration and enforcement duties imposed by the proposed legislation.

Travel of 3.0 will be required for investigation of wrongdoers in the field. Contractual funds of 3.0 are needed for hearing officer purposes in administrative proceedings. Additionally, a one time expense of 5.0 is included to cover costs of typewriters, desks and chairs for the new positions.

COMMITTEE REPORT
SENATE

FURTHER:

Date 5/2/84

Mr. President

The Committee on FINANCE considered 81 433

Registration of Army Vehicles; etc.

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 12/23/83
- 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:

REQUEST

Bill/Resolution No.: SB 433
 Title: An Act relating to the registration of heavy vehicles
 Sponsor: Governor
 Requestor: Senate Labor & Commerce
 Date of Request: 2-21-84

FISCAL DETAIL

Agency Affected: Public Safety
 Program Category Affected: Life and Property Protection
 BRU, Program or Subprogram(s) Affected: Division of Motor Vehicles

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		8.8	9.3	9.9	10.5	11.1
200 TRAVEL						
300 CONTRACTUAL		7.4	5.5	5.8	6.1	6.5
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		16.2	14.8	15.7	16.6	17.6
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		16.2	14.8	15.7	16.6	17.6
FEDERAL FUNDS						
OTHER						
JTAL						

POSITIONS:

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

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Not identified

ANALYSIS: Attach a separate page for analysis

Prepared By: Marcia Lynn McKenzie
 Division: Administrative Services

Phone: 465-4349
 Date: 12-27-83

Approved by Commissioner: [Signature]
 Agency: Department of Public Safety

Date: 12/28/83

Distribution (by Agency preparing fiscal note):

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

12/1/83

ANALYSIS

This bill would require proof of IRS filing or payment of the Federal Heavy Truck Use Tax prior to registration for all motor vehicles with a gross vehicle weight (GVW) of 33,000 lbs. or over. Alaska vehicle classifications are based on unladen weight rather than GVW, so it is not possible to determine exactly how many vehicles are affected but an estimate based on unladen weight would be 2,500 to 3,500 vehicles.

Notification to vehicle owners and collection of the proper forms would require a special mailing and individual handling. Most of these vehicles are commercial vehicles registered during December, so one position working four months, October through January, would be able to accomplish most of the work and the rest would be absorbed by existing positions.

Cost detail for the program is as follows:

100	Motor Vehicle Representative I, Range 8 4 months	8.8
300	Mailing Cost	1.4
	Forms	1.0
	Data Processing	
	Programming	2.0
	Maintenance	<u>3.0</u>
	Total	16.2

An inflation factor of 6% has been applied to costs beyond FY 85.

1.	POSITION TITLE Motor Vehicle Rep. I				RANGE/STEP 8B	BARG. UNIT G	FORM 12 PAGE/LINE	GOV.	APPRDV.	DISAPP.					
2.	TYPE OF POSITION Seasonal	STAFF MONTHS 4	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION Anchorage	ELECTION DISTRICT	LEG.							
3.	CONTINUATION LEVEL				JUSTIFICATION										
4.	TYPE OF EXPENDITURE				<p>This position will perform the additional tasks associated with identifying vehicles, notifying owners, and updating records of those vehicles subject to the heavy vehicle tax. Annual volume of vehicles subject to this tax is expected to be approximately 2500 to 3500 and being commercial vehicles, the majority of these will register in December on a regular basis or in February on a pro-rate basis, depending on their use. The position will be used during the November through February time period to handle this workload.</p>										
	1	2	3												
	PERSONAL SERVICES														
5.	Salary	6,392													
6.	Benefits	392													
7.	Supplemental Benefits	1,146													
8.	Fixed Benefits	909													
9.	TOTAL PERSONAL SERVICES	01	8,839												
10.	Travel	02													
11.	Contractual	03	7,400												
12.	Commodities	04													
13.	Equipment	05													
14.	Other														
15.	TOTAL COST		16,239												
	RECEIPT CODE	FUNDING SOURCE													
16.		Federal Receipts 1002													
17.		G.F. Match 1003													
18.		General Funds 1004		16.2											
19.		I-A Receipts 1005													
20.		Program Receipts 1028													
21.		Other													
FOR B&M USE ONLY															
4A KEY NUMBER _____															

13 REQUEST FOR
NEW POSITION

AGENCY Department of Public Safety

PROGRAM Life & Property Protection

BRU Division of Motor Vehicles

COMPONENT Vehicle Services

FY 85

Page _____ of _____

Revised Date _____

Introduced: 2/9/84
Referred: Labor and Commerce
and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2

SENATE BILL NO. 433

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 registration of heavy vehi-
7 cles; and providing for an effective date."

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

9 * Section 1. AS 28.10.021 is amended to read:

10 Sec. 28.10.021. APPLICATION FOR REGISTRATION. The owner of a
11 vehicle subject to registration shall apply for registration under
12 this chapter by properly completing the form prescribed by the commis-
13 sioner under AS 28.05.041. Before the issuance of a certificate of
14 registration by the department, the owner shall pay all registration
15 fees and taxes required under this chapter, [AND] Alaska motor freight
16 carrier and bus transportation fees required under AS 42, federal
17 heavy vehicle use taxes required under sec. 4481 of the Internal
18 Revenue Code of 1954 (26 U.S.C.), and shall comply with any other
19 applicable statutes and regulations.

20 * Sec. 2. AS 28.10.041 is amended by adding a new subsection to read:

21 (c) The department shall refuse to register a vehicle subject to
22 the federal heavy vehicle use tax required by sec. 4481 of the In-
23 ternal Revenue Code of 1954 (26 U.S.C.) if the applicant fails to
24 furnish proof of payment, in the form prescribed by the U.S. Secretary
25 of the Treasury, that the tax has been paid.


26 * Sec. 3. This Act takes effect September 30, 1984.



Dept. of Transportation & Public Facilities

Position Paper

BILL NO: Senate Bill 433

APPROVED: 
R. J. Whapp
Commissioner

TITLE: An act relating to the registration of heavy vehicles; and providing for an effective date

DATE: April 30, 1984

The Alaska Department of Transportation and Public Facilities urges speedy passage of Senate Bill (SB) 433. SB 433 enables the Division of Motor Vehicles in the Department of Public Safety to require proof-of-payment of the federal heavy vehicle use tax before registering heavy vehicles in the State of Alaska. The heavy vehicle use tax is one of a number of user fees that fund highway improvements through the federal Highway Trust Fund. The State of Alaska receives a very favorable distribution from the Highway Trust Fund; this distribution is over eight times the amount collected through federal taxes on highway use in Alaska.

If SB 433 is not enacted, Alaska will be subject to a reduction in our Interstate apportionments from the highway trust fund. This reduction in funds will hurt the Department's efforts to improve Alaska's Interstate System, consisting of the Parks, Alaska, Glenn and Tok Cut-off highways and portions of the Richardson, Seward, and Sterling highways. The Department estimates that withholding, when applied, will cost the state over \$10 million a year in Interstate apportionments. Assuming \$1 million a mile for reconstruction of substandard highway, a \$10 million cut translates into a ten mile reduction in highway miles improved each year.

For more information, contact Paula Ramsey, 465-3900.

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 9, 1984

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

Dear Senator Kerttula:

Under the authority of art. III, sec. 13, of the Alaska Constitution, I am transmitting a bill that will authorize the division of motor vehicles (DMV), Department of Public Safety, to refuse to register heavy trucks if the owner of the truck does not furnish proof that applicable federal heavy use taxes on the truck have been paid. This authorization is necessary to comply with federal law, and to ensure that Alaska does not lose up to 25 percent of apportioned federal highway funds.

In 1982 the U.S. Congress adopted the Surface Transportation Assistance Act of 1982. The Act increases, as of July 1, 1984, the heavy vehicle use tax which heavy trucks and trailers must pay. Section 143 of the Act (23 U.S.C. sec. 141(d)) authorizes the federal government to withhold up to 25 percent of a state's apportionment of federal highway funds during any year in which heavy vehicles subject to taxation under sec. 4481 of the Internal Revenue Code of 1954 may be registered in the state without presenting proof of payment of these taxes. This proof-of-payment requirement must be in effect no later than September 30, 1984.

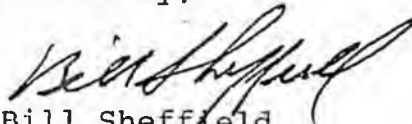
In order to prevent the loss of these federal highway funds, this bill authorizes DMV to refuse to register a heavy vehicle unless the owner provides proof that the required federal tax has been paid. If an applicant fails to provide the required proof of payment his vehicle will not be registered. The State of Alaska is not required to enforce or collect the federal tax.

I anticipate that Department of Public Safety personnel will be working with legislative committees on possible amendments to the bill, which may be necessitated by pending federal procedural decisions.

- 2 -

In order to avoid the loss of federal funding needed to improve and maintain Alaska's highway system, I urge your passage of this bill.

Sincerely,



Bill Sheffield
Governor

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

017

Revision Date: _____

REQUEST

Bill/Resolution No.: 58433
 Title: An Act relating to the registration of heavy vehicles
 Sponsor: _____
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Public Safety
 Program Category Affected: Life and Property Protection
 BRU, Program or Subprogram(s) Affected: Division of Motor Vehicles

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		8.8	9.3	9.9	10.5	11.1
200 TRAVEL						
300 CONTRACTUAL		7.4	5.5	5.8	6.1	6.5
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		16.2	14.8	15.7	16.6	17.6
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		16.2	14.8	15.7	16.6	17.6
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

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

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Not identified

ANALYSIS: Attach a separate page for analysis

Prepared By: Marcia Lynn McKenzie Phone: 465-4349
 Division: Administrative Services Date: 12-27-83

Approved by Commissioner: [Signature] Date: 12/28/83
 Agency: Department of Public Safety

Distribution (by Agency preparing fiscal note):

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

12/1/83

ANALYSIS

This bill would require proof of IRS filing or payment of the Federal Heavy Truck Use Tax prior to registration for all motor vehicles with a gross vehicle weight (GVW) of 33,000 lbs. or over. Alaska vehicle classifications are based on unladen weight rather than GVW, so it is not possible to determine exactly how many vehicles are affected but an estimate based on unladen weight would be 2,500 to 3,500 vehicles.

Notification to vehicle owners and collection of the proper forms would require a special mailing and individual handling. Most of these vehicles are commercial vehicles registered during December, so one position working four months, October through January, would be able to accomplish most of the work and the rest would be absorbed by existing positions.

Cost detail for the program is as follows:

100	Motor Vehicle Representative I, Range 8 4 months	8.8
300	Mailing Cost	1.4
	Forms	1.0
	Data Processing	
	Programming	2.0
	Maintenance	<u>3.0</u>
	Total	16.2

An inflation factor of 6% has been applied to costs beyond FY 85.

1.	POSITION TITLE Motor Vehicle Rep. I			RANGE/STEP 8B	BARG. UNIT G	FORM 12 PAGE/LINE	GOV.	APPROV.	DISAPP.
2.	TYPE OF POSITION Seasonal	STAFF MONTHS 4	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION Anchorage	ELECTION DISTRICT	LEG.	
3.	CONTINUATION LEVEL			ADDITION	JUSTIFICATION				
4.	TYPE OF EXPENDITURE			AMOUNT	<p>This position will perform the additional tasks associated with identifying vehicles, notifying owners, and updating records of those vehicles subject to the heavy vehicle tax. Annual volume of vehicles subject to this tax is expected to be approximately 2500 to 3500 and being commercial vehicles, the majority of these will register in December on a regular basis or in February on a pro-rate basis, depending on their use. The position will be used during the November through February time period to handle this workload.</p>				
	1	2	3						
	PERSONAL SERVICES								
5.	Salary	6,392							
6.	Benefits	392							
7.	Supplemental Benefits	1,146							
8.	Fixed Benefits	909							
9.	TOTAL PERSONAL SERVICES	01	8,839						
10.	Travel	02							
11.	Contractual	03	7,400						
12.	Commodities	04							
13.	Equipment	05							
14.	Other								
15.	TOTAL COST		16,239						
	RECEIPT CODE	FUNDING SOURCE							
16.		Federal Receipts 1002							
17.		G.F. Match 1003							
18.		General Funds 1004		16.2					
19.		I-A Receipts 1005							
20.		Program Receipts 1028							
21.		Other							
FOR B&M USE ONLY									
4A KEY NUMBER _____									

13 REQUEST FOR
NEW POSITION

AGENCY Department of Public Safety

PROGRAM Life & Property Protection

BRU Division of Motor Vehicles

COMPONENT Vehicle Services

FY 85

Page _____ of _____
Revised Date _____

COMMITTEE REPORT
SENATE

FURTHER:

FINANCE

2/9/84

Date

4/12/84

Mr. President

The Committee on LABOR & COMMERCE considered SB 433

registraticn of heavy vehicles; efd.

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

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

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

[Handwritten signatures]

[Handwritten signature: Bob Mulvaney MR]

[Handwritten signature]
Chairman

[Handwritten signature]
Chairman recommendation

COMMITTEE REPORT
SENATE

FURTHER:

Date 4/25/84

Mr. President

The Committee on FINANCE considered SB 445

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 JS for _____
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
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MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Chairman

Chairman recommendation

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 3/9/84

REQUEST

Bill/Resolution No.: SB 445
Title: An Act relating to Child Abuse

Sponsor: Kerttula, Halford, Sturgeon
Requestor: _____
Date of Request: _____

FISCAL DETAIL

Agency Affected: Dept. of Health & Social Services
Program Category Affected: Social & Economic Assistance for the General Population

BRU, Program or Subprogram(s) Affected: Social Services BRU: Direct Service Delivery

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		23.1				
200 TRAVEL		4.5				
300 CONTRACTUAL		1.5				
400 SUPPLIES		.2				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
900 MISCELLANEOUS						
TOTAL OPERATING		29.3	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

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

FUNDING: (Thousands of Dollars)

GENERAL FUND		29.3	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL		29.3	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY		1	0	0	0	0

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Source of funding not identified by sponsors.

ANALYSIS: Attach a separate page for analysis

Prepared By: Michael L. Price, Director
Division: Family and Youth Services

Phone: 465-3170

Date: 3/9/84

Approved by Commissioner: Robert London Smith, Ph.D.
Agency: Dept. of Health and Social Services

Date: 3/28/84

Distribution (by Agency preparing fiscal note):

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

12/1/83

FISCAL NOTE

SENATE BILL NO. 445

A. Assumptions

One position will be needed for only a six month period. Clerical support for this position will be provided by the clerical staff in this component.

B. Program Summary

Positions: Only one Social Worker IV position will be needed for a six month period. This position will write the regulations, will hold public hearings in all regions, and finalize the writing and dissemination of the guidelines.

Other Expenditures: Travel funds are necessary for the travel to all the regions. Contractual services and commodities are necessary for the support of this position and for the expenses of the public hearings.

C. Computations

Computations are based on the current GGU Salary Schedule. Travel calculations are based on the Social Worker IV traveling to each of 5 regions for 5 days for hearings. Contractual is phone, copier, postage, printing costs for the preparation of documentation. Supplies are general office supplies.

100 Personal Services	\$23,130
200 Travel	4,500
300 Contractual	1,500
400 Supplies	200
	<u>\$29,330</u>

POSITION PAPER
SENATE BILL 445

"An Act relating to child abuse."

Senate Bill 445 requires the Department to establish by regulation, guidelines as to what constitutes sufficient cause to believe that a child has suffered harm as a result of abuse or neglect. It requires that the initial regulations be adopted no later than January 1, 1985.

Discussion

With the growing awareness of the problems of child abuse and neglect, there is increasing concern from persons who are mandated to report as to what kinds of situations they should report. Establishing guidelines by regulations would be one means of disseminating information to mandated reporters. Training and education are also needed as well.

If this Bill is enacted, the Department of Health and Social Services would review existing guidelines which appear in national publications in order to develop appropriate State guidelines for the reporting of physical abuse, neglect, sexual abuse, and sexual exploitation. Hearings would be held to receive public comment.

Position

The Department of Health and Social Services supports Senate Bill 445.

RECOMMENDED: Michael L. Price
Michael L. Price, Director
Division of Family
and Youth Services

DATE: 3/29/84

APPROVED: Robert London Smith
Robert London Smith, Ph.D.
Commissioner
Department of Health
and Social Services

FISCAL NOTE

SENATE BILL NO. 445

A. Assumptions

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100 Personal Services	\$23,130
200 Travel	4,500
300 Contractual	1,500
400 Supplies	200
	<u>\$29,330</u>

Introduced: 2/10/84
Referred: Health, Education and
Social Services

BY KERTTULA, HALFORD AND
STURGULEWSKI

1 IN THE SENATE

2 SENATE BILL NO. 445

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 child abuse."

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

8 * Section 1. AS 47.17.020 is amended by adding a new subsection to
9 read:

10 (d) The department shall establish by regulation guidelines as
11 to what constitutes sufficient cause to believe that a child has
12 suffered harm as a result of abuse or neglect. The guidelines shall
13 be made available to persons required to report under (a) of this sec-
14 tion.

15 * Sec. 2. No later than January 1, 1985, the Department of Health and
16 Social Services shall adopt the initial regulations required by AS 47.17.-
17 020(d) enacted by sec. 1 of this Act.



Official Business

Alaska State Legislature

Senate

Office of the President

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

TO: Senator Don Bennett, Co-Chair
Senate Finance

FROM: Senator Jay Kerttula

DATE: April 19, 1984

SUBJECT: Senate Bill 445

A handwritten signature in black ink, appearing to read "Jay Kerttula".

Sgt. Rollie Port, investigator with the Alaska State Troopers in Palmer, will be in Juneau next Wednesday to testify on a bill in the House. Mr. Port could give valuable testimony on Senate Bill 445, child abuse reporting.

Is it possible to schedule this bill, which is now in Senate Finance, for hearing on Wednesday, April 25?

Thank you for your cooperation in this matter.

dh

COMMITTEE REPORT
SENATE

FURTHER: Finance

2/10/84

Date April 16, 1984

Mr. President

The Committee on HESS considered SB 445

relating to child abuse

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

1 Keith Hallford

1 Paul Frick

1 Perry Mas

MEMBERS HAVING

OTHER RECOMMENDATIONS

Joe Joseph
Chairman

Chairman recommendation