

LEG.

FINANCE - BILLS

1985 - 1986

2295

CSHB

20 - CSHB 23

2295

COMMITTEE REPORT
HOUSE

(11)

FURTHER:

3/8/85

Date: 4-15-85

The Committee on FINANCE has had SSNB 20
"An Act relating to interest on deposits collected by public utilities."

under consideration and recommends:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
- and recommends Individual Recommendations 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

[Signature]

[Signature]

[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature] No Rec

[Signature]

[Signature] No Rec

[Signature] No Rec

[Signature] No Rec

[Signature] (No Rec)

[Signature]
CHAIRMAN

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: SSHB 20
 Title: Interest on deposits collected by utilities
 Sponsor: Goll
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Commerce & Economic Development
 Program Category Affected: Protection
 BRU, Program or Subprogram(s) Affected:
Alaska Public Utilities Commission

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

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

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

Prepared By: John B. Farleigh, Exec. Director Phone: 276-6222
 Division: Alaska Public Utilities Commission Date: 3/7/85

Approved by Commissioner: *Carolyn Guess* Date: 3/7/85
 Agency: Alaska Public Utilities Commission

Distribution (by Agency preparing fiscal note):

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

7/1/84

11050

Introduced: 3/4/85
Referred: Labor & Commerce
and Finance

BY GOLL, SUND, MARROU,
GRUENBERG AND TAYLOR

1 IN THE HOUSE

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 20

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 interest on deposits collected by
7 public utilities."

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

9 * Section 1. AS 42.05 is amended by adding a new section to read:

10 Sec. 42.05.365. INTEREST ON DEPOSITS. (a) A public utility
11 that collects and retains a deposit of \$100 or more for recurring
12 monthly service shall pay interest on that deposit at or before the
13 time it is returned. Interest paid under this section shall be at the
14 legal rate of interest at the time the deposit is made. However, if
15 the deposit is placed in an interest bearing account, the utility
16 shall pay the interest rate of the interest bearing account.

17 (b) If delinquent payments result in interruption of service, a
18 public utility is not required to pay interest under (a) of this
19 section for 12 months after reestablishment of service.

M E M O R A N D U M

TO: All Members, House Labor and Commerce Committee

FROM: Roger Poppe, Committee Staff

DATE: March 6, 1985 Wednesday

SUBJECT: Overview, HB 20

On Wednesday, March 6, at 1:15 pm in Room 102 of the Capitol Building, the House Labor and Commerce Committee met on HB 20: Interest on Public Utility Deposits, by Rep. Goll.

There was no legislation on this issue in previous legislatures, and there is no companion legislation in the Senate.

Alaska is the only state in the union that doesn't have some kind of statutory or regulatory requirement dealing with the return of interest on utility deposits. Material in you backup file from the sponsor breaks this information out state by state (see the 1983 Annual Report on Utility and Carrier Regulation).

The initial bill has been rewritten as a Sponsor Substitute by Rep. Goll, and the conception and language in it were both done with the assistance of the A.P.U.C. Testimony on the bill will be forthcoming from Carolyn Guess of APUC, Maureen Kennedy of AKPIRG, and Roger Plog, manager of the Juneau-Douglas Telephone Co.

The FN for the original bill will remain the same for the Sponsor Substitute, which is zero.

The changes in the SS include: 1) line 11-12 "...for recurring monthly service..." focuses the bill on deposits for setting up service, and not on deposits for construction, pole installation, etc.; 2) line 12 "...at or before the time it is returned..." allows a utility to pay back the deposit money a little bit at a time, rather than a lump sum at the end of a certain period (some of them do the former currently); 3) line 14 "...at the legal rate of interest..." should be in the neighborhood of 10.5; while if the utility puts the deposit in an interest-bearing account at rate lower or higher than this, they would have to pay that instead of the standard legal rate; 4) lines 17-19 indicate that if a customer is shown to be unreliable, he forfeits his entire deposit with interest, and if later service with him is re-established, he becomes such a credit risk that the utilities feel they should not pay any deposit interest for the first twelve months.

The major difference in this SS is that the time limitation has been dropped; currently all deposits under regulation have to be returned within two years anyway, so having the bill not go into effect for the first year was apparently considered too narrow. There is additional backup supplied by the sponsor that indicates the amount of money we are talking about annual with Alaskan electrical utilities alone is some \$9 million + dollars.



STATE OF ALASKA
OFFICE OF THE GOVERNOR

PLEASE CALL GUYER
Wallen at 465-2504 to
ceive this informatio
immediately.

BILL ANALYSIS

DEPARTMENT Commerce & Economic Development	DIVISION Alaska Public Utilities Commission	BILL NUMBER HB 20	SPONSOR Goll, Sund and Marrou
DEPARTMENT POSITION			
PREPARED BY Carolyn S. Guess Chairman	DATE 1/22/85	COMMISSIONER'S SIGNATURE	DATE

SUMMARY

OTHER AGENCIES AFFECTED BY BILL	CONSTITUENT GROUP(S) AFFECTED BY BILL
ORGANIZATIONAL SUPPORT FOR BILL	ORGANIZATIONAL OPPOSITION TO BILL

FISCAL IMPACT: NONE FISCAL NOTE ATTACHED

~~BACKGROUND/LEGISLATIVE INTENT~~

ANALYSIS OF BILL:

This bill would affect 114 regulated utilities; it would not affect 143 certificated utilities that are not subject to the regulatory jurisdiction of the Commission.

~~ANALYSIS OF BILL/PROGRAM EFFECTS~~

Attached is a copy of the APUC regulations applicable to regulated utilities that address deposits.

* The Commission takes no position on the issue of whether or not interest should be paid on utility deposits. It believes, however, that in making that decision, the legislators should realize that this legislation may not produce a net benefit to the ratepayer. Under current regulatory accounting practices customer deposits are deducted from a utility's cash working capital requirements, thereby decreasing this expense to the ratepayers. In the event that consumer deposits were placed in an account to earn interest and, thus, were not available as cash working capital, a utility's revenue requirement would be increased to cover the costs of cash working capital which would then have to be acquired from customers' rates. If the utility were able to use the customer deposits as cash working capital but were required to pay interest on those monies at a future time, the interest expense would be an allowable regulatory expense and passed on to all ratepayers.



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y, State Capitol
Juneau, Alaska 99811
(907) 465-3991

February 12, 1985

MEMORANDUM

TO: Representative Peter Goll
FROM: Nancy Pease *Nancy Pease*
Legislative Analyst
RE: Deposits to Public Utilities
Research Request 85-142

Bob Berry of your office requested the following information on deposits that public utilities may require of first-time customers or those with no established credit:

- the representative low, high and average deposit required;
- the total amount of deposits held by public utilities;
- the length of time the deposits are held;
- the administrative cost and the burden to public utilities if they were required to pay interest on the deposits, and;
- an indication of the lead time utilities would require to begin paying interest on deposits without undue burden to the utilities.

The attached table presents information on the customer deposit requirements of 28 electric, natural gas, water, sewer or refuse utilities across the state. The four smallest utilities surveyed do not require deposits from first-time customers or those with no established credit.¹ In addition, several utilities waive their deposit requirement for new customers who provide good credit references or for new residential customers who own or purchase a home.

¹The Cities of Kotlik, Seldovia, North Pole and Dillingham each provide utility services to no more than 225 customers.

Average deposits

Utilities which require a standard deposit from their new customers charge, on average, a \$74 deposit to open a residential account and \$142 to open a commercial account.

However, many utilities adjust the amount of a customer's deposit according to the monthly bills or credit histories of previous customers with similar service needs. Depending upon the methods used to calculate customer risk, residential deposits range from \$10 for water and sewer service in Fairbanks to \$600 for telephone service from the Matanuska telephone utility. Deposit requirements for new commercial accounts range from \$19 for water service in Wrangell to \$2,500 for electricity in Dillingham.² For those utilities which reported varying deposit requirements, the average low and high residential deposits are \$29 and \$130 respectively. The average low and high commercial deposits are \$89 and \$950 respectively.

Total Amount of Deposits Held by Public Utilities

Bob Berry indicated that the Alaska Public Utilities Commission (APUC) was providing you with the total deposits held by all APUC-regulated utilities. Based on the information gathered in this survey, we are unable to estimate the amount of deposits held by unregulated utilities. The 10 unregulated utilities which indicated in this survey that they require customer deposits hold a total amount of at least \$1,180,000. Four of the unregulated utilities surveyed do not require deposits.

These 14 unregulated utilities represent only 20 percent of the approximately 70 unregulated utility corporations which provide electricity, natural gas, water, refuse removal, sewer or telephone service to Alaska consumers.³ It is difficult to assess how accurately this survey reflects the sizes and types of unregulated utilities as well as

²David Bowker, General Manager of Nushagak Electric Co-operative in Dillingham, stated that Nushagak received permission from the Alaska Public Utilities Commission to charge commercial users a deposit of up to the estimated two-month billing. This policy was directed specifically toward fish processors after the utility suffered \$50,000 in losses when fish processors went bankrupt.

³The survey included the following unregulated utilities: Fairbanks Municipal Utilities Systems, Ketchikan Public Utilities, Kodiak Municipal Utilities, and the Cities of Kenai, Petersburg, Sitka, Nome, Wrangell, Palmer, Unalaska, Kotlik, Seldovia, Dillingham and North Pole.

other unknown factors which may correlate to deposit policy. Because this sample is not necessarily representative, the information cannot be used to extrapolate the total amount of deposits for all utilities.

We were also unable to estimate the total amount of deposits by determining the average deposit charged per customer or per capita. Utilities' records show the number of customer accounts, but not necessarily the number of actual customers. One customer may pay a single deposit for several services or he may pay multiple deposits either to the same or different utility companies. An extrapolation of total deposits based on a per capita estimate would also be inaccurate because the percent of the population who are utility customers varies greatly in different localities.

Length of Time Deposits Are Held

Most of the surveyed utilities which require deposits refund them after either one or two years if the customer maintains good credit with the company. Nearly half (42 percent) of those utilities keep the deposits for two years. Four of the utilities surveyed hold the deposit until the customer closes the account. For those utilities which return customer deposits after a scheduled interval, the average period for holding deposits is 16 months.

Administrative Cost, Burden and Lead Time for Requiring Interest Payments on Deposits

The administrative cost to utilities of paying interest on customer deposits depends largely on whether the utility has a computerized accounting system. Spokespersons for several utilities which currently pay interest indicated that implementing the interest paying policy incurred a one-time computer programming cost. Their computers calculate interest monthly on each customer's deposit. The interest is either credited to the customer's bill once per year or is refunded with the deposit. Utility spokespersons who currently use computerized accounting systems to pay interest estimated that implementing an interest paying policy would require very little lead time.

Some of the small utilities balance their customer accounts by hand. Calculating and paying interest for each customer deposit would increase considerably the accounting and clerical work for these utilities. The utilities clerk for the city of Kenai stated that the Kenai utility might find it advantageous to stop requiring deposits rather than handle the paperwork of paying interest on each deposit.

Representative Goll
February 12, 1985
Page 4

Several utilities spokespersons mentioned that administrative complications would arise in calculating and paying interest to customers delinquent on their payments. The amount held in deposit for a customer may change many times at irregular intervals if the customer is consistently late with his payments and is disconnected, has part of his deposit confiscated, or is required to pay additional deposits.

Utility spokespersons were not able to estimate the financial burden of paying interest without determining what portion of their customer deposits would be affected. The burden to each utility will depend on the amount of deposits on which it must pay interest and on the utility's current use of the deposits. There was no consistent pattern to utilities' management of the deposits. Some of the utilities hold their deposits in a general fund and use them for general operating expenses while other utilities keep the deposits in checking accounts or interest bearing saving accounts, either separately or in combination with other daily cash deposits.

Chugach Electric keeps its deposits in a noninterest bearing checking account because it must frequently make refunds. If the utility were forced to commit its deposits to an investment account, it would lose this flexibility. Utilities which enter deposits into their general funds would also lose operating flexibility.

Ketchikan Public Utilities currently keeps customer deposits in an interest bearing savings account and passes along interest to the depositors. The City of Sitka invests its customer deposits for a return of 8 or 9 percent, also passing most of the interest to depositors. These utilities will incur a minimal burden if interest payment is mandated.

* * *

We hope you find this information to be useful. Please contact us if you have further questions.

NP

Attachment

Consumer Deposits with Public Utilities

Utility	Number of Customers	Deposits Residential Low (\$)	Deposits Residential High (\$)	Deposits Resident. Std. (\$)	Deposits Business Low (\$)	Deposits Business High (\$)	Deposits Business Std. (\$)	Utility Deposits TOTAL (\$)	Months Held	Interest Paid
Fairbanks Mun. Util. electricity	6,274	20	40				1 mo. x 45	799,491	12	6
water	4,539	10	30							
sewer	5,198	10	30							
telephone	22,883	20		100				220		
district heat	131	10	15					30		
Juneau & Douglas Tel. telephone	17,061			100	400		225	55,193	12	0
Anchorage Mun. Tel. telephone	170,390	50	150			900		1,100,000		0
ENSTAR Natural Gas gas (1)	60,505	25	225			2,000		800,000	24	5
Matanuska Tel. Util. telephone	26,050		600	50		2,000		616,000	12	6
Homer Elec. Assoc. electric	14,427		150	100						0
Ketchikan Pub. Util. elec. & tel.	14,748		100	50			100	117,000	13	5
Kenai, City of water & sewer	2,153			40			50	19,000	24	0
Petersburg, City of elec, water & sewer	3,700			40			75	12,821	12	0
Bethel Utilities electricity	2,055			100			100	66,000	var	0
AK Elec. Lt & Power electric	9,856	20	30		75	300		NA	24	0
Barrow Util. & Elec. electricity	1,101			75			75	32,000	24	0
gas	787			75			75			
Chugach Elec. Assoc. electric	59,874			30	50	300		NA	24	0
Sitka Telephone telephone	6,320			90			125	NA	6	5
Sitka, City of elec, water & sewer	4,000						105	167,700	til close	6
Nushagak Elec. Coop. electricity	879			100	200	2,500		32,000	24	0
telephone				100			1,500	45,000	24	0
Nome, City of electricity	2,500			75			75	20,000	12	0
water & sewer				50			50			
Bristol Bay Tel. telephone	679		100	100		500		10,700	24	0
Wrangell, City of electricity	1,164			50			50	13,000	til close	5
water			20		19	403		2,000	12	5
Glacier State Tel. telephone	28,540			100			150	290,478	12	0
Kodiak Mun. Util. water hook-up	1,690			250			250	NA	1	0
sewer hook-up				300			300	NA	1	0
refuse				10			10	NA	til close	0
Palmer, City of water, sewer & refuse	675			40			40	30,700	til close	0
Eklutna Utilities water	505			50				20,000	24	10
Unalaska, City of elec. & water	475	100	200		100	200		1,400	24	0
Votiv, City of elec. & tel.	105	0	0	0	0	0	0	0	0	0
Seldovia, City of water & sewer	209	0	0	0	0	0	0	0	0	0
North Pole, City of water & sewer	225	0	0	0	0	0	0	0	0	0
Dillingham, City of water & sewer	175	0	0	0	0	0	0	0	0	0
Total	6469,496							64,250,483		
Partial Average (2)		629	6130	686	689	6950	6168	6223,710	16.4	

(1) Deposits required for business accounts range into the thousands of dollars.

(2) Average excludes utilities not requiring or not reporting deposits.

ELECTRIC UTILITIES
(Source - 1983 Annual Report)

<u>NAME</u>	<u>CLASS</u>	<u>CUSTOMER DEPOSITS</u>
Alaska Electric Light and Power Company	A	\$ 107,165
Alaska Power and Telephone Company	B	36,899
Alaska Village Electric Cooperative, Inc.	A	670
Aniak Light & Power Company	D	0
Arctic Utilities, Inc.	B	0
Barrow Utilities and Electric Cooperative, Inc.	B	Data Not Available
Bethel Utilities Corporation, Inc.	B	80,545
Bettles Light & Power, Inc.	D	0
Chugach Electric Association, Inc.	A	1,739,017
Copper Valley Electric Association, Inc.	A	165,216
Fort Yukon Utilities (now Gwitchyaa Zhee Utility Co.)	C	0
Golden Valley Electric Association, Inc.	A	897,705
Haines Light and Power Company	C	3,425
Homer Electric Association, Inc.	A	960,090
Iliamna-Newhalen Electric Cooperative, Inc.	D	11,622
Kodiak Electric Association, Inc.	A	111,755
Kotzebue Electric Association, Inc.	B	44,455

ELECTRIC UTILITIES (CONT.)
(Source - 1983 Annual Report)

<u>NAME</u>	<u>CLASS</u>	<u>CUSTOMER DEPOSITS</u>
M & D Enterprises	C	Data Not Available
Manley Utility Company, Inc.		Data Not Available
Matanuska Electric Association, Inc.	A	\$ 802,909
McGrath Light & Power Company	C	3,450
Municipality of Anchorage d/b/a Municipal Light & Power Dept.	A	44,913
Northern Power & Engineering Corporation (now G&K, Inc.)	C	1,276
Northway Power & Light, Inc.	D	0
Nushagak Electric Cooperative, Inc.	B	6,955
Pelican Utility Company Pelican Division	D	0
Pelican Utility Company Sand Point Division	C	0
Tanana Power Company, Inc.	C	6,244
Teller Power Company	D	Data Not Available
Tlingit-Haida Regional Electrical Authority	B	17,320
Yakutat Power, Inc.	C	0
SUBTOTAL		<u>\$5,041,631</u>

GAS UTILITIES
(Source - 1983 Annual Report)

<u>NAME</u>	<u>CLASS</u>	<u>CUSTOMER DEPOSITS</u>
Alaska Pipeline Company	A	\$ 0
Barrow Utilities and Electric Cooperative, Inc.	C	Data Not Available
ENSTAR Natural Gas Company	A	765,255
Kenai Utility Service Corporation	C	Data Not Available
SUBTOTAL		<u>\$765,255</u>

TELEPHONE UTILITIES
(Source - 1983 Annual Report)

<u>NAME</u>	<u>CLASS</u>	<u>CUSTOMER DEPOSITS</u>
Alascom, Inc.	A	\$ 233,242
Arctic Slope Telephone Association Cooperative, Inc.	B	6,867
Bristol Bay Telephone Cooperative, Inc.	B	6,307
Bush-Tell, Inc.	C	315,473
Copper Valley Telephone Coopera- tive, Inc.	B	45,805
General Telephone Company of Alaska	A	160,836
Glacier State Telephone Company	A	250,677 <i>290,478</i>
Interior Telephone Company	B	18,482
Juneau and Douglas Telephone Company	A	50,198 <i>55,193</i>
Matanuska Telephone Association, Inc.	A	620,512
Mukluk Telephone Company, Inc.	C	3,275
Municipality of Anchorage d/b/a Anchorage Telephone Utility	A	1,014,349
National Utilities, Inc.	C	32,083
Nushagak Telephone Cooperative, Inc.	B	35,487
OTZ Telephone Cooperative, Inc.	B	3,600
Sitka Telephone Company	A	61,873
Telephone Utilities of Alaska, Inc.	B	2,369
United Utilities, Inc.	A	80,846
Whittier Telephone Company	C	Data Not Available
Yukon Telephone Company	C	3,437
SUBTOTAL		<u>\$2,945,718</u>

345,671

WATER UTILITIES
(Source - 1983 Annual Report)

<u>NAME</u>	<u>CLASS</u>	<u>CUSTOMER DEPOSITS</u>
Alyeska Utilities, Inc.	D	\$ 0
Barrow Utilities and Electric Cooperative, Inc.	A	30,660
Central Alaska Utilities ¹	A	200,869
College Utilities Corporation	B	52,416
Chugiak Utilities, Inc.	D	Data Not Available
Dawn Development Corporation	D	Data Not Available
Eklutna Utilities, Inc.	D	18,930
Glacier Utilities, Inc.	D	Data Not Available
Kwik Log Water System	D	Data Not Available
Matanuska Utility Company	D	Data Not Available
McCann, Alfred O.	D	Data Not Available
McGahan Utilities, Inc.	D	Data Not Available
McKinley Utilities, Inc.	D	0
Mendenhaven Improvement & Maintenance Corporation	D	0
Municipality of Anchorage d/b/a Anchorage Water Utility	A	189,311
Norfolk Utilities, Inc.	D	2,860
Paul Omlin, Inc.	D	0

¹Now owned by the Municipality of Anchorage d/b/a Anchorage Water Utility.

WATER UTILITIES (CONT.)
(Source - 1983 Annual Report)

<u>NAME</u>	<u>CLASS</u>	<u>CUSTOMER DEPOSITS</u>
Pelican Utility Company	D	\$ 0
R.J. & Clara Rhodes	D	0
Romig Park Improvement Company	D	0
S & S Development	D	0
Settlers Bay Properties, Inc.	D	0
Spenard Heights Water System	D	0
Sunny Slopes Water System	D	Data Not Available
Valley Water Company, Inc.	D	8,440
SUBTOTAL		<u>\$503,486</u>
GRAND TOTAL OF ALL UTILITIES		<u>\$9,826,810</u>



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y, State Capitol
Juneau, Alaska 99811
(907) 465-3991

February 22, 1985

MEMORANDUM

TO: Representative Peter Goll

FROM: Nancy Pease *Nancy Pease*
Legislative Analyst

RE: Deposits to Public Utilities
Research Request 85-142 (Additional Information)

In response to your request, we are providing information on customer deposits for 25 additional public utilities. (See attached table.)

We are still awaiting deposit information for Anchorage's electric, water and sewer utilities; we will forward these statistics to you as soon as we obtain them.

NP

Attachment

CUSTOMER DEPOSITIONS WITH PUBLIC UTILITIES

Utility	Number of Customers	Deposits Residential Low (1)	Deposits Residential High (1)	Deposits Resident. Business Std. (1)	Deposits Business Low (1)	Deposits Business High (1)	Deposits Business Std. (1)	Utility Deposits TOTAL (1)	Months Held	Interest Paid
Fairbanks Muns. Util								799,491	12	6
electricity	6,274	20	40				1 mo., 45			
water	4,529	10	30				40			
sewer	5,198	10	50				40			
telephone	22,883	20		100			220			
district heat	131	10	15				20			
Juneau & Douglas Tel										
telephone	17,961			100		400	225	55,193	12	"
Anchorage Mun. Tel.										
telephone	170,391	50	150			900		1,100,000		0
ENSTAR Natural Gas										
gas (1)	60,505	25	225			2,000		800,000	24	5
Natanuska Tel. Util.										
telephone	26,050		600	50		2,000		616,000	12	6
Homer Elec. Assoc.										
electric	14,427		150	100						0
Ketchikan Pub. Util.										
elec. & tel.	14,748		100	50			100	117,000	13	5
Kenai, City of										
water & sewer	2,153			40			50	19,000	24	0
Petersburg, City of										
elec. water & sewer	3,700			40			75	12,821	12	0
Bethel Utilities										
electricity	2,055			100			100	66,000	var	0
An Elec. Lt & Power										
electricity	9,856	20	30		75	300		129,631	24	0
Barrow Util. & Elec.										
electricity	1,101			75			75	32,000	24	0
gas	787			75			75			
Chugach Elec. Assoc.										
electricity	59,874			50	50	300		NA	24	0
Sitka Telephone										
telephone	6,320			90			125	NA	6	5
Sitka, City of										
elec. water & sewer	4,000			75			105	167,700 til close		6
Nushagak Elec. Coop.										
electricity	879			100	200	2,500		32,000	24	0
telephone				100			1,500	45,000	24	0
Nome, City of										
electricity	2,500			75			75	20,000	12	0
water & sewer				50			50			
Bristol Bay Tel.										
telephone	679		100	100		500		10,700	24	0
Wrangell, City of										
electricity	1,164			50			50	13,000 til close	5	5
water			20		19	405		2,000	12	
Glacier State Tel.										
telephone	28,540			100			150	290,478	12	0
Kodiak Mun. Util.										
water hook-up	1,690			250			250	NA	1	0
sewer hook-up				300			300	NA	1	0
refuse				10			10	NA	til close	0
Palmer, City of										
water, sewer & refuse	675			40			40	30,700 til close		0
Eklutna Utilities										
water	303		50					20,000	24	10
Unalaska, City of										
elec. & water	475	100	200		100	200		1,400	24	0
Kotlik, City of										
elec. & tel.	105	0	0	0	0	0	0	0	0	0
Seldovia, City of										
water & sewer	209	0	0	0	0	0	0	0	0	0
North Pole, City of										
water & sewer	225	0	0	0	0	0	0	0	0	0
Dillingham, City of										
water & sewer	175	0	0	0	0	0	0	0	0	0
Total	9469,496							94,380,114		
Partial Average (2)		929	8130	988	989	6950	8160	6219,006	16.4	

(1) Deposits required for business accounts range into the thousands of dollars.

(2) Average excludes utilities not requiring or not reporting deposits.

COMMITTEE REPORT

SENATE

FURTHER:

4/17/86

Date 5/10/86

Mr. President

The Committee on FINANCE considered SS HB 20
relating to interest on deposits collected by public utilities.

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 SCS for SS HB 20 (LEC)
- new title
- same title and recommends "DO PASS"
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation CEED (APUC)
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]
Rich Hoefel
Paul Fright
[Signature]
[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS

[Signature]

C- [Signature]
Chairman
[Signature]
Chairman recommendation

4/0

FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: SSHB20
Title: Interest on deposits by Utilities

FISCAL DETAIL

Agency Affected: AK Public Utilities Commission
BRU: same
Components: Administration

Sponsor: Goll, Sund, Marrou, Gruenberg
Requestor: Jeanne Smith & Taylor
Date of Request: House Rules PH465-3764
2/4/86

EXPENDITURES/REVENUES : (Thousands of Dollars)

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

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING : (Thousands of Dollars)

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

POSITIONS :

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

ANALYSIS : Attach a separate page if necessary

No Fiscal Impact

Prepared by: T. S. Moninski, Dep. Director Phone: 276-6222
 Division: AK Public Utilities Commission Date: 2/4/86
 Approved by Commissioner: Loren H. Mansbury Date: 2/4/86
 Agency: Commerce

Distribution (by Agency preparing fiscal note):

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

R/p 5/10/86

Offered: 4/17/86
Referred: Finance

Original sponsors: Goll, Sund,
Marrou, et al

BY THE LABOR AND
COMMERCE COMMITTEE

1 IN THE HOUSE

2 SENATE CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 20 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to interest on deposits collected by
7 public utilities."

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

9 * Section 1. AS 42.05 is amended by adding a new section to read:

10 Sec. 42.05.365. INTEREST ON DEPOSITS. (a) A public utility may
11 collect and retain a deposit for contracted recurring monthly service.
12 A public utility that collects and retains a deposit of \$100 or more
13 for recurring monthly service shall pay interest on that deposit at or
14 before the time it is returned. Interest paid under this section
15 shall be at the legal rate of interest at the time the deposit is
16 made. However, if the deposit is placed in an interest bearing ac-
17 count, the utility shall pay the interest rate of the interest bearing
18 account.

19 (b) If delinquent payments result in interruption of service, a
20 public utility is not required to pay interest under (a) of this
21 section for 12 months after reestablishment of service.

Introduced: 3/4/85
Referred: Labor & Commerce
and Finance

BY GOLL, SUND, MARROU,
GRUENBERG AND TAYLOR

1 IN THE HOUSE

2

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 20

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 interest on deposits collected by
public utilities."

7

8

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

9

* Section 1. AS 42.05 is amended by adding a new section to read:

10

Sec. 42.05.365. INTEREST ON DEPOSITS. (a) A public utility

11

that collects and retains a deposit of \$100 or more for recurring

12

monthly service shall pay interest on that deposit at or before the

13

time it is returned. Interest paid under this section shall be at the

14

legal rate of interest at the time the deposit is made. However, if

15

the deposit is placed in an interest bearing account, the utility

16

shall pay the interest rate of the interest bearing account.

17

(b) If delinquent payments result in interruption of service, a

18

public utility is not required to pay interest under (a) of this

19

section for 12 months after reestablishment of service.

COMMITTEE REPORT
SENATE

FURTHER: FINANCE

2/10/86

Date 16 April 86

Mr. President

The Committee on Labor & Commerce considered SSHB 20
relating to interest on deposits collected by public utilities.

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 SCS for SSHB 20 (J+C)
- 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

Bill Ray
John Patrick

Paul H. Z. [Signature]
Chairman
Do Pass
Chairman recommendation

COMMITTEE REPORT
HOUSE

(11)

FURTHER:

2/1/85

Date: 4-16-85

The Committee on FINANCE has had HB 21
"An Act relating to homesites for veterans."

under consideration and recommends:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 21 (Fin) same title
 new title
and recommends DO PASS
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation Zero Fiscal Note Attached
4-15-85 - New One
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]
CHAIRMAN

Original sponsors: Goll and Szymanski

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 21 (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 relating to homesites for veterans."

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

8 * Section 1. AS 38.08 is amended by adding a new section to read:

9 Sec. 38.08.015. HOMESITES FOR VETERANS. A veteran who qualifies
10 for a homesite entry permit under AS 38.08.030 and who complies with
11 the provisions of AS 38.08.060(a)-(d), except AS 38.08.060(a)(3), may
12 not be required to reimburse the state for the costs incurred by the
13 state in surveying and platting undertaken by the state in accordance
14 with this chapter.

15 * Sec. 2. AS 38.08.120 is amended by adding a new paragraph to read:

16 (4) "veteran" means a person honorably discharged from the
17 armed services of the United States who has at any time resided con-
18 tinuously for at least one year in the state and who has performed
19 service in the armed forces of the United States for a period of 180
20 days or more during one or more of the following periods unless a
21 shorter period of service resulted from a service connected injury or
22 disability:

23 (A) between April 6, 1917 and December 1, 1918;

24 (B) between September 16, 1940 and July 25, 1947;

25 (C) between June 25, 1950 and January 31, 1955; or

26 (D) between August 4, 1964 and November 7, 1975.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: CSHB 21 (res) ^{Fin} FISCAL DETAIL Agency Affected: Natural Resources
Title: Homesites for Veterans Program Category Affected: _____

Sponsor: Goll
Requestor: _____
Date of Request: 4/15/85

BRU, Program or Subprogram(s) Affected: Land and Water Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES		0				
200 TRAVEL		0				
300 CONTRACTUAL		0				
400 SUPPLIES		0				
500 EQUIPMENT		0				
600 LAND & STRUCTURES		0				
700 GRANTS, CLAIMS		0				
800 MISCELLANEOUS		0				
TOTAL OPERATING		0				
CAPITAL		0				
REVENUE		(86.0)				

FUNDING: (Thousands of Dollars)

GENERAL FUND		0				
FEDERAL FUNDS		0				
OTHER		0				
TOTAL		0				

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

Any funds necessary to implement this bill can be absorbed within the agency's existing budget.

APA

Prepared By: Al Adams, Chair Phone: 465-3706
Division: House Finance Committee Date: 4/15/85

Approved by Commissioner: _____ Date: _____
Agency: _____

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY


POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

MEMORANDUM

April 17, 1985

SUBJECT: Constitutionality of exemption for one year
 resident veterans from certain costs under
 the homesite entry program (CSHB 21(Fin))

TO: Representative Al Adams

FROM: Randall J. Moen 
 Legislative Counsel

Your request under CSHB 21 (Fin) to exempt only those qualified Alaska resident veterans who have resided at any time in the state for one year from certain costs under the homesite entry program is subject to serious constitutional challenges under the 14th Amendment (Equal Protection Clause) of the U.S. Constitution and Article I, sec. 1 of the Alaska Constitution. I shall address only the 14th Amendment problem.

The Equal Protection Clause protects new residents of a state from being disadvantaged because of their recent migration. Zobel v. Williams, 457 U.S. 55, 72 L.Ed. 2d 672, 102 S. Ct. 2309 (1982). A state statute which distributes benefits based on the length of residency violates the equal protection clause of the 14th Amendment unless the state can show valid state interests are rationally served by conditioning of the benefits on the length of residency. Id.

The effect of CSHB 21 (Fin) allows only those Alaska resident veterans who have resided in Alaska at any time for one year to forego reimbursement to the state of certain costs incurred by the state under the homesite entry program. Thus, newly arrived Alaska resident veterans are treated differently than other Alaska resident veterans who have lived in Alaska at any time for at least one year.

It is difficult to envision a legitimate state interest that can be rationally served by making a durational residency distinction between the two classes of Alaska resident veterans. Unless it can be demonstrated by the state that a legitimate state interest exists and that your committee substitute is rationally related to the legitimate state

Representative Al Adams
April 17, 1985
Page 2

interest, your committee substitute will be deemed unconstitutional under the Equal Protection Clause of the U.S. Constitution.

RJM:ojb
J14/003

Amendment to HB 21 - Representative Cotten

Delete Section 2 and replace with:

"veteran" means a person honorably separated from the military service of the United States who has at any time resided continuously for at least a year in the state and who served in the armed forces of the United States for at least 180 days or whose service was for less than 180 days because of injury or disability incurred in the line of duty, between (A) April 6, 1917 and December 1, 1918; (B) September 16, 1940 and July 25, 1947; (C) June 25, 1950 and January 31, 1955; or (D) August 4, 1964 and November 7, 1975.

A M E N D M E N T

Offered in the HOUSE

By Uehling

To: CSHB 21 (Resources)

Page 1, line 6, delete "for veterans"

Page 1, following line 14, insert a new bill section to read:

"* Sec. 2. AS 38.08.060(a) is amended to read:

(a) A person who enters upon homesite entry land under a permit issued by the director shall be issued a patent to the land conveying an unencumbered title if that person

(1) occupies the land for a cumulative total of 17 [35] months within the seven-year period following issuance of the homesite entry permit;

(2) erects a habitable, permanent, single-family dwelling on the homesite, which meets all applicable state and local regulations, within five years of the date of issuance of the homesite entry permit; for the purposes of this paragraph, mobile homes are not considered to be permanent dwellings unless they are placed on a permanent foundation;

(3) reimburses the state for the survey and platting undertaken in accordance with this chapter; the director shall provide by regulation for installment payments of this requirement."

"* Sec. 4. Section 2 of this act is retroactive to May 1, 1983."

Renumber remaining bill section accordingly.

TITLE 18.

Health and Safety.

CHAPTER 55.

Housing, Urban Renewal, and Planning Assistance.

ARTICLE 2.

Moderate Cost and Rental Housing.

CITATION Sec. 18.55.470.

(5) "veteran" means a person honorably separated from the military service of the United States who has at any time resided continuously for at least a year in the state and who served in the armed forces of the United States for at least 90 days or whose service was for less than 90 days because of injury or disability incurred in the line of duty, between: (A) September 16, 1940 and July 25, 1947; (B) June 25, 1950 and January 31, 1955; or (C) August 4, 1964 and November 7, 1975; "veteran" also includes the spouse or widow or widower of a veteran.

TITLE 18.

Health and Safety.

CHAPTER 56.

Alaska Housing Finance Corporation.

CITATION Sec. 18.56.098.

SPECIAL MORTGAGE LOAN PURCHASE PROGRAM.

(j) If the money used to purchase a mortgage loan made to a veteran under this section comes from an issue of bonds of the corporation guaranteed by the state, each bond must be issued as part of an issue substantially all of the proceeds of which are used to provide residences for qualifying veterans. In this subsection a qualifying veteran is a person who is a "qualified veteran" as the term is defined or may subsequently be defined under the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103A), as amended.

TITLE 26.

Military Affairs and Veterans.

CHAPTER 10.

Veterans.

ARTICLE 2.

Miscellaneous Provisions.

CITATION Sec. 26.10.060.

EXTENSION OF UNIVERSAL MILITARY TRAINING AND SERVICE ACT PROVISIONS TO ALASKA EMPLOYEES.

(b) As used in this section, "veteran" means a person subject to the Universal Military Training and Service Act.

TITLE 26.

Military Affairs and Veterans.

CHAPTER 10.

Veterans.

ARTICLE 2.

Miscellaneous Provisions.

CITATION Sec. 26.10.080.

DEATH GRATUITY.

(2) "veteran" means

(A) a person who served in a branch of the armed services of the United States

(i) who at the time of entry into the service was a resident of the territory or state, who had been a resident for not less than one year immediately before entry into the service, and who returned to the territory or state within one year after discharge as a resident with the intention of remaining in the territory or state; or

(ii) who was a resident of the state for not less than one year immediately preceding the time of death; or

(B) a person who served in the Alaska Army National Guard, the Alaska Air National Guard, or the Alaska Naval Militia, or who served in a reserve unit of the United States armed forces in Alaska if the reserve unit required a minimum of one weekend of duty each month and 15 consecutive days of active duty training each year for not less than three years.

TITLE 29.

Municipal Government.

CHAPTER 53.

Municipal Assessment and Taxation.

ARTICLE 1.

Municipal Property Tax.

CITATION Sec. 29.53.020.

REQUIRED EXEMPTIONS.

(1) "disabled veteran" means a disabled person separated from the military service of the United States under a condition that is not dishonorable who is a resident of the state, whose disability was incurred or aggravated in the line of duty in the military service of the United States, and whose disability has been rated as 50 percent or more by the branch of service in which that person served or by the Veterans' Administration;

TITLE 29.

Municipal Government.
CHAPTER 73.
Miscellaneous Provisions.

CITATION Sec. 29.73.060.

PROPERTY TAX EQUIVALENCY PAYMENTS.

(e) In this section "disabled veteran" means a disabled person separated from the military service of the United States under a condition that is not dishonorable who is a resident of the state, whose disability was incurred or aggravated in the line of duty in the military service of the United States, and whose disability has been rated as 50 percent or more by the branch of service in which that person served or by the Veterans' Administration.

TITLE 38.

Public Lands.
CHAPTER 05.
Alaska Land Act.
ARTICLE 2.
Sale of Lands.

CITATION Sec. 38.05.067.

VETERANS PREFERENCE.

(d) In this section "veteran" means a person with 90 days or more of active service in the armed forces of the United States who has been honorably discharged.

(e) This section does not apply to the sale of state land under AS 38.04.020(g)(2) and AS 38.09.

TITLE 39.

Public Officers and Employees.
CHAPTER 25.
State Personnel Act.
ARTICLE 3.
Personnel Rules.

CITATION Sec. 39.25.150.

SCOPE OF THE RULES.

(A) "veteran" means a person with 181 days or more active service in the armed forces of the United States who has been honorably discharged after having served during any period between April 6, 1917, and December 1, 1919, between September 16, 1940, and December 31, 1947, or between June 27, 1950, and November 7, 1975;

(B) "disabled veteran" means a veteran who is entitled to compensation under laws administered by the United States Veterans' Administration, or a person who was honorably discharged or released from active duty because of a service-connected disability;

TITLE 26.

Military Affairs and Veterans.

CHAPTER 15.

Veterans Loans.

CITATION Sec. 26.15.130.

ELIGIBILITY FOR LOANS.

TEXT

(a) Qualifications for loans under this chapter are:

(1) persons who served in the armed forces of the United States for 90 days or more, or whose service was for less than 90 days because of injury or disability incurred in the line of duty, between April 6, 1917, and November 11, 1918, and beginning September 16, 1940, to November 7, 1975, or in a combat zone during any period of armed conflict, who were separated from the armed forces with a discharge other than dishonorable, and

(A) who, at the time of induction into the service, were residents of the territory or state, who had been residents for not less than one year immediately before their induction, and who returned to the territory or state after discharge as residents with the intention of remaining in the territory or state; or

(B) who, not being bona fide residents of the territory or state before their entry into the service, have been residents of the territory or state for one or more years;

(2) persons who were dependent on a member of the armed forces or a veteran of World War II at the time of the member's or veteran's death, if

(A) the member or veteran was a resident of the territory or state for one year before induction into the service; and

(B) the member or veteran served in the armed forces for at least 90 days between September 16, 1940, and July 25, 1947, but no benefits for loans accrue to dependents of an enlistee or re-enlistee for time served after November 1, 1945, regardless of whether the enlistment or reenlistment was before or after November 1, 1945; and

(C) the member or veteran died before the official date of the termination of that war; and

(D) the member's or veteran's discharge was not dishonorable;

(3) persons who have served in the Alaska Army National Guard or the Alaska Air National Guard or the Alaska Naval Militia for not less than six years and who have not received a discharge other than honorable.

(b) Dependents shall be unmarried and the deceased member of the armed forces or deceased veteran shall have been their chief means of support and they shall be either a widow, widower, minor son, minor daughter, or mother, father, sister or brother incapable of self-support. Dependents shall be residents of the territory or state at the time of making application and intend to reside in the territory or state permanently. The rights of minor children may be exercised only if they have no surviving parent and have an appointed guardian who may apply on their behalf to secure a loan for their care, support, education or other purposes mentioned in AS 26.15.040 or to receive the bonus for those purposes.

TITLE 26.

Military Affairs and Veterans.

CHAPTER 15.

Veterans Loans.

CITATION Sec. 26.15.160.

EXTENSION OF CHAPTER TO VETERANS OF KOREA AND VIET NAM.

TEXT

The provisions of this chapter, except those provisions relating to the payment of bonuses, are extended to persons who served other than dishonorably on active duty between June 25, 1950, and January 31, 1955, who served other than dishonorably on active duty between August 4, 1964, and November 7, 1975, and to dependents of such persons, subject to the following provisions and eligibility qualifications.

(1) Persons are eligible

(A) who were discharged other than dishonorably from the armed forces of the United States or who are released to a reserve component; and

(B) who at the time of entry into the service were bona fide residents of the territory or State of Alaska and had been residents of the territory or state for not less than one year before their entry into the service; and who have returned to the territory or state within a reasonable length of time after discharge or separation as residents with the intention of remaining in the territory or state; or who, not being bona fide residents of the territory before their entry into the service, have lived in the territory or state for at least five years following their release from active military service; and

(C) who served in the armed forces of the United States for 90 days or more, or whose service was for a lesser period because of injury or disability incurred in line of duty, between June 25, 1950, and January 31, 1955, or who served in the armed forces of the United States for 90 days or more or whose service was for a lesser period because of injury or disability incurred in line of duty, between August 4, 1964, and July 1, 1977.

(2) Persons are eligible who were dependent upon a member of the armed forces or upon a veteran eligible for the benefits of this chapter at the time of the member's or veteran's death if the member or veteran was a resident of the territory for one year before entry into service and died before November 5, 1975. Dependents shall be unmarried and the deceased veteran or member of the armed forces shall have been their chief means of support and they shall be either a widow, widower, minor child, or a mother, father, sister, or brother incapable of self-support. Dependents shall be residents of the state at the time of application and shall intend to remain residents in the state permanently. The rights of minor children under this chapter may be exercised only if they have no surviving parent and have an appointed guardian who may apply on their behalf for the benefits of this chapter for their care, support or education.

(3) No person unless he has lived in the state or territory for at least five years following his release from active military service is eligible for the benefits of this section who is eligible for veterans' benefits under the laws of any other state or territory. A World War II veteran who received a bonus under AS 26.15.120 and 26.15.150 need not repay the bonus in order to qualify under the loan provisions of this section.

(4) For persons otherwise eligible for the benefits under this section, who did not return to the state or territory within one year after separation from the service unless prevented from doing so for medical, educational or other valid purposes approved by the Department of Commerce and Economic Development within one year after separation from the service, an additional requirement of four years' residence in the state or territory before their entry into the service is imposed to entitle them to the benefit provisions of this section.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Page 1 of 2

Revision Date: _____

REQUEST
 Bill/Resolution No.: HB 21 (Res)
 Title: Homesites for Veterans

FISCAL DETAIL
 Agency Affected: Natural Resources
 Program Category Affected: _____

Sponsor: Goll
 Requestor: _____
 Date of Request: _____

BRU, Program or Subprogram(s) Affected:
Land and Water Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES		24.5	4.4	4.4	4.4	4.4
200 TRAVEL						
300 CONTRACTUAL		0.5	0.1	0.1	0.1	0.1
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		25.0	4.5	4.5	4.5	4.5

CAPITAL						
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REVENUE		(86.0)	(86.0)	(86.0)	(86.0)	(86.0)
----------------	--	--------	--------	--------	--------	--------

FUNDING: (Thousands of Dollars)

GENERAL FUND		25.0	4.5	4.5	4.5	4.5
FEDERAL FUNDS						
OTHER						
TOTAL		25.0	4.5	4.5	4.5	4.5

POSITIONS:

FULL-TIME						
PART-TIME		1				
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

See Attached

Prepared By: Michael E. Vediner

Phone: 465-2400

Division: Land and Water Management

Date: January 18, 1985

Approved by Commissioner: Robert D. Arnold, Deputy

Date: January 18, 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

January 18, 1985

ANALYSIS:

Operating expenditures will be minimal in the implementation of this bill. Of approximately 2200 homesite entry permits now issued, 20 percent are held by veterans. As much as \$25,000 will be required to obtain and review necessary documentation of eligibility of these permittees. This figure covers management, clerical, typing, and postage costs. At projected rate, homesite entry permittees authorized after implementation of this bill will require an additional annual increment of \$4500 to administer.

A net revenue loss will be incurred with this bill as follows. 20 percent of the total number of homesites issued is 440. At an average cost of \$1450 for surveying and platting each homesite, the total forgiveness of these costs is \$640,000 over the next ten years. In addition, at the current rate of 75 homesites per year, an additional 15 will be issued to veterans. This will further increase the revenue loss by \$22,000 per year. Using these figures a net annual revenue loss of \$86,000 will be incurred. Of course, as the program becomes more attractive the percentage of veterans in the numbers, and consequently the net annual revenue loss, will increase.

Part time position in FY 86 is for clerical staff.



Alaska State Legislature

HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

January 30, 1985

The Honorable Al Adams
Chairman, House Finance Committee
House of Representatives
Pouch V
Juneau, AK 99811

Dear Representative Adams:

It was brought to the House Resources Committee's attention as CSHB 21 (Res) was being passed out of the committee today in final form, that a small technical change should be made in the bill. That change involves line 27, after the word received insert an honorable discharge or ... a discharge under honorable conditions. This addition will clarify the type of discharged veterans who should receive the benefits of this legislation as explained by Representative Goll who is the prime sponsor of this piece of legislation. It was decided that this change could be addressed in the House Finance Committee for reasons of expediency.

If you have any questions regarding this matter, please feel free to contact me or my staff at 465-3715.

Sincerely,

A handwritten signature in cursive script, appearing to read "Dick Shultz".

Representative Dick Shultz, Co-Chair
House Resources Committee

DS:tem

the lessee not crop the land shall be open

land appraised

a provision of land. (§ 1

an owner of land, in the case of land under AS and cleared land shall be appraised if, in the case of land, and furthers

borne by the lessee in accordance with the Agricultural Loan

land but not by the state. The percentage of the land shall be five percent

in subsection

under AS the form of land use of land shall be applied and the rules adopted

guided by the department regulations § 1 ch 127

ion of the

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(3) "cropped" means the management of a domestic planting including harvest. (§ 1 ch 127 SLA 1967)

Revisor's notes. — This section was reorganized in 1984 to place the defined terms in alphabetical order.

Chapter 08. Homesites.

Section

- 10. Classification of land for homesite entry
- 20. Public notice
- 30. Applications for homesite entry; fees
- 40. Issuance of entry permit
- 50. Revocation of entry permit

Section

- 60. Issuance of patent
- 90. Disclaimer of intent to provide services
- 100. Substantial completion of dwelling
- 110. Regulations
- 120. Definitions

Revisor's notes. — Through administrative reorganization, the Department of Natural Resources has eliminated the division of lands. Duties and responsibilities given to the division of lands under this chapter have been assigned to other divisions of the department. Duties and responsibilities given to the director of the division of lands under this chapter have been assigned to the deputy commissioner for operations, who has

been given the additional title "director of lands."

Cross references. — For purpose of 1977 Act that enacted this chapter, see sec. 1, ch. 142, SLA 1977 in the Temporary and Special Acts; for designation of land for disposal under the homesite entry program and assessment of supply and demand under that program, see secs. 1 and 2, ch. 181, SLA 1978 in the Temporary and Special Acts.

Sec. 38.08.010. Classification of land for homesite entry. (a) The director shall designate, classify and make available for homesite entry state land in amounts and at times as required in AS 38.04.020 or as may otherwise be required by law.

(b) Land classified as homesite entry land shall be divided into parcels not exceeding five acres in reasonably compact form, with boundaries conforming as nearly as practicable to natural geologic and topographic features. However a parcel may exceed five acres if the director determines that the larger parcel is necessary to

(1) comply with local zoning ordinances; or

(2) permit the design of a subdivision because of topographical features, soil conditions, on-site sewage disposal requirements, or water drainage or supply considerations unique to the subdivision.

(c) [Repealed, § 45 ch 85 SLA 1979.]

(d) The director shall, to as great an extent as possible, classify land for homesite entry based upon the distribution of population in the state. (§ 2 ch 142 SLA 1977; am §§ 7, 8, 15 ch 181 SLA 1978, am § 45 ch 85 SLA 1979; am § 37 ch 113 SLA 1981)

Revisor's notes. — In the second sentence of subsection (b), the word "however" was added at the beginning of the sentence and "the" was substituted for "a" preceding "larger parcel" in 1981.

Effect of amendments. — The 1981 amendment added the second sentence of subsection (b).

Legislative history reports. — For report on ch. 142, SLA 1977 (CSHB 2), see 1977 House Journal, p. 663.

Collateral references. — 63 Am. Jur. 2d, Public Lands, §§ 56 to 64.
73A C.J.S., Public Lands, §§ 36 to 57.

Sec. 38.08.020. Public notice. The director shall publish notice of the availability of the land in the same manner as provided in AS 38.05.945. (§ 2 ch 142 SLA 1977; am § 9 ch 181 SLA 1978; am § 41 ch 85 SLA 1979; am § 104 ch 6 SLA 1984)

Effect of amendments. — The 1984 amendment made an internal reference change.

Sec. 38.08.030. Applications for homesite entry; fees. (a) To qualify for a homesite entry permit, an applicant shall

(1) at the time of application have attained the age of 18;

(2) submit proof acceptable to the commissioner that the applicant is a resident of the state at the time of application, and that the applicant has been a resident of the state for not less than one year immediately preceding the date the application was submitted;

(3) agree to comply with the requirements for obtaining a patent to land set out under AS 38.08.060.

(b) Fees for filing an application may not exceed \$10. (§ 2 ch 142 SLA 1977; am § 10 ch 181 SLA 1978; am § 67 SLA 1993)

Effect of amendments. — The 1983 amendment rewrote paragraph (2) of subsection (a).

Sec. 38.08.040. Issuance of entry permit. (a) An applicant meeting the qualifications for homesite entry under AS 38.08.030 shall be issued a revocable permit to occupy and improve the homesite in order to qualify for issuance of patent as provided in this chapter. The application fee is the sole rent chargeable on the permit for its duration.

(b) *[Repealed, § 19 ch 67 SLA 1983.]*

(c) The permit may not be assigned, conveyed, or in any manner transferred except by testate or intestate succession, to a spouse during marriage, by order of a court as part of a divorce settlement, or to either a member of the immediate family or a grantee of the applicant in the case of an extreme emergency or illness that disables the applicant. An attempt to assign, convey, or in any manner transfer the permit except as permitted by this subsection is void and constitutes a substantial breach of the permit.

§ 38.08.040

ports. — For (CSHB 2), see

- 63 Am. Jur.

14.

§§ 36 to 57.

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§ 38.08.050

PUBLIC LANDS

§ 38.08.060

(d) An applicant may apply for more than one available homesite. A person holding a homesite patent may not apply for a homesite entry permit, a person may not simultaneously hold more than one homesite entry permit, and a person who is a member of the homesite entry permit holder's household may not be issued a homesite entry permit while a member of the homesite entry permit holder's household. (§ 2 ch 142 SLA 1977; am § 39 ch 113 SLA 1981; am § 19 ch 67 SLA 1983; am § 50 ch 152 SLA 1984)

Effect of amendments. — The 1983 amendment repealed subsection (b). The 1984 amendment rewrote subsection (c).

Sec. 38.08.050. Revocation of entry permit. (a) The entry permit may only be revoked for failure to erect a dwelling as required under AS 38.08.060, or for other substantial breach of the terms and conditions of the homesite entry permit.

(b) Upon revocation and termination of a permit, improvements or chattels upon the homesite shall be managed, and subsequent issuance of a permit for entry on the homesite shall be conditioned, in the same manner as provided in AS 38.05.090 for removal or reversion of improvements upon termination of leases of state land. (§ 2 ch 142 SLA 1977)

Sec. 38.08.060. Issuance of patent. (a) A person who enters upon homesite entry land under a permit issued by the director shall be issued a patent to the land conveying an unencumbered title if that person

(1) occupies the land for a cumulative total of 35 months within the seven-year period following issuance of the homesite entry permit;

(2) erects a habitable, permanent, single-family dwelling on the homesite, which meets all applicable state and local regulations, within five years of the date of issuance of the homesite entry permit; for the purposes of this paragraph, mobile homes are not considered to be permanent dwellings unless they are placed on a permanent foundation;

(3) reimburses the state for the survey and platting undertaken in accordance with this chapter; the director shall provide by regulation for installment payments of this requirement.

(b) Nothing in this chapter shall be construed to prohibit a person issued a homesite entry permit from residing in a temporary habitable dwelling on the homesite until revocation of the homesite entry permit.

(c) A person may not be issued more than one patent during a lifetime, nor may any person who is a member of a patent holder's household be issued a patent while a member of the patent holder's household.

(d) If a dwelling is found to have been substantially completed under AS 38.08.100, patent shall be issued upon completion of the dwelling, notwithstanding (a) (2) of this section.

(e) A permit holder who meets each of the provisions of (a) of this section except for (a)(1) and who tenders the commissioner an amount equal to five percent of the purchase price of the land within seven years of the issuance of the permit may purchase the land under AS 38.05.065. The purchase price of the land is the fair market value of the land at the time of purchase. (§ 2 ch 142 SLA 1977; am § 11 ch 181 SLA 1978; am § 42 ch 85 SLA 1979; am § 38 ch 113 SLA 1981; am § 51 ch 152 SLA 1984)

Cross references. — For special conditions relating to entry permits issued before July 1, 1983, see sec. 87, ch. 152, SLA 1984 in the Temporary and Special Acts.

Effect of amendments. — The 1981 amendment substituted "seven-year" for "five-year" in paragraph (1) of subsection (a).

The 1984 amendment added subsection (e).

Editor's notes. — Section 47, ch. 113, SLA 1981 provides: "A person who is granted a homesite entry permit before July 1, 1981, is entitled to a patent to the land if the person satisfies the conditions imposed (1) in the homesite entry permit; or (2) by AS 38.08.060(a)."

Secs. 38.08.070 — 38.08.080. Required planning authority and zoning approval of land within municipality. [Repealed, § 45 ch 85 SLA 1979.]

Sec. 38.08.090. Disclaimer of intent to provide services. Nothing in this chapter obligates the state to provide services to land which is the subject of homesite entry and patent. (§ 2 ch 142 SLA 1977)

Sec. 38.08.100. Substantial completion of dwelling. An entry permit may not be revoked for failure to erect a dwelling in the time required under AS 38.08.060(a)(2) if the director finds that erection of the dwelling has been substantially completed and progress toward completion is being made at the expiration of the time required. (§ 2 ch 142 SLA 1977)

Sec. 38.08.110. Regulations. The commissioner shall adopt regulations in accordance with AS 44.62.180 — 44.62.290 to carry out the purposes of this chapter, including, but not limited to, regulations relating to easements and access routes. (§ 2 ch 142 SLA 1977; am § 12 ch 181 SLA 1978)

Sec. 38.08.120. Definitions. In this chapter

- (1) "commissioner" means the commissioner of natural resources;
- (2) "habitable dwelling" means a dwelling of a permanent nature, together with fixtures and facilities, including sanitary facilities, required or customary in the vicinity of the land made available for homesite entry;
- (3) "resident" means a person who is not claiming residence in another state and shows by all attending circumstances an intent to maintain a permanent residence in the state. (§ 2 ch 142 SLA 1977)

Offered: 2/1/85
Referred: Finance

Original sponsor: Goll

1 IN THE HOUSE BY THE RESOURCES COMMITTEE

2 CS FOR HOUSE BILL NO. 21 (Resources)

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 homesites for veterans."

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

8 * Section 1. AS 38.08 is amended by adding a new section to read:

9 Sec. 38.08.015. HOMESITES FOR VETERANS. A veteran who qualifies
10 for a homesite entry permit under AS 38.08.030 and who complies with
11 the provisions of AS 38.08.060(a)-(d), except AS 38.08.060(a)(3), may
12 not be required to reimburse the state for the costs incurred by the
13 state in surveying and platting undertaken by the state in accordance
14 with this chapter.

15 * Sec. 2. AS 38.08.120 is amended by adding a new paragraph to read:

16 (4) "veteran" means a person who

17 (A) performed service in the armed forces of the
18 United States for a period of 180 days or more during one or more
19 of the following periods unless a shorter period of service
20 resulted from a service connected injury or disability:

21 (i) between April 6, 1917 and December 1, 1918;

22 (ii) between September 16, 1940 and December 31,
23 1947;

24 (iii) between June 25, 1950 and January 31, 1955;

25 or

26 (iv) between August 4, 1964 and November 7, 1975;

27 (B) received a discharge under honorable conditions.

Introduced: 1/14/85
Referred: Finance

1 IN THE HOUSE

BY CATO

2 HOUSE BILL NO. 22

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 legislative additions to capital
7 improvement projects proposed by the governor."

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

9 * Section 1. AS 37.07 is amended by adding a new section to read:

10 Sec. 37.07.075. CAPITAL IMPROVEMENT PROJECTS PROPOSED BY THE
11 LEGISLATURE. (a) Except as provided in (b) of this section, when the
12 legislature appropriates money for a capital improvement project that
13 was not proposed by the governor under AS 37.07.020, the legislature
14 shall appropriate the money in two phases:

15 (1) the first phase is a two-year budget cycle to provide
16 funding to determine the feasibility of the project, prepare accurate
17 cost estimates, identify potential legal problems, conduct surveys and
18 to do other necessary planning, design, and preliminary engineering;

19 (2) the second phase is the project construction funding
20 phase and shall be based on the results of the estimates produced by
21 the first phase.

22 (b) An appropriation for a capital improvement project that is
23 intended to alleviate an emergency situation or that does not require
24 detailed planning or engineering as set out in (a) of this section,
25 including roads and trails, need not conform to the requirements of
26 (a) of this section.

27 (c) When the legislature appropriates money for a capital im-
28 provement project that was not proposed by the governor under AS 37.-
29 07.020, the legislature shall

1 (1) appropriate by region, election district, or other
2 expedient appropriation level and allocate within the level to provide
3 controlled flexibility for minor funding adjustments between projects
4 necessitated by under-estimated or unpredictable project costs and
5 other external factors; and

6 (2) use a proposed capital improvement project budget form
7 stating

8 (A) the project title to be used in all references to
9 the proposed project;

10 (B) the name of the location of the proposed project
11 or the word "statewide" for a project that has statewide impact;

12 (C) the number of the election district in which the
13 proposed project is to be located;

14 (D) the month and year that the first major expendi-
15 ture on the proposed project should be made;

16 (E) the date the activities associated with the appro-
17 priation for the proposed project should be completed;

18 (F) whether the proposed project should be a single
19 appropriation or a two-phase appropriation;

20 (G) the funding source;

21 (H) the amount to be appropriated; for a two-phase
22 project the amount to be appropriated for the first phase must be
23 stated as well as the amount necessary to construct the project
24 adjusted for inflation to reflect the cost at the time of con-
25 struction;

26 (I) the first year that the proposed project will have
27 an effect on the operating budget and the amount of the antici-
28 pated increase or decrease;

29 (J) the first year that the effect of the proposed

1 project on the operating budget will become constant and the
2 amount of the anticipated constant effect;

3 (K) the description of the proposed project in terms
4 of the physical characteristics, the desired site features, and
5 general planning guidelines of the proposed project and the
6 operational activities related to the project;

7 (L) the category, agency, and program name.

8 (d) If the capital improvement project is one phase of a multi-
9 phase project, the form required under (c)(2) of this section must be
10 supplemented with the present status of the project, any substantial
11 modifications made to the original project design or purpose, the
12 appropriation history of the project, and the manner in which the
13 proposed project relates to other phases of the overall plan.
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ALASKA STATE LEGISLATURE

..14th. Legislature FIRST... Session

HOUSE ...BILL..... NO. 22....

By ...CATO.....

"An Act relating to legislative additions to capital improvement projects proposed by the governor."

Capital improvement projects
Introduced in the House 1/14, 1985

HISTORY IN THE HOUSE

19 85

Jan. 14

Read first time and referred to Committee on

FINANCE

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
Sent to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

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 President
Returned to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Received from Senate

Concurred in Senate amendment thus adopting:
VOTE

Failed to concur in Senate amendment; asked Senate to recede
VOTE

Senate receded from amendment
VOTE

Senate failed to recede from amendment
VOTE

CC appointed by House

CC appointed by Senate

CC adopted by House
VOTE

CC adopted by Senate
VOTE

To enrolling
Reported correctly enrolled
Sent to Governor

..... by Governor

Filed with Lt. Governor

Chapter No.

Introduced: 1/14/85
Referred: Finance

1 IN THE HOUSE

BY CATO

2

HOUSE BILL NO. 22

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 legislative additions to capital
7 improvement projects proposed by the governor."

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

9 * Section 1. AS 37.07 is amended by adding a new section to read:

10 Sec. 37.07.075. CAPITAL IMPROVEMENT PROJECTS PROPOSED BY THE
11 LEGISLATURE. (a) Except as provided in (b) of this section, when the
12 legislature appropriates money for a capital improvement project that
13 was not proposed by the governor under AS 37.07.020, the legislature
14 shall appropriate the money in two phases:

15 (1) the first phase is a two-year budget cycle to provide
16 funding to determine the feasibility of the project, prepare accurate
17 cost estimates, identify potential legal problems, conduct surveys and
18 to do other necessary planning, design, and preliminary engineering;

19 (2) the second phase is the project construction funding
20 phase and shall be based on the results of the estimates produced by
21 the first phase.

22 (b) An appropriation for a capital improvement project that is
23 intended to alleviate an emergency situation or that does not require
24 detailed planning or engineering as set out in (a) of this section,
25 including roads and trails, need not conform to the requirements of
26 (a) of this section.

27 (c) When the legislature appropriates money for a capital im-
28 provement project that was not proposed by the governor under AS 37.-
29 07.020, the legislature shall

1 (1) appropriate by region, election district, or other
2 expedient appropriation level and allocate within the level to provide
3 controlled flexibility for minor funding adjustments between projects
4 necessitated by under-estimated or unpredictable project costs and
5 other external factors; and

6 (2) use a proposed capital improvement project budget form
7 stating

8 (A) the project title to be used in all references to
9 the proposed project;

10 (B) the name of the location of the proposed project
11 or the word "statewide" for a project that has statewide impact;

12 (C) the number of the election district in which the
13 proposed project is to be located;

14 (D) the month and year that the first major expendi-
15 ture on the proposed project should be made;

16 (E) the date the activities associated with the appro-
17 priation for the proposed project should be completed;

18 (F) whether the proposed project should be a single
19 appropriation or a two-phase appropriation;

20 (G) the funding source;

21 (H) the amount to be appropriated; for a two-phase
22 project the amount to be appropriated for the first phase must be
23 stated as well as the amount necessary to construct the project
24 adjusted for inflation to reflect the cost at the time of con-
25 struction;

26 (I) the first year that the proposed project will have
27 an effect on the operating budget and the amount of the antici-
28 pated increase or decrease;

29 (J) the first year that the effect of the proposed

1 project on the operating budget will become constant and the
2 amount of the anticipated constant effect;

3 (K) the description of the proposed project in terms
4 of the physical characteristics, the desired site features, and
5 general planning guidelines of the proposed project and the
6 operational activities related to the project;

7 (L) the category, agency, and program name.

8 (d) If the capital improvement project is one phase of a multi-
9 phase project, the form required under (c)(2) of this section must be
10 supplemented with the present status of the project, any substantial
11 modifications made to the original project design or purpose, the
12 appropriation history of the project, and the manner in which the
13 proposed project relates to other phases of the overall plan.

COMMITTEE REPORT
SENATE

FURTHER:

1/21/86

Date 2/19/86

Mr. President

The Committee on FINANCE considered CSHB 28Fin (2d titleam)
(re-eng)
making a special appropriation from the undistributed income account in
the Alaska permanent fund to the principal of the permanent fund; 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 SCS for HB CS28 (Fin)
- new title *majority*
- same title and *majority* recommends Do Pass
- and attached a "LETTER OF INTENT"
- reports it back without recommendation
- recommends referral to _____ Committee

NEW FISCAL NOTE
*Depend on
Revenues in Endist Acct.
as of 2/1/86*

MEMBERS SIGNING

DO PASS

Rich Halford

Paul Fisher

W. G. ...

MEMBERS HAVING

OTHER RECOMMENDATIONS

J. ... NO Rec

Heyson - Basic Capital Needs
ARE NOT MET.

Paul Fisher

Chairman

do pass
Chairman recommendation

Official FR
to accompany
SCS CSRB 28 (Fin)
R/p SEC
2/19/86

SENATE JOURNAL SUPPLEMENT

2/20/86 TUESDAY No. 52

FISCAL NOTE SCS
CSRB
28
(FIN)

REQUEST
 Bill Resolution No.: SCSHB 28 (Fin)
 Title: An Act Making a Special Appropriation from the UA of the Alaska Permanent Fund to the Principal
 Sponsor: Rep. Duncan
 Requestor: Sen. Finance
 Date of Request: 2/20/86

FISCAL DETAIL
 Affected: Revenue
 Component:

EXPENDITURES/REVENUES : (Thousands of Dollars)

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

FUNDING : (Thousands of Dollars)

	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
GENERAL FUND	38.27	39.07	41.17	53.60	56.37	59.20
SPRING FUND	(185.27)	(19.07)	(17.17)	(53.68)	(56.37)	(59.20)
TOTAL						

ANALYSIS : Attach a separate page if necessary
 Increase in PE-Prin after 1986 is the result of increased inflation proofing

Prepared by: *Mary Ellen Frank*
 Division: Revenue/Commissioner's Office/Research
 Phone: 465-2174
 Date: 2/20/86
 Approved by Commissioner: *Henry U. Stuckale*
 Agency: _____
 Date: 2/20/86

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

2/20/86
11:45 am
*Revised
note prepared
for 2/20/86
Session*

Revision Date : _____

REQUEST

Bill/Resolution No. : SCS CSHB 28 (Fin)
 Title : Special appropriation from
PF undistributed income to PF
principal
 Sponsor : _____
 Requestor : _____
 Date of Request : _____

FISCAL DETAIL

Agency Affected : Department of Revenue
 BRU : _____

 Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

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

CAPITAL		0	0	0	0	0
----------------	--	---	---	---	---	---

REVENUE		0	0	0	0	0
----------------	--	---	---	---	---	---

FUNDING : (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER		\$1,017,400,000*				
TOTAL						

POSITIONS :

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

ANALYSIS : Attach a separate page if necessary

*The Department of Revenue estimates that \$1,017,400,000 will be deposited into the principal of the Permanent Fund from the Undistributed Income Account on July 1, 1986.

Prepared by : _____ Phone : 465-4523
 Division : Senator Jan Faiks, Co-chairman Date : 2/19/86
Senate Finance Committee

Approved by Commissioner : _____ Date : _____
 Agency : _____

Distribution (by Agency preparing fiscal note) :
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : _____

REQUEST

Bill/Resolution No. : SCS CSHB 28 (Fin)
 Title : Special appropriation from PF undistributed income to PF principal
 Sponsor : Duncan
 Requestor : _____
 Date of Request : _____

FISCAL DETAIL

Agency Affected : Department of Revenue
 BRU : _____
 Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

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

CAPITAL		0	0	0	0	0
---------	--	---	---	---	---	---

REVENUE		0	0	0	0	0
---------	--	---	---	---	---	---

FUNDING : (Thousands of Dollars)

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

POSITIONS :

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

ANALYSIS : Attach a separate page if necessary

The Department of Revenue estimates that \$1,017,400,000 will be deposited into the principal of the Permanent Fund from the Undistributed Income Account on July 1, 1986.

Prepared by : Jan Faiks, Co-chairman Phone : 465-4523
 Division : Senate Finance Committee Date : 2/19/86

Approved by Commissioner : _____ Date : _____
 Agency : _____

Distribution (by Agency preparing fiscal note) :

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

2/19/86
Cook
Language
J
JCS(Fin)

WORK DRAFT

Original Sponsors: Duncan, Goll
Sund

IN THE HOUSE

BY THE FINANCE COMMITTEE

SENATE CS FOR CS FOR HOUSE BILL NO. 28 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FOURTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act making a special appropriation from the undistributed income account in the Alaska permanent fund to the principal of the permanent fund; and providing for an effective date."

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

* Section 1. If AS 37.13.140 is amended to delete the provisions relating to averaging income of the Alaska permanent fund corporation and the provision relating to the undistributed income account in the Alaska permanent fund, and if AS 37.13.145 is amended to delete the provision relating to the undistributed income account in the Alaska permanent fund, the unexpended and unobligated balance of the undistributed income account in the Alaska permanent fund (AS 37.13.145) is appropriated to the principal of the Alaska permanent fund.

* Section 2. This act takes effect July 1, 1986.

Tam Cook
Language
Cook
2/18/86 ✓

Original sponsors: Duncan, Goll
Sund, et al

... eno. - can. in the

1 IN THE HOUSE BY THE FINANCE COMMITTEE
2 SENATE CS FOR CS FOR HOUSE BILL NO. 28 (Finance)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - SECOND SESSION
5 A BILL

6 For an Act entitled: "An Act making a special appropriation from the
7 undistributed income account in the Alaska permanent
8 fund to the principal of the permanent fund; and
9 providing for an effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
11 *is amended to delete provisions relating to averaging income ab*
12 *relating to the undistributed income account in the Alaska permanent fund*
13 * Section 1. If AS 37.13.140 and 37.13.145 ~~are~~ amended to delete the
14 provisions relating to the undistributed income account in the Alaska
15 permanent fund, the unexpended and unobligated balance of the undistributed
16 income account in the Alaska permanent fund (AS 37.13.145) is appropriated
17 to the principal of the Alaska permanent fund.

18 * Sec. 2. This Act takes effect July 1, 1986.
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A/B

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Handwritten notes:
100
4-2-85

Page 1 of 3

REQUEST
Bill/Resolution No: HB 28
Title: Relating to the income of the
Permanent Fund
Sponsor: Duncan, et. al.
Requestor: House State Affairs
Date of Request: January 14, 1985

Revision Date
FISCAL DETAIL
Agency Affected: Revenue
Program Category Affected: _____
BRU, Program of Subprogram(s) Affected

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Millions of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
PF-UIA	(450.2)	(22.1)	(22.0)	(53.6)	(30.6)	(32.4)
PF - PRINCIPAL	450.2	22.1	22.0	53.6	30.6	32.4

POSITIONS:

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

ANALYSIS: Attach a separate page for analysis.

Prepared By: Mary Ellen Frank/Robert W. Elliott
Division: Research Section

Phone: 465-2173
Date: 1/25/85

Approved by Commissioner: [Signature]
Agency: [Signature]

Date: _____

- Distribution (by Agency preparing fiscal note):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)

If the balance in the Undistributed Income Account (UIA) of the Permanent Fund (PF) in excess of five percent of the PF principal were transferred to that principal each year, the result would be to increase the PF principal by both the transfer and the increase in inflation proofing required to protect the extra principal amounts from being degraded in real terms. Both the transfer and the extra inflation proofing would reduce the UIA balance correspondingly; therefore, the total assets of the PF and earnings on those assets would remain unchanged (as would dividends which are figured from asset earnings).

Table 1
(Millions of \$)

<u>FY</u>	<u>85</u>	<u>86</u>	<u>87</u>	<u>88</u>	<u>89</u>	<u>90</u>
Transfer from UIA to PF-Prin.	438.0	2.3	0	28.2	0	0
Extra Inflation Proofing Gain to PF-Prin.	12.2	19.8	22.0	25.4	30.6	32.4
Loss to PF-UIA	450.2	22.1	22.0	53.6	30.6	32.4

The \$438.0 million transfer in FY 85 includes \$315.0 million residual UIA from FY 84 and \$123.0 million residual UIA from FY 85. The extra FY 85 inflation proofing \$12.2 million is required to protect the FY 84 transfer. The calculation of these residuals is presented following.

$$\begin{aligned}
 \text{TRANSFER} &= \text{UIA bal} - .05 * (\text{PF-Prin}) \\
 1984: 315 &= 557 \text{ 1/} - .05 * (4838) \\
 1985: 123 &= 425 - .05 * (6037)
 \end{aligned}$$

The extra FY 85 inflation proofing (\$12.2 million) is required to protect the FY 84 transfer.

1/ This balance is the cumulative deposit since fund inception.

* see attachment

*At times, the Department of Revenue and the Alaska Permanent Fund Corporation may differ as to the estimated Fiscal impacts of legislation. Differences arise because each employs a different set of investment assumptions. Consequently, projections depicting net income, inflation proofing amounts and dividend transfers may likely vary.

Furthermore, while the Department of Revenue is strictly concerned with accurately forecasting total revenues, the Permanent Fund Corporation, with its trust fund management responsibilities, has established its assumptions to measure investment returns in accordance with standards developed for fiduciaries. Therefore, the Permanent Fund Corporation's assumptions will frequently and appropriately yield more conservative investment results.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date _____

REQUEST

Bill/Resolution No: HB 28
Title: Income of the Permanent Fund

Sponsor: Duncan
Requestor: House State Affairs
Date of Request: January 16, 1985

FISCAL DETAIL

Agency Affected: Department of Revenue
Program Category Affected: _____

BRU, Program of Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: This fiscal note addresses only administrative costs.

Prepared By: Milt Barker MB
Division: Treasury

Phone: 465-2350
Date: January 16, 1985

Approved by Commissioner: Milt Barker
Agency: Department of Revenue

Date: 1-13-85

Distribution (by Agency preparing fiscal note):

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

HB 28

RECEIVED JAN 17 1986
WALTER J. JENSEN
POLICE
JUNEAU ALASKA 99901
(907) 465 3811
(907) 465 1720

LEGISLATIVE
BEN GRUSSENDORF

Alaska State Legislature

P.O. Box 1111
SITKA ALASKA 99835
(907) 747-6456



FAIR'S COMMITTEE
LEGISLATIVE COUNCIL

DISTRICT 2
REPUBLICAN
BEN GRUSSENDORF
SITKA
TENNESSEE

House of Representatives
SPEAKER OF THE HOUSE

January 17, 1986

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

Dear Senator Bennett,

I have asked the Chief Clerk to formally request that HB 28, "An act making a special appropriation of \$400,000,000 from the undistributed income account in the Alaska Permanent Fund to the principal of the Permanent Fund, and providing for an effective date," which is now in the Senate Finance Committee, be returned to the House. I would ask that you please consider my request as additional work is needed on this legislation.

Sincerely,

Rep. Ben Grussendorf
House Speaker

BFG/kmt

cc: Senator John Sackett
Senator Jan Faiks



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NB28

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

MEMORANDUM

DATE: January 9, 1985

TO: Representative Jim Duncan
Alaska State Legislature

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

SUBJECT: Fiscal Note on Proposed Legislation

This super^scedes my memoranda of January 4, 1985 on the same subject.

Attached please find two computer runs which reflect the impact of transfers of earnings from the Undistributed Income Account to the corpus of the Fund.

The first run (Sheet Number One) indicates that the transfer as of the end of FY84 will be \$315,500,000. This will raise the corpus amount from \$4,838,300,000 to \$5,153,800,000. The balance in the Undistributed Income Account will be 5% of the \$4,838,300,000 level which is \$241,915,000.

At the end of FY85 there will be another transfer, assuming our earnings projection for the year is realized. The corpus balance at the end of FY85 will be \$6,056,000,000. To this will be added another transfer of \$99,400,000. This will raise the corpus to \$6,155,400,000. The balance in the Undistributed Income Account will be 5% of the \$6,056,000,000 level which is \$302,800,000.

FY84 and FY85 are the only two years in which transfers are projected. You will note that the reserve (Undistributed Income Account) is drawn down in the succeeding five years and runs out in 1990.

Sheet Number Two is identical to Sheet Number One but it goes further in that a column titled "Dividend Shortfall"

is added. This depicts FY90 as the critical year in which dividend shortfalls occur and sets forth the amounts of shortfall during the following decade. Note, however, that even with this shortfall, the amounts available for dividends climb from \$305,700,000 in FY91 to \$637,000,000 in FY2000.

We have also reviewed the impact of the legislative proposal on the Corporation operating budget. Since total funds are invested, safeguarded, accounted for and audited -- regardless of whether in corpus or in an undistributed earnings account -- there is no effect on the operating budget.

If you require additional information or better clarity of explanation, please do not hesitate to contact me.

DAR:bm

Offered: 3/25/85
Referred: Rules

Original sponsors: Duncan, Goll
Sund, et al

Funding Information

General Fund	\$ - 0 -
Other Funds	400,000,000
	<u>\$400,000,000</u>

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 28 (Finance)(2d title am)

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 from the
7 undistributed income account in the Alaska permanent
8 fund to the principal of the permanent fund; and
9 providing for an effective date."

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

11 * Section 1. The sum of \$400,000,000 is appropriated from the undis-
12 tributed income account in the Alaska permanent fund to the principal of
13 the Alaska permanent fund.

14 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
15 10.070(c).

Offered: 3/25/85
Referred: Rules

Original sponsors: Duncan, Goll
Sund, et al

Funding Information

General Fund	\$ - 0 -
Other Funds	400,000,000
	<u>\$400,000,000</u>

1 IN THE HOUSE BY THE FINANCE COMMITTEE
2 CS FOR HOUSE BILL NO. 28 (Finance)(title am)
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 of
7 \$400,000,000 from the undistributed income account in
8 the Alaska permanent fund to the principal of the
9 permanent fund; and providing for an effective date."
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
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13 the Alaska permanent fund.
14 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
15 10.070(c).

Cook
2/18/86 ✓

Original sponsors: Duncan, Goll
Sund, et al

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IN THE HOUSE

BY THE FINANCE COMMITTEE

SENATE CS FOR CS FOR HOUSE BILL NO. 28 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FOURTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act making a special appropriation from the undistributed income account in the Alaska permanent fund to the principal of the permanent fund; and providing for an effective date."

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

* Section 1. The unexpended and unobligated balance of the undistributed income account in the Alaska permanent fund (AS 37.13.145) is appropriated to the principal of the Alaska permanent fund.

* Sec. 2. This Act takes effect on the effective date of CSSB 346(Fin) enacted by the Fourteenth Legislature.

Cook
2/18/86 ✓

Original

CSSB
updated
2/10/86

1 IN THE

BY THE FINANCE COMMITTEE

2 USE BILL NO. 28 (Finance)

3 OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation from the
7 undistributed income account in the Alaska permanent
8 fund to the principal of the permanent fund; and
9 providing for an effective date."

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

11 * Section 1. The unexpended and unobligated balance of the undistri-
12 buted income account in the Alaska permanent fund (AS 37.13.145) is appro-
13 priated to the principal of the Alaska permanent fund.

14 * Sec. 2. This Act takes effect on the effective date of CSSB 346(Fin)
15 enacted by the Fourteenth Legislature.