

LEG. FINANCE - BILLS 1985 - 1986 2301

HB 51 - HB 58

2301



COMMITTEE REPORT  
HOUSE

4/7

(5)

FURTHER: Finance

~~1/14/85~~  
1/16/85

Date: April 3, 1986

The Committee on House Special Committee on State Loans has had HB 51

"An Act requiring banks to pay interest on money in reserve accounts held in connection with mortgage loans."

under consideration and recommends:

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

MEMBERS SIGNING  
DO PASS

[Signature]

[Signature]

\_\_\_\_\_

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MEMBERS HAVING  
OTHER RECOMMENDATIONS:

[Signature]

[Signature]

\_\_\_\_\_

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\_\_\_\_\_

[Signature]

CHAIRMAN

Introduced: 1/14/85  
Referred: 1/16/85 House Special  
Committee on State Loans and  
Finance

1 IN THE HOUSE

BY DUNCAN, SUND AND MARROU

2 HOUSE BILL NO. 51

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act requiring banks to pay interest on money in  
7 reserve accounts held in connection with mortgage  
8 loans."

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

10 \* Section 1. AS 06.05 is amended by adding a new section to read:

11 Sec. 06.05.285. INTEREST ON RESERVE ACCOUNTS. (a) A bank that  
12 requires the payment of money by a borrower into an escrow or similar  
13 reserve account for the payment of taxes, insurance premiums, or home  
14 owner's association dues in connection with a mortgage loan shall pay  
15 interest on the money in that account unless the account is required  
16 by federal law or regulation. The rate of interest paid on money in a  
17 reserve account shall equal the rate of interest charged to the bor-  
18 rower for the mortgage loan and shall be computed on the average  
19 monthly balance in that account on the first of each month.

20 (b) Interest earned on money in a reserve account shall be  
21 annually credited to the remaining principal balance on the mortgage  
22 loan, or at the election of the borrower, shall be paid to the borrow-  
23 er.

24 \* Sec. 2. AS 06.05.285 enacted in sec. 1 of this Act applies to escrow  
25 and similar reserve accounts established before the effective date of this  
26 Act, as well as to accounts established after the effective date of this  
27 Act, with interest to be paid beginning on the effective date of this Act  
28 on money in those accounts.

STATE OF ALASKA 1985 LEGISLATIVE SESSION

FISCAL NOTE

CC  
477

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

**REQUEST**

Bill/Resolution No.: HB 51  
 Title: An Act requiring banks to pay interest on money in reserve with mortgage loans  
 Sponsor: Duncan  
 Requestor: \_\_\_\_\_  
 Date of Request: \_\_\_\_\_

**FISCAL DETAIL**

Agency Affected: \_\_\_\_\_  
 Program Category Affected: \_\_\_\_\_  
 BRU, Program or Subprogram(s) Affected: \_\_\_\_\_

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

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

<b>CAPITAL</b>						
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<b>REVENUE</b>						
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**FUNDING: (Thousands of Dollars)**

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

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

Prepared By: Representative Jim Duncan Phone: 465-4766  
 Division: \_\_\_\_\_ Date: 4-4-86  
 Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
 Agency: \_\_\_\_\_

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

7/1/84

ALASKA STATE LEGISLATURE

14th Legislature FIRST Session

HOUSE BILL NO. 51

By DUNCAN, SUND, MAPROU

"An Act requiring banks to pay interest on money in reserve accounts held in connection with mortgage loans."

Banks to Pay Interest

Introduced in the House .. 1/16, 1985

HISTORY IN THE HOUSE

1985

Jan. 16

Read first time and referred to Committee on

SPEC. LOANS AND FINANCE

Reported back with recommendation that

Read second time and

Read third time and

<b>PASS</b>	<b>Effective Date</b>
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

<b>PASS</b>	<b>Effective Date</b>
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

<b>PASS</b>	<b>Effective Date</b>
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

<b>PASS</b>	<b>Effective Date</b>
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. ....

Cook  
4/15/86

*Changes*  
*Changes are*  
*underlined.*

Original sponsors: Duncan, Sund,  
Marrou and Gruenberg

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 51 (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 requiring banks, mortgage companies, and  
7 other lending businesses to pay interest on money in  
8 reserve accounts held in connection with mortgage  
9 loans."

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

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29 Act, with interest to be paid beginning on the effective date of this Act

1 on money in those accounts.  
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067057

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

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STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

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

REQUEST

Bill/Resolution No.: HB 51

Title: An Act requiring banks to pay interest on money in reserve with mortgage loans

Sponsor: Duncan

Requestor: \_\_\_\_\_

Date of Request: \_\_\_\_\_

FISCAL DETAIL

Agency Affected: \_\_\_\_\_

Program Category Affected: \_\_\_\_\_

Account(s) Held in Connection: \_\_\_\_\_

BRU, Program or Subprogram(s) Affected: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

Prepared By: Representative Tim Duncan

Division: \_\_\_\_\_

Phone: 465-4766

Date: 4-4-86

Approved by Commissioner: \_\_\_\_\_

Agency: \_\_\_\_\_

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

Distribution (by Agency preparing fiscal note):

Legislative Finance

Legislative Sponsor

Requestor

Office of Management and Budget

Impacted Agency(ies)

7/1/84

H1351

Oct. 13, 1984

RECEIVED

OCT 1 1984

Dear Representative Duncan:

I am writing to you as a constituent in hopes that you will agree that some sort of legislation is needed in the banking area that would respond to the concerns expressed in the attached letter.

If the Alaska legislature is not yet ready to require interest to be paid on mortgage escrow accounts (as is required in Minnesota - copy of law attached), perhaps it could at least decrease the benefits gained by banks when they are slow in returning escrow balances by requiring interest to be paid during the period between the date the loan related to the escrow was been paid off and the date of return of the escrow balance. In my case, this was two-and-a-half months and the amount withheld was \$971.

Since escrowing is required by AHFC regulations, my case is not an isolated one related to unique circumstances. And, while banks are free to rollover escrows to new loans, I know of only one that does. I would guess this kind of thing happens to alot of people and the banks make alot of money off of it.

I would appreciate it if you would propose legislation that would require interest to be paid on escrow accounts related to home mortgages, or, in the alternative, legislation that would require interest to be paid on escrow accounts retained after the related loan has been paid off.

Thank you for considering this matter. I look forward to hearing from you on this subject.

Sincerely,

*Terri Lauterbach*

Terri Lauterbach  
800 F Street N-6  
Juneau, AK 99801  
cc: Representative Mike Miller

Senator Bill Ray

Ms. Lucille Stietz  
Vice President, NBA  
Mortgage Loan Department  
Anchorage, Alaska 99510

Oct. 13, 1984

Dear Ms. Stietz:

This letter is written to express my extreme dissatisfaction with the dilatory handling of the return of my escrow balance on mortgage loan #125040.

These are the facts:

- 1) Loan #124040 (hereafter referred to as loan #1) was paid off on August 1 of this year.
- 2) A second mortgage loan (#545015, hereafter referred to as loan #2) was closed on August 2.
- 3) The balance of my escrow (\$971) was received by me on October 12.
- 4) The check for that balance was dated September 13, 1984.

First of all, it angered me that I couldn't use that escrow money (which was primarily for taxes) to pay my portion of taxes due at the closing on August 1. Instead, my proceeds from the sale of my home were reduced by \$1002 by the closing agent.

Secondly, it angered me that NBA would not rollover escrow #1 when I took out loan #2. Instead, I had to come up with several months' reserve of taxes and insurance for loan #2 while NBA sat there knowing that loan #1 had been paid off. (NBA had to know that loan #1 had been paid off because otherwise NBA wouldn't have closed on loan #2. The settlement papers showing both the payoff of loan #1 and the money reserved by the closing agent to pay taxes had to be presented before I could get loan #2 closed.)

Thirdly, when I questioned the practice of not rolling over the escrow account to be reserves for the second loan, I was told it wouldn't matter much because the escrow balance would be remitted to me very promptly, probably the same day, maybe in a week's time.

Well, as you can see by the above facts, the check to me was anything but "prompt". Not only did NBA have the interest-free use of escrow #1 during the pendency of loan #1, but it also had it for another two-and-a-half months afterwards, still interest-free! (A months' worth of that time even occurred after the check had been written.) And, during that two-and-a-half months, of course, NBA also had the use of an escrow balance for loan #2.

I find such practices outrageous. The banking community should feel benefitted enough by not having to pay interest on escrow accounts during the pendency of a loan without having to play their position to the hilt by retaining such accounts after a loan is paid off.

I want an explanation of why it took so long for me to get my money back when you knew the loan was paid off on August 2.

Yours truly,

Theresa M. Lauterbach

cc: Commissioner of Commerce and Economic Development

without the required consent of the lender. The mortgage shall further provide that the notice shall contain the following provisions:

- (a) the nature of the default by the borrower.
  - (b) the action required to cure the default.
  - (c) a date, not less than 30 days from the date the notice is mailed by which the default must be cured.
  - (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by the mortgage and sale of the mortgaged premises, and
  - (e) that the borrower has the right to reinstate the mortgage after acceleration.
- and
- (f) that the borrower has the right to bring a court action to assert the nonexistence of a default or any other defense of the borrower to acceleration and sale.

Subd. 9. (1) For purposes of this subdivision the term "mortgagee" shall mean all state banks and trust companies, national banking associations, state and federally chartered savings and loan associations, mortgage banks, mutual savings banks, insurance companies, credit unions or assignees of the above. Each mortgagee requiring funds of a mortgagor to be paid into an escrow, agency or similar account for the payment of taxes or insurance premiums with respect to a mortgaged one to four family, owner occupied residence located in this state, unless the account is required by federal law or regulation or maintained in connection with a conventional loan in an original principal amount in excess of 80 percent of the lender's appraised value of the residential unit at the time the loan is made or maintained in connection with loans insured or guaranteed by the secretary of housing and urban development, by the administrator of veterans affairs, or by the administrator of the farmers home administration, shall calculate interest on such funds at a rate of not less than five percent per annum. Such interest shall be computed on the average monthly balance in such account on the first of each month for the immediately preceding 12 months of the calendar year or such other fiscal year as may be uniformly adopted by the mortgagee for such purposes and shall be annually credited to the remaining principal balance on the mortgage, or at the election of the mortgagee, paid to the mortgagor or credited to his account. If the interest exceeds the remaining balance, the excess shall be paid to the mortgagor or vendee. The requirement to pay interest shall apply to such accounts created prior to June 1, 1976 as well as to accounts created after June 1, 1976.

(2) A mortgagee offering the following option (c) to a mortgagor but not requiring maintenance of escrow accounts as described in clause (1), whether or not the accounts were required by the mortgagee or were optional with the mortgagor, shall offer to each of such mortgagors the following options:

- (a) the mortgagor may manage the payment of insurance and taxes by himself;
- (b) the mortgagor may open with the mortgagee a passbook savings account carrying the current rate of interest being paid on such accounts by the mortgagee in which the mortgagor can deposit the funds previously paid into the escrow account; or
- (c) the mortgagor may elect to maintain a non-interest bearing escrow account as described in clause (1) to be serviced by the mortgagee at no charge to the mortgagor.

A mortgagee that is not a depository institution offering passbook savings accounts shall instead of offering option (b) above notify its mortgagors (1) that they may open such accounts at a depository institution and (2) of the current maximum legal interest rate on such accounts.

A mortgagee offering option (c) above to a mortgagor but not requiring the maintenance of escrow accounts shall notify its mortgagor of the options under (a), (b) and (c). The notice shall state the option and state that an escrow account is not required by the mortgagee, that the mortgagor is legally responsible for the payment of taxes and insurance, and that the notice is being given pursuant to this subdivision.

Notice shall be given within 30 days after the effective date of the provisions of Laws 1977, Chapter 350 amending this subdivision, as to mortgagees offering option (c) above to mortgagors but not requiring escrow accounts as of the effective date, or within 30 days after a mortgagee's decision to discontinue requiring escrow accounts if the mortgagee continues to offer option (c) above to mortgagors. If no reply is received within 30 days, option (c) shall be selected for the mortgagor but the mortgagor may, at any time, select another option.

A mortgagee making a new mortgage and offering option (c) above to a prospective mortgagor shall, at the time of loan application, notify the prospective mortgagor of options (a), (b) and (c) above which must be extended to the prospective mortgagor. The mortgagor shall select one of the options at the time the loan is made.

Any notice required by this clause (2) shall be on forms approved by the commissioner of banking and shall provide that at any time a mortgagor may select a different option. The form shall contain a blank where the current passbook rate of interest shall be entered by the mortgagee. Any option selected by the mortgagor shall be binding on the mortgagee.

This clause (2) does not apply to escrow accounts which are excepted from the interest paying requirements of clause (1).

(3) A mortgagee shall be prohibited from charging a direct fee for the administration of the escrow account.

(4) A mortgagee shall make timely payments of tax and insurance bills provided that funds paid into the account by the mortgagor are sufficient for the payment. If there is a shortage of funds the mortgagee shall promptly notify the mortgagor of the shortage. Failure to make the payment required by this clause shall subject the mortgagee to liability for all damages caused by the failure except that this sentence shall not deprive the mortgagee of the right to present any legal defenses in any subsequent proceeding. The mortgagee is permitted to make any payment on behalf of the mortgagor even though there are not sufficient funds in a particular account to cover the payment.

Subd. 10. Notwithstanding any other law, the provisions of this section may not be waived by any oral or written agreement executed by any person.

Subd. 11. All lenders who make conventional loans pursuant to this section and who are not financial institutions supervised by state or federal government agencies shall register with the banking division of the department of commerce. Lenders who make no more than five conventional loans in any calendar year are exempt from the registration requirements of this subdivision. The commissioner of banks shall charge and collect a fee of \$25 for registration.

For purposes of this subdivision, the Minnesota housing finance agency shall not be considered a lender.

Subd. 12. All lenders, including the Minnesota housing finance agency but excluding lenders making no more than five conventional loans in any calendar year, shall make an annual report containing the following information and such further information as the commissioner may require to the commissioner of banks describing the lender's number of:

(a) conventional loans to individuals secured by a residential unit located in this state made during each month of the reporting period and the total dollar amount thereof by month;

**SUBJECT:** Process of Collecting Real Estate Taxes

**BACKGROUND:** At the present time, financial institutions must collect, monthly, 1/12th of the annual cost of CBJ real estate assessments. These funds are invested by the financial institutions until October, and then payment is made to CBJ. The Borough then reinvests the funds over the next 12 months to pay the monthly expenses for the operation of the City.

**ISSUE:** Better utilization of private tax payments will allow the City to utilize the approximately \$13 million currently invested for paying their budget items.

**SOLUTION:** Issue monthly tax bills for 1/12th the annual cost of real estate taxes directly to the property owner...the same as we are presently doing for water and sewer. (It could be a separate line on the same card.)

- ADVANTAGES:**
1. A constant monthly income to the City to cover normal city monthly cash outlay requirements, with reduce working capital, and the freeing up of approximately \$13 million to spend without increasing tax millage.
  2. A reduction in management costs by the City associated in handling and investing the funds.
  3. A closer relationship would develop between the property owners and the taxing authority as the public would constantly be reminded of the cost of the service they receive.
  4. The problems associated with buying and selling of real estate by the public would be greatly reduced as less cash funds would be needed to buy and sell the tax escrows.

- DISADVANTAGES:**
1. CBJ would lose the income currently derived from the investment of the funds. However, this income correctly belongs to the property owner as it is not the responsibility of CBJ to invest property owners' money. Currently the income is estimated to be \$585,000.
  2. Annual costs associated with a monthly billing routine is estimated as follows:

. Monthly data processing cost @ \$500/mo ---	\$ 6,000
. Input of data by staff @ 8 hours/mo -----	\$ 1,500
. Postage on tax bills that don't have -----	\$ 7,500
water and sewer services (i.e., separate bills) 4,000/mo at 10.5 cents	
. Customer relations time by staff -----	\$ 2,500
@ 2 hours/week	
. Collections work by staff @ ? hours/week -	<u>\$ 2,500</u>
TOTAL -----	<u>\$20,000</u>

. Less the reduction of investment time,---- \$24,000  
insurance and bonding associated  
with less investments @ \$2000/month  
(estimated)

The monthly savings would approximate the additional monthly cost.

SUBJECT:

Process of Collecting Real Estate Taxes

DISADVANTAGES:

3. The CBJ assembly may encounter a lot more public input requiring more time and expense to answer questions and conduct public meetings.
4. Financial institutions would lose the income associated with the investment of escrows funds. However, this income correctly belongs to the public and a close analysis of cost would probably show that a reduction of cost associated with handling the funds would more than offset the loss of income.
5. Some legal and legislative work may be required to legally change to a monthly billing process.

*J. O. Coffman*

ALASKA MORTGAGE BANKERS ASSOCIATION

P.O. BOX 4-2691/ANCHORAGE, ALASKA 99503

January 25, 1985

Mr. Willis Kirkpatrick  
Director of Banking, Securities and Corporations  
Department of Commerce and Economic Development  
Pouch D  
Juneau, Alaska 99811

Dear Mr. Kirkpatrick:

The Alaska Mortgage Bankers Association has reviewed House Bill 51 and Senate Bill 6, relating to Interest on Escrows.

Banks, of their own volition, do not require funds held in escrow on mortgage loans. This is only one requirement of the investors purchasing the mortgages, with which banks must comply in order to originate and sell mortgage loans.

The bills are discriminatory, in that they would affect banks only; escrows on mortgage loans are held not only by banks, but by Credit Unions, Savings and Loan Associations, Savings Banks and Mortgage Companies. Requiring only banks to pay interest on escrows would give non-bank institutions an unfair advantage and a disadvantage to non-bank borrowers.

The bills also would require banks to pay interest at the rate of interest charged to the borrower on a mortgage loan. Since Alaska lenders sell the majority of loans to investors, such as Alaska Housing Finance Corporation, and service the loans for the investors for a set fee, the rate of interest paid on the loan is not relevant to the escrow. This requirement would create a real computer nightmare if it is even possible, adding to the cost of performing escrow functions.

Banks have never wanted to collect reserves (escrows) on mortgage loans. During the Depression in the 1930s, many borrowers lost their homes due to inability to pay taxes. The federal government and lending institutions determined there should be a better way, and collection of reserves on a monthly basis evolved, in great part as a result of the Housing Act of 1934, which created FHA. Reserve accounts have helped standardize mortgage loans, which has resulted in loans requiring minimal down payments and lower interest rates than would otherwise be available, thus making homeownership available to more people.

AHFC, which purchases some 75-80% of all mortgage loans in Alaska, requires collection of reserves. Without the assurance that funds are available to pay taxes and insurance, we question whether AHFC could sell their bonds, and if so, at what price. The cost to Alaska homebuyers would definitely increase.

The bills would exempt those loans where escrows are required by federal law or regulation; this would exempt FHA and VA loans, and possibly loans sold to Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC). As AHFC now sells its' loans to FNMA, these could possibly also be exempted. The majority of loans in Alaska could therefore come under exemption.

Lenders holding escrow funds in connection with mortgage loans perform significant services which accrue to the benefit of the borrowers, local tax authorities, insurers and mortgage investors.

- 1) Collection of taxes and insurance monthly.
- 2) Collection of assessments in certain instances.
- 3) Obtaining tax bills and paying in a timely manner.
- 4) Payment of assessments in a timely manner.
- 5) Payment of insurance premiums to assure coverage.
- 6) Analyzing sufficiency of escrow accounts and adjusting payments as necessary due to changes in taxes, insurance and assessments.
- 7) Answering questions and complaints including those regarding increases in taxes which should more properly be directed to taxing authorities.
- 8) Distributing an annual statement of account.
- 9) Advancing lenders' own funds when necessary to insure timely payment of taxes and insurance. Repayment of these advances are often spread over a period of time, without charge, to ease the financial burden to the borrower.

The cost of administering escrow accounts is significant. Lenders currently absorb this cost because it is partially offset by non-interest bearing deposits. Should lenders be required to continue the escrow function and to pay interest on the escrows, the full cost of performing the services required would necessarily be passed on to the borrowers.

The Alaska Mortgage Bankers Association urges thoughtful consideration of these bills prior to any action. At this time, we urge these bills be rejected.

Please keep us advised of any hearings.

Sincerely,

Paula Cranmer  
President  
Alaska Mortgage Bankers Association

attachment: Membership list, Alaska Mortgage Bankers Assoc.

Introduced: 1/14/85  
Referred: 1/16/85 House Special Committee on  
State Loans and Finance

1 IN THE HOUSE

BY DUNCAN, SUND AND MARROU

2

HOUSE BILL NO. 51

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act requiring banks to pay interest on money in  
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16 by federal law or regulation. The rate of interest paid on money in a  
17 reserve account shall equal the rate of interest charged to the bor-  
18 rower for the mortgage loan and shall be computed on the average  
19 monthly balance in that account on the first of each month.

20 (b) Interest earned on money in a reserve account shall be  
21 annually credited to the remaining principal balance on the mortgage  
22 loan, or at the election of the borrower, shall be paid to the borrow-  
23 er.

24 \* Sec. 2. AS 06.05.285 enacted in sec. 1 of this Act applies to escrow  
25 and similar reserve accounts established before the effective date of this  
26 Act, as well as to accounts established after the effective date of this  
27 Act, with interest to be paid beginning on the effective date of this Act  
28 on money in those accounts.



Offered: 2/4/85  
Referred: Finance

Original sponsors: Navarre and Szymanski

Funding Information

General Fund	\$10,200,000
Other Funds	- 0 -
	<u>\$10,200,000</u>

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 52 (State Affairs)

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 to the Depart-  
7 ment of Administration for construction of a pio-  
8 neers' home in Kenai; and providing for an effective  
9 date."

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

11 \* Section 1. The sum of \$10,200,000 is appropriated from the general  
12 fund to the Department of Administration for construction of a pioneers'  
13 home in Kenai.

14 \* Sec. 2. The appropriation made by this Act is for a capital project  
15 and is subject to AS 37.25.020.

16 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.-  
17 10.070(c).

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Introduced: 1/14/85  
Referred: State Affairs and  
Finance

Funding Information	
General Fund	\$10,200,000
Other Funds	- 0 -
	<u>\$10,200,000</u>

1 IN THE HOUSE

BY NAVARRE

2 HOUSE BILL NO. 52

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 to the Depart-  
7 ment of Transportation and Public Facilities for  
8 construction of a pioneers' home in Kenai; and pro-  
9 viding for an effective date."

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

11 \* Section 1. The sum of \$10,200,000 is appropriated from the general  
12 fund to the Department of Transportation and Public Facilities for con-  
13 struction of a pioneers' home in Kenai.

14 \* Sec. 2. The appropriation made by this Act is for a capital project  
15 and is subject to AS 37.25.020.

16 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.-  
17 10.070(c).

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STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Page 1 of 2

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

Page 1 of 2

**REQUEST**

Bill/Resolution No.: HB 52

Title: \_\_\_\_\_

Sponsor: Navarre

Requestor: \_\_\_\_\_

Date of Request: \_\_\_\_\_

**FISCAL DETAIL**

Agency Affected: Administration

Program Category Affected: Social and  
Economic Assistance for the Aged

BRU, Program or Subprogram(s) Affected:

Pioneers' Homes

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

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES	0	0	0	28.3	929.9	1,859.7
200 TRAVEL	0	0	0	3.0	6.0	2.7
300 CONTRACTUAL	0	0	0	3.5	176.6	369.5
400 SUPPLIES	0	0	0	.8	150.0	176.4
500 EQUIPMENT	0	0	0	3.0	0	0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS	0	0	0	0	1.0	3.5
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0	0	0	38.6	1,263.5	2,411.8
<b>CAPITAL</b>	10,200.0	0	0	0	0	0
<b>REVENUE</b>	0	0	0	0	40.0	110.4

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	0	0	0	38.6	1,223.5	2,301.4
FEDERAL FUNDS						
OTHER	10,200	0	0	0	40.0	110.4
<b>TOTAL</b>	10,200	0	0	38.6	1,263.5	2,411.8

**POSITIONS:**

FULL-TIME	0	0	0	1	45.0	45.0
PART-TIME	0	0	0	0	9.0	9.0
TEMPORARY	0	0	0	0	0	0

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

Prepared By: *[Signature]* *HR*  
E. Louis Keller, Director

Division: Pioneers' Benefits

Phone: 465-4400

Date: January 29, 1985

Approved by Commissioner: *[Signature]* *LR*  
Lisa Rudd

Agency: Department of Administration

Date: 1/30/85

Distribution (by Agency preparing fiscal note):

Legislative Finance

Legislative Sponsor

Requestor

Office of Management and Budget

Impacted Agency(ies)

HB 52 Page 2 of 2  
Fiscal Note Analysis  
Prepared by Division of Pioneers' Benefits  
Department of Administration  
January 29, 1985

This bill makes appropriation of \$10.2 million for construction of a Pioneers' Home in Kenai.

ASSUMPTIONS:

1. A Home of approximately 50 beds would be built.
2. It would be ready for occupancy on January 1, 1989.
3. Approximately 45 full-time and 9 part-time positions would be needed to staff the Home.
4. Operating expenses would be proportionate to those in other Pioneers' Homes.
5. A Pioneers' Home Manager would be hired one year prior to Home completion to assist in planning, construction, outfitting, and hiring of staff.
6. Inflation is not included in cost computations.

COMMITTEE REPORT  
HOUSE

2/4

(7)

FURTHER: Finance

1/14/85

Date: 2/1 - MAR - 85

The Committee on State Affairs has had HB 52

"An Act making a special appropriation to the Department of Transportation and Public Facilities for construction of a pioneers' home in Kenai; and providing for an effective date."

under consideration and recommends:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for HB 52 (SA)  same title new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  Fiscal Notes (2)
- reports it back without recommendation  Zero Fiscal Note Attached
- referred to the \_\_\_\_\_ Committee Sep 13

MEMBERS SIGNING  
DO PASS

Katie Hurley  
M. H. H.  
Mike Navane  
Bette Cats  
Collins  
Boucher

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

Roger J. Jenkins  
no recommendation

Katie Hurley  
 CHAIRMAN

ALASKA STATE LEGISLATURE

14th Legislature FIRST Session

HOUSE BILL NO. 52

By NAVARRE

"An Act making a special appropriation to the Department of Transportation and Public Facilities for construction of a pioneers' home in Kenai; and providing for an effective date."

Pioneers Home/Kenai

Introduced in the House ... 1/14 ..., 1985.

HISTORY IN THE HOUSE

19 85	Read first time and referred to Committee on																												
Jan. 14	STATE AFFAIRS AND FINANCE																												
	Reported back with recommendation that																												
	Read second time and																												
	Read third time and																												
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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																												
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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. ....

POSITION PAPER

HB 52

This bill would make a \$10,200,000 special appropriation to the Department of Transportation and Public Facilities for construction of a Pioneers' Home in Kenai, and provides an effective date.

The purpose of this bill would be better facilitated if the appropriation were made to the Department of Administration. The Department of Administration is responsible for administering pioneers' homes and is structured to provide the necessary statewide coordination.

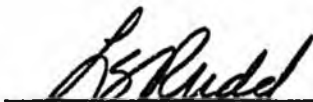
A feasibility study authorized by the 1984 Legislature on the subject of a Kenai pioneers' home is nearing conclusion, and the contractor, Laventhol & Horwath of Seattle, will complete its report on February 15, 1985. The Department of Administration recommends that no action be taken on HB 52 until this feasibility study is available.



E. Louis Keller, Director  
Division of Pioneers' Benefits

January 28, 1985

Date



Commissioner Lisa Rudd  
Department of Administration

1/30/85

Date

# Peninsula Clarion

FRIDAY, Feb. 22, 1985

Vol. 15, Issue 102

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## Snowbound bedroom

Kenal's Jettie Petersen staged a scene in front of the Senior Citizens Center Thursday in support of House Bill 52. The bill would provide about \$10 million for construction of a Pioneer Home adjacent to the center. The bill is being considered by the House Finance Committee. (Photo by Roy Shapley)

Introduced: 1/14/85  
Referred: State Affairs and Finance

Funding Information  
General Fund \$10,200,000  
Other Funds - 0 -  
\$10,200,000

1 IN THE HOUSE

BY NAVARRE

2

HOUSE BILL NO. 52

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 to the Depart-

7

ment of Transportation and Public Facilities for

8

construction of a pioneers' home in Kenai; and pro-

9

viding for an effective date."

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

11

\* Section 1. The sum of \$10,200,000 is appropriated from the general

12

fund to the Department of Transportation and Public Facilities for con-

13

struction of a pioneers' home in Kenai.

14

\* Sec. 2. The appropriation made by this Act is for a capital project

15

and is subject to AS 37.25.020.

16

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

17

10.070(c).



COMMITTEE REPORT  
HOUSE

4/4

(7)

FURTHER: FINANCE

3/8/85

Date: April 2, 1985

The Committee on HEALTH, EDUCATION AND SOCIAL SERVICES has had SSHB 53

"An Act making a special appropriation to the Department of Health and Social Services for payment as a grant to the Kenai-Soldotna Women's Resource and Crisis Center; and providing for an effective date."

under consideration and recommends:

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

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

GRUENBERG <u>[Signature]</u>	THOMPSON <u>[Signature] - NO REC.</u>
KOPONEN <u>[Signature]</u>	HANLEY <u>[Signature] No Rec</u>
TAYLOR <u>[Signature]</u>	PETTY-SCHAF <u>[Signature] no rec</u>
HURLEY <u>[Signature]</u>	
_____	_____
_____	_____
_____	_____
_____	_____

[Signature]  
CO-CHAIRMAN  
[Signature]  
Co-Chair

Introduced: 3/8/85  
Referred: Health, Education &  
Social Services and Finance

*Ford*

Funding Information

General Fund	\$56,500
Other Funds	- 0 -
	<u>\$56,500</u>

1 IN THE HOUSE

BY NAVARRE

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 53

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 to the Depart-  
7 ment of Health and Social Services for payment as a  
8 grant to the Kenai-Soldotna Women's Resource and  
9 Crisis Center; and providing for an effective date."

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

11 \* Section 1. The sum of \$56,500 is appropriated from the general fund  
12 to the Department of Health and Social Services for payment as a grant to  
13 the Kenai-Soldotna Women's Resource and Crisis Center for the funding of a  
14 district-wide program on the prevention of child sexual abuse.

15 \* Sec. 2. The appropriation made by this Act shall be disbursed in  
16 accordance with AS 37.05.316.

17 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.-  
18 10.070(c).

COMMITTEE COPY

ALASKA STATE LEGISLATURE

14th..... Legislature FIRST.... Session

SPONSOR SUBSTITUTE

HOUSE ..... BILL ..... NO. .... 53

By NAVARRE.....

"An Act making a special appropriation to the Department of Health and Social Services for payment as a grant to the Kenai-Soldotna Women's Resource and Crisis Center; and providing for an "effective date."

Kenai-Soldat.Women's Center

Introduced in the House ..... 3/8., 19.85

HISTORY IN THE HOUSE

1985

Mar. 8

Read first time and referred to Committee on HESS AND 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: 3/8/85  
Referred: Health, Education &  
Social Services and Finance

Funding Information  
General Fund \$56,500  
Other Funds - 0 -  
\$56,500

1 IN THE HOUSE

BY NAVARRE

2

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 53

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 to the Depart-

7

ment of Health and Social Services for payment as a grant to

8

grant to the Kenai-Soldotna Women's Resource and

9

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

11 \* Section 1. The sum of \$56,500 is appropriated from the general fund

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14 district-wide program on the prevention of child sexual abuse.

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

16 accordance with AS 37.05.316.

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

18 10.070(c).

COMMITTEE REPORT  
HOUSE

(11)

FURTHER:

4/15/85

Date: 4-30-85

The Committee on FINANCE has had HB 55

"An Act relating to licensed premises."

under consideration and recommends:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for HB 55 (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
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

Robert G. Gable

Donald J. J...

Pat F...

Rich Bell

...

...

...

...

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

...

...

...

...

...

...

...

Robert G. Gable  
CHAIRMAN

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

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

REQUEST

Bill/Resolution No.: CSHB 55(JUD)  
 Title: An Act relating to licensees' duty to contact taxi & display signs  
 Sponsor: Collins  
 Requestor: House Judiciary  
 Date of Request: 4/13/85

FISCAL DETAIL

Agency Affected: Dept. of Health & Social Services  
 Program Category Affected: Office of Alcoholism & Drug Abuse  
 BRU, Program or Subprogram(s) Affected: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

According to testimony before the Judiciary Committee by the Department of Health & Social Services, Office of Alcoholism and Drug Abuse, that because this bill represents a positive approach to problems caused by alcohol abuse, the department is willing to fund the cost of the required signs up to the amount cited in the original fiscal note. The funds will come from the operating budget and require no additional appropriation.

Prepared By: Hayden Kaden, Counsel *HK* Phone: 465-4990  
 Division: House Judiciary Committee Date: 4/15/85

Approved by Commissioner *[Signature]* Date: \_\_\_\_\_  
 Agency: Legislature

Distribution (by Agency preparing fiscal note):

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

7/1/84

Original sponsors: Collins, Jehling  
and Gruenberg

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 55 (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 liquor licensees' duty to contact  
7 taxis for patrons and to display alcohol warning  
8 signs."

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

10 \* Section 1. AS 04.21 is amended by adding new sections to read:

11 Sec. 04.21.035. DUTY TO CONTACT TAXI. A licensee or a licens-  
12 ee's agent or employee shall make reasonable efforts to procure a  
13 taxi, where regular taxi service is available, for any person in the  
14 premises who requests a taxi. The licensee is not responsible for  
15 paying the cost of the taxi.

16 Sec. 04.21.036. DISPLAY OF ALCOHOL WARNING SIGNS. (a) A li-  
17 censee, except a common carrier licensee, shall conspicuously display  
18 at each public entrance and exit of premises where alcohol is sold at  
19 retail, a sign that reads "Drunk Drivers Go To Jail, Pay Fines and  
20 Lose Their Licenses - Why Risk It - Call A Taxi." The sign shall  
21 include a prohibitory symbol. The sign must be at least 18 inches  
22 wide and six inches high, with lettering at least one and one-fourth  
23 inches high.

24 (b) The state shall furnish, without cost, signs required under  
25 this section to any licensee requesting them.  
26  
27  
28  
29

Offered: 4/15/85  
Referred: Finance

Original sponsors: Collins, Uehling  
and Gruenberg

FIN

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 55 (~~Judiciary~~)

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 liquor licensees' duty to contact  
7 taxis for patrons and to display alcohol warning  
8 signs."

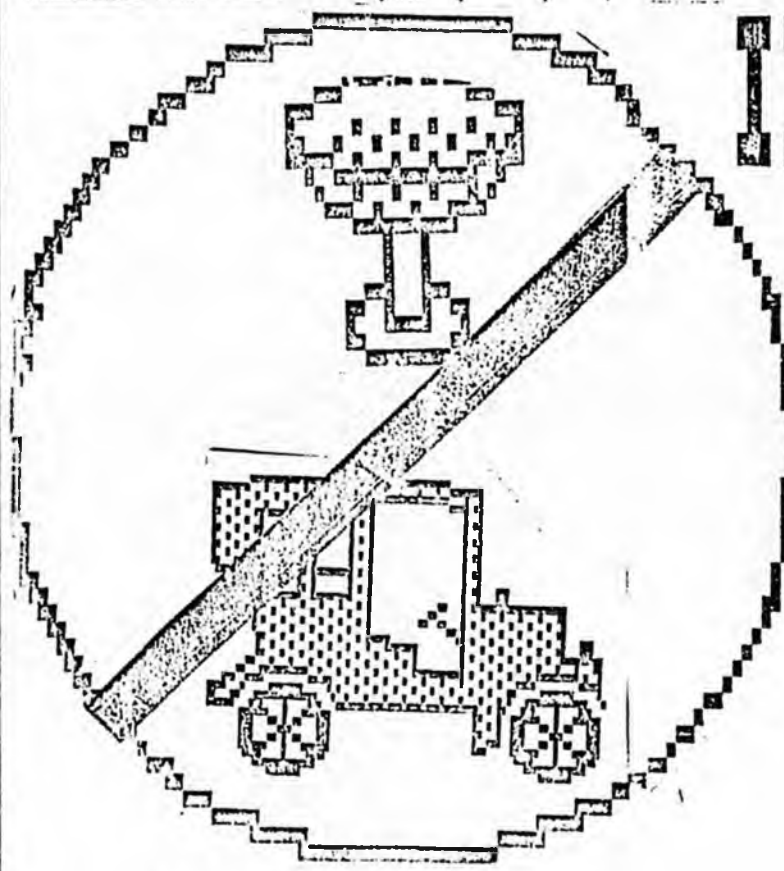
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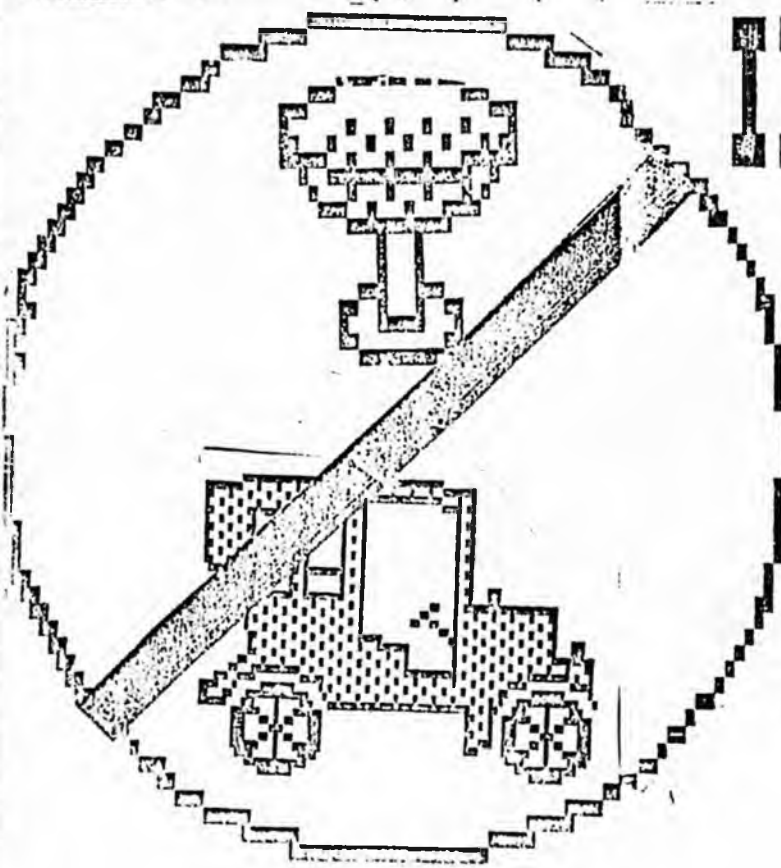
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21 include a prohibitory symbol. The sign must be at least 18 inches  
22 wide and six inches high, with lettering at least one and one-fourth  
23 inches high.

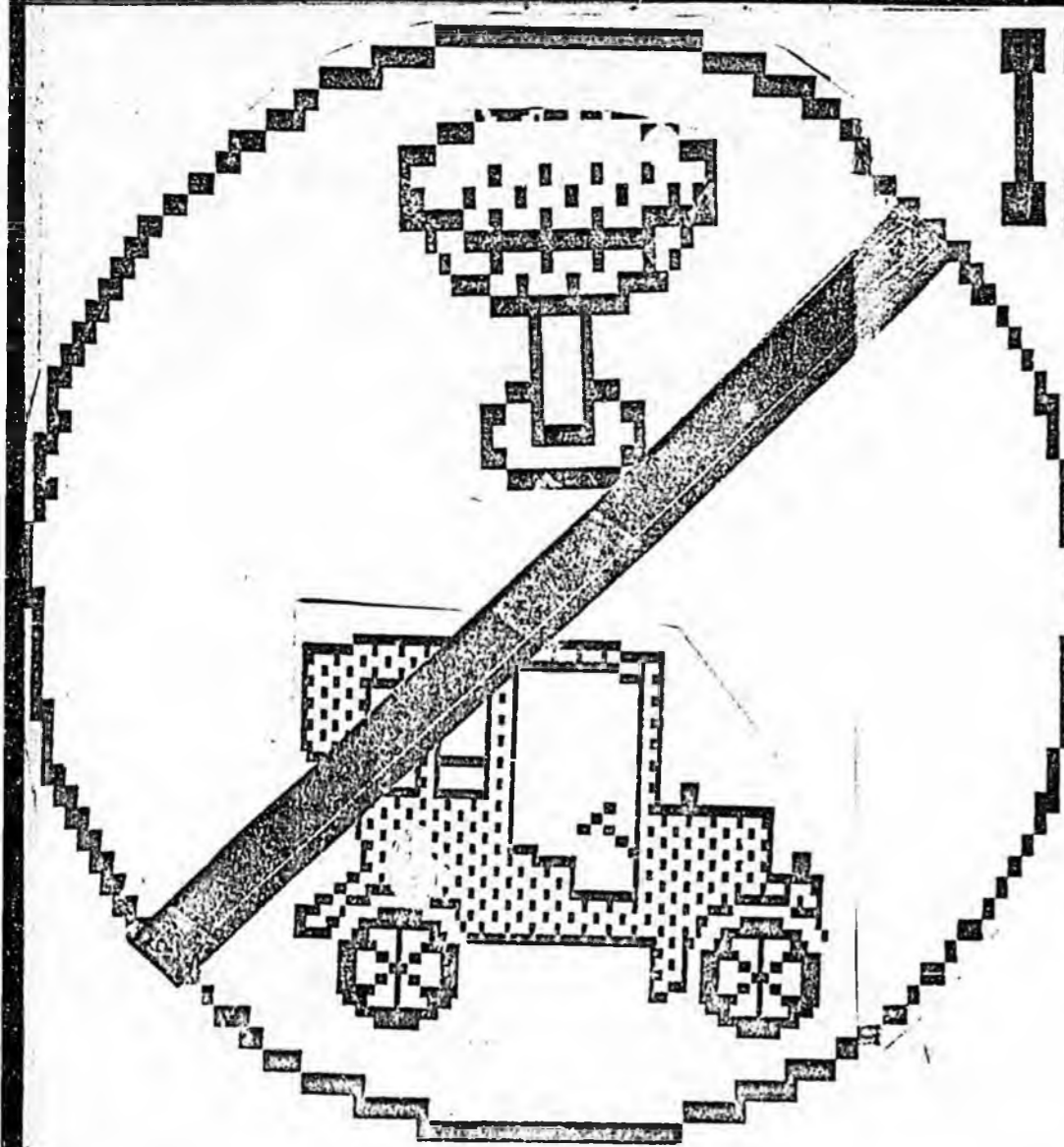
24 (b) The ~~Department of Revenue~~ <sup>State of AK</sup> shall furnish, without cost, signs  
25 required under this section to any licensee requesting them.



INTOXICATED DRIVERS  
GO TO JAIL, PAY A FINE  
AND LOSE THEIR  
LICENCE - WHY RISK IT -  
CALL A TAXI



INTOXICATED DRIVERS  
GO TO JAIL, PAY A FINE  
AND LOSE THEIR  
LICENCE - WHY RISK IT -  
CALL A TAXI



INTOXICATED DRIVERS

GO TO JAIL, PAY A FINE

AND LOSE THEIR

LICENCE - WHY RISK IT -

CALL A TAXI

Introduced: 1/16/85  
Referred: Labor & Commerce,  
Judiciary and Finance

1 IN THE HOUSE

BY COLLINS

2

HOUSE BILL NO. 55

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 licensed premises."

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

8 \* Section 1. AS 04.21 is amended by adding new sections to read:

9       Sec. 04.21.035. DUTY TO CONTACT TAXI. A licensee or a licens-  
10 ee's agent or employee shall make reasonable efforts to procure a  
11 taxi, where taxi service is available, for any person in the premises  
12 who requests a taxi.

13       Sec. 04.21.036. DISPLAY OF ALCOHOL WARNING SIGNS. (a) A li-  
14 censee shall conspicuously display at each entrance and exit of prem-  
15 ises where alcohol is sold at retail, a sign that reads "Intoxicated  
16 Drivers Go To Jail, Pay a Fine and Lose Their License - Why Risk It? -  
17 Call a Taxi" and that includes a prohibitory symbol containing a  
18 stylized automobile and cocktail glass.

19       (b) The sign required by (a) of this section must be at least 18  
20 inches wide and six inches high, with lettering at least one and  
21 one-fourth inches high.

22       (c) The Department of Revenue shall furnish signs required under  
23 this section to a licensee who requests them.



COMMITTEE REPORT

2/20

HOUSE

( 7 )

FURTHER: FINANCE

2/4/85

Date: Feb. 14<sup>th</sup>, 1985

The Committee on LABOR & COMMERCE has had HB 57

"An Act making special appropriations for an asbestos health hazard abatement program; and providing for an effective date."

under consideration and recommends:

do pass

[ ] do not pass

[ ] do pass with attached amendments(s)

[ ] replace with CS for

[ ] same title  
[ ] new title

and recommends

[ ] AND attaches a "Letter of Intent" [ ] New Fiscal Note

reports it back without <sup>is directed</sup> recommendation [ ] Zero Fiscal Note Attached

[ ] referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

W. G. Kopman  
D. G. [unclear]  
Mike Davis  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

Mike [unclear] - no rec  
[unclear] - No Rec  
Mike [unclear] - no rec  
\_\_\_\_\_  
\_\_\_\_\_

Mike [unclear]  
CHAIRMAN

Offered: 2/4/85  
Referred: Labor & Commerce  
and Finance

Original sponsors: Gruenberg and Koponen

Funding Information  
General Fund \$29,923,000  
Other Funds -0-  
\$29,923,000

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 57 (HESS)

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 special appropriations for an asbestos  
7 survey and an asbestos health hazard abatement  
8 program; and providing for an effective date."

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

10 \* Section 1. The sum of \$300,000 is appropriated from the general fund  
11 to the Department of Labor to implement the asbestos health hazard abate-  
12 ment program.

13 \* Sec. 2. The sum of \$27,623,000 is appropriated from the general fund  
14 to the Department of Education for administration of the asbestos health  
15 hazard abatement program and for grants to abate asbestos health hazards in  
16 schools in school districts and regional educational attendance areas.

17 \* Sec. 3. The sum of \$2,000,000 is appropriated from the general fund  
18 to the University of Alaska for an asbestos survey and an asbestos health  
19 hazard abatement program within the University of Alaska system.

20 \* Sec. 4. The unexpended and unobligated portions of the appropriations  
21 made by this Act lapse into the general fund June 30, 1987.

22 \* Sec. 5. This Act takes effect on the effective date of an Act estab-  
23 lishing an asbestos health hazard abatement program.  
24  
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29

Introduced: 1/16/85  
Referred: Health, Education & Social  
Services, Labor & Commerce and Finance

<u>Funding Information</u>	
General Fund	\$26,300,000
Other Funds	-0-
	<u>\$26,300,000</u>

1 IN THE HOUSE

BY GRUENBERG AND KOPONEN

2 HOUSE BILL NO. 57

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 special appropriations for an asbestos  
7 health hazard abatement program; and providing for an  
8 effective date."

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

10 \* Section 1. The sum of \$300,000 is appropriated from the general fund  
11 to the Department of Labor to implement the asbestos health hazard abate-  
12 ment program.

13 \* Sec. 2. The sum of \$26,000,000 is appropriated from the general fund  
14 to the Department of Education for administration of the asbestos health  
15 hazard abatement program and for grants to abate asbestos health hazards in  
16 schools in school districts and regional educational attendance areas.

17 \* Sec. 3. The unexpended and unobligated portions of the appropriations  
18 made by this Act lapse into the general fund June 30, 1987.

19 \* Sec. 4. This Act takes effect on the effective date of an Act estab-  
20 lishing an asbestos health hazard abatement program.

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28 -1-

29  
-1- HB 57

COMMITTEE COPY

COMMITTEE REPORT  
HOUSE

2/4  
Labor and  
Commerce

( 7 )

FURTHER: Finance

1/16/85

Date: Feb, 1, 1985

The Committee on Health, Education and Social Services has had HB 57

"An Act making special appropriations for an asbestos health hazard abatement program; and providing for an effective date."

under consideration and recommends:

do pass [ ] do not pass

[ ] do pass with attached amendments(s)

replace with CS for HB 57 (Ness)  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

[ ] referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

[Signature]  
[Signature]  
[Signature]  
[Signature]  
[Signature]  
\_\_\_\_\_  
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\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

[Signature] (Do Not Pass)  
[Signature] no rec  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Signature] CO-CHAIRMAN  
[Signature]

**ALASKA STATE LEGISLATURE**

.14th.. Legislature **FIRST...** Session

**HOUSE ...BILL..... NO. .57....**

By ...**GRUENBERG.,KOPONEN.....**

"An Act making special appropriations for an asbestos health hazard abatement program; and providing for an effective date."

**Asbestos Health Hazard Abate.Pro.**

Introduced in the House .1/16...., 19..85

**HISTORY IN THE HOUSE**

19 85	Read first time and referred to Committee on
Jan. 16	<b>HESS, L&amp;C AND FINANCE</b>
	Reported back with recommendation that
	Read second time and
	Read third time and
	<b>PASS</b> <b>Effective Date</b>
	Yeas          Yeas
	Nays          Nays
	Absent        Absent
	Excused      Excused
	<b>Reconsideration</b>
	<b>PASS</b> <b>Effective Date</b>
	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
	<b>PASS</b> <b>Effective Date</b>
	Yeas          Yeas
	Nays          Nays
	Absent        Absent
	Excused      Excused
	<b>Reconsideration</b>
	<b>PASS</b> <b>Effective Date</b>
	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: <b>VOTE</b>
	Failed to concur in Senate amendment; asked Senate to recede <b>VOTE</b>
	Senate receded from amendment <b>VOTE</b>
	Senate failed to recede from amendment <b>VOTE</b>
	CC appointed by House
	CC appointed by Senate
	CC adopted by House <b>VOTE</b>
	CC adopted by Senate <b>VOTE</b>
	To enrolling
	Reported correctly enrolled
	Sent to Governor
	..... by Governor
	Filed with Lt. Governor
	Chapter No. ....

Offered: 2/4/85  
Referred: Labor & Commerce and Finance

Original sponsors: Gruenberg and Koponen

Funding Information  
General Fund \$29,923,000  
Other Funds -0-  
\$29,923,000

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 57 (HESS)

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 special appropriations for an asbestos  
7 survey and an asbestos health hazard abatement  
8 program; and providing for an effective date."

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

10 \* Section 1. The sum of \$300,000 is appropriated from the general fund  
11 to the Department of Labor to implement the asbestos health hazard abate-  
12 ment program.

13 \* Sec. 2. The sum of \$27,623,000 is appropriated from the general fund  
14 to the Department of Education for administration of the asbestos health  
15 hazard abatement program and for grants to abate asbestos health hazards in  
16 schools in school districts and regional educational attendance areas.

17 \* Sec. 3. The sum of \$2,000,000 is appropriated from the general fund  
18 to the University of Alaska for an asbestos survey and an asbestos health  
19 hazard abatement program within the University of Alaska system.

20 \* Sec. 4. The unexpended and unobligated portions of the appropriations  
21 made by this Act lapse into the general fund June 30, 1987.

22 \* Sec. 5. This Act takes effect on the effective date of an Act estab-  
23 lishing an asbestos health hazard abatement program.

Introduced: 1/16/85  
Referred: Health, Education & Social  
Services, Labor & Commerce and Finance

Funding Information  
General Fund \$26,300,000  
Other Funds -0-  
\$26,300,000

1 IN THE HOUSE

BY GRUENBERG AND KOPONEN

2

HOUSE BILL NO. 57

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 special appropriations for an asbestos  
7 health hazard abatement program; and providing for an  
8 effective date."

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

10 \* Section 1. The sum of \$300,000 is appropriated from the general fund  
11 to the Department of Labor to implement the asbestos health hazard abate-  
12 ment program.

13 \* Sec. 2. The sum of \$26,000,000 is appropriated from the general fund  
14 to the Department of Education for administration of the asbestos health  
15 hazard abatement program and for grants to abate asbestos health hazards in  
16 schools in school districts and regional educational attendance areas.

17 \* Sec. 3. The unexpended and unobligated portions of the appropriations  
18 made by this Act lapse into the general fund June 30, 1987.

19 \* Sec. 4. This Act takes effect on the effective date of an Act estab-  
20 lishing an asbestos health hazard abatement program.

COMMITTEE REPORT  
HOUSE

(11)

FURTHER:

2/22/85

Date: 4-27-85

Mr. Speaker:

The Committee on FINANCE has had HB 58

"An Act relating to the fisheries business tax."

under consideration and reports it back as follows:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for HB 58 (FIN)  same title  
 new title
- and recommends individual recommendations
- 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]

[Signature] (DO PASS)

[Signature]

[Signature]

[Signature]

[Signature]

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

[Signature] No Rec

[Signature] No Rec

[Signature] DO NOT PASS  
without Amendment

[Signature] DO NOT PASS  
without Amendment

[Signature] DO NOT PASS  
without Amendment

[Signature] can't afford it

[Signature]

CHAIRMAN

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

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

REQUEST

Bill/Resolution No.: CSHB 58(FIN)  
 Title: Re: fisheries  
business tax.  
 Sponsor: Cato & Grussendorf  
 Requestor: House Finance  
 Date of Request: April 18, 1985

FISCAL DETAIL

Agency affected: Revenue  
 Program Category Affected: \_\_\_\_\_  
 BRU, Program or Subprogram(s) Affected: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
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				
<b>TOTAL OPERATING</b>		0				

<b>CAPITAL</b>		0				
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<b>REVENUE</b>		(7000.00)	(7000.00)			
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME		0				
PART-TIME		0				
TEMPORARY		0				

ANALYSIS: Attach a separate page if necessary

Any necessary operating expenses can be absorbed in the FY 86 budget. The potential revenue loss can not be precisely determined. The subcommittee feels that the \$7 million loss is an accurate estimate.

*APA*

Prepared By: Al Adams, Chair Phone: 465-3706  
 Division: House Finance Date: 4/18/85

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

Distribution (by Agency preparing fiscal note):

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

7/1/84

Original sponsors: Cato, Grussendorf  
and Thompson

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 58 (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 the fisheries business tax."

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

8 \* Section 1. AS 43.75.015(a) is amended to read:

9 (a) A person engaged in a fisheries business is liable for and  
10 shall pay the tax levied by this section on the value of each of the  
11 following fisheries resources processed during the year at the rate  
12 set out after each:

13 (1) salmon canned at a shore-based fisheries business  
14 [CANNERY] - four and one-half percent;

15 (2) salmon processed by a shore-based fisheries business,  
16 except salmon for which the tax is due under (1) of this subsection,  
17 and all other fisheries resources processed by a shore-based fisheries  
18 business - three percent;

19 (3) fisheries resources processed by a floating fisheries  
20 business - five percent.

21 \* Sec. 2. AS 43.75 is amended by adding new sections to read:

22 Sec. 43.75.032. FISHERIES BUSINESS TAX CREDIT. (a) A fisheries  
23 business is entitled to a credit of not more than 50 percent of the  
24 business tax liability under AS 43.75.015 for capital expenditures  
25 made during the tax year that increase product diversity, increase  
26 production efficiency and capacity, or improve product quality at a  
27 shore-based fisheries business facility in the state if an application  
28 for the credit is approved by the department. A tax credit taken  
29 under this section in a single tax year may not exceed \$1,000,000.

1 (b) A fisheries business may claim a credit under (a) of this  
2 section for a maximum period of five consecutive years. An applicant  
3 for the credit may elect to begin the five-year period with any tax  
4 year from 1985 through 1989.

5 (c) The portion of a capital expenditure that exceeds the amount  
6 eligible for a credit under (a) of this section during a single tax  
7 year may not be carried back to a prior taxable year but may be  
8 claimed as a credit under (a) of this section for a subsequent tax  
9 year within the five-year period elected under (b) of this section.  
10 Tax credits may not be approved for more than 100 percent of a capital  
11 expenditure.

12 (d) The department may not approve a tax credit under (a) of  
13 this section if the property for which the capital expenditure was  
14 made was the subject of a previous capital expenditure by another  
15 taxpayer for whom a corresponding tax credit under (a) of this section  
16 has been approved or if the property was sold or transferred between  
17 fisheries businesses having substantial common ownership.

18 (e) The department shall adopt regulations providing for the  
19 application for a credit under (a) of this section and for the review  
20 and approval or disapproval of an application.

21 (f) The department shall approve or disapprove an application  
22 for a credit under this section not later than 60 days after receiving  
23 the application.

24 Sec. 43.75.034. TAX CREDIT REPORT. Not later than the 60th  
25 legislative day of each regular legislative session the Department of  
26 Revenue, in conjunction with the Department of Commerce and Economic  
27 Development, shall submit to the legislature a report on the fisheries  
28 business tax credit program under AS 43.75.032. The report shall  
29 describe the expenditures for which a credit was claimed during the

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previous tax year and, if possible, the increase in employment and processing capacity by the fisheries businesses for whom the credit was approved. Reporting under this section shall begin with the first regular session of the Fifteenth Alaska Legislature.

Sec. 43.75.036. RECAPTURE. If a taxpayer sells, disposes of, or otherwise ceases to use property for which a credit was allowed under AS 43.75.032 at any time within four years after the date the property was placed in service, the tax imposed for the taxable year under AS 43.75.015 is increased by the applicable percentage of the full amount taken as a credit under AS 43.75.032 according to the following table:

Years Property Placed in Service	Applicable Percentage
0 - 1	100
1 - 2	75
2 - 3	50
3 - 4	25

\* Sec. 3. AS 43.75.130 is amended by adding a new subsection to read:

(b) For purposes of this section, tax revenue collected under AS 43.75.015 from a person entitled to a credit under AS 43.75.032 shall be calculated as if the person's tax had been collected without applying the credit.

\* Sec. 4. AS 43.75.140 is amended by adding a new paragraph to read:

(9) "capital expenditures" includes the price paid for equipment and the cost of improvements made to depreciable property but does not include expenditures that are deducted entirely for federal income tax purposes in the year in which they accrued or were paid.

\* Sec. 5. AS 43.75.032, 43.75.034, 43.75.130(b), and 43.75.140(9) a

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repealed January 1, 1994.

Rec'd  
5/2/85

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date 4-30-85

REQUEST  
Bill/Resolution No: CS HB 58 (FIN)  
Title: Fisheries Business Tax Credit  
Sponsor: Cato & Grussendorf  
Requestor: Special Committee on Fish  
Date of Request: April 30, 1985

FISCAL DETAIL  
Agency Affected: Department of Revenue  
Program Category Affected: Collection and Management  
BRU, Program of Subprogram(s) Affected: Audit Division  
Audit Division

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<u>OPERATING</u>						
100 PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
200 TRAVEL	-0-	2.0	-0-	-0-	-0-	-0-
300 CONTRACTUAL	-0-	3.0	-0-	-0-	-0-	-0-
400 SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
500 EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
600 LANDS & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
800 MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
<u>TOTAL OPERATING</u>	-0-	5.0	-0-	-0-	-0-	-0-
<u>CAPITAL</u>	-0-	-0-	-0-	-0-	-0-	-0-
<u>REVENUE</u>	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	5.0	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
<u>TOTAL</u>	-0-	5.0	-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: Please see attached.

Prepared By: Martin J. Richard  
Division: Audit Division

Phone: 465-2320  
Date: April 30, 1985

Approved by Commissioner: [Signature]  
Agency: Revenue

Date: 5/2/85

Distribution (by Agency preparing fiscal note):

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

CS  
Analysis for HB 58 (FIN)

Travel \$2.0 - Passage of HB 58 will require the Audit Division to draft regulations and conduct public hearings throughout the state. Our fare and per diem costs are estimated at \$2,000 for travel to Ketchikan, Anchorage and Kodiak by one Audit Division employee.

Contractual Services \$3.0 - Conducting public hearing requires the presence of a court reporter, and advertising in statewide newspapers. In addition, the bill will make it necessary for the Department to revise its tax forms to request additional information from processors, and prepare annual reports to the legislature. Programming and forms design costs are included in this request.

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date

**REQUEST**

Bill/Resolution No: CSHB 58 (Fin)  
 Title: Relating to the Fisheries  
Business Tax  
 Sponsor: House Finance Committee  
 Requestor: House Rules Committee  
 Date of Request: April 30, 1985

**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
<b>OPERATING</b>						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
<b>TOTAL OPERATING</b>	-	-	-	-	-	-
<b>CAPITAL</b>	-	-	-	-	-	-
<b>REVENUE</b>	-	(7000.0)	-	-	-	-

**FUNDING: (Thousands of Dollars)**

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

**POSITIONS:**

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

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

Prepared By: Robert W. Elliott  
 Division: Revenue - Research Section

Phone: 465-2173  
 Date: 5/1/85

Approved by Commissioner: Henry G. Stedole  
 Agency: Revenue

Date: 5/2/85

Distribution (by Agency preparing fiscal note):

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

FISCAL NOTE, CSHB58 (Fin)  
Attachment

Analysis for CSHB 58 (Fin):

The above estimates are derived from the Revenue Sources March, 1985, projections for fisheries business taxes, and provide for tax credits beginning in tax year 1985. The estimates reflect the maximum revenue loss the State could experience if all shore-based fisheries business tax returns claimed a 50 percent tax credit after receiving prior approval by the department. It should be noted that although the fish processors would be the primary beneficiaries of the tax credit, there exists the possibility in certain cases where, if the processors are given a 50 percent credit and the remaining 50 percent is refunded to local governments per AS 43.75.130, the State could eventually not receive any revenues from those fisheries business taxes.

Estimates are not shown beyond FY 86 since price/catch projections are unknown.

ALASKA FISHERIES BUSINESS LICENSE TAX  
HISTORICAL ANALYSIS  
1981 - 1983

		<u>1983</u>	<u>1982</u>	<u>1981</u>
Shore-based	3.0%	\$ 9,905,000	\$ 8,948,000	\$ 9,656,000
Cannery	4.5%	2,765,000	8,357,000	5,984,000
Floating	5.0%	5,474,000	4,541,000	3,862,000
Shore-based Developing				
Species 1.0%		238,000	280,000	192,000
Floating Developing				
Species 3.0%		<u>911,000</u>	<u>555,000</u>	<u>330,000</u>
Total Fish Tax Collections		<u>\$19,293,000</u>	<u>\$22,681,000</u>	<u>\$20,024,000</u>

## UPDATING AND DIVERSIFICATION OF PROCESSING PLANTS

This is a list of equipment found in many shore based processing plants. This equipment was purchased to process crab and shrimp. The list shows the type of equipment, value and use if the processor diversified into the bottom fish industry.

<u>TYPE OF EQUIPMENT</u>	<u>VALUE</u>	<u>ACTION</u> (can it be used or not)
1. Separator belts	\$5,000 each	no
2. Tote dumper	\$1,700 each	yes
3. Refrig/phosphate tank system	\$60,000	no
4. Shrimp cooker	\$20,000/year (leased)	no
5. Shaker	\$2,000/year leased	no
6. Picking belt	\$5,000 each	no
7. Ice Machine - 10 ton	\$30,000	yes

Leases are virtually long term fixed payments. Payments continue for several years whether you process or not.

### B. CRAE PROCESSING EQUIPMENT

1. Boiler	\$70,000	no
2. Crab butchering station	\$3-8,000	no
3. Degillers	\$1-5,000	no
4. Automatic cookers	\$60,100,000	no
5. Cooling tank	\$3-10,000	maybe
6. Washing Line	\$3,000	yes
7. Brine freezing baskets	50 each \$300 \$15,000	no
8. Brine freezer	\$40,000	no

## DIVERSIFYING INTO THE BOTTOM FISH INDUSTRY

Now let's consider that a plant is making the determination that they will get into bottomfish, and make high quality fillets. Since it is a low value fish the plant MUST produce a lot of product to make the gross income to support the venture. That is to say that, when the company was making 20-40¢ per pound on crab or shrimp, they only needed to produce around \$2,000,000 pounds to make \$400,000 which would make mortgage payments, interest, base payments, utilities etc. Now, with bottomfish they can only hope to make \$2-3¢ per pound which means they must produce over 13,300,000 pounds to make the same \$400,000 to cover fixed costs. (This does not include the cost of new equipment)

In order to produce this much poundage they MUST AUTOMATE. They must cut down on labor since it is a very low value fish you could not pay workers enough to hand cut the fish. The plant also has to install more quality control equipment than it had before.

### BOTTOMFISH EQUIPMENT

1. Wet fish pump	\$70,000
2. 30 ton/day ice machine	\$50-70,000
3. Refrig/ice storage house	\$10,000
4. Additional totes	\$37,000
5. High speed fillet line	\$400,000
6. Pin bone removal table	\$4,000
7. Freezer pans	\$10,000
8. Freezer shelves	\$35,000
9. Skinning machine	\$17,000
10. Blast freezers 175,000-200,000 lbs/day	\$500,000 (at least)
11. Automatic glazer	\$18,000
12. Freezer bases, dollies	\$24,000
13. Candling table	\$3,000
<u>TOTAL EQUIPMENT PRICE</u>	\$1,243,500

Moen✓

A M E N D M E N T

Offered in the HOUSE

By Pourchot

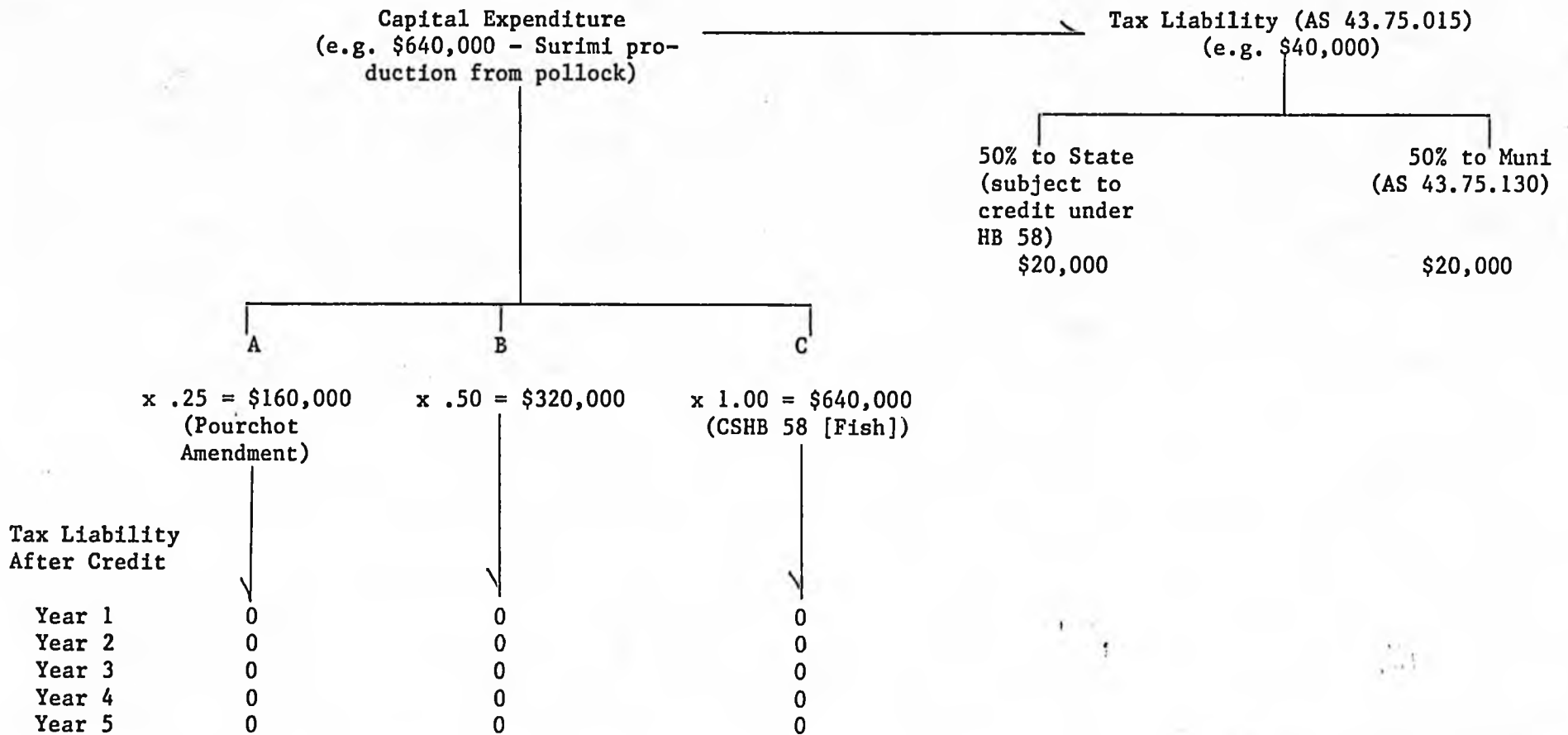
TO: CSHB 58 (FIN)

Page 2, line 10:

Delete "100" and insert "25".

SHORE BASED FISHERIES BUSINESS

<u>Tax Liability</u>	<u>Number of Taxpayers</u>	<u>Taxpayers Processing Developing Species</u>
\$1 - \$5,000	155	100
\$5,000 - \$10,000	20	11
\$10,000 - \$25,000	15	16
\$25,000 - \$50,000	27	5
\$50,000 - \$100,000	28 (217)	5
\$100,000 - \$150,000	20	0
\$150,000 - \$250,000	22	1
Greater than \$250,000	17	0
	<u>304</u> (87)	



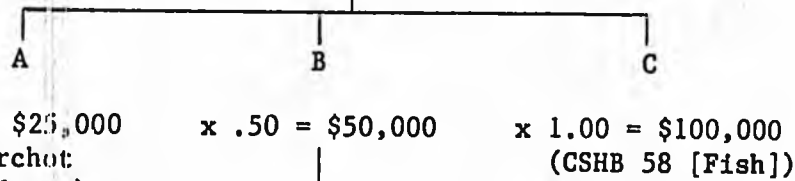
**SHORE BASED FISHERIES BUSINESS**  
(Example #2)

Capital Expenditure  
(e.g. \$100,000 -  
freezer space expansion)

Tax Liability (AS 43.75.015)  
(e.g. \$40,000)

50% to State  
(subject to  
credit under  
HB 58)  
\$20,000

50% to Muni  
(AS 43.75.130)  
\$20,000



Tax Liability  
After Credit

	A	B	C
Year 1	0	0	0
Year 2	15,000	0	0
Year 3	20,000	10,000	0
Year 4	20,000	20,000	0
Year 5	20,000	20,000	0

# MEMORANDUM

# State of Alaska

TO: Greg Baker, Director  
Office of Commercial Fisheries  
Development

DATE: April 16, 1985

FILE NO:

TELEPHONE NO:

FROM:  Richard E. Reynolds  
Development Specialist

SUBJECT:

Some typical examples of equipment and depreciable property that likely would qualify for tax credit under CSHB 58:

A moderate size plant in Sitka was able to freeze about 60,000 pounds of troll salmon per day, but lacked adequate capacity to handle fish that were delivered in large volume over short periods, such as seine salmon, halibut and roe herring. The firm recently made two capital expenditures to increase capacity and efficiency, and improve product quality:

1. A self contained freezer van capable of freezing 30,000 pounds per day -- cost \$100,000.
2. An expansion of existing freezer capacity that involved building an extension on the main plant, addition of a new compressor and condenser, and racks for the product. This project provided additional freezing capacity of about 70,000 pounds per day -- cost \$210,000.

An existing processing plant in Kodiak, with adequate floor space, refrigeration, unloading pump and other basic facilities, acquires and installs equipment necessary to produce surimi from pollock. A complete line composed of new and some used equipment capable of producing about 1.3 tons of finished product per day will cost about \$640,000. The line generally will consist of:

- Tote dump and washer
- Filleting machine with roe extractor
- Deboning machine
- Three (3) sets of washing tanks and rinsing screens
- Refiner/Strainer
- Screw press
- Filler apparatus
- Extension nozzle
- Freezing frames and packing tables

A small/medium sized plant in Kodiak needed increased ice making and storage capacity to service the vessels that are delivered to that facility. Using existing dock space and water and power service, the firm purchased a used 20 ton/day ice machine and refrigeration system, constructed a new building capable of storing about 65 tons of flake ice and put a new blower delivery system in place -- \$312,000.

RER/me0087M  
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REVIEW OF INVESTMENT  
TAX CREDITS

# Alaska State Legislature

Advisory Council Members  
Senator Kerttula, Chairman  
Senator Bennett  
Senator Fahrenkamp  
Senator Vic Fischer



Pouch V  
State Capitol  
Juneau, Alaska 99811  
Phone: (907) 465-3114

## SENATE ADVISORY COUNCIL

### MEMORANDUM

TO: Senator Fahrenkamp  
Resources Committee

FROM: Pete Jeans

DATE: February 7, 1984

RE: Review of Investment Tax Credits

Attached is a brief summary of the articles you asked me to review on investment tax credit.

I have also included a summary of "State Development Programs: A Catalogue" that was prepared by the National Council for Urban Economic Development for:

1. National Governor's Association
2. Council of State Community Affairs Agencies
3. Council of State Planning Agencies
4. National Council for Urban Economic Development

I hope this information will be helpful to the Committee.

STATE DEVELOPMENT PROGRAMS: A CATALOGUE  
National Council for Urban Economic Development

The most inefficient of all state development programs are tax concessions. Each dollar of subsidy to the firm is also a dollar of revenue lost to state or local government. For a property tax exemption, it is typically the municipality that incurs the revenue loss. For an investment tax credit, it is the state. To these losses must be added the cost of administering the tax programs. Unlike revenue bonds and other incentives, the cost of tax subsidies is borne directly and solely by the government offering them.

A further limitation on state tax concessions is that there is little evidence that they have a significant impact on business investment or plant location decisions. There are several reasons for this. The Federal tax structure allows companies a deduction for state and local taxes paid. Because corporate income is subject to a marginal federal tax rate of 48 percent, the amount of any subsidy due to tax concessions is essentially cut in half. A second factor limiting their effectiveness is that other costs of doing business are far larger and more important in the business location decision process. For example, many firms' labor costs are 20 times the amount of their state and local tax payments. Thus, a 2 percent wage differential has as much impact upon a company's bottom line as a 40 percent differential in the tax bill.

A third significant point is that many state tax concessions offer credits against tax liability for various activities. Obviously, this is relevant only if the firm has a tax liability, and many firms, particularly small and new firms, do not have a tax liability sufficient to take advantage of credits. In 1971, 90 percent of all firms had a Federal income tax liability under \$10,000 and 49 percent had no Federal income tax liability at all.

More important than the absolute level of taxes is the amount of time, trouble and record keeping firms must go through to pay them. This is particularly true for small and new businesses. The recent actions of California and other states to eliminate or simplify the inventory tax indicates that some states are beginning to consider the effect of this inconvenience.

INVESTMENT TAX CREDIT: UNRESOLVED ISSUES  
Report to Congress by Treasury

One of the objectives of the investment tax credit legislation was to stimulate the U.S. economy when it was in a recession. It was assumed that an increase in the investment tax credit during a recession would promote economic activity and stimulate a recovery. In reviewing past studies, we found the following:

It takes 2 to 4 years for there to be a significant response in investment expenditures to a change in the tax credit. That is, an increase in the investment tax credit may generate a response during the recovery phase of the business cycle and thus accelerate the recovery rather than being a key factor in ending the recession.

A large portion of the tax credit goes to reward investment that would have been made whether or not there was a tax credit.

In assessing the desirability of the investment tax credit as an incentive for business investment, a number of other alternatives should be considered. In our view, a full analysis should include at least the following options as alternatives to the investment tax credit: (1) A program of direct investment subsidies to businesses in the form of direct payments, loans, or loan guarantees; (2) a general cut in the corporation income tax; and (3) a more generous depreciation allowance for business.

STATE TAXATION AND ECONOMIC DEVELOPMENT

Robert J. Vaughan

Council of State Planning Agencies 1979

Taxes are only one factor among many -- and a relative minor one -- that affect state economic development. The quality of the local labor force, transportation facilities, energy prices, and population growth all contribute to shaping local development.

An economic development strategy must aim at attracting skilled workers as well as factories. Concentrating on industrial parks and business tax incentives at the expense of residential amenities will meet with only limited success.

An economic development strategy must focus on the overall economic climate, and not waste resources on special incentives for a few favored firms. It must encompass a broad range of policies, including training programs, infrastructure development, and capital mobility as well as a balanced tax structure.

The primary purpose of taxes is to raise revenues to pay for local services. This must be achieved with as little disruption as possible to businesses and households, as fairly as possible, and at the lowest possible administrative cost.

There is a popular myth that a reduction in the level of state business taxes will produce a flood of new development. The truth is very different. The level of business taxes has very little impact on the local growth rate or on the interstate location decision of firms.

Efficiency:

- The overall burden of taxes should reflect local preferences for public services.
- The tax structure should not lead to undesirable actions by taxpayers such as firm and household relocation.

Equity:

- The greater a taxpayer's resources, the greater the tax burden (vertical equity).
- Taxpayers with similar resources should pay similar tax burdens, all other things being equal (horizontal equity).
- The tax burden for taxpayers with similar resources should be related to the value of public services received.

Administrative Ease:

- The tax should be simple to collect and enforce.
- The tax revenue should be predictable.
- The tax revenue should grow secularly with the local demand for public services and the level of economic activity.
- The tax revenue should be cyclically stabilizing.

A direct result of the belief that business taxes really matter has been the proliferation of special tax incentives designed by states and localities to attract new businesses and to encourage expansion and new investment among existing firms.

However, the clear conclusion is that, for the most part, firms are rewarded for doing what they would have done even in the absence of the incentive.

When the state abates or exempts local taxes to induce a firm to move in, the net benefits may well become negative.

Development efforts must focus upon the overall economic climate, not upon expensive incentives to a few firms.

ALASKA MINERAL TAXATION: SUMMARY REPORT  
Whitney & Whitney, Inc.

Summary of Results

The study provides two very positive conclusions.

- 1) On the basis of these models, Alaska's mineral tax structure is average compared with the eleven other states and provides a relatively attractive tax environment for mining.
- 2) Alaska's tax structure is progressive as it is based on net proceeds taxes. Taxes are therefore proportional to income levels. This is a positive and important aspect of mineral industry taxation because mines subject to gross proceeds taxes, which do not decline proportionately with income, shut down sooner in times of adverse economic conditions.

These conclusions, however, are not unqualified. The study notes that some of the assumptions used in the mine modeling, while holding true when making comparisons between "lower 48" states, are not completely valid for Alaska. Cost differentials between Alaska and other states impact Alaskan mines as follows:

- 1) Exploration and development costs are higher.
- 2) Capital costs are higher.
- 3) Operating costs are higher.
- 4) Infrastructure investment can be a major cost.

The fourth point may represent the most significant qualification in this tax comparison. The study models do not include investment costs for infrastructure as that is often a minor component of mine development in other states. However, in Alaska, depending upon locale, it can be the largest cost in bringing a mine to the production phase.

Conclusion

The present Alaska mineral taxation structure will provide tax revenues comparable to those generated in states with viable mining industries. However, the cost differential between doing business in Alaska versus other states is an additional and presently unavoidable burden. Increasing tax rates or altering the tax structure may severely impact the ability of the mining industry to do business in Alaska.