

LEG. FINANCE - BILLS 1985 - 1986 2212

CSSB 227 cont. - SB 240

2212

1 misdemeanor.

2 Sec. 08.87.250. INJUNCTIVE RELIEF. The board may apply to the  
3 superior court for an order enjoining a person not licensed under this  
4 chapter or whose license is suspended, revoked, or expired from vio-  
5 lating this chapter.

6 ARTICLE 4. GENERAL PROVISIONS.

7 Sec. 08.87.300. DEFINITION. In this chapter "board" means the  
8 Board of Social Worker Examiners.

9 \* Sec. 5. AS 44.62.330(a) is amended by adding a new paragraph to read:  
10 (53) Board of Social Worker Examiners (AS 08.87.010).

11 \* Sec. 6. Within 60 days after the effective date of this Act the  
12 governor shall appoint initial members to the Board of Social Worker Exam-  
13 iners. Notwithstanding AS 08.87.010 as enacted in sec. 4 of this Act,  
14 initial members must consist of three persons who have a master's degree in  
15 social work from a school with a social work program accredited by the  
16 Council on Social Work Education, at least one of whom is engaged in the  
17 private practice of social work, one person with a bachelor's degree in  
18 social work from a school with a social work program accredited by the  
19 Council on Social Work Education, and one public member. Notwithstanding  
20 AS 08.87.020 as enacted in sec. 4 of this Act, one initial member shall  
21 serve a one-year term, one initial member shall serve a two-year term, one  
22 initial member shall serve a three-year term, one initial member shall  
23 serve a four-year term, and one initial member shall serve a five-year  
24 term, as determined by the governor.

25 \* Sec. 7. (a) Notwithstanding AS 08.87.100(a) as enacted in sec. 4 of  
26 this Act, a person may apply for and receive a license as a bachelor social  
27 worker if the person

28 (1) holds a degree in social work from a school with a social  
29 work program that is not accredited by the Council on Social Work Education

1 or a bachelor's or master's degree in a social sciences field related to  
2 social work as defined by the board, and has been practicing under the  
3 title "social worker" for at least 24 consecutive months before July 1,  
4 1987;

5 (2) meets the requirements of AS 08.87.100(a)(1), (3) and (4);  
6 or

7 (3) has been practicing social work under the supervision of a  
8 person eligible to be licensed under this Act for at least two years, and  
9 successfully completes the examination required by AS 08.87.100(a)(2).

10 (b) A person who does not meet the requirement under AS 08.87.100-  
11 (a)(2) but otherwise meets the requirements of AS 08.87.100(b) may apply  
12 for and receive a license as a master social worker.

13 (c) A person who does not meet the requirements under AS 08.87.-  
14 100(a)(2) but otherwise meets the requirements of AS 08.87.100(c) may apply  
15 for and receive a license as an independent social worker.

16 (d) An application for a license under this section must be filed  
17 before July 1, 1987.

18 \* Sec. 8. Notwithstanding AS 08.87.200, a person practicing social work  
19 on July 1, 1985, may use a title and letters as part of the title that  
20 indicate that the person is a social worker or practices social work until  
21 June 30, 1987, even if the person is not licensed under AS 08.87.100 or  
22 08.87.110.

23 \* Sec. 9. This Act takes effect July 1, 1985.

Introduced: 3/12/85  
Referred: Labor & Commerce, Health, Education  
& Social Services and Finance

1 IN THE SENATE BY FAHRENKAMP BY REQUEST

2 SENATE BILL NO. 227

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the practice of social work and  
7 establishing the Board of Social Worker Examiners;  
8 and providing for an effective date."

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

10 \* Section 1. PURPOSE. The purpose of this Act is to assure the consu-  
11 mer that persons providing services under the title "social worker" have  
12 completed professional social work education, adhere to a code of profes-  
13 sional ethics, and are subject to review by the Board of Social Work Exami-  
14 ners.

15 \* Sec. 2. AS 08.01.010 is amended by adding a new paragraph to read:

16 (25) Board of Social Worker Examiners (AS 08.87.010).

17 \* Sec. 3. AS 08.03.010(c) is amended by adding a new paragraph to read:

18 (21) Board of Social Worker Examiners (AS 08.87.010) --

19 June 30, 1989.

20 \* Sec. 4. AS 08 is amended by adding a new chapter to read:

21 CHAPTER 87. SOCIAL WORKERS.

22 ARTICLE 1. BOARD OF SOCIAL WORKER EXAMINERS.

23 Sec. 08.87.010. CREATION AND MEMBERSHIP OF BOARD. There is  
24 created a Board of Social Worker Examiners consisting of five members,  
25 including three master social workers, one of whom is an independent  
26 social worker, one bachelor social worker, and one public member.  
27 Professional members shall be licensed under this chapter. The public  
28 member may not be licensed as a social worker or employed by a li-  
29 censed social worker. To the extent possible members shall be

1 appointed from different geographic regions of the state. A member  
2 who has served two successive full terms may not be reappointed until  
3 four years after the expiration of the second term.

4 Sec. 08.87.020. TERM OF OFFICE. Each member of the board serves  
5 for a term of four years and until the member's successor is appointed  
6 and qualified. An appointment to a vacancy is for the unexpired  
7 portion of the term.

8 Sec. 08.87.030. BOARD MEETINGS. The board shall meet at least  
9 two times a year. The board may hold special meetings at the call of  
10 the chair or of a majority of the board members.

11 Sec. 08.87.040. ELECTION OF OFFICERS. The board shall elect  
12 from among its members a chairperson and a secretary. Officers serve  
13 for a term not exceeding two years.

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15 remove a member of the board for cause. The board may by regulation  
16 provide that unexcused absences from meetings are cause for removal.

17 Sec. 08.87.060. PER DIEM AND TRAVEL. Board members receive no  
18 compensation but are entitled to per diem and travel expenses author-  
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20 Sec. 08.87.070. POWERS AND DUTIES OF THE BOARD. The board shall

21 (1) provide for the examination of eligible applicants for  
22 licenses under this chapter;

23 (2) submit an annual report of its proceedings to the  
24 governor, including recommended changes to this chapter and a state-  
25 ment of money received and disbursed;

26 (3) establish standards for specialty designations for the  
27 private practice of social work and authorize speciality designations  
28 on licenses issued under this chapter;

29 (4) after a hearing, impose disciplinary sanctions against

1 a person who violates this chapter, an order of the board, or a regu-  
2 lation of the board;

3 (5) adopt regulations relating to requirements for the  
4 supervision of persons engaged in social work under this chapter who  
5 are not master social workers;

6 (6) adopt regulations requiring proof of continued compe-  
7 tency before a license is renewed;

8 (7) adopt regulations to carry out the purposes of this  
9 chapter.

10 ARTICLE 2. LICENSING OF SOCIAL WORKERS.

11 Sec. 08.87.100. LICENSING OF SOCIAL WORKERS. (a) A person is  
12 eligible for a license as a bachelor social worker (LBSW) if the  
13 person

14 (1) is in good professional standing and is fit to practice  
15 social work as determined under regulations of the board;

16 (2) has satisfactorily completed the state examination for  
17 the license;

18 (3) provides three references acceptable to the board;

19 (4) has a bachelor's degree in social work from a school  
20 with a social work program accredited by the Council on Social Work  
21 Education.

22 (b) A person is eligible for a license as a master social worker  
23 (LMSW) if the person meets the requirements of (a)(1) - (3) of this  
24 section and has a master's degree in social work from a school with a  
25 social work program accredited by the Council on Social Work Educa-  
26 tion.

27 (c) A person is eligible for a license as an independent social  
28 worker (LISW) if the person meets the requirements of (a)(1) - (3) of  
29 this section, has a master's degree in social work from a school with

1 a social work program accredited by the Council on Social Work Educa-  
2 tion, and has completed at least 24 months of supervised post-graduate  
3 experience approved by the board in the field of specialty in which  
4 the person intends to engage as a private practitioner.

5 Sec. 08.87.110. SCOPE OF PRACTICE. (a) A person licensed as a  
6 bachelor, master, or independent social worker may provide services  
7 that enhance, protect, or restore people's capacity for social func-  
8 tioning whether impaired by physical, environmental, or emotional  
9 factors, guided by professional social work ethics, knowledge and  
10 intervention methods. The services provided may include

- 11 (1) identifying and evaluating social problems;
- 12 (2) developing statistics and data on social problems;
- 13 (3) assisting people and organizations to solve problems  
14 relating to social functioning;
- 15 (4) client advocacy;
- 16 (5) developing community resources relating to social  
17 services;
- 18 (6) planning and administering social services programs;
- 19 (7) therapeutic counseling;
- 20 (8) consultation regarding social service programs and the  
21 provision of social services;
- 22 (9) training and supervising social workers under AS 08.-  
23 87.070(5).

24 (b) A social worker may practice psychotherapy only if the  
25 social worker is licensed as an independent social worker with a  
26 clinical specialty or as a master social worker and is employed and  
27 supervised in a clinical setting.

28 (c) A person may practice social work autonomously only if

- 29 (1) the person is licensed as an independent social worker;

1           (2) the board has approved the specialty in which the  
2 person may engage as a private practitioner and authorizes designation  
3 of the speciality on the person's license;

4           (3) the license bearing a designation of speciality is  
5 prominently displayed in the place the person engages in private  
6 practice; and

7           (4) the person limits the private practice of social work  
8 to the designated specialty.

9           Sec. 08.87.120. LICENSE BY CREDENTIALS. The board may provide  
10 for licensing a person as a bachelor, master or independent social  
11 worker without examination if the person

12           (1) holds a degree in social work from a school with a  
13 social work program accredited by the Council on Social Work Educa-  
14 tion;

15           (2) has an active license to practice social work in an-  
16 other licensing jurisdiction with requirements at the time of the  
17 original licensure that were similar to or higher than those of this  
18 state;

19           (3) is not the subject of an unresolved complaint, review  
20 procedure, or disciplinary proceeding undertaken by a professional  
21 social worker association or regulatory authority;

22           (4) has not failed the examination of this state;

23           (5) has not previously had a license to practice social  
24 work revoked in this or another jurisdiction;

25           (6) submits proof of continued competence as required by  
26 regulation of the board; and

27           (7) pays all required fees.

28           Sec. 08.87.130. LICENSE RENEWAL REQUIRED. A license issued  
29 under this chapter lapses after 24 months unless it is renewed.

1           Sec. 08.87.140. FEES. The following fees are imposed under this  
2 chapter:

- 3           (1) application.....\$ 100
- 4           (2) initial license by examination..... 150
- 5           (3) license by credentials..... 100
- 6           (4) license renewal..... 200
- 7           (5) reexamination..... 150

8           ARTICLE 3. PROHIBITIONS AND PENALTIES.

9           Sec. 08.87.200. LICENSE REQUIRED FOR USE OF TITLE. (a) Unless  
10 licensed under this chapter, a person may not use the title "social  
11 worker" or a title, designation, or device indicating or tending to  
12 indicate that the person is a social worker or practices social work.  
13 A person may not use the letters "LBSW" as part of a title unless the  
14 person is licensed as a bachelor social worker under this chapter. A  
15 person may not use the letters "LMSW" as part of a title unless the  
16 person is licensed as a master social worker under this chapter. A  
17 person may not use the letters "LISW" as part of a title unless the  
18 person is licensed as an independent social worker under this chapter.  
19 Except as provided in (b) of this section, a person may not use the  
20 title "social worker intern" or "social worker student."

21           (b) A student enrolled in an accredited social work program may  
22 use the title "social worker intern" or "social worker student" if the  
23 person's activities constitute a part of the person's supervised  
24 course of study.

25           Sec. 08.87.210. CONFIDENTIALITY OF COMMUNICATIONS. A social  
26 worker licensed under this chapter may not disclose information pro-  
27 vided to the social worker by a client in the course of their profes-  
28 sional contact. This prohibition does not apply if the

- 29           (1) client provides written consent to the social worker to

1 reveal the communication;

2 (2) client is incompetent and the guardian or personal  
3 representative provides written consent to the social worker to reveal  
4 the communication;

5 (3) client is dead and a beneficiary of an insurance policy  
6 on the client's life provides written consent to the social worker to  
7 reveal the communication;

8 (4) communication discloses that a crime has been committed  
9 or reveals an intent to commit a crime;

10 (5) client is a minor, the communication discloses that the  
11 client was the victim of a crime or harmful act, and the social worker  
12 reveals the communication only during the course of an official exam-  
13 ination, trial or other proceeding in which the commission of the  
14 crime or harmful act is a subject of inquiry;

15 (6) client brings charges against the social worker and the  
16 social worker reveals the communication only as necessary to defend  
17 the charges;

18 (7) licensee is subpoenaed to testify in court concerning  
19 adult abuse, child abuse, or child neglect;

20 (8) licensee is collaborating or consulting with profes-  
21 sional colleagues or an administrative superior on behalf of the  
22 client.

23 Sec. 08.87.220. GROUNDS FOR IMPOSITION OF DISCIPLINARY SANG-  
24 TIONS. After a hearing, the board may impose a disciplinary sanction  
25 on a person licensed under this chapter when the board finds that the  
26 licensee

27 (1) secured a license through deceit, fraud, or intentional  
28 misrepresentation;

29 (2) engaged in deceit, fraud, or intentional

1 misrepresentation in the course of providing professional services or  
2 engaging in professional activities;

3 (3) advertised professional services in a false or mislead-  
4 ing manner;

5 (4) has been convicted of a crime that has a substantial  
6 relationship to the licensee's activities and services or that affects  
7 the licensee's ability to continue to practice competently and safely;

8 (5) intentionally or negligently engaged in or permitted  
9 the performance of social work by persons under the licensee's super-  
10 vision that does not conform to minimum professional standards regard-  
11 less of whether actual injury occurred;

12 (6) failed to comply with this chapter, with a regulation  
13 adopted under this chapter, or with an order of the board;

14 (7) continued to practice after becoming unfit due to

15 (A) professional incompetence;

16 (B) addiction or severe dependency on alcohol or other  
17 drugs that may endanger the public by impairing the licensee's  
18 ability to practice;

19 (C) physical or mental disability;

20 (8) engaged in lewd or immoral conduct in connection with  
21 the delivery of professional service;

22 (9) has been held liable for malpractice in a civil action;

23 (10) has had a license revoked in another jurisdiction.

24 Sec. 08.87.230. DISCIPLINARY SANCTIONS. (a) When it finds that  
25 a licensee is guilty of an offense under AS 08.87.220, the board may  
26 impose the following sanctions singly or in combination:

27 (1) permanently revoke a license to practice;

28 (2) suspend a license for a determinate period of time;

29 (3) censure a licensee;

1 (4) issue a letter of reprimand to the licensee;  
2 (5) place a licensee on probationary status and require the  
3 licensee to  
4 (A) report regularly to the board upon matters involv-  
5 ing the basis of probation;  
6 (B) limit practice to those areas prescribed;  
7 (C) continue professional education until a satisfac-  
8 tory degree of skill has been attained in those areas that are  
9 the basis of probation;  
10 (6) impose limitations or conditions on the practice of a  
11 licensee;  
12 (7) refuse to renew a license.  
13 (b) The board may withdraw probationary status if it finds that  
14 the deficiencies that required the sanction have been remedied.  
15 (c) The board may summarily suspend a license before final  
16 hearing or during the appeal process if the board finds that the  
17 licensee poses a clear and immediate danger to the public health and  
18 safety if the licensee continues to practice. A person whose license  
19 is suspended under this section is entitled to a hearing by the board  
20 no later than seven days after the effective date of the order. The  
21 person may appeal the suspension after a hearing to a court of compe-  
22 tent jurisdiction.  
23 (d) The board may reinstate a license that has been suspended or  
24 revoked if the board finds after a hearing that the applicant is able  
25 to practice with reasonable skill and safety.  
26 (e) The board shall seek consistency in the application of  
27 disciplinary sanctions. The board shall explain significant departure  
28 from prior decisions involving similar situations in findings of fact  
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# CORRECTION

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HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY

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1           Sec. 08.87.240. PENALTY. (a) A person who violates this chap-  
2           ter is guilty of a class B misdemeanor.

3           (b) The board may seek to enjoin or restrain a person not li-  
4           censed under this chapter or whose license is suspended, revoked or  
5           expired from violating this chapter.

6                           ARTICLE 4. GENERAL PROVISIONS.

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8           Board of Social Worker Examiners.

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- 11 (1) identifying and evaluating social problems;
- 12 (2) developing statistics and data on social problems;
- 13 (3) assisting people and organizations to solve problems  
14 relating to social functioning;
- 15 (4) client advocacy;
- 16 (5) developing community resources relating to social  
17 services;
- 18 (6) planning and administering social services programs;
- 19 (7) therapeutic counseling;
- 20 (8) consultation regarding social service programs and the  
21 provision of social services;
- 22 (9) training and supervising social workers under AS 08.-  
23 87.070(5).

24 (b) A social worker may practice psychotherapy only if the  
25 social worker is licensed as an independent social worker with a  
26 clinical specialty or as a master social worker and is employed and  
27 supervised in a clinical setting.

28 (c) A person may practice social work autonomously only if  
29 (1) the person is licensed as an independent social worker;

1 (2) the board has approved the specialty in which the  
2 person may engage as a private practitioner and authorizes designation  
3 of the speciality on the person's license;

4 (3) the license bearing a designation of speciality is  
5 prominently displayed in the place the person engages in private  
6 practice; and

7 (4) the person limits the private practice of social work  
8 to the designated specialty.

9 Sec. 08.87.120. LICENSE BY CREDENTIALS. The board may provide  
10 for licensing a person as a bachelor, master or independent social  
11 worker without examination if the person

12 (1) holds a degree in social work from a school with a  
13 social work program accredited by the Council on Social Work Educa-  
14 tion;

15 (2) has an active license to practice social work in an-  
16 other licensing jurisdiction with requirements at the time of the  
17 original licensure that were similar to or higher than those of this  
18 state;

19 (3) is not the subject of an unresolved complaint, review  
20 procedure, or disciplinary proceeding undertaken by a professional  
21 social worker association or regulatory authority;

22 (4) has not failed the examination of this state;

23 (5) has not previously had a license to practice social  
24 work revoked in this or another jurisdiction;

25 (6) submits proof of continued competence as required by  
26 regulation of the board; and

27 (7) pays all required fees.

28 Sec. 08.87.130. LICENSE RENEWAL REQUIRED. A license issued  
29 under this chapter lapses after 24 months unless it is renewed.

1           Sec. 08.87.140. FEES. The following fees are imposed under this  
2 chapter:

- 3           (1) application.....\$ 100
- 4           (2) initial license by examination..... 150
- 5           (3) license by credentials..... 100
- 6           (4) license renewal..... 200
- 7           (5) reexamination..... 150

8           ARTICLE 3. PROHIBITIONS AND PENALTIES.

9           Sec. 08.87.200. LICENSE REQUIRED FOR USE OF TITLE. (a) Unless  
10 licensed under this chapter, a person may not use the title "social  
11 worker" or a title, designation, or device indicating or tending to  
12 indicate that the person is a social worker or practices social work.  
13 A person may not use the letters "LBSW" as part of a title unless the  
14 person is licensed as a bachelor social worker under this chapter. A  
15 person may not use the letters "LMSW" as part of a title unless the  
16 person is licensed as a master social worker under this chapter. A  
17 person may not use the letters "LISW" as part of a title unless the  
18 person is licensed as an independent social worker under this chapter.  
19 Except as provided in (b) of this section, a person may not use the  
20 title "social worker intern" or "social worker student."

21           (b) A student enrolled in an accredited social work program may  
22 use the title "social worker intern" or "social worker student" if the  
23 person's activities constitute a part of the person's supervised  
24 course of study.

25           Sec. 08.87.210. CONFIDENTIALITY OF COMMUNICATIONS. A social  
26 worker licensed under this chapter may not disclose information pro-  
27 vided to the social worker by a client in the course of their profes-  
28 sional contact. This prohibition does not apply if the

- 29           (1) client provides written consent to the social worker to

1 reveal the communication;

2 (2) client is incompetent and the guardian or personal  
3 representative provides written consent to the social worker to reveal  
4 the communication;

5 (3) client is dead and a beneficiary of an insurance policy  
6 on the client's life provides written consent to the social worker to  
7 reveal the communication;

8 (4) communication discloses that a crime has been committed  
9 or reveals an intent to commit a crime;

10 (5) client is a minor, the communication discloses that the  
11 client was the victim of a crime or harmful act, and the social worker  
12 reveals the communication only during the course of an official exam-  
13 ination, trial or other proceeding in which the commission of the  
14 crime or harmful act is a subject of inquiry;

15 (6) client brings charges against the social worker and the  
16 social worker reveals the communication only as necessary to defend  
17 the charges;

18 (7) licensee is subpoenaed to testify in court concerning  
19 adult abuse, child abuse, or child neglect;

20 (8) licensee is collaborating or consulting with profes-  
21 sional colleagues or an administrative superior on behalf of the  
22 client.

23 Sec. 08.87.220. GROUNDS FOR IMPOSITION OF DISCIPLINARY SANC-  
24 TIONS. After a hearing, the board may impose a disciplinary sanction  
25 on a person licensed under this chapter when the board finds that the  
26 licensee

27 (1) secured a license through deceit, fraud, or intentional  
28 misrepresentation;

29 (2) engaged in deceit, fraud, or intentional

1 misrepresentation in the course of providing professional services or  
2 engaging in professional activities;

3 (3) advertised professional services in a false or mislead-  
4 ing manner;

5 (4) has been convicted of a crime that has a substantial  
6 relationship to the licensee's activities and services or that affects  
7 the licensee's ability to continue to practice competently and safely;

8 (5) intentionally or negligently engaged in or permitted  
9 the performance of social work by persons under the licensee's super-  
10 vision that does not conform to minimum professional standards regard-  
11 less of whether actual injury occurred;

12 (6) failed to comply with this chapter, with a regulation  
13 adopted under this chapter, or with an order of the board;

14 (7) continued to practice after becoming unfit due to

15 (A) professional incompetence;

16 (B) addiction or severe dependency on alcohol or other  
17 drugs that may endanger the public by impairing the licensee's  
18 ability to practice;

19 (C) physical or mental disability;

20 (8) engaged in lewd or immoral conduct in connection with  
21 the delivery of professional service;

22 (9) has been held liable for malpractice in a civil action;

23 (10) has had a license revoked in another jurisdiction.

24 Sec. 08.87.230. DISCIPLINARY SANCTIONS. (a) When it finds that  
25 a licensee is guilty of an offense under AS 08.87.220, the board may  
26 impose the following sanctions singly or in combination:

27 (1) permanently revoke a license to practice;

28 (2) suspend a license for a determinate period of time;

29 (3) censure a licensee;

- 1                   (4) issue a letter of reprimand to the licensee;
- 2                   (5) place a licensee on probationary status and require the  
3 licensee to
- 4                   (A) report regularly to the board upon matters involv-  
5 ing the basis of probation;
- 6                   (B) limit practice to those areas prescribed;
- 7                   (C) continue professional education until a satisfac-  
8 tory degree of skill has been attained in those areas that are  
9 the basis of probation;
- 10                  (6) impose limitations or conditions on the practice of a  
11 licensee;
- 12                  (7) refuse to renew a license.
- 13                  (b) The board may withdraw probationary status if it finds that  
14 the deficiencies that required the sanction have been remedied.
- 15                  (c) The board may summarily suspend a license before final  
16 hearing or during the appeal process if the board finds that the  
17 licensee poses a clear and immediate danger to the public health and  
18 safety if the licensee continues to practice. A person whose license  
19 is suspended under this section is entitled to a hearing by the board  
20 no later than seven days after the effective date of the order. The  
21 person may appeal the suspension after a hearing to a court of compe-  
22 tent jurisdiction.
- 23                  (d) The board may reinstate a license that has been suspended or  
24 revoked if the board finds after a hearing that the applicant is able  
25 to practice with reasonable skill and safety.
- 26                  (e) The board shall seek consistency in the application of  
27 disciplinary sanctions. The board shall explain significant departure  
28 from prior decisions involving similar situations in findings of fact  
29 or orders.

1           Sec. 08.87.240. PENALTY. (a) A person who violates this chap-  
2           ter is guilty of a class B misdemeanor.

3           (b) The board may seek to enjoin or restrain a person not li-  
4           censed under this chapter or whose license is suspended, revoked or  
5           expired from violating this chapter.

6                           ARTICLE 4. GENERAL PROVISIONS.

7           Sec. 08.87.300. DEFINITION. In this chapter "board" means the  
8           Board of Social Worker Examiners.

9           \* Sec. 5. AS 44.62.330(a) is amended by adding a new paragraph to read:

10                       (53) Board of Social Worker Examiners (AS 08.87.010).

11           \* Sec. 6. Within 30 days after the effective date of this Act the  
12           governor shall appoint initial members to the Board of Social Worker Exam-  
13           iners. Notwithstanding AS 08.87.010 as enacted in sec. 4 of this Act,  
14           initial members must consist of three persons who have a master's degree in  
15           social work from a school with a social work program accredited by the  
16           Council on Social Work Education, at least one of whom is engaged in the  
17           private practice of social work, one person with a bachelor's degree in  
18           social work from a school with a social work program accredited by the  
19           Council on Social Work Education, and one public member. Notwithstanding  
20           AS 08.87.020 as enacted in sec. 4 of this Act, one initial member shall  
21           serve a one-year term, one initial member shall serve a two-year term, one  
22           initial member shall serve a three-year term, one initial member shall  
23           serve a four-year term, and one initial member shall serve a five-year  
24           term, as determined by the governor.

25           \* Sec. 7. (a) Notwithstanding AS 08.87.100(a) as enacted in sec. 4 of  
26           this Act, a person may apply for and receive an original license as a  
27           bachelor social worker if the person

28                       (1) holds a degree in social work from a school with a social  
29           work program that is not accredited by the Council on Social Work Education

1 or a bachelor's or master's degree in a field related to social work and  
2 has been practicing under the title "social worker" for at least 24  
3 consecutive months before July 1, 1987; or

4 (2) meets the requirements of AS 08.87.100(a)(1), (3) and (4).

5 (b) A person who does not meet the requirement under AS 08.87.100-  
6 (a)(2) but otherwise meets the requirements of AS 08.87.100(b) may apply  
7 for and receive an original license as a master social worker.

8 (c) A person who does not meet the requirements under AS 08.87.-  
9 100(a)(2) but otherwise meets the requirements of AS 08.87.100(c) may apply  
10 for and receive an original license as an independent social worker.

11 (d) An application for a license under this section must be filed  
12 before July 1, 1987.

13 \* Sec. 8. This Act takes effect July 1, 1985.

COMMITTEE REPORT  
SENATE

FURTHER:

Date \_\_\_\_\_

Mr. President

The Committee on FINANCE considered SB 232

approving the sale of produce and loyalty oil by the State of Idaho to the Collier Valley Electric Association, Inc.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for SB 232 (Finance)
- new title
- same title and recommends individual recommendations
- and attached a "LETTER OF INTENT" 5th Minutes [ ] NEW FISCAL NOTE  
5-8-85
- reports it back without recommendation
- recommends referral to \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS

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\_\_\_\_\_  
Chairman

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

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

061

Revision Date: SB 232

REQUEST

Bill/Resolution No.: SB 232  
Title: Approving royalty oil contract with GVEA  
Sponsor: \_\_\_\_\_  
Requestor: \_\_\_\_\_  
Date of Request: \_\_\_\_\_

FISCAL DETAIL

Agency Affected: Natural Resources  
Program Category Affected: NRMEC  
BRU, Program or Subprogram(s) Affected: Oil and Gas

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>		-0-	-0-	-0-	-0-	-0-
<b>CAPITAL</b>						
<b>REVENUE</b>						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>		-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

No fiscal impact.

Prepared By: Ned Farquhar Phone: 465-2400  
Division: Commissioner's Office Date: March 5, 1985  
Approved by Commissioner: Arthur C. W. Warrick Date: March 5, 1985  
Agency: Natural Resources

Distribution (by Agency preparing fiscal note):

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

7/1/84

Original sponsor: Rules/Governor

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IN THE SENATE

BY THE FINANCE COMMITTEE

CS FOR SENATE BILL NO. 232 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FOURTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to minimum work commitments in oil and gas leases; and providing for an effective date."

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

\* Section 1. AS 38.05.180(h) is amended to read:

(h) The commissioner may include terms in any oil and gas lease imposing a minimum work commitment on the lessee. These terms shall be made public before the sale, and may include appropriate penalty provisions to take effect in the event the lessee does not fulfill the minimum work commitment. If [SHOULD] it is [BE] demonstrated that a lease has been proven unproductive by actions of adjacent lease holders, the commissioner may set aside a work commitment. If a minimum work commitment is not fulfilled because conditions preventing drilling or exploration were not reasonably foreseeable by the lessee or were beyond the lessee's control, the commissioner may waive for two years any term of the minimum work commitment.

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

Fabron/camp  
5/8/85  
cm

AS 38.05.180 IS THE STATE OIL AND GAS LEASING AUTHORITY WHICH PROVIDES THE STIPULATIONS UNDER WHICH THE STATE'S LANDS ARE LEASED FOR OIL AND GAS DEVELOPMENT.

AS 38.05.180 (p) PROVIDES FOR LEASEES ON STATE OIL AND GAS LEASE LANDS TO POOL THEIR PROPERTIES INTO A UNIT . UNDER THE UNIT, THE LEASEES AGREE TO ITS COOPERATIVE MANAGEMENT AND DEVELOPMENT. SUBSECTION (p) ALSO PROVIDES THAT THE COMMISSIONER OF NATURAL RESOURCES MAY CHANGE THE DRILLING, PRODUCING OR ROYALTY REQUIREMENTS TO PROTECT THE PUBLIC INTEREST. THIS SUBSECTION ONLY APPLIES TO PRODUCING LEASES AND IS MEANT TO CONSERVE THE RESOURCE THROUGH THE MANAGEMENT/DEVELOPMENT PLAN.

THE COMMITTEE SUBSTITUTE FOR SB 232 (FINANCE) SEEKS TO PROVIDE THE SAME DISCRETION TO THE COMMISSIONER ON STATE OIL AND GAS LEASE LANDS NOT MANAGED UNDER A UNIT PLAN TO CHANGE OR SPECIFICALLY, WAIVE THE WORK COMMITMENT REQUIREMENTS OF A LEASE AGREEMENT FOR A PERIOD OF TWO YEARS. THIS WAIVER AUTHORITY WOULD APPLY TO EXPLORATORY OR WILDCAT TYPE LEASES AND WOULD PROVIDE FLEXIBILITY TO THE COMMISSIONER IN DEALING WITH INDEPENDENT OPERATORS ON STATE LANDS.

CSSB 232 (Finance)

Excerpt From  
SENATE FINANCE COMMITTEE MINUTES  
May 8, 1985  
2:30 p.m.

To Accompany CSSB 232 (Finance) as a Letter of Intent

SB 232

Co-chairman Faiks directed that SB 232 (ACT APPROVING THE SALE OF PRUDHOE BAY ROYALTY OIL BY THE STATE OF ALASKA TO THE GOLDEN VALLEY ELECTRIC ASSOCIATION; efd) be brought on for consideration, and Senator Ferguson MOVED for ADOPTION of CSSB 232 (Finance) (ACT RELATING TO MINIMUM WORK COMMITMENTS IN OIL AND GAS LEASES; efd). No objection to the motion having been raised, CSSB 232 (Finance) WAS ADOPTED.

Senator Paul Fischer advised that the committee was awaiting information from the Dept. of Law concerning the possibility that language in the committee substitute might give rise to litigation brought by competitors who may feel they have not been given fair or equal treatment under state leases.

BOB MAYNARD, Assistant Attorney General, Dept. of Law, spoke to the issue, advising that doctrine stating that one cannot change the terms of a contract after it has been awarded applies to normal competitive bid statutes. As a doctrine of law, should an act of God or a sovereign occur which makes it impossible or extremely difficult for a bidder to fulfill his contractual duties, the duties are suspended for the duration of the occurrence. To the extent that language in the bill is construed along the lines of the aforementioned doctrine of law, there is no problem since the standard would be applicable "across the board."

Questions might be raised, however, in situations where, due to vagueness, it is unclear what conditions allow for extension of an obligation. This might raise constitutional problems. Since the commissioner's exercise of authority under the proposed bill is discretionary, in instances where constitutional problems might be created, the commissioner would simply not apply the statute.

Mr. Maynard reiterated that should a problem arise under the bill, it would be a constitutional problem, and in situations where constitutional problems might occur, the commissioner would be prevented, by constitutional provisions, from following the statute. In situations where no constitutional problem exists, the commissioner's discretion could be exercised. The issue

raised by the language is one of fairness to other bidders and whether problems relate to constitutional or statutory questions.

Co-chairman Sackett asked how problems raised by statute would be resolved. Mr. Maynard responded that if a problem arises involving another statute, this statute would supersede--it is a statute of equal dignities. The only real issue is whether proposed bill language raises a constitutional problem. If it does, nothing can be done statutorily to solve the problem.

Co-chairman Sackett asked Senator Fahrenkamp, the author of the proposed language, to advise of the purpose behind it. Senator Fahrenkamp explained that it was intended to give independent operators holding state leases which contain time and work requirements no longer included in leases today, an opportunity for a one-time, two-year extension to meet unforeseen problems, i.e. lack of gravel, lack of ability to utilize ice roads, etc.

Mr. Maynard explained that if delays result from weather--an act of God--there may be no problem. Possible readings of bill language could raise problems, given the fact that the bill allows the commissioner discretion as to whether the statute should be enforced. However, a constitutional problem is not foreseen since unconstitutional application of the language can be avoided at the commissioner's discretion. In instances where constitutional problems arise, the commissioner would be prevented from applying the statute.

Co-chairman Faiks directed that further research into the issue be conducted by the Dept. of Law.

Senator Eliason asked if intent language which would strengthen the legislature's position in the event of suit could be drafted to accompany the bill. Mr. Maynard reiterated that there may be no problem with the language as written. He advised that his initial reaction is that there is no problem. Further, if there is a problem, Mr. Maynard voiced his opinion that because the exercise of authority is discretionary, the commissioner would be prevented from applying the statute in situations where constitutional issues might arise. The language solves the problem itself.

Co-chairman Sackett asked if the foregoing answered Senator Fischer's earlier question concerning possible suit brought by competitors. Mr. Maynard responded, "no it did not," since the foregoing represents a situation in which a constitutional problem might arise. As an example, Mr. Maynard advised of a competitor who might claim that oil prices are falling and, as a result, he cannot fulfill drilling requirements under his lease. Another competitor might claim that he would have bid a lower price and gotten the lease had he known that prices were falling. If the above raises constitutional questions, the Dept. of Law would tell the commissioner that statutory discretion could not be exercised. Mr. Maynard advised that he did not know the answer to potential problems, but they could be solved later.

Senator Paul Fischer advised that his concern relates to instances in which discretionary action has been taken, and someone (an unsuccessful bidder) questions the action "after the damage has been done." Mr. Maynard responded that when the contract was bid, everyone had "an equal shot." The proposed law was not even "on the books." It is not a clear cut issue one way or the other.

Co-chairman Sackett restated Senator Ferguson's earlier motion for adoption of CSSB 232 (Finance). Again, no objection was raised.

Senator Kerttula requested that it be made clear that should the commissioner be advised of possible constitutional problems resulting from exercise of authority under the statute, that he or she avoid application of the statute in those instances. He stressed the importance of retaining the spirit of the law, while avoiding nuances which could give rise to constitutional prohibition. He requested that Legislative Finance staff reflect the foregoing intent as backup information to the committee decision concerning the subject bill.

Co-chairman Sackett MOVED that CSSB 232 (Finance) pass from committee with individual recommendations, accompanied by a copy of Senate Finance Committee Minutes as a letter of intent reflecting the above discussion in order to clarify limitations placed on discretionary application of the law by the commissioner. No objection having been raised, CSSB 323 (Finance) was REPORTED OUT of committee, accompanied by the committee minutes of the afternoon of May 8, 1985, as a letter of intent. Senators Eliason, Ferguson, and Co-chairman Sackett signed the committee report with a "do pass" recommendation. Senators Paul Fischer, Kerttula, and Co-chairman Faiks signed "no recommendation."

Introduced: 3/13/85  
Referred: Resources and Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2

SENATE BILL NO. 232

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act approving the sale of Prudhoe Bay royalty oil  
7 by the State of Alaska to the Golden Valley Electric  
8 Association; and providing for an effective date."

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

10 \* Section 1. The "Agreement for the Sale and Purchase of Prudhoe Bay  
11 Royalty Oil" between the State of Alaska and the Golden Valley Electric  
12 Association, dated February 8, 1985, is approved and ratified.

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

COMMITTEE REPORT  
SENATE

FURTHER: FINANCE

3/13/85

Date \_\_\_\_\_

Mr. President

The Committee on RESOURCES considered SB 232

approving the sale of Prudhoe Bay royalty oil by the State of Alaska for the Golden Valley Electric Association; 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

1 Butte Sakenkang

1 Paul Stanger

[Signature]

1 [Signature]

\_\_\_\_\_

\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS

[Signature] N.R.

Rick Halford N.R.

\_\_\_\_\_

\_\_\_\_\_

1 Curtis Stanger  
Chairman  
Do Pass  
Chairman recommendation

Db 232

BILL SHEFFIELD, GOVERNOR

**DEPARTMENT OF NATURAL RESOURCES**

**DIVISION OF OIL AND GAS**

POUCH 7-034  
ANCHORAGE, ALASKA 99510

March 11, 1985

The Honorable Dor Bennett  
President of the Senate  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Reference: "An Act Relating to the Sale and Purchase of Royalty Oil from the Prudhoe Bay Unit between the State of Alaska and Golden Valley Electric Association, Inc."

Dear Mr. President:

In accordance with AS 38.06.040(3), I am forwarding for your consideration the resolution of the Alaska Royalty Oil and Gas Development Advisory Board which recommends that the legislature approve the referenced sale of royalty oil to Golden Valley Electric Association, Inc.

If we can be of further service, please do not hesitate to call.

Sincerely,



James B. Gottstein  
Chairman

The Alaska Royalty Oil & Gas Development Advisory Board

Resolution 85-1

Findings

1. On December 5, 1984, the Alaska Royalty Oil and Gas Development Advisory Board ("board") received the preliminary findings and determinations of the commissioner of the Alaska Department of Natural Resources ("commissioner") on the sale of Prudhoe Bay royalty oil to Golden Valley Electric Association, Inc. ("GVEA") and the draft contract with GVEA for the sale and purchase of that royalty oil.
2. On January 16, 1985, the board received the commissioner's final findings and determinations on the sale of Prudhoe Bay royalty oil to GVEA.
3. On February 8, 1985, the State of Alaska, through the commissioner, executed the agreement for the sale of royalty oil with GVEA and provided each board member with a copy of the GVEA contract.
4. On February 20, 1985, the board held a public hearing in Anchorage, with telecommunication hookups in Fairbanks, Juneau, and Valdez, to receive testimony on the proposed sale of Prudhoe Bay royalty oil to GVEA and met to discuss the GVEA contract, the commissioner's findings and determination, and the public testimony.

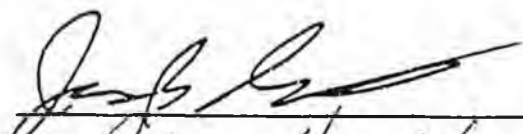
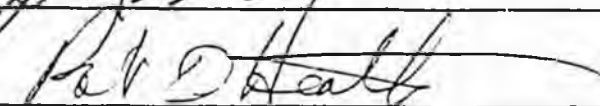
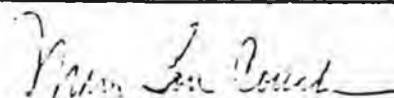
Conclusions

Based on the board's review of the GVEA contract, the commissioner's findings and determinations, and the public testimony, the board concludes that the proposed disposal of Prudhoe Bay royalty oil to GVEA meets the requirements of AS 38.06.

Resolution

Based on these findings and conclusions, the board recommends to the Fourteenth Alaska Legislature that the "Agreement for the Sale and Purchase of Royalty Oil" between the State of Alaska and Golden Valley Electric Association, Inc., dated February 8, 1985, be APPROVED.

Dated: March 11, 1985

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




STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

232

March 13, 1985

The Honorable Don Bennett  
President of the Senate  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Senator Bennett:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that provides for legislative approval of a royalty oil contract between the state and Golden Valley Electric Association for the sale of Prudhoe Bay royalty oil. Also transmitted with this bill is a copy of the resolution of the Alaska Royalty Oil and Gas Development Advisory Board recommending approval of this contract, along with a letter from the board chairman. This resolution is being transmitted in accordance with AS 38.06.040(a)(3) and AS 38.06.070(c).

This contract is also described in the findings issued by the Department of Natural Resources on January 16, 1985. Copies of these findings have been made available to the legislature and the public for review.

This contract is being submitted for legislative approval for two reasons. First, although this and the previous administration have consistently taken the position that the statutory requirement of legislative approval of royalty oil contracts (AS 38.06.055) is unconstitutional, as a matter of comity I respect the legislature's desire to have a direct voice in major disposals of royalty oil. Therefore, this contract contains provisions requiring approval by the legislature before it becomes effective. Second, this bill would ratify the agreement for sale of oil. This ratification would cure any procedural defect that may have occurred in the process of entering into this contract. Although we believe that all necessary steps have been taken, the statutes and regulations governing the disposal of royalty oil represent often conflicting desires and goals -- both procedural and substantive. For example, even if statutorily requiring legislative approval were constitutional, the present statutes provide, on the one hand, that the legislature is to approve the contract by enacting

06232

legislation (AS 38.06.055(a)), but, on the other hand, they also provide that a report of the Royalty Board "shall be submitted for legislative review at the time a resolution for legislative approval of a proposed disposition of royalty oil and gas is introduced in the legislature" (AS 38.06.070(c)). Since legislative approval is required anyway as a matter of contract, I believe that it is only prudent to present this contract for legislative approval and ratification at this time.

Sincerely,



Bill Sheffield  
Governor

COMMITTEE REPORT  
SENATE

FURTHER:

Date \_\_\_\_\_

Mr. President

The Committee on FINANCE considered \_\_\_\_\_

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

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

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS

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

\_\_\_\_\_  
Chairman

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

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

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

**REQUEST**

Bill/Resolution No: SB 233  
 Title: State and municipal bonds as  
Permanent Fund collateral  
 Sponsor: Rodey  
 Requestor: Senate Finance  
 Date of Request: April 23, 1985

**FISCAL DETAIL**

Agency Affected: Department of Revenue  
 Program Category Affected: \_\_\_\_\_  
 BRU, Program of Subprogram(s) Affected:  
Permanent Fund

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

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
<b>TOTAL OPERATING</b>	-	-	-	-	-	-
<b>CAPITAL</b>	-	-	-	-	-	-
<b>REVENUE</b>	-	-	-	-	-	-

**FUNDING: (Thousands of Dollars)**

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

**POSITIONS:**

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

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

Prepared By: Milt Barker <sup>MB</sup>  
 Division: Treasury

Phone: 465-2350  
 Date: April 24, 1985

Approved by Commissioner: [Signature]  
 Agency: Department of Revenue

Date: 4/24/85

Distribution (by Agency preparing fiscal note):

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

AB 233

PATRICK M. RODEY  
3271 MONTCLAIRE CT.  
ANCHORAGE, AK 99503



DURING SES  
POUCH  
JUNEAU, AK  
(907) 485-3

ALASKA STATE SENATE

DATE: March 29, 1985

TO ✓ Senator Jan Faiks, Co-Chair, Senate Finance  
Senator John Sackett, Co-Chair, Senate Finance

FROM: Senator Pat Rodey

*Pat*

RE : Senate Bill 233, An Act adding obligations of the state or instrumentalities of the state to the list of collateral that may be used to secure certain investments of the Alaska permanent fund; and providing for an effective date

I would like to propose the following amendment to Senate Bill 233, which was suggested by the Permanent Fund Corporation.

Line 19 after "state" add "which are rated at least "A" by a major bond rating service and have a demonstrated secondary market"

4/24/85

Introduced: 3/14/85  
Referred: Finance

1 IN THE SENATE

BY RODEY

2

SENATE BILL NO. 233

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act adding obligations of the state or instrumen-  
7 talities of the state to the list of collateral that  
8 may be used to secure certain investments of the  
9 Alaska permanent fund; and providing for an effective  
10 date."

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

12 \* Section 1. AS 37.13.120(m) is amended to read:

13 (m) Certificates of deposit or the equivalent instruments that  
14 [WHICH] are not of a quality that may be readily sold in a secondary  
15 market at prices reflecting fair value must be secured by a pledge as  
16 collateral of investments authorized for the Alaska permanent fund  
17 under (g)(1), (2), (8), or (12) - (17) of this section or by a pledge  
18 as collateral of obligations of the state or instrumentalities of the  
19 state, which investments or obligations have value at least equal to  
20 the face value of the certificate of deposit. The board may require  
21 substitution of collateral in order to ensure continued satisfaction  
22 of the requirements set out in this subsection.

23 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.-  
24 10.070(c).

Original sponsor: Rodey

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 233 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act adding obligations of the state or instrumen-  
7 talities of the state to the list of collateral that  
8 may be used to secure certain investments of the  
9 Alaska permanent fund; and providing for an effective  
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16 collateral of investments authorized for the Alaska permanent fund  
17 under (g)(1), (2), (8), or (12) - (17) of this section or by a pledge  
18 as collateral of obligations of the state or instrumentalities of the  
19 state that are rated at least "A" by a major bond rating service and  
20 have a demonstrated secondary market, which investments or obligations  
21 have value at least equal to the face value of the certificate of  
22 deposit. The board may require substitution of collateral in order to  
23 ensure continued satisfaction of the requirements set out in this  
24 subsection.

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

Rec'd 4/25/85

SB 233

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

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

REQUEST

Bill/Resolution No: SB 233  
Title: State and municipal bonds as  
Permanent Fund collateral  
Sponsor: Rodey  
Requestor: Senate Finance  
Date of Request: April 23, 1985

FISCAL DETAIL

Agency Affected: Department of Revenue  
Program Category Affected: \_\_\_\_\_  
BRU, Program of Subprogram(s) Affected:  
Permanent Fund

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<u>OPERATING</u>						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
<u>TOTAL OPERATING</u>	-	-	-	-	-	-
<u>CAPITAL</u>	-	-	-	-	-	-
<u>REVENUE</u>	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
<u>TOTAL</u>	-	-	-	-	-	-

POSITIONS:

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

ANALYSIS: Attach a separate page for analysis.

Prepared By: Milt Barker MB  
Division: Treasury

Phone: 465-2350  
Date: April 24, 1985

Approved by Commissioner: [Signature]  
Agency: Department of Revenue

Date: 4/24/85

Distribution (by Agency preparing fiscal note):

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

C4V

ANALYSIS FOR SENATE BILL 233

An Act adding obligations of the state or instrumentalities of the state to the list of collateral that may be used to secure certain investments of the Alaska permanent fund

Currently, the Alaska Permanent Fund Corporation lends money to financial institutions as part of their investment procedures. In order to obtain a loan, these financial institutions must put up 105% collateral. At this time, the statutes limit what kinds of collateral can be used to such things as government securities, loans etc. This bill would allow the banks to use tax-exempt government bonds such as the type sold by municipalities and boroughs as collateral for these loans.

The Permanent Fund Corporation is not opposed to this legislation but has suggested that a proposed amendment by Senator Rodey be adopted. They would like to limit eligible tax-exempt bonds to those that are at least rated "A".



SB 233

Permanent fund  
Separate bill

**Alaska Permanent Fund Corporation**  
Pouch 4-1000 Juneau, Alaska 99802  
TEL 907/465-2047 TLX 099-46-323

February 22, 1985

Representative Steve Frank  
Room 503, Capitol Building  
Pouch V  
Juneau, AK 99811

Dear Representative Frank:

You have asked that we comment on the propriety of allowing Alaskan financial institutions to use debt issued by the State or instrumentalities of the State as collateral against funds borrowed from the Permanent Fund under our Certificate of Deposit Purchase Program.

Unfortunately, this type of collateral is not permissible under AS 37.13.120(m), the statute which governs the Permanent Fund on this issue. It appears that its omission was inadvertent and probably derived from the fact that such debt is not an approved investment. (Obviously, the Permanent Fund should not invest at tax-exempt rates.) There is, however, nothing wrong with using these bonds as collateral.

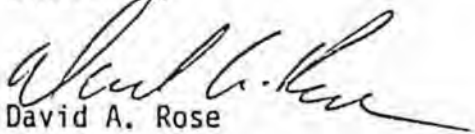
It would appear that AS 37.13.120(m) could be expanded to allow this. Nonetheless, I would strongly urge that the Alaska Permanent Fund Act not be opened up for this particular amendment unless there are strong assurances that other amendments would not surface which would seriously injure the Fund.

Perhaps it would be possible to draft a bill accomplishing the desired change, but with a very tight title to prevent any other amendments. One suggestion might be:

"An Act adding debt issued by the State or instrumentalities of the State to the approved collateral list of the Alaska Permanent Fund as set forth in AS 37.13.120(m)."

I hope this answers your questions. If you need additional assistance on this or any other matter regarding the Permanent Fund, please contact me.

Sincerely,

  
David A. Rose  
Executive Director

DAR/JK/bn

2-11-85 - see Keith. Levy to do final draft -

COMMITTEE REPORT  
HOUSE

(11)

6/26/85

FURTHER:

Date: 9-7-80

The Committee on FINANCE has had CSB 233(P)

"An Act adding obligations of the state or instrumentalities of the state to the list of collateral that may be used to secure certain instruments of the Alaska permanent funds; and providing for an effective date."

under consideration and recommends:

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

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

*[Handwritten signatures]*

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*[Blank lines for other recommendations]*

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*[Handwritten signature]*  
\_\_\_\_\_  
CHAIRMAN

Offered: 4/24/85  
Referred: Rules

Original sponsor: Rodey

1 IN THE SENATE BY THE FINANCE COMMITTEE  
2 CS FOR SENATE BILL NO. 233 (Finance)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FOURTEENTH LEGISLATURE - FIRST SESSION  
5 A BILL  
6 For an Act entitled: "An Act adding obligations of the state or instrumen-  
7 talities of the state to the list of collateral that  
8 may be used to secure certain investments of the  
9 Alaska permanent fund; and providing for an effective  
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11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
12 \* Section 1. AS 37.13.120(m) is amended to read:  
13 (m) Certificates of deposit or the equivalent instruments that  
14 [WHICH] are not of a quality that may be readily sold in a secondary  
15 market at prices reflecting fair value must be secured by a pledge as  
16 collateral of investments authorized for the Alaska permanent fund  
17 under (g)(1), (2), (8), or (12) - (17) of this section or by a pledge  
18 as collateral of obligations of the state or instrumentalities of the  
19 state that are rated at least "A" by a major bond rating service and  
20 have a demonstrated secondary market, which investments or obligations  
21 have value at least equal to the face value of the certificate of  
22 deposit. The board may require substitution of collateral in order to  
23 ensure continued satisfaction of the requirements set out in this  
24 subsection.  
25 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.-  
26 10.070(c).

**STATE OF ALASKA 1986 LEGISLATIVE SESSION  
FISCAL NOTE**

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

**REQUEST**

Bill/Resolution No. : CS SB 233 (FIN)  
 Title : State and municipal bonds  
as Permanent Fund collateral

Sponsor : Rodey  
 Requestor : House Finance  
 Date of Request : 2/6/86

**FISCAL DETAIL**

Agency Affected : Dept. of Revenue  
 BRU : \_\_\_\_\_

Components : Permanent Fund

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

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES		0				
TRAVEL		0				
CONTRACTUAL		0				
SUPPLIES		0				
EQUIPMENT		0				
LAND & STRUCTURES		0				
GRANTS, CLAIMS		0				
MISCELLANEOUS		0				
TOTAL OPERATING		0				

CAPITAL						
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REVENUE						
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**FUNDING : (Thousands of Dollars)**

GENERAL FUND		0				
FEDERAL FUNDS						
OTHER						
TOTAL		0				

**POSITIONS :**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** Attach a separate page if necessary

Prepared by : Al Adams, Chair Phone : 465-3706  
 Division : House Finance Committee Date : 2/6/86

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

Distribution (by Agency preparing fiscal note) :

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



**Alaska Permanent Fund Corporation**  
Pouch 4-1000 Juneau, Alaska 99802  
TEL 907/465-2047 TLX 099-46-323

MEMORANDUM

DATE: February 3, 1986

TO: Representative Al Adams and  
Members House Finance Committee

FROM: *David A. Rose*  
David A. Rose, Executive Director  
Alaska Permanent Fund Corporation

SUBJECT: CSSB 233

I have reviewed CSSB 233 and offer the following observations:

1. There is no requirement for additional funding to implement the bill.
2. The use of this type of collateral is presently not permissible under AS 37.13.120(m), the statute which governs the Permanent Fund on this issue. It appears that its omission was inadvertent and probably derived from the fact that such debt is not an approved investment. (Obviously, the Permanent Fund should not invest at tax-exempt rates.) There is, however, nothing wrong with using these bonds as collateral.
3. There are four positive aspects of the bill as follows:
  - A. The bill will stimulate purchase of State, local government and agency debt by Alaska financial institutions. This increased market demand may result in better (lower) interest rates to our Alaskan issuers.
  - B. Alaskan banking institutions will be able to use more of their available collateral thus increasing their borrowing power.
  - C. This collateral is of higher quality than some of the collateral now pledged.
  - D. This collateral will have a high degree of liquidity should redemption become necessary.

Representative Al Adams  
CSSB 233  
February 3, 1986  
Page 2

4. It is recommended that this bill not be altered as to title or content to deal with any other aspect of Fund investments, mechanics or income distribution. Other Fund issues should be addressed separately and not combined in this bill.
5. I will be present to testify or answer questions on Friday, February 7, 1986, at 1:30 p.m.

DAR:bm



**Alaska Permanent Fund Corporation**

Pouch 4-1000 Juneau, Alaska 99802

(907) 465-2047 Telex 099-46-323

December 6, 1985

Ms. Louann Cutler  
c/o Representative Albert Adams  
1024 W. 6th Avenue, Suite 204A  
Anchorage, Alaska 99501

Dear Louann:

Per our phone conversation today, here are the letters  
you requested regarding Senate Bill 233.

If I may be of any further assistance please contact me.

Sincerely,

Jim Kelly  
Research & Liaison

JK/jm



**Alaska Permanent Fund Corporation**  
Pouch 4-1000 Juneau, Alaska 99802  
TEL 907/465-2047 TLX 079-46-323

April 20, 1984

The Honorable Robert H. Bettisworth  
Chairman  
Legislative Budget & Audit Committee  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Bob:

Your staff has requested that we comment on the propriety of Alaskan banks utilizing tax-exempt bonds as collateral against funds borrowed from the General Fund of the State, PERS and TRS retirement funds, and the Permanent Fund.

As you know, the above four entities occasionally deposit funds in Alaskan banks. These deposits are evidenced by "certificates of deposit" issued by the banks which pledge that funds will be repaid at a specified time and at a specified rate. In addition to executing the certificate of deposit, banks also pledge collateral; agreeing that if the certificate is not paid, the collateral can be sold to produce enough proceeds to cover the amount due as stated in the certificate.

Typically, each entity promulgates a list of the types of financial instruments which it will accept as pledged collateral. This list may include: direct obligations of the Federal Government (U. S. Treasury bills, bonds and notes), obligations of agencies of the United States; commercial paper, corporate bonds, home mortgages, commercial real estate mortgages, tax exempt bonds issued by instrumentalities of states, etc.

"Instrumentalities of states" means tax-exempt bonds issued by states, their agencies (power authorities, housing authorities, bond banks, industrial development authorities, airport revenue authorities, university revenue authorities, medical authorities, etc.), boroughs and cities.

Since instrumentalities of states issue debt for a public purpose, it logically follows that states try to assist them by encouraging prospective purchasers to acquire instrumentality debt. Although the primary reason this debt is purchased is for its tax benefits, a secondary incentive is offered

Representative Robert H. Bettisworth  
April 20, 1984  
Page 2

to banks if the bonds can be pledged as collateral against deposits of public money as discussed above. Thus, to stimulate banks' interest in purchasing instrumentality debt, states (and cities) usually include such debt on their approved collateral list.

Here in Alaska there is a long history permitting use of instrumentality debt as collateral. Of course, it cannot be any tax-exempt bonds; it must be Alaskan bonds. (We would not want to stimulate and encourage the purchase of debt of other jurisdictions.)

The Department of Revenue (managing PERS, TRS and the General Fund) has, in the past, accepted instrumentality debt as collateral. The Permanent Fund has not.

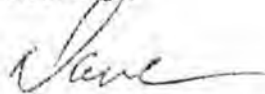
The omission of instrumentality debt from the approved collateral list of the Permanent Fund as set forth in AS 37.13.120(m) appears inadvertent and is probably derived from the fact that instrumentality debt is not an approved investment. (Obviously, the Fund should not invest at tax-exempt rates.) There is, however, nothing wrong with using these bonds as collateral.

It would appear that AS 37.13.120(m) could be expanded. However, I would strongly urge that the Permanent Fund Act not be opened up for amendment this late in the session and it not be opened up at all unless there are strong assurances that other amendments would not surface which would seriously injure the Fund.

I cannot comment on the current acceptance of instrumentality debt as collateral by the Department of Revenue. I am not aware of any statutory bar which would preclude use of such debt.

I hope this explains staff questions. If you need better clarity or explanation, please contact me.

Sincerely,



David A. Rose  
Executive Director

DAR/aef

cc: Milt Barker, Deputy Commissioner  
Treasury, Department of Revenue



**Alaska Permanent Fund Corporation**

Pouch 4-1000 Juneau, Alaska 99802

TEL 907/465-2047 TLX 099-46-323

February 22, 1985

Representative Steve Frank  
Room 503, Capitol Building  
Pouch V  
Juneau, AK 99811

Dear Representative Frank:

You have asked that we comment on the propriety of allowing Alaskan financial institutions to use debt issued by the State or instrumentalities of the State as collateral against funds borrowed from the Permanent Fund under our Certificate of Deposit Purchase Program.

Unfortunately, this type of collateral is not permissible under AS 37.13.120(m), the statute which governs the Permanent Fund on this issue. It appears that its omission was inadvertent and probably derived from the fact that such debt is not an approved investment. (Obviously, the Permanent Fund should not invest at tax-exempt rates.) There is, however, nothing wrong with using these bonds as collateral.


It would appear that AS 37.13.120(m) could be expanded to allow this. Nonetheless, I would strongly urge that the Alaska Permanent Fund Act not be opened up for this particular amendment unless there are strong assurances that other amendments would not surface which would seriously injure the Fund.

Perhaps it would be possible to draft a bill accomplishing the desired change, but with a very tight title to prevent any other amendments. One suggestion might be:

"An Act adding debt issued by the State or instrumentalities of the State to the approved collateral list of the Alaska Permanent Fund as set forth in AS 37.13.120(m)."

I hope this answers your questions. If you need additional assistance on this or any other matter regarding the Permanent Fund, please contact me.

Sincerely,

  
David A. Rose  
Executive Director

DAR/JK/bn

(b) If a member of the board or an employee of the corporation acquires, owns or controls an interest, direct or indirect, in an entity or project in which corporation assets are invested, the member shall immediately disclose the interest to the board. The disclosure is a matter of public record and shall be included in the minutes of the board meeting next following the disclosure. (§ 5 ch 18 SLA 1980)

**Sec. 37.13.120. Investment responsibilities of the board.** (a) The prudent-man rule shall be applied by the board in the management and investment of Alaska permanent fund assets. The prudent-man rule as applied to investments of the corporation means that in making investments the board shall exercise the judgment and care under the circumstances then prevailing which an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it not in regard to speculation but in regard to the permanent disposition of funds, considering probable safety of capital as well as probable income.

(b) The corporation assets shall only be used for income-producing investments.

(c) The board shall maintain a reasonable diversification among investments unless under the circumstances it is clearly prudent not to do so.

(d) The board shall submit long-range and quarterly investment reports to the Legislative Budget and Audit Committee.

(e) The corporation may not borrow funds or guarantee from principal of the Alaska permanent fund the obligations of others.

(f) The board may enter into and enforce all contracts necessary, convenient or desirable for purposes of the corporation.

(g) Subject to the limitations contained in this section, the board may invest corporation assets at such competitive national market rates or prices as are applicable to each investment only in

(1) obligations of, or obligations insured by or guaranteed by, the United States or agencies or instrumentalities of the United States;

(2) obligations secured by reserves paid in by the United States or agencies or instrumentalities of the United States or obligations of corporations in which the United States is a shareholder or member;

(3) certificates of deposit and term deposits of United States domestic banks which are members of the Federal Deposit Insurance Corporation and which may be readily sold in a secondary market at prices reflecting fair value or which are fully secured at all times as to payment of principal and interest as described in (m) of this section;

(4) certificates of deposit and term deposits of federally chartered savings and loan associations in Alaska which may be readily sold in a secondary market at prices reflecting fair value or which are fully secured at all times as to payments of principal and interest as described in (m) of this section;

corporation in an entity member shall closure is a minutes of the SLA 1980)

board. (a) management prudent-man at in making ure under the restor of ordi- ses in the gard to spec- i, considering

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(5) certificates of deposit and term deposits of state chartered savings and loan associations in Alaska which may be readily sold in a secondary market at prices reflecting fair value or which are fully secured at all times as to payments of principal and interest as described in (m) of this section;

(6) certificates of deposit and term deposits of mutual savings banks in Alaska which may be readily sold in a secondary market at prices reflecting fair value or which are fully secured at all times as to payments of principal and interest as described in (m) of this section;

(7) fixed-term certificates of indebtedness of federally insured credit unions in Alaska which may be readily sold in a secondary market at prices reflecting fair value or which are fully secured at all times as to payments of principal and interest as described in (m) of this section;

(8) corporate debt securities which are rated AA or better by a nationally recognized rating service;

(9) short-term corporate promissory notes of the highest ratings assigned by a nationally recognized rating service;

(10) bankers' acceptances drawn on and accepted by United States banks each of which have a combined capital and surplus aggregating at least \$200,000,000;

(11) repurchase agreements, the securities underlying the agreements being any of the items in (1) — (3) and (8) — (10) of this subsection:

(12) the guaranteed portion of Federal Small Business Administration loans;

(13) the portion of first lien real estate mortgages guaranteed by the Federal Veterans Administration;

(14) the portions of business and industrial loans made under the Rural Development Act of 1972 which are guaranteed by the Farmers Home Administration;

(15) the guaranteed portion of Farmers Home Administration loans;

(16) notes secured by mortgages granting a first lien on commercial or residential real estate improved by completed buildings if the mortgages are insured by a private mortgage insurance corporation which is authorized to do business in Alaska and has combined capital and surplus aggregating at least \$20,000,000, and if loan-to-value ratios do not exceed 75 percent for commercial mortgages and 90 percent for residential mortgages; however,

(A) no mortgage insurance is necessary for commercial loans having loan-to-value ratios of less than 50 percent and the minimum coverage of other commercial loans shall be 10 percent for those having a loan-to-value ratio of 50-60 percent and 15 percent for those having a loan-to-value ratio greater than 60 percent but no more than 75 percent, and

(B) no mortgage insurance is necessary for residential loans having a loan-to-value ratio of less than 70 percent and the minimum coverage

of other residential loans shall be 10 percent for those having a loan-to-value ratio greater than 70 percent but less than 90 percent and 20 percent for those having a loan-to-value ratio of 90 percent;

(17) notes secured by mortgages granting a first lien on commercial real estate improved by completed buildings if the originating financial institution retains at least 25 percent of the mortgage until maturity;

(18) preferred and common stock of corporations incorporated in the United States;

(19) certificates of deposit, term deposits, or bankers' acceptances, which are issued by a United States bank or trust company located in a foreign country and are denominated in United States currency, if either (A) they may be readily sold in a secondary market at prices reflecting fair value, or (B) the issuing bank or trust company has capital and surplus at the date of issue equaling at least \$500,000,000; investments made under this paragraph are not subject to the collateral requirements for domestic certificates under (m) of this section;

(20) equity interests in, and debt obligations secured by mortgages granting a first lien on, real estate improved by completed and substantially rented buildings and located in the United States, if these investments are made

(A) in a corporation, partnership, trust, or other entity in which, at the conclusion of each investment transaction, at least 60 percent of the beneficial ownership interests are held by other institutional investors, and which is organized and operated for the purpose of making real estate investments by a bank, insurance company, or other manager of institutional funds which has had at least five years of experience in the management of real estate investments of institutional investors; or

(B) in conjunction with and on substantially the same terms as an entity described in (A) of this paragraph.

(h) The board may enter into future contracts for the sale of investments purchased under (g) of this section only for the purpose of hedging an existing equivalent ownership position in these securities.

(i) At the time of each investment, the aggregate investment of the Alaska permanent fund in each stated category of investment may not exceed the following stated percentage of the total investments of the fund: mortgages under (g)(16) of this section, 15 percent; real estate investments under (g)(20) of this section, 15 percent; foreign certificates of deposit or the equivalent under (g)(19) of this section, 20 percent; corporate stocks and debt securities under (g)(8), (9), and (18) of this section, 50 percent. The Alaska permanent fund may at no time own more than five percent of the voting stock of a corporation. Domestic stocks, except for bank and insurance company stocks, must be listed at the date of purchase on an exchange registered with the Securities and Exchange Commission.

(j) The assets of the Alaska permanent fund may not be used for the purchase of bonds of a corporation, upon which any regular interest payment has been defaulted within five years before purchase, except bonds never in default but which have been outstanding for less than five years.

(k) The board shall establish and from time to time as necessary modify guidelines for the investment of the assets of the corporation. Before adoption of any guidelines the guidelines shall be reported to the Legislative Budget and Audit Committee for review and comment.

(l) The board shall invest the assets of the corporation in in-state investments to the extent in-state investments are available if the in-state investments

(1) have a risk level and expected yield comparable to alternate investment opportunities; and

(2) are included in the list of permissible investments in (g) of this section.

(m) Certificates of deposit or the equivalent instruments which are not of a quality that may be readily sold in a secondary market at prices reflecting fair value must be secured by a pledge as collateral of investments authorized for the Alaska permanent fund under (g)(1), (2), (8), or (12) — (17) of this section, which investments have value at least equal to the face value of the certificate of deposit. The board may require substitution of collateral in order to ensure continued satisfaction of the requirements set out in this subsection. (§ 5 ch 18 SLA 1980; am §§ 5 — 7 ch 81 SLA 1982)

**Cross references.** — For transfer of the Alaska permanent fund from the commissioner of revenue to the Alaska Permanent Fund Corporation, and for permissible investments by commissioner, see § 9, ch. 18, SLA 1980.

**Effect of amendments.** — The 1982 amendment in subsection (g), substituted "contained in this section" for "in (h) and (i) of this section" and inserted "at such

competitive national market rates or prices as are applicable to each investment only" in the introductory language, rewrote paragraphs (3) — (7) and (16), substituted "Federal Veterans Administration" for "Federal Veterans Association" in paragraph (13), and added paragraphs (17) — (20). The amendment also rewrote subsection (i) and added subsection (m).

*Sec. 37.13.130. Gains and losses. [Repealed, § 13 ch 81 SLA 1982.]*

**Sec. 37.13.140. Income.** Net income of the corporation must be computed annually as of the last day of the fiscal year in accordance with generally accepted accounting principles, excluding any unrealized gains or losses. Income available for distribution equals the average net income of the corporation for the last five fiscal years, including the fiscal year just ended, but may not exceed net income of the corporation for the fiscal year just ended plus the balance in the undistributed income account described in AS 37.13.145. (§ 5 ch 18 SLA 1980; am § 8 ch 81 SLA 1982)

Introduced: 3/14/85  
Referred: Finance

1 IN THE SENATE

BY RODEY

2

SENATE BILL NO. 233

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act adding obligations of the state or instrumentalities of the state to the list of collateral that may be used to secure certain investments of the Alaska permanent fund; and providing for an effective date."

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

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\* Section 1. AS 37.13.120(m) is amended to read:

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(m) Certificates of deposit or the equivalent instruments that [WHICH] are not of a quality that may be readily sold in a secondary market at prices reflecting fair value must be secured by a pledge as collateral of investments authorized for the Alaska permanent fund under (g)(1), (2), (8), or (12) - (17) of this section or by a pledge as collateral of obligations of the state or instrumentalities of the state, which investments or obligations have value at least equal to the face value of the certificate of deposit. The board may require substitution of collateral in order to ensure continued satisfaction of the requirements set out in this subsection.

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

**COMMITTEE REPORT**  
**SENATE**

FURTHER:

4/23/85

Date \_\_\_\_\_

Mr. President

The Committee on FINANCE considered SB 240  
special appropriation for payment as a grant to the Kenai Peninsula  
Borough for road projects; efd.

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

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

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS

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\_\_\_\_\_  
Chairman

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

COMMITTEE REPORT  
SENATE

FURTHER:

FINANCE

3/19/85

Date APRIL 22, 1985

Mr. President

The Committee on TRANSPORTATION considered SB 240  
making a special appropriation for payment as a grant to the Kenai  
Peninsula Borough for road projects; 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

1 Paul Fische  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2 John [unclear] *you can fund the money!*  
3 Joe [unclear] *M R [unclear]*  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

John [unclear]  
Chairman  
DO PASS  
Chairman recommendation

Introduced: 3/19/85  
Referred: Transportation and  
Finance

Funding Information  
General Fund \$17,000,000  
Other Funds -0-  
\$17,000,000

1 IN THE SENATE

BY P.FISCHER

2 SENATE BILL NO. 240

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation for payment as  
7 a grant to the Kenai Peninsula Borough for road  
8 projects; and providing for an effective date."

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

10 \* Section 1. The sum of \$17,000,000 is appropriated from the general  
11 fund for payment as a grant to the Kenai Peninsula Borough for allocation  
12 to the following road projects presently within the state highway system:

13	Cohoe Loop	\$2,500,000
14	N. Anchor Road	4,500,000
15	Greer/Beaver Creek	1,800,000
16	Robinson Loop Road	2,500,000
17	Sports Lake	2,200,000
18	Diamond Ridge	2,000,000
19	Big Eddy	1,500,000

20 \* Sec. 2. The appropriation made by this Act shall be disbursed in  
21 accordance with AS 37.05.315.

22 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.-  
23 10.070(c).

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29  
S  
COMMITTEE COPY

-1-

SB 240

ALASKA STATE LEGISLATURE

14th... Legislature FIRST Session

SENATE BILL ..... NO. 240.....

By P. FISCHER .....

"An Act making a special appropriation for payment as a grant to the Kenai Peninsula Borough for road projects; and providing for an effective date."

Introduced in the Senate ... 3/19., 19. 85

HISTORY IN THE SENATE

19 85

Read first time and referred to Committee on

3 19

Transportation and Finance

Reported back with *Trump* recommendation that *2 do pass* *(passing money, no reb, to fin.)*

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed  
Signed by President  
Sent to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed  
Signed by Speaker  
Returned to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Received from House

To enrolling

Reported correctly enrolled

Sent to Governor

..... by Governor

Filed with Lt. Governor

Chapter No. ....

Introduced: 3/19/85  
Referred: Transportation and  
Finance

Funding Information  
General Fund \$17,000,000  
Other Funds -0-  
\$17,000,000

1 IN THE SENATE

BY P.FISCHER

2

SENATE BILL NO. 240

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act making a special appropriation for payment as

7

a grant to the Kenai Peninsula Borough for road

8

projects; and providing for an effective date."

9

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

10

\* Section 1. The sum of \$17,000,000 is appropriated from the general

11

fund for payment as a grant to the Kenai Peninsula Borough for allocation

12

to the following road projects presently within the state highway system:

13

Cohoe Loop \$2,500,000

14

N. Anchor Road 4,500,000

15

Greer/Beaver Creek 1,800,000

16

Robinson Loop Road 2,500,000

17

Sports Lake 2,200,000

18

Diamond Ridge 2,000,000

19

Big Eddy 1,500,000

20

\* Sec. 2. The appropriation made by this Act shall be disbursed in

21

accordance with AS 37.05.315.

22

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

23

10.070(c).

COMMITTEE REPORT  
SENATE

FURTHER: FINANCE

3/19/85

Date APRIL 22, 1985

Mr. President

The Committee on TRANSPORTATION considered SB 240

making a special appropriation for payment as a grant to the Kenai Peninsula Borough for road projects; 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

1 Paul Fische

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2 *[Signature]* Pass if we can find the money!

3 Joe Josephson M. R. [Signature]

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*[Signature]*  
Chairman

DO PASS  
Chairman recommendation