

ALASKA LEGISLATURE COMMITTEE BILL FILES - 1987 - 1988 8879

CSSB 108 thru SB 113

47

CSSB

108

HOUSE COMMITTEE REPORT

(11)

Date referred: 5/15/87

FURTHER REFERRALS:

DATE: 5-17-87

The Finance Committee has considered CSSB 108 (Res)

"An Act relating to decisions of the commissioner of natural resources regarding the eligibility of an applicant for a pipeline right-of-way permit."

RECOMMENDS:

- replace with HCS CSSB 108 (Ltc) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

C. Swall

Ronald J. Law

M. Orr

Jay Brown

Pat Powell

SIGNING OTHER RECOMMENDATIONS:

Bill Adams - No Rec.

Rita Jure no rec.

MARK BAYON NO REC

Steve King No Recommendation

Kay Wallis - " - "

Mike Don - NO REC

Curtis Adams

Chairman's signature

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____

Bill Version: HCS CSSB-108(L&C)
Publish Date: _____

Revision Date: February 16, 1987

Agency Affected: Natural Resources
BRU: Land and Water Management

Title: Right-of-way Lease Decisions

Sponsor: Senator Coghill

Components: _____

Requestor: Senate Transportation

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STR. CTURES						
GRANTS, CLAIMS						
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: Carol J. Wilson
Division: Commissioner's Office

Phone: 465-2400
Date: 2/16/87

Approved by Commissioner: 
Agency: Natural Resources

Date: 2/16/87

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

Original sponsor: Coghill

1 IN THE SENATE BY THE LABOR AND COMMERCE COMMITTEE
2 HOUSE CS FOR CS FOR SENATE BILL NO. 108 (L&C)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

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7 natural resources regarding the eligibility of an
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7 THROUGH SIGNING OF THE LEASE AND AGREEING TO COMPLY WITH ITS TERMS,
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9 LEASE BY THE APPLICANT WITHIN 30 DAYS AFTER ITS HAVING BEEN PRESENTED
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13 requirement and condition of the covenants established under AS 38.-
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15 additional conditions that the commissioner finds to be in the public
16 interest. In place of the covenant established under AS 38.35.-
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23 the transfer. The commissioner shall also require the lessee to agree
24 not to allow the transfer of control of the lessee without the
25 approval of the commissioner; as used in this subsection, "transfer of
26 control of the lessee" means the transfer of 30 percent or more, in
27 the aggregate, of ownership interest in the lessee in one or more
28 transactions to one or more persons by one or more persons.

29 (e) The commissioner shall require a conditional lessee to agree

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3 transfer may not relieve the lessee of an obligation assumed under the
4 lease;

5 (2) a transfer, including the transfer of lessee, that
6 occurs without the approval of the commissioner is ineffective to
7 transfer interests in and obligations under the lease; and

8 (3) a transfer constitutes a default under the lease.

9 (f) In an application for the approval under (d) of this section
10 of a transfer of an interest, the commissioner shall consider whether
11 the proposed transferee will be fit, willing, and able to perform the
12 transportation or other acts proposed under the conditions established
13 in the conditional lease and whether the transfer is in the public
14 interest. In approving the transfer of an interest under (d) of this
15 section and this subsection, the commissioner may impose any condition
16 on the transfer that the commissioner considers in the public inter-
17 est.

18 (g) If, during the term of a conditional lease, the commissioner
19 determines under (a) of this section that the applicant is fit, will-
20 ing, and able to perform the transportation or other acts proposed in
21 a manner that will be required by the present or future public inter-
22 est, the commissioner may amend the conditional right-of-way lease to
23 insert the covenant established in AS 38.35.120(a)(9) in place of the
24 covenant against a transfer established under (d) and (e) of this
25 section.

26 (h) The issuance of a conditional lease does not prevent the
27 commissioner from issuing other conditional or unconditional leases
28 for the same right-of-way. A conditional lease may be revoked at any
29 time that the commissioner determines that the applicant or

1 conditional lessee will not be fit, willing, and able to perform
2 during the term of the lease or when another applicant or conditional
3 lessee is determined to be fit, willing, and able to perform under an
4 application or lease for all or part of the right-of-way. An appli-
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6 priority rights, to a particular right-of-way until the commissioner
7 makes a determination that the applicant or conditional lessee is then
8 fit, willing, and able to perform the transportation or other acts
9 proposed under (a) of this section.

10 (i) The commissioner shall insert a provision implementing the
11 requirements of (a)(5) of this section into each agreement entered
12 into by the commissioner for the construction and operation of a
13 pipeline within the state.

STATE OF ALASKA



SENATE

Letter of Intent

CSSB 108(RES)

The Judiciary committee, in considering SB-108, was made aware by a principal proponent of the bill (Yukon-Pacific Corporation) that in the corporation's project description and its scopeing document, it has signified its intention to encourage local hire at all "TAGS" facilities; to provide training for operation and maintenance personnel; to comply with State and Federal standards which are applicable or which will become applicable for the Alaska labor market and to use qualified Alaska labor in construction.

The committee welcomes these assurances. It is intended that in the administration of this chapter, the commissioner will encourage the utilization of qualified Alaska workers to the maximum possible extent.

Adopted May 9, 1987.

Senator John B. (Jack) Coghill
Alaska State Legislature

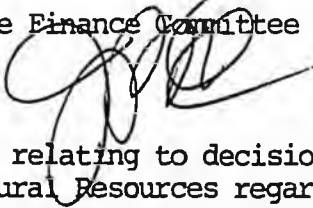
Box V
Juneau, Alaska 99811
(907) 465-4797

Box 55028
North Pole, Alaska 99705
(907) 488-0862



May 15, 1987

MEMORANDUM

To: All Members of the House Finance Committee
From: Senator John B. Coghill 
Re: CSSB 108 (Res), "An Act relating to decisions of the commissioner of Natural Resources regarding the eligibility of an applicant for a pipeline right-of-way permit."

Presently under AS 38.35.100(b), the Commissioner of DNR must make the determination that the applicant is "fit, willing and able to perform the transportation" prior to issuance of a right-of-way lease permit.

Past interpretation of this standard has meant that any applicant must have the financial capability to go forth with the project which would utilize the right-of-way.

In today's world a right-of-way permit has a value all its own when negotiating financing. To make financing a condition of the ROW lease application hampers a project's chances of becoming a financial reality.

This bill amends the Right-of-Way Leasing Act so that the Commissioner can condition a grant of right-of-way so that the applicant can receive the right-of-way but must demonstrate that it is "fit, willing and able" prior to being allowed to start construction on that right-of-way.

The current standard of "fit, willing and able" is not circumvented but the finding is postponed to a later phase in the process.

This legislation applies to all right-of-way applicants equally and allows those who have been seeking a permit to benefit from these provisions.

I believe it is important in these times to allow modifications in our statutes that assist industry in the real world, without lifting our standards.

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

Back-up

STEVE COWPER, GOVERNOR

400 WILLOUGHBY AVE.
JUNEAU, ALASKA 99801
PHONE: (907) 465-2400

February 16, 1987

The Honorable Lloyd Jones
Chairman
Senate Transportation Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99801

Dear Senator Jones:

Subject: Senate Bill 108, relating to decisions on right-of-way lease applications.

Position: The Department of Natural Resource supports the amendment to the oil and gas pipeline right-of-way leasing statute (AS 38.35.100(b)) described in this bill.

Background: Senate Bill 108 would allow the commissioner to issue a conditional pipeline right-of-way lease even if the applicant is not presently "fit, willing and able."

The existing "fit, willing and able" standard requires the applicant to be nearly ready to begin construction before a right-of-way lease can be issued. In other words, financing has to be reasonably assured, gas sale contracts and markets in place, and construction designs substantially completed.

The commissioner currently has only one alternative to finding an applicant "fit, willing and able," and that is to deny the application. This bill would provide the commissioner with an additional alternative; the ability to issue a conditional right-of-way lease, subject to conditions that ensure the applicant will become "fit, willing and able."

This bill would have a positive effect on the economic development of pipeline projects in Alaska and would not reduce the "fit, willing and able" standards an applicant would be required to meet prior to actual construction of a pipeline.

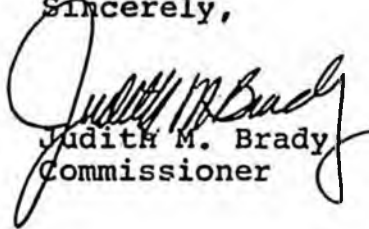
The Honorable Lloyd Jones -2-

February 16, 1987

Recommendation: To ensure that the applicant is required to become "fit, willing and able" within a reasonable period of time, add the words "within a prescribed amount of time" to line 15, after the word able.

Please let me know if you would like additional information.

Sincerely,



Judith M. Brady
Commissioner

cc: Committee members
Governor's Legislative Liaison

LAW OFFICES

BIRCH, HORTON, BITTNER, PESTINGER AND ANDERSON

A PROFESSIONAL CORPORATION

27 WEST SEVENTH AVENUE • ANCHORAGE, ALASKA 99501 • TELEPHONE (907) 276-1522 • TELECOPIER (907) 276-2822 • TELEX 26-228

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LEON V. ANDERSON**
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**D.C. AND ALASKA BAR
ALL OTHERS ALASKA BAR ONLYFIRST NATIONAL BANK BUILDING
100 SUMNER STREET, SUITE 31
FAIRBANKS, ALASKA 99701
(907) 458-8888
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(907) 588-2880
TELECOPIER (907) 588-88141188 CONNECTICUT AVE., N.W.
SUITE 1200
WASHINGTON, D. C. 20036
(202) 888-8800
TELECOPIER (202) 859-1027PUBLIC OPINION MESSAGE

TO: ALL MEMBERS OF THE HOUSE OF REPRESENTATIVES
 FROM: JEFF LOWENFELS
 RE: SENATE BILL 108, "THE PIPELINE BILL"
 DATE: MAY 15, 1987

As you know I am General Counsel for Yukon Pacific Corporation. We are trying our hardest to build a pipeline to help revive the Alaskan economy. In all sincerity we need to see the State Pipeline Right of Way Leasing Act amended -- not to give us a right to a pipeline right of way, but to give us at least the opportunity to demonstrate that the project is worthy of one.

The Bill currently has language in it which will support local hire so that should not be an issue. What is an issue is whether the Legislature supports the concept of a pipeline project which might succeed and which would get our economy moving forward again.

Some of you know me as a lawyer. Others know me as a garden columnist. What I am, above all else, is an Alaskan. As such, I urge you to support the House version of SB108 so that we can all have a chance to move this state forward. Please vote yes to Alaska's future.

Signed,

Jeff Lowenfels

JBL/rmm

Original sponsor: Coghill

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6 COMMISSIONER SHALL OFFER A LEASE TO THE APPLICANT FOR ITS ACCEPTANCE
7 THROUGH SIGNING OF THE LEASE AND AGREEING TO COMPLY WITH ITS TERMS,
8 CONDITIONS, AND OBLIGATIONS. ONLY UPON PROPER ACCEPTANCE OF OFFERED
9 LEASE BY THE APPLICANT WITHIN 30 DAYS AFTER ITS HAVING BEEN PRESENTED
10 IS THE GRANT OF THE APPLICATION CONSUMMATED].

11 * Sec. 2. AS 38.35.100 is amended by adding new subsections to read:

12 (d) The commissioner shall include in a conditional lease each
13 requirement and condition of the covenants established under AS 38.-
14 35.120. The commissioner may also require that the lessee agree to
15 additional conditions that the commissioner finds to be in the public
16 interest. In place of the covenant established under AS 38.35.-
17 120(a)(9), the commissioner shall require the lessee to agree that it
18 will not transfer, assign, pledge, or dispose of in any manner, di-
19 rectly or indirectly, its interest in a conditional right-of-way lease
20 or a pipeline subject to the conditional lease, unless the commis-
21 sioner, after considering the public interest and issuing written
22 findings to substantiate a decision to allow the transfer, authorizes
23 the transfer. The commissioner shall also require the lessee to agree
24 not to allow the transfer of control of the lessee without the
25 approval of the commissioner; as used in this subsection, "transfer of
26 control of the lessee" means the transfer of 30 percent or more, in
27 the aggregate, of ownership interest in the lessee in one or more
28 transactions to one or more persons by one or more persons.

29 (e) The commissioner shall require a conditional lessee to agree

1 that

2 (1) in the absence of the approval of the commissioner, a
3 transfer may not relieve the lessee of an obligation assumed under the
4 lease;

5 (2) a transfer, including the transfer of lessee, that
6 occurs without the approval of the commissioner is ineffective to
7 transfer interests in and obligations under the lease; and

8 (3) a transfer constitutes a default under the lease.

9 (f) In an application for the approval under (d) of this section
10 of a transfer of an interest, the commissioner shall consider whether
11 the proposed transferee will be fit, willing, and able to perform the
12 transportation or other acts proposed under the conditions established
13 in the conditional lease and whether the transfer is in the public
14 interest. In approving the transfer of an interest under (d) of this
15 section and this subsection, the commissioner may impose any condition
16 on the transfer that the commissioner considers in the public inter-
17 est.

18 (g) If, during the term of a conditional lease, the commissioner
19 determines under (a) of this section that the applicant is fit, will-
20 ing, and able to perform the transportation or other acts proposed in
21 a manner that will be required by the present or future public inter-
22 est, the commissioner may amend the conditional right-of-way lease to
23 insert the covenant established in AS 38.35.120(a)(9) in place of the
24 covenant against a transfer established under (d) and (e) of this
25 section.

26 (h) The issuance of a conditional lease does not prevent the
27 commissioner from issuing other conditional or unconditional leases
28 for the same right-of-way. A conditional lease may be revoked at any
29 time that the commissioner determines that the applicant or

1 conditional lessee will not be fit, willing, and able to perform
2 during the term of the lease or when another applicant or conditional
3 lessee is determined to be fit, willing, and able to perform under an
4 application or lease for all or part of the right-of-way. An appli-
5 cant or conditional lessee accrues no rights, including preference or
6 priority rights, to a particular right-of-way until the commissioner
7 makes a determination that the applicant or conditional lessee is then
8 fit, willing, and able to perform the transportation or other acts
9 proposed under (a) of this section.

10 (i) The commissioner shall insert a provision implementing the
11 requirements of (a)(5) of this section into each agreement entered
12 into by the commissioner for the construction and operation of a
13 pipeline within the state.

Original sponsor: Coghill

1 IN THE SENATE BY THE RESOURCES COMMITTEE
2 CS FOR SENATE BILL NO. 108 (Resources)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to decisions of the commissioner of
7 natural resources regarding the eligibility of an
8 applicant for a pipeline right-of-way permit."

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

10 * Section 1. AS 38.35.100 is amended to read:

11 Sec. 38.35.100. DECISION ON APPLICATION. (a) The commissioner
12 shall promptly determine, on an application filed under AS 38.35.050,
13 whether the applicant is fit, willing, and able to perform the trans-
14 portation or other acts proposed in a manner that will be required by
15 the present or future public interest. In making a determination the
16 commissioner shall consider whether or not

17 (1) the proposed use of the right-of-way will unreasonably
18 conflict with existing uses of the land involving a superior public
19 interest;

20 (2) the applicant has the technical and financial capabil-
21 ity to protect state and private property interests;

22 (3) the applicant has the technical and financial capabil-
23 ity to take action to the extent reasonably practical to

24 (A) prevent any significant adverse environmental
25 impact, including but not limited to, erosion of the surface of
26 the land and damage to fish and wildlife and their habitat;

27 (B) undertake any necessary restoration or revegeta-
28 tion; and

29 (C) protect the interests of individuals living in the

1 general area of the right-of-way who rely on fish, wildlife, and
2 biotic resources of the area for subsistence purposes;

3 (4) the applicant has the financial capability to pay
4 reasonably foreseeable damages for which the applicant may become
5 liable on claims arising from the construction, operation, mainte-
6 nance, or termination of the pipeline;

7 (5) the applicant has agreed that in the construction and
8 operation of a pipeline within the right-of-way the applicant will
9 comply with and require contractors and their subcontractors to comply
10 with applicable and valid laws and regulations regarding the hiring of
11 residents of the state then in effect or that take effect subsequent-
12 ly.

13 (b) If the commissioner makes the [THESE] determinations under
14 (a) of this section favorably to the applicant, then the commissioner
15 may grant the whole or part of the application. If the commissioner
16 makes the determinations under (c)(1) - (5) of this section favorably
17 to the applicant but determines that the applicant is not then fit,
18 willing, and able to perform under the application, the commissioner
19 may grant the application subject to conditions established by the
20 commissioner that will ensure that the applicant will, within a pre-
21 scribed period of time not exceeding 10 years, establish that the
22 applicant is fit, willing, and able, under (a) of this section, to
23 perform the transportation or other acts that will be required by the
24 present or future public interest. An applicant is not entitled to a
25 notice or authorization to proceed to construction, or its equivalent,
26 under a conditional lease until the commissioner determines in writing
27 that the applicant has satisfactorily established that the applicant
28 is then fit, willing, and able to perform under (a) of this section.
29 Otherwise, the commissioner shall deny the application.

1 (c) The commissioner may offer the applicant a lease under this
2 section. If the applicant does not accept a lease offered under this
3 section within 30 days, the lease offered is withdrawn [IN ORDER TO
4 GRANT THE WHOLE OR PART OF THE APPLICATION THE COMMISSIONER SHALL

5 OFFER A LEASE TO THE APPLICANT FOR ITS ACCEPTANCE THROUGH SIGNING OF

6 THE LEASE AND AGREEING TO COMPLY WITH ITS TERMS, CONDITIONS, AND

7 OBLIGATIONS. ONLY UPON PROPER ACCEPTANCE OF OFFERED LEASE BY THE

8 APPLICANT WITHIN 30 DAYS AFTER ITS HAVING BEEN PRESENTED IS THE GRANT

9 OF THE APPLICATION CONSUMMATED].

10 * Sec. 2. AS 38.35.100 is amended by adding new subsections to read:

11 (d) The commissioner shall include in a conditional lease each

12 requirement and condition of the covenants established under AS 38.-

13 35.120. The commissioner may also require that the lessee agree to

14 additional conditions that the commissioner finds to be in the public

15 interest. In place of the covenant established under AS 38.35.-

16 120(a)(9), the commissioner shall require the lessee to agree that it

17 will not transfer, assign, pledge, or dispose of in any manner, di-

18 rectly or indirectly, its interest in a conditional right-of-way lease

19 or a pipeline subject to the conditional lease, unless the commis-

20 sioner, after considering the public interest, authorizes the trans-

21 fer. The commissioner shall also require the lessee to agree not to

22 allow the transfer of control of the lessee without the approval of

23 the commissioner; as used in this subsection, "transfer of control of

24 the lessee" means the transfer of 30 percent or more, in the aggre-

25 gate, of ownership interest in the lessee in one or more transactions

26 to one or more persons by one or more persons.

27 (e) The commissioner shall require a conditional lessee to agree

28 that

29 (1) in the absence of the approval of the commissioner, a

1 transfer may not relieve the lessee of an obligation assumed under the
2 lease;

3 (2) a transfer, including the transfer of lessee, that
4 occurs without the approval of the commissioner is ineffective to
5 transfer interests in and obligations under the lease; and

6 (3) a transfer constitutes a default under the lease.

7 (f) In an application for the approval under (d) of this section
8 of a transfer of an interest, the commissioner shall consider whether
9 the proposed transferee will be fit, willing, and able to perform the
10 transportation or other acts proposed under the conditions established
11 in the conditional lease and whether the transfer is in the public
12 interest. In approving the transfer of an interest under (d) of this
13 section and this subsection, the commissioner may impose any condition
14 on the transfer that the commissioner considers in the public inter-
15 est.

16 (g) If the commissioner determines under (a) of this section
17 that the applicant is fit, willing, and able to perform the transpor-
18 tation or other acts proposed in a manner that will be required by the
19 present or future public interest, the commissioner may amend the
20 conditional right-of-way lease to insert the covenant established in
21 AS 38.35.120(a)(9) in place of the covenant against a transfer estab-
22 lished under (d) and (e) of this section.

23 (h) The issuance of a conditional lease does not prevent the
24 commissioner from issuing other conditional or unconditional leases
25 for the same right-of-way. An applicant or conditional lessee accrues
26 no priority rights to a particular right-of-way until the commissioner
27 makes a determination that the applicant or conditional lessee is then
28 fit, willing, and able to perform the transportation or other acts
29 proposed under (a) of this section.

1 (i) The commissioner shall insert a provision implementing the
2 requirements of (a)(5) of this section into each agreement entered
3 into by the commissioner for the construction and operation of a
4 pipeline within the state.

Original sponsor: Coghill

1 IN THE SENATE BY THE JUDICIARY COMMITTEE
2 CS FOR SENATE BILL NO. 108 (Judiciary)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to decisions on right-of-way lease
7 applications; and providing for an effective date."

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

9 * Section 1. AS 38.35.100 is amended to read:

10 Sec. 38.35.100. DECISION ON APPLICATION. (a) The commissioner
11 shall promptly determine, on an application filed under AS 38.35.050,
12 whether the applicant is fit, willing and able to perform the trans-
13 portation or other acts proposed in a manner that will be required by
14 the present or future public interest. In making a determination the
15 commissioner shall consider whether or not

16 (1) the proposed use of the right-of-way will unreasonably
17 conflict with existing uses of the land involving a superior public
18 interest;

19 (2) the applicant has the technical and financial capabil-
20 ity to protect state and private property interests;

21 (3) the applicant has the technical and financial capabil-
22 ity to take action to the extent reasonably practical to

23 (A) prevent any significant adverse environmental
24 impact, including but not limited to, erosion of the surface of
25 the land and damage to fish and wildlife and their habitat;

26 (B) undertake any necessary restoration or revegeta-
27 tion; and

28 (C) protect the interests of individuals living in the
29 general area of the right-of-way who rely on fish, wildlife and

1 biotic resources of the area for subsistence purposes;

2 (4) the applicant has the financial capability to pay
3 reasonably foreseeable damages for which the applicant may become
4 liable on claims arising from the construction, operation, maintenance
5 or termination of the pipeline;

6 (5) the applicant has agreed that in the construction and
7 operation of a pipeline within the right-of-way the applicant will
8 comply with and require contractors and their subcontractors to comply
9 with applicable and valid laws and regulations regarding the hiring of
10 residents of the state then in effect or that take effect subsequent-
11 ly.

12 (b) If the commissioner makes the [THESE] determinations under
13 (a) of this section favorably to the applicant, then the commissioner
14 may grant the whole or part of the application. If the commissioner
15 makes the determinations under (a)(1) - (5) of this section favorably
16 to the applicant but determines that the applicant is not then fit,
17 willing, and able to perform under the application, the commissioner
18 may grant the application subject to conditions established by the
19 commissioner that will ensure that the applicant will, within a pre-
20 scribed period of time not exceeding 10 years, establish that the
21 applicant is fit, willing, and able, under (a) of this section, to
22 perform the transportation or other acts that will be required by the
23 present or future public interest. An applicant is not entitled to a
24 notice or authorization to proceed to construction, or its equivalent,
25 under a conditional lease until the commissioner determines in writing
26 that the applicant has satisfactorily established that the applicant
27 is then fit, willing, and able to perform under (a) of this section.
28 Otherwise, the commissioner shall deny the application.

29 (c) The commissioner may offer the applicant a lease under this

1 section. If the applicant does not accept a lease offered under this
2 section within 30 days, the lease offered is withdrawn [IN ORDER TO
3 GRANT THE WHOLE OR PART OF THE APPLICATION THE COMMISSIONER SHALL
4 OFFER A LEASE TO THE APPLICANT FOR ITS ACCEPTANCE THROUGH SIGNING OF
5 THE LEASE AND AGREEING TO COMPLY WITH ITS TERMS, CONDITIONS, AND
6 OBLIGATIONS. ONLY UPON PROPER ACCEPTANCE OF OFFERED LEASE BY THE
7 APPLICANT WITHIN 30 DAYS AFTER ITS HAVING BEEN PRESENTED IS THE GRANT
8 OF THE APPLICATION CONSUMMATED].

9 * Sec. 2. AS 38.35.100 is amended by adding new subsections to read:

10 (d) The commissioner shall include in a conditional lease each
11 requirement and condition of the covenants established under AS 38.-
12 35.120. The commissioner may also require that the lessee agree to
13 additional conditions that the commissioner finds to be in the public
14 interest. In place of the covenant established under AS 38.35.-
15 120(a)(9), the commissioner shall require the lessee to agree that it
16 will not transfer, assign, pledge, or dispose of in any manner, di-
17 rectly or indirectly, its interest in a conditional right-of-way lease
18 or a pipeline subject to the conditional lease, unless the commis-
19 sioner, after considering the public interest, authorizes the trans-
20 fer. The commissioner shall also require the lessee to agree not to
21 allow the transfer of control of the lessee without the approval of
22 the commissioner; as used in this subsection, "transfer of control of
23 the lessee" means the transfer of 30 percent or more, in the aggre-
24 gate, of ownership interest in the lessee in one or more transactions
25 to one or more persons by one or more persons.

26 (e) The commissioner shall require a conditional lessee to agree
27 that

28 (1) in the absence of the approval of the commissioner, a
29 transfer may not relieve the lessee of an obligation assumed under the

1 lease;

2 (2) a transfer, including the transfer of lessee, that
3 occurs without the approval of the commissioner is ineffective to
4 transfer interests in and obligations under the lease; and

5 (3) a transfer constitutes a default under the lease.

6 (f) In an application for the approval under (d) of this section
7 of a transfer of an interest, the commissioner shall consider whether
8 the proposed transferee will be fit, willing, and able to perform the
9 transportation or other acts proposed under the conditions established
10 in the conditional lease and whether the transfer is in the public
11 interest. In approving the transfer of an interest under (d) of this
12 section and this subsection, the commissioner may impose any condition
13 on the transfer that the commissioner considers in the public inter-
14 est.

15 (g) If the commissioner determines under (a) of this section
16 that the applicant is fit, willing, and able to perform the transpor-
17 tation or other acts proposed in a manner that will be required by the
18 present or future public interest, the commissioner may amend the
19 conditional right-of-way lease to insert the covenant established in
20 AS 38.35.120(a)(9) in place of the covenant against a transfer estab-
21 lished under (d) and (e) of this section.

22 (h) The issuance of a conditional lease does not prevent the
23 commissioner from issuing other conditional or unconditional leases
24 for the same right-of-way. An applicant or conditional lessee accrues
25 no priority rights to a particular right-of-way until the commissioner
26 makes a determination that the applicant or conditional lessee is then
27 fit, willing, and able to perform the transportation or other acts
28 proposed under (a) of this section.

29 (i) The commissioner shall insert a provision implementing the

1 requirements of (a)(5) of this section into each agreement entered
2 into by the commissioner for the construction and operation of a
3 pipeline within the state.

4 * Sec. 3. AS 38 is amended by adding a new chapter to read:

5 CHAPTER 36. RESIDENT EMPLOYMENT PREFERENCE UNDER STATE RIGHTS-OF-WAY.

6 ARTICLE 1. HIRING PREFERENCE.

7 Sec. 38.36.010. STATE POLICY. It is the policy of the state to
8 develop the state to provide the maximum benefit to the people of the
9 state as required by the Constitution of the State of Alaska. The
10 benefits include employment opportunities in projects under AS 38.35
11 for residents qualified for the employment, as well as receipt of
12 state revenue from the development.

13 Sec. 38.36.020. LEGISLATIVE FINDINGS. (a) The legislature
14 finds that

15 (1) because of its unique climate and its distance from the
16 contiguous states, the state has historically suffered from unique
17 social, seasonal, geographic, and economic conditions that result in
18 an unstable economy;

19 (2) the unstable economy is a hardship on the residents of
20 the state and is aggravated by the large numbers of seasonal and
21 transient nonresident workers;

22 (3) the rate of unemployment among residents of the state
23 is one of the highest in the nation;

24 (4) the state has one of the highest ratios of nonresident-
25 to-resident workers in the nation;

26 (5) the state has a compelling interest in reducing the
27 level of unemployment among its residents;

28 (6) the construction industry in the state accounts for a
29 substantial percentage of the available employment;

1 (7) construction workers receive a greater percentage of
2 the unemployment benefits paid by the state than is typical of other
3 es;

4 (8) chronic unemployment can breed severe social problems
5 including alcoholism and domestic violence;

6 (9) the rate of unemployment in the construction industry
7 in the state is historically higher than the rate of unemployment in
8 other industries in the state;

9 (10) the influx of nonresident construction workers contri-
10 butes to or causes the high unemployment rate among resident construc-
11 tion workers because nonresident workers compete with residents for
12 the limited number of available construction jobs;

13 (11) the rights-of-way on state land are owned by the state
14 and belong to the residents of the state;

15 (12) the vast majority of the state's revenue is derived
16 from income resulting from the development of the state rather than
17 from other forms of taxation;

18 (13) because the state has no personal income tax or sales
19 tax, nonresident workers use services provided by the state but do not
20 contribute fairly to the costs of those services; and

21 (14) Alaskans, more than the residents of other states,
22 suffer economically when nonresidents displace qualified residents
23 since resident workers contribute local taxes as well as their share
24 of the royalties from natural resources.

25 (b) The legislature further finds that

26 (1) the findings of the Department of Labor of the State of
27 Alaska in its report entitled "Nonresidents Working in Alaska in 1985"
28 support the need for a resident hiring preference;

29 (2) there is a need for timely, accurate information on the

1 number of nonresident and resident workers in industries in the state;

2 (3) the state has a continuing interest in determining
3 whether indirect benefits, including employment opportunities, from
4 state expenditures, construction projects, and agreements concerning
5 the development of the state's resources accrue to residents of the
6 state or to nonresidents;

7 (4) a major factor in the unemployment problem is the
8 failure of some employers engaged in the development of the state and
9 under leases or other agreements granted or permitted by the state to
10 employ state residents;

11 (5) whereas at an earlier stage of the state's history it
12 was asserted that high unemployment in the state was due to cultural
13 and geographical migration barriers, the state now has many residents
14 who are qualified, trained, and available for employment in the explo-
15 ration, development, production, and extraction of natural resources
16 on state land;

17 (6) the state has made significant investments in training
18 programs and vocational education to help furnish industry with qual-
19 ified residents able to work in the development, exploration, produc-
20 tion, and extraction of natural resource products on state land;

21 (7) the state's investment in training and education pro-
22 grams will be of little avail unless state residents receive employ-
23 ment opportunities in construction projects on state land;

24 (8) employment of nonresidents displaces qualified resi-
25 dents from work in the development of the state; therefore, the number
26 of nonresidents hired for work on the development of state land is a
27 peculiar source of the unemployment problem now besetting the state;

28 (9) the number of state residents who are unable to find
29 work is considerably higher than is reflected by unemployment rates

1 based on nationally accepted measures;

2 (10) many rural state residents who wish to work do not seek
3 employment as frequently as necessary to meet federal definitions of
4 unemployment because of continuing lack of employment opportunities in
5 rural areas of the state.

6 Sec. 38.36.030. UNAVAILABILITY OF PREFERRED WORKERS. (a) An
7 employer subject to hiring requirements under AS 38.35.100 may request
8 the commissioner of labor to assist in the location of qualified,
9 eligible employees under AS 36.10.070. After receiving a request for
10 assistance, the commissioner of labor shall refer qualified, eligible,
11 and available residents to the employer to fill the employer's hiring
12 needs.

13 (b) If the commissioner of labor is unable to refer a sufficient
14 number of qualified, eligible, and available residents able to perform
15 the work, the commissioner of labor may approve the hiring of resi-
16 dents who are not eligible for preference and nonresidents for the
17 balance of the request.

18 Sec. 38.36.040. REGULATIONS. The commissioner of labor shall
19 adopt regulations under the Administrative Procedure Act (AS 44.62) to
20 implement this chapter and encourage and require the hiring of resi-
21 dents to the maximum extent permitted by law.

22 Sec. 38.36.050. PREFERENCE IN ZONE OF UNDEREMPLOYMENT. (a) For
23 the full two fiscal years following a determination by the commis-
24 sioner of labor that a zone of underemployment exists, qualified
25 residents who are eligible for an employment preference under AS 36.-
26 10.140 shall be given preference in hiring for work on each right-
27 of-way project on state land under AS 38.35 that is wholly or partial-
28 ly sited within the zone of underemployment. The preference applies
29 on a craft-by-craft or occupational basis.

1 (b) The commissioner of labor shall determine the amount of work
2 that must be performed under this section by qualified residents who
3 are eligible for an employment preference under AS 36.10.140. In
4 making this determination, the commissioner shall consider the nature
5 of the work, the classification of workers, availability of eligible
6 residents, and the willingness of eligible residents to perform the
7 work.

8 (c) The commissioner of labor shall determine that a zone of
9 underemployment exists on a determination that

10 (1) the rate of unemployment within the zone is substan-
11 tially higher than the national rate of unemployment;

12 (2) a substantial number of residents in the zone have
13 experience or training in occupations that would be employed on a
14 project;

15 (3) the lack of employment opportunities in the zone has
16 substantially contributed to serious social or economic problems in
17 the zone; and

18 (4) employment of workers who are not residents is a pecu-
19 liar source of the unemployment of residents of the zone.

20 Sec. 38.36.060. PREFERENCE IN ECONOMICALLY DISTRESSED ZONE. The
21 hiring preference established in AS 36.10.160 for residents of an
22 economically distressed zone who qualify under AS 36.10.140 applies to
23 work on each construction project on a state right-of-way under
24 AS 38.35 that is wholly or partially sited within the economically
25 distressed zone.

26 Sec. 38.36.070. GENERAL REQUIREMENTS. (a) If the governor has
27 declared an area to be an area affected by an economic disaster under
28 AS 44.33.285, then the preference for residents of the area estab-
29 lished under AS 44.33.285 - 44.33.310 supersedes a preference under

1 this chapter.

2 (b) The commissioner of labor shall define the boundaries of a
3 zone in which a preference applies. The boundaries may include a
4 portion of the state or the state as a whole.

5 Sec. 38.36.080. DETERMINATION OF QUALIFICATIONS, TRANSFERS, AND
6 CERTIFICATION. (a) An employer shall determine and judge the work
7 qualifications of applicants for employment.

8 (b) An employer may make a bona fide transfer of management
9 employees from one project or business activity to another. A posi-
10 tion filled by a bona fide transfer under this subsection is not
11 considered to have been a vacancy for the purposes of the hiring
12 requirements under AS 38.36.050 - 38.36.060.

13 (c) An employer subject to a resident hiring requirement under
14 this chapter shall certify that individuals employed as residents
15 under a preference were eligible for the preference at the time of
16 hiring.

17 (d) A labor organization that dispatches members for work on a
18 right-of-way project on state land under AS 38.35 under a collective
19 bargaining agreement shall certify that individuals dispatched as
20 residents to meet a preference were eligible for the preference at the
21 time of dispatch.

22 (e) An employer or labor organization may request assistance
23 from the commissioner of labor in verifying the eligibility of an
24 applicant for a hiring preference under this chapter.

25 Sec. 38.36.090. INCORPORATION INTO CONTRACTS. (a) In order to
26 create, protect, and preserve the right of eligible qualified resi-
27 dents to employment on right-of-way projects on state land under
28 AS 38.35, the commissioner shall incorporate into each lease or condi-
29 tional lease a provision requiring compliance with this chapter,

1 regulations adopted under this chapter, and each later amendment to
2 this chapter or the regulations, and authorizing penalties under
3 AS 38.36.210 for failure to comply.

4 (b) The commissioner shall incorporate into each lease or condi-
5 tional lease a requirement that the lessee include in each contract
6 with contractors or subcontractors who will be operating on a state
7 right-of-way project under AS 38.35 a provision requiring compliance
8 with this chapter, regulations adopted under this chapter, and each
9 later amendment to this chapter or the regulations, and authorizing
10 penalties under AS 38.36.210 for failure to comply.

11 Sec. 38.36.100. REPORTING PROVISIONS. An employer obligated to
12 employ residents under this chapter shall comply with the reporting
13 provisions that the commissioner of labor determines are necessary to
14 carry out this chapter. Except for statistical data, information
15 concerning specific employees is confidential and may not be released
16 to the public by the department. The confidential employee informa-
17 tion may be shared between departments for purposes of this chapter.

18 Sec. 38.36.110. RESIDENT CERTIFICATION. (a) The commissioner
19 of labor may implement a certification system for state residents.
20 The commissioner of labor may charge applicants for certification a
21 reasonable fee to cover the costs of the certification system.

22 (b) An employer who reasonably relies on a certification by the
23 commissioner of labor that an applicant or employee is a resident is
24 not liable for penalties under this chapter based on the nonresidence
25 of the applicant or employee.

26 ARTICLE 2. ENFORCEMENT.

27 Sec. 38.36.210. CIVIL PENALTY FOR WILFUL NONCOMPLIANCE. (a)
28 The commissioner of labor may conduct investigations and hearings to
29 enforce compliance with this chapter. After a hearing, if the

1 commissioner of labor finds that an employer has wilfully failed to
2 comply with this chapter, the commissioner of labor may impose a civil
3 penalty in an amount no greater than

4 (1) \$5,000 for the first rejection of a qualified eligible
5 applicant or other violation of this chapter;

6 (2) \$10,000 for the second and each subsequent rejection or
7 other violation of this chapter.

8 (b) In addition to the imposition of other penalties under this
9 section, if the commissioner of labor finds that an employer has
10 wilfully rejected a qualified eligible applicant or terminated a
11 qualified eligible employee in violation of this chapter, the commis-
12 sioner may require the employer to pay the person the amount of wages
13 the person lost and may require additional amounts to reimburse the
14 person for actual expenses incurred as a result of the wrongful
15 action.

16 (c) The commissioner of labor may impose the penalties under
17 this section on an employer only if the employer itself has failed to
18 comply with this chapter, regulations adopted under this chapter, or
19 later amendments to this chapter or the regulations, or if the em-
20 ployer has failed to incorporate into its contracts the provision
21 required under AS 38.35.100(h) and AS 38.36.090(b).

22 (d) In addition to the imposition of penalties under this sec-
23 tion, the commissioner of labor may seek injunctive relief against a
24 person who is not in compliance with this chapter and the enforcement
25 of penalties imposed under this section.

26 Sec. 38.36.220. PENALTIES FOR APPLICANTS AND EMPLOYERS. (a) An
27 individual who makes a false sworn statement in connection with a
28 certification of eligibility for an employment preference under this
29 chapter is subject to criminal prosecution for perjury under

1 AS 11.56.200.

2 (b) An individual who makes an unsworn falsification with the
3 intent to mislead a public servant in the performance of a duty in
4 connection with a certification of eligibility for an employment
5 preference under this chapter is subject to criminal prosecution under
6 AS 11.56.210.

7 (c) In addition to criminal penalties imposed by state law, an
8 individual who is convicted of a crime in connection with a false
9 statement made in a certification required under AS 38.36.080, if the
10 conviction is not reversed, forfeits all future rights to eligibility
11 for an employment preference under this chapter.

12 Sec. 38.36.230. CIVIL PENALTIES FOR FALSE CERTIFICATIONS. (a)
13 In addition to any criminal penalties imposed and to penalties imposed
14 under AS 38.36.210 and 38.36.220, after a hearing the commissioner of
15 labor may impose a civil penalty on an individual who, in connection
16 with certification of eligibility for an employment preference under
17 this chapter,

18 (1) made a false sworn statement; or

19 (2) made an unsworn falsification with intent to mislead a
20 public servant in the performance of a duty.

21 (b) The amount of the civil penalty under (a) of this section
22 for an individual who falsely certifies that the person is eligible
23 for an employment preference under this chapter is not more than \$400
24 for each false certification. The individual also forfeits all future
25 rights to eligibility for an employment preference under this chapter.

26 (c) The amount of the civil penalty under (a) of this section
27 for an employer who falsely certifies that an employee is a resident
28 eligible for a preference under this chapter is not more than \$2,000
29 for each of the first five false certifications. The penalty for the

1 sixth and each succeeding false certification made by an employer is
2 at least \$2,000 and not more than \$4,000.

3 ARTICLE 3. GENERAL PROVISIONS.

4 Sec. 38.36.310. APPLICABILITY OF CHAPTER. This chapter applies
5 to each right-of-way project on state land under AS 38.35. The pref-
6 erence applies only to employment that is performed directly for an
7 employer.

8 Sec. 38.36.390. DEFINITIONS. In this chapter

9 (1) "employer" means a person other than the state who is a
10 party to a lease or conditional lease under AS 38.35.100 on state land
11 and the person's affiliate, principal, subsidiary, contractor, or
12 subcontractor if the activity of the affiliate, principal, subsidiary,
13 contractor, or subcontractor is performed on state land;

14 (2) "qualified" has the meaning given in AS 36.10.990;

15 (3) "resident" has the meaning given in AS 36.95.010;

16 (4) "right-of-way project on state land" means a project
17 authorized by a lease or conditional lease for the construction and
18 operation of an oil and gas pipeline under AS 38.35 if the state is a
19 party to the lease and the project is performed in whole or in part on
20 state land;

21 (5) "state land" means all land, including shore, tide, and
22 submerged land, belonging to or acquired by the state.

23 * Sec. 4. AS 38.36, enacted in sec. 3 of this Act, applies to a lease
24 or conditional lease for the development of state rights-of-way under
25 AS 38.35 entered into on or after the effective date of this Act and to a
26 renegotiation of the lease or conditional lease under AS 38.35. AS 38.36
27 applies to the renegotiation on or after the effective date of this Act of
28 a lease or conditional lease entered into before the effective date of this
29 Act if the renegotiation results in a major change in the duties of a

1 party.

2 * Sec. 5. This Act takes effect immediately under AS 01.10.070(c).

Original sponsor: Coghill

1 IN THE SENATE BY THE TRANSPORTATION COMMITTEE
2 CS FOR SENATE BILL NO. 108 (Transportation)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to decisions on right-of-way lease
7 applications."

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

9 * Section 1. AS 38.35.100(b) is amended to read:

10 (b) If the commissioner makes the [THESE] determinations de-
11 scribed in (a) of this section favorably to the applicant, then the
12 commissioner may grant all [THE WHOLE] or part of the application.
13 Otherwise, the commissioner may [SHALL] deny the application or grant
14 the application subject to conditions established by the commissioner
15 that will ensure that the applicant is fit, willing, and able within a
16 prescribed period of time to perform the transportation or other acts
17 that will be required by the present or future public interest. In
18 order to grant all [THE WHOLE] or part of the application the commis-
19 sioner shall offer a lease to the applicant for its acceptance through
20 signing of the lease and agreeing to comply with its terms, condi-
21 tions, and obligations. Only upon proper acceptance of offered lease
22 by the applicant within 30 days after its having been presented is the
23 grant of the application consummated.

1 IN THE SENATE

BY COGHILL

2

SENATE BILL NO. 108

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to decisions on right-of-way lease
7 applications."

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

9 * Section 1. AS 38.35.100(b) is amended to read:

10 (b) If the commissioner makes the [THESE] determinations de-
11 scribed in (a) of this section favorably to the applicant, then the
12 commissioner may grant all [THE WHOLE] or part of the application.
13 Otherwise, the commissioner may [SHALL] deny the application or grant
14 the application subject to conditions established by the commissioner
15 that will ensure that the applicant is fit, willing, and able to
16 perform the transportation or other acts that will be required by the
17 present or future public interest. In order to grant all [THE WHOLE]
18 or part of the application the commissioner shall offer a lease to the
19 applicant for its acceptance through signing of the lease and agreeing
20 to comply with its terms, conditions, and obligations. Only upon
21 proper acceptance of offered lease by the applicant within 30 days
22 after its having been presented is the grant of the application con-
23 summated.

SB

109

SENATE COMMITTEE REPORT

FURTHER:

4/13/87

DATE TURNED INTO OFFICE _____

Mr. President:

FINANCE Committee considered SB 109

rural electrification revolving loan fund.

and recommended:

replace with CS FOR _____ or adopt _____ CS FOR _____ *CS SB 206 (Fin)* title _____

attached amendment(s) and *Incorporates*

do pass *SB 109*

do not pass *SB 236*

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)

new updated or previous

zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Chairman signature and recommendation

Committee Backup Attached

SENATE COMMITTEE REPORT

FURTHER: FINANCE

4/8/87

DATE TURNED INTO OFFICE

4/13/87

Mr. President:

RESOURCES

Committee considered SB 109

RURAL ELECTRIFICATION REVOLVING LOAN FUND.

and recommended:

replace with ^{adapt CS from LRC} CS FOR _____) same title
 or adopt _____ CS FOR SB 109 (LRC)) new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)

new updated or previous ~~no~~
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Paul Grubb N. Rep
Lloyd Jones W. Rep
James Duncan W. Rep

[Signature]
Chairman signature and recommendation
DO PASS

Committee Backup Attached

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 3-26-87 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

**FISCAL NOTE(S) ATTACHED X **
IN ACCORDANCE WITH AS 24.08.035
(see below)

FURTHER RESOURCES
FINANCE

DATE TURNED INTO OFFICE _____

Mr. President:

LABOR & COMMERCE Committee considered SB 109
relating to the rural electrification revolving loan fund.

and recommended:

replace with CS SB 109 (L+C) same title
 attached amendment(s) and new title

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted and attached

** Committee attached or adopted fiscal note(s)
 zero fiscal impact

MEMBERS SIGNING DO PASS

Tim Kelly (No Pass)
Mike Zyman

OTHER RECOMMENDATIONS

Tim Kelly - Do Pass
Chairman signature and recommendation

Committee Backup Attached

Offered: 4/8/87
Referred: Resources & Finance

5-0423B

Original sponsors: Coghill and Szymanski

1 IN THE SENATE

BY THE LABOR AND
COMMERCE COMMITTEE

2 CS FOR SENATE BILL NO. 109 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the rural electrification revolv-
7 ing loan fund."

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

9 * Section 1. FINDINGS AND INTENT. (a) Although the rural electrifica-
10 tion revolving loan fund has existed since 1981, it has not adequately met
11 the purpose for which it is intended. The principal reason for that fail-
12 ure has been regulations that have, at least in part, opposed the purpose
13 of this program. The purpose of this program is to assist electric util-
14 ities and their consumers in extending pioneer electric distribution lines
15 into developing rural areas.

16 (b) The legislature finds that

17 (1) the installation of pioneer electric distribution lines is
18 essential to the orderly development of areas that are suitable and appro-
19 priate for development; frequently it is prohibitively expensive for the
20 utilities and their consumers to build the necessary distribution lines in
21 anticipation of sufficient development to make the lines feasible;

22 (2) it is in the public interest for the state to assist in
23 financing distribution lines in areas where development is expected; the
24 appropriate role of the state in regard to the lines is that of assuming
25 the risk that the anticipated development will in fact occur;

26 (3) populated areas along state highways that have a source of
27 central station electric service available for distribution are expected to
28 develop further and loans from this program to construct pioneer distribu-
29 tion lines along those state highways are appropriate, and should be given
S

SB0109b

-1-

CSSB 109(L&C)

COMMITTEE COPY

1 priority for one-half of the funds available.

2 (c) It is the intent of the legislature that all existing regulations
3 relating to this loan program be reconsidered and that they be amended to
4 conform to this Act.

5 * Sec. 2. AS 44.83.361(b) is amended to read:

6 (b) The authority may make loans from the rural electrification
7 revolving loan fund to electric utilities certified by the Alaska
8 Public Utilities Commission. A loan from the fund may be made only
9 for the purpose of extending new electric service into an area of the
10 state that an electric utility may serve under a certificate of public
11 convenience and necessity issued by the Alaska Public Utilities
12 Commission. A loan may be made from the fund to an electric utility
13 if the utility invests the money necessary to provide one pole, one
14 span of line, one transformer, and one service drop for each consumer
15 for whom immediate service would be provided by the extension of
16 electric service. Applications for loans to extend service along
17 state highways shall be given priority on one-half of the funds avail-
18 able for loans under this section. However, a loan may not be made
19 from the fund unless

20 (1) the loan is recommended by a loan advisory committee
21 appointed under AS 44.83.363; and

22 (2) the extension of electric service would provide immedi-
23 ate service to at least three consumers.

24 * Sec. 3. AS 44.83.361(c) is amended to read:

25 (c) A loan from the rural electrification revolving loan fund
26 shall bear an annual rate of interest of two percent of the unpaid
27 balance of the loan. Interest received on a loan made under this
28 section must be transferred annually [MONTHLY] to the commissioner of
29 revenue for deposit in the general fund. The unpaid balance on a loan

1 made under this section remaining after 20 years may be forgiven.

2 * Sec. 4. AS 44.83.363 is amended to read:

3 Sec. 44.83.363. LOAN ADVISORY COMMITTEE. When an application
4 for a rural electrification loan is submitted to the authority under
5 AS 44.83.361, the authority shall appoint a local advisory committee
6 from persons residing in the area that the applicant utility is
7 certified to serve. The loan advisory committee shall consider the
8 loan application, and shall recommend whether the loan application is
9 to be approved or disapproved. A favorable recommendation from the
10 loan advisory committee shall be based on a determination that devel-
11 opment in the area of the proposed extension of electric service is
12 likely to provide for full repayment of the loan under AS 44.83.361(d)
13 within 20 [10] years. In making that determination the committee
14 shall consider

- 15 (1) permanence of the premises to be served by the exten-
16 sion;
- 17 (2) land use patterns in the area;
- 18 (3) access for the line that would be installed with loan
19 proceeds;
- 20 (4) availability of other utility service in the area; and
21 (5) the financial [ECONOMIC] feasibility of the extension
22 of electric service with the proceeds of the loan.
- 23
24
25
26
27
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29

Introduced: 2/5/87
Referred: Labor and Commerce,
Resources and Finance

5-0423A

1 IN THE SENATE

BY COGHILL

2 SENATE BILL NO. 109

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the rural electrification revolving
7 loan fund."

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

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12 ure has been regulations that have, at least in part, opposed the purpose
13 of this program. The purpose of this program is to assist electric util-
14 ities and their consumers in extending pioneer electric distribution lines
15 into developing rural areas.

16 (b) The legislature finds that

17 (1) the installation of pioneer electric distribution lines is
18 essential to the orderly development of areas that are suitable and appro-
19 priate for development; frequently it is prohibitively expensive for the
20 utilities and their consumers to build the necessary distribution lines in
21 anticipation of sufficient development to make the lines feasible;

22 (2) it is in the public interest for the state to assist in
23 financing distribution lines in areas where development is expected; the
24 appropriate role of the state in regard to the lines is that of assuming
25 the risk that the anticipated development will in fact occur;

26 (3) populated areas along state highways that have a source of
27 central station electric service available for distribution are expected to
28 develop further and loans from this program to construct pioneer distribu-
29 tion lines along those state highways are appropriate, and should be given
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1 priority for one-half of the funds available.

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3 relating to this loan program be reconsidered and that they be amended to
4 conform to this Act.

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10 state that an electric utility may serve under a certificate of public
11 convenience and necessity issued by the Alaska Public Utilities
12 Commission. A loan may be made from the fund to an electric utility
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18 able for loans under this section. However, a loan may not be made
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29 for deposit in the general fund. The unpaid balance on a loan made

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3 Sec. 44.83.363. LOAN ADVISORY COMMITTEE. When an application
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6 from persons residing in the area that the applicant utility is
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10 loan advisory committee shall be based on a determination that devel-
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12 likely to provide for full repayment of the loan under AS 44.83.361(d)
13 within 20 [10] years. In making that determination the committee
14 shall consider

- 15 (1) permanence of the premises to be served by the exten-
16 sion;
- 17 (2) land use patterns in the area;
- 18 (3) access for the line that would be installed with loan
19 proceeds;
- 20 (4) availability of other utility service in the area; and
- 21 (5) the financial [ECONOMIC] feasibility of the extension
22 of electric service with the proceeds of the loan.
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No 215

SENATE
BILL VERSION: CSSB 109 (L&C)
PUBLISH DATE: 4/8/87

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST

Bill/Resolution No.: SB109
Title: An Act Relating to the Rural
Electrification Revolving Loan Fund
Requestor: State Comm., (S) Resources Comm.
Date of Request: _____

FISCAL DETAIL

Agency Affected: Alaska Power Authority
BRU: Department of Commerce &
Economic Development
Components: _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						

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

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

FINDING (Thousands of Dollars)

TOTAL	0	0	0	0	0	0
-------	---	---	---	---	---	---

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS :

Enactment of SB109 would make available one half of the funds available for loans to extend service along the highway; it does not affect the overall activities of the Rural Electrification Revolving Loan Fund.

Prepared by: Robert E. LeResche, Executive Director Phone: 465-3575
Division: Alaska Power Authority Date: April 7, 1987

Approved by Commissioner: _____ Date: _____
Agency: _____

Distribution (by Agency preparing fiscal note):

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

ALASKA STATE LEGISLATURE

15th... Legislature 1st.... Session

SENATE ... BILL NO. 109...

By COGHILL.....

"An Act relating to the rural electrification revolving loan fund."

Introduced in the Senate ... 2/5 19.87

HISTORY IN THE SENATE

19 87

Read first time and referred to Committee on

2 5

Labor & Commerce, Resources & Finance

4 8

Reported back with L & C recommendation that

4 8

replace w/CS, 3 do pass 3 no pass to Resources. Pass: 1 do pass 05 (L&C) 3 no pass to Finance.

Read second time and

Read third time and

PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused

Reconsideration

PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused

Reported correctly engrossed
Signed by President
Sent to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused

Reconsideration

PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused

Reported correctly engrossed
Signed by Speaker
Returned to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Received from House

To enrolling

Reported correctly enrolled

Sent to Governor

..... by Governor

Filed with Lt. Governor

Chapter No.

Senator John B. (Jack) Coghill
Alaska State Legislature



Box V
Juneau, Alaska 99811
(907) 465-4797

Box 55028
North Pole, Alaska 99705
(907) 488-0862

April 21, 1987

MEMORANDUM

To: Members of the Senate Finance Committee

From: Senator John B. Coghill

Re: SB 109, "An act relating to the rural electrification revolving loan fund"

In general, the purpose of SB 109 is to make it easier for the Rural Electrification Revolving Loan Fund to accomplish its original intent i.e. extension of electric service to rural areas where the costs are otherwise prohibitively expensive due to sparsity of customers. The ambiguity of the current statute has resulted in regulations which have been more detrimental than helpful.

Sect. 1 is self-explanatory.

Sect. 2 amends AS 44.83.36(b) by allocating one-half of the available funds for projects that will extend the electrical service along state highways.

Sect. 3 amends AS 44.83.361(c) by eliminating the requirement that interest received on the loans be transferred monthly for deposit into the general fund because the interest is not collected on a monthly basis now. The section is further amended by adding a forgiveness clause that forgives any unpaid balance after 20 years. If the projected growth has not occurred in that time frame and the loan repaid, the burden would be unfair to the remaining customers.

Sect. 4 amends AS 44.83.363 by changing the loan evaluation repayment criteria from ten to twenty years in order to be more consistent with

4/22/87

SB 109 cont.

the actual growth experienced in rural areas after the extension of the electrical service has occurred. Additionally, under the loan evaluation criteria to be considered by the loan advisory committee, financial feasibility is substituted for economic feasibility. Financial feasibility is the more significant and relevant criteria because it evaluates the ability of the parties involved to pay off the loan.

S B

1 1 3

FISCAL NOTE

REQUEST

Revision Date: May 15, 1988
Title: An Act relating to the Arctic Winter Games. . ."
Sponsor: Bennett
Requestor: House State Affairs

Agency Affected: Revenue
BRU: Permanent Fund Dividend Division
Components: Permanent Fund Dividend Division

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING						
PERSONAL SERVICES	-0-	17.4	8.8	8.8	8.8	8.8
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	11.0	11.0	11.0	11.0	11.0
SUPPLIES	-0-	0.2	0.2	0.2	0.2	0.2
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LANDS & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING	-0-	28.6	20.0	20.0	20.0	20.0
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	28.6	20.0	20.0	20.0	20.0
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	28.6	20.0	20.0	20.0	20.0

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME	-0-	3	2	2	2	2
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

ANALYSIS: See Attached.

Prepared By: Ervin Jones Phone: 465-2323
Division: Permanent Fund Dividend Division Date: 03/16/88
Approved by Commissioner: A. Melore Date: _____
Agency: Revenue

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

RECEIVED
MAR 18 1988
LEGISLATIVE FINANCE

Received and
forwarded
after bill
R/o.

Department of Revenue
Permanent Fund Dividend Division
Fiscal Note Analysis
SB 113
March 16, 1988

Assumptions:

1. The bill will take effect for the 1989 permanent fund dividend year and application. The 1988 dividend application has already been printed.
2. There are seven other bills which if signed into law, would result in some form of "check-off" on the 1989 dividend application. The Department of Revenue has no insight as to which, and how many, of these bills will become law. This fiscal note, and all related fiscal notes, is prepared on the assumption that the subject bill is the only bill of this nature which will become law. The passage of multiple bills with varying formulas (\$5, half of dividend, all or part of dividend, etc.) will inevitably have a compounding effect. Whereas there may be savings in some areas, there will be increased costs in others.
- 3) All costs of administering this law will be borne by the general fund, of which the trust fund is an account.
- 4) The incremental cost of computer resources will result in a chargeback by the Department of Administration.
- 5) Whereas the cost of programming changes will be a one-time cost, the cost of document review, data capture, data processing chargeback, and the extra page in the dividend application will be continuing.
- 6) Contributions will only be honored to the extent of available funds. Garnishments and assignments will take precedence in the order established by statute. Contributions will then be honored in the order listed on the form schedule, which will be in the order they become law.

Program Summary:

The provision of a new contribution decision on the dividend application will cause additional administrative cost in several areas:

- a) An additional page added to each application, a schedule of contribution decisions.
- b) The computer system will need to be changed to account for the change in the program, to establish new accounting controls and to provide for the transfer of funds to the trust account (see Attachment A).
- c) Each of approximately 540,000 PFD applications will need to be visually reviewed and coded as to decision on the contribution decision. Each application will be data captured with additional attention and keystrokes expended on each positive decision.

Department of Revenue
 Permanent Fund Dividend Division
 Fiscal Note Analysis
 SB 113
 March 16, 1988

1. Positions

1 PPT Analyst/Programmer IV, R19
 @ \$4,302.28/mo. including salary
 and benefits for 2 months = \$8.6

2. There are several paper bills which if signed into law, would result in
 This position would be funded for an
 additional two months, in accordance
 with Attachment A. Ongoing maintenance
 of new programs would be accomplished
 by existing staff.

1 PPT Document Processor I, R7
 @ \$2,212.37/mo., including salary and
 benefits for 3 months = 4.2

This position would assist in the manual
 review and coding of 540,000 applications
 for the new contribution decision. This
 position represents the equivalent of the
 additional time and effort.

1 PPT Data Processing Clerk I, R8,
 @ \$2,317.72/mo., including salary and
 benefits for 2 months = 4.6

This position would assist in the data
 capture of the additional contribution
 decisions. The position represents the
 equivalent value of the additional time
 and effort.

TOTAL Personal Services 17.4

2. Other Expenditures:

a) Travel: None.

b) Contractual:

Data Processing Chargeback 5.0
 Add additional page to PFD
 booklet 6.0

c) Supplies: 0.2

d) Equipment: Use existing equipment 0.0

TOTAL COST \$28.6

Department of Revenue
Permanent Fund Dividend Division
Fiscal Note Analysis
SB 113
March 16, 1988

3. Funding: General Fund.
4. Section Cost Analysis: N/A.

Computations: N/A.

Economic Impact: N/A.

Impact on Local Government: N/A.

Suggested Amendments: None.

Attachments: Attachment A: "Summary of DP Needs"

Department of Revenue
Permanent Fund Dividend Division
Fiscal Note Analysis
SB 113
Summary of Data Processing Requirements
March 16, 1988

Wang data entry processing	75.0 hours
Includes:	
Data entry	
Batch lists	
Corrections	
Wang to IBM transfer	
IBM Update jobs	30.0 hours
Includes:	
Edits	
Batch listings	
Log sheets	
DMS Online programs for lookup and changes	37.5 hours
Nightly update of changes	22.5 hours
Warrant Jobs	90.0 hours
Includes:	
Printing warrants with different amounts. Include check stub messages. Modify warrant registers as needed for balancing.	
Create new program(s) for transferring accumulated contributions to the Arctic Winter games account, and to account for the reserve necessary due to returned and cancelled PFD warrants.	
Miscellaneous	45.0 hours
Includes:	
Setting up test files on IBM	
Systems testing	
Administrative functions, i.e. paper work required by Admin. DP to add files and programs to tables.	
TOTAL HOURS	300.0 hours

SENATE COMMITTEE REPORT

FURTHER:

2/26/87

DATE TURNED INTO OFFICE 3/19/87

Mr. President:
FINANCE

Committee considered SB 113

Arctic Winter Games; efd.

and recommended:

replace with CS FOR SB 113 (Finance)) same title
 or adopt _____ CS FOR _____) new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)

new updated or previous
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature]
Paul [Signature]
[Signature]
[Signature]
[Signature]
[Signature]

[Signature] DO PASS
Chairman signature and recommendation

Committee Backup Attached

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

Bill Version: CS SB 113 (Fin)
Publish Date: _____

REQUEST: _____
Revision Date: _____
Title: Act relating to the Arctic
Winter Games
Sponsor: Senator Bennett
Requestor: Senate Finance

Agency Affected: Revenue
BRU: Administrative Services
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

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

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)



Prepared by: _____
Division: Senator Don Bennett, Co-chairman
Co-chairman, Senate Finance Committee

Phone: 465-3714
Date: March 19, 1987

Approved by Commissioner: _____
Agency: _____

Date: _____

Distribution (by preparer):

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

Finance Committee
BY BENNETT

1 IN THE SENATE

2

CS SENATE BILL NO. 113 (*Finance*)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the Arctic Winter Games; and

7

providing for an effective date."

8

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

9

* Section 1. AS 05.35 is amended by adding a new section to read:

10

Sec. 05.35.110. ARCTIC WINTER GAMES ACCOUNT. (a) There is

11

created in the general fund an Arctic Winter Games account. The

12

Department of Revenue shall prepare the permanent fund dividend appli-

13

cation to allow an applicant to designate that \$5 of the dividend be

14

subtracted from the check and contributed to the Arctic Winter Games

15

account. Permanent fund dividend contributions shall be deposited in

16

the Arctic Winter Games account. The Department of Revenue ^{shall} ~~may~~ use

17

money in the account to pay administrative costs incurred under this

18

section.

19

(b) The Arctic Winter Games account shall be held in trust by

20

the Department of Administration for distribution to the official

21

organizing committee for the Arctic Winter Games to be used for ex-

22

penses incurred in organizing and conducting the Arctic Winter Games.

23

* Sec. 2. This Act takes effect July 1, 1987.

13

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: SB 113
Publish Date: 02/10/87

REQUEST _____

Revision Date: _____
Title: An Act Relating to The Arctic
Winter Games
Sponsor: Bennett
Requestor: Senate Finance

Agency Affected: Administration
BRU: Finance
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
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	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
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	0	0	0	0	0	0
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:

There is zero fiscal impact to the Department of Administration. This version of the bill requires that a Winter Game Account be set up in the State accounting system for use by the Department of Revenue to deposit the \$5 contributions. The Department of Revenue will make the necessary accounting entries in the same manner as they have done for previous Permanent Fund Dividend related contributions.

Prepared By: Ken Bischoff Phone: 465-2240
Division: Finance Date: 02/13/87

Approved by Commissioner: Garrey Peska Date: 2/17/87
Agency: Department of Administration

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: SB113

Publish Date: _____

REQUEST: _____

Revision Date: _____

Agency Affected: Department of Revenue

Title: Relating to the Arctic Winter Games & providing for an effective date

BRU: Revenue - Operating

Sponsor: Bennett

Components: _____

Requestor: State Affairs & Finance

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
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	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS:

Prepared by: Sally Smith *Sally Smith*

Phone: 465-2392

Division: Public Services

Date: February 24, 1987

Approved by _____

Commissioner: H. Muloe *H. Muloe*

Date: 2/24/87

Agency: Revenue

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management & Budget
- Impacted Agency(ies)
- Senate Secretary

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: SB 113
Publish Date: _____

REQUEST _____

Revision Date: _____
Title: "An act relating to the Arctic winter games..."
Sponsor: Bennett
Requestor: Senate State Affairs

Agency Affected: Revenue
BRU: Administrative Services
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	21.9	10.7	10.7	10.7	10.7
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	5.0	5.0	5.0	5.0	5.0
SUPPLIES	-	0.2	0.2	0.2	0.2	0.2
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	27.1	15.9	15.9	15.9	15.9
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	27.1	15.9	15.9	15.9	15.9
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	27.1	15.9	15.9	15.9	15.9

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	3	2	2	2	2
TEMPORARY	-	-	-	-	-	-

ANALYSIS:

0 by SFC 3/19/87

(See attached)

Prepared By: Ervin B. Jones
Division: Administrative Services

Phone: 465-2313
Date: 2/25/87

Approved by Commissioner: [Signature]
Agency: Revenue

Date: 2/25/87

Distribution (by Agency preparing fiscal note):

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

Department of Revenue
Administrative Services Division
Fiscal Note Analysis
SB 113
2/25/87

Assumptions:

1. The bill will take effect for the 1988 permanent fund dividend year and application. The 1987 dividend application has already been printed.
2. There are seven other bills which if signed into law, would result in some form of "check-off" on the 1988 dividend application. The Department of Revenue has no insight as to which, and how many, of these bills will become law. This fiscal note, and all related fiscal notes, is prepared on the assumption that the subject bill is the only bill of this nature which will become law. The passage of multiple bills with varying formulas (\$5, half of dividend, all or part of dividend, etc.) will inevitably have a compounding effect. Whereas there may be savings in some areas, there will be increased costs in others.
- 3) All costs of administering this law will be borne by the general fund, of which the trust fund is an account.
- 4) The incremental cost of computer resources will result in a chargeback by the Department of Administration.
- 5) Whereas the cost of programming changes will be a one-time cost, the cost of document review, data capture, data processing chargeback, and the extra page in the dividend application will be continuing.
- 6) Contributions will only be honored to the extent of available funds. Garnishments and assignments will take precedence in the order established by statute. Contributions will then be honored in the order listed on the form schedule, which will be in the order they become law.

Program Summary:

The provision of a new contribution decision on the dividend application will cause additional administrative cost in several areas:

- a) An additional page added to each application, a schedule of contribution decisions.
- b) The computer system will need to be changed to account for the change in the program, to establish new accounting controls and to provide for the transfer of funds to the trust account (see Attachment A).
- c) Each of approximately 540,000 PFD applications will need to be visually reviewed and coded as to decision on the contribution decision. Each application will be data captured with additional attention and keystrokes expended on each positive decision.

1. Positions

1 PPT Analyst/Programmer V, R21
@ \$5,638.47/Mo including salary
and benefits for 2 months = \$11.2

PCN 04-1125 would be funded for an
additional two months, in accordance
with Attachment A. Ongoing maintenance
of new programs would be accomplished
by existing staff.

1 PPT Document Processor I, R7
@ \$2,117.76/Mo, including salary and
benefits for 3 months = \$6.3

This position would assist in the manual
review and coding of 540,000 applications
for the new contribution decision. This
position represents the equivalent of the
additional time and effort.

1 PPT Data Processing Clerk I, R8,
@ \$2,221.64/Mo, including salary and
benefits for 2 months = \$4.4

This position would assist in the data
capture of the additional contribution
decisions. The position represents the
equivalent value of the additional time
and effort.

TOTAL Personal Services \$21.9

2. Other Expenditures:

a) Travel: None.

b) Contractual:

Data Processing Chargeback \$5.0

c) Supplies: \$0.2

d) Equipment: Use existing equipment 0.0

TOTAL COST \$27.1

3. Funding: General Fund.

4. Section Cost Analysis: N/A.

Computations: N/A.

Department of Revenue
Administrative Services Division
Fiscal Note Analysis
SB 113
Summary of Data Processing Requirements
2/25/87

Wang data entry processing 75.0 hours
Includes: Data entry
Batch lists
Corrections
Wang to IBM transfer

IBM Update jobs 30.0 hours
Includes: Edits
Batch listings
Log sheets

DMS Online programs for lookup and changes 37.5 hours

Nightly Update of Changes 22.5 hours

Warrant Jobs 90.0 hours
Includes: Printing warrants with different amounts. Include check stub messages. Modify warrant registers as needed for balancing.
Create new program(s) for transferring accumulated contributions to the Arctic winter games account, and to account for the reserve necessary due to returned and cancelled PFD warrants.

Miscellaneous 45.0 hours
Includes: Setting up test files on IBM
Systems testing
Administrative functions, i.e. paper work required by Admin. DP to add files and programs to tables.

TOTAL HCURS 300.0 hours

Updated

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: SB 113

Publish Date: _____

REQUEST _____

Revision Date: 3/4/87

Title: "An act relating to the Arctic winter games..."

Sponsor: Bennett

Requestor: Senate State Affairs

Agency Affected: Revenue

BRU: Administrative Services

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	21.9	10.7	10.7	10.7	10.7
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	11.0	11.0	11.0	11.0	11.0
SUPPLIES	-	0.2	0.2	0.2	0.2	0.2
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	33.1	21.9	21.9	21.9	21.9
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	33.1	21.9	21.9	21.9	21.9
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	33.1	21.9	21.9	21.9	21.9

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	3	2	2	2	2
TEMPORARY	-	-	-	-	-	-

ANALYSIS: Attach a separate page if necessary

(See attached)

Prepared By: Ervin B. Jones
Division: Administrative Services

Phone: 465-2313

Date: ~~2/25/87~~ 3/4/87

Approved by Commissioner: [Signature]
Agency: Revenue

Date: 3/5/87

Distribution (by Agency preparing fiscal note):

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

RECEIVED
MAR 10 1987

page ____ of ____

LEGISLATIVE FINANCE

Department of Revenue
Administrative Services Division
Fiscal Note Analysis
SB 113
2/25/87
Rev. 3/4/87

Assumptions:

1. The bill will take effect for the 1988 permanent fund dividend year and application. The 1987 dividend application has already been printed.
2. There are seven other bills which if signed into law, would result in some form of "check-off" on the 1988 dividend application. The Department of Revenue has no insight as to which, and how many, of these bills will become law. This fiscal note, and all related fiscal notes, is prepared on the assumption that the subject bill is the only bill of this nature which will become law. The passage of multiple bills with varying formulas (\$5, half of dividend, all or part of dividend, etc.) will inevitably have a compounding effect. Whereas there may be savings in some areas, there will be increased costs in others.
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- c) Each of approximately 540,000 PFD applications will need to be visually reviewed and coded as to decision on the contribution decision. Each application will be data captured with additional attention and keystrokes expended on each positive decision.

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@ \$2,221.64/Mo, including salary and
benefits for 2 months = \$4.4

This position would assist in the data
capture of the additional contribution
decisions. The position represents the
equivalent value of the additional time
and effort.

TOTAL Personal Services \$21.9

2. Other Expenditures:

a) Travel: None.

b) Contractual:

Data Processing Chargeback \$5.0
Add additional page to PFD
booklet \$6.0

c) Supplies: \$0.2

d) Equipment: Use existing equipment 0.0

TOTAL COST \$33.1

3. Funding: General Fund.

4. Section Cost Analysis: N/A.

Computations: N/A.

Economic Impact: N/A.

Impact on Local Government: N/A.

Suggested Amendments: None.

Attachments: Attachment A: "Summary of DP Needs"

Department of Revenue
Administrative Services Division
Fiscal Note Analysis
SB 113
Summary of Data Processing Requirements
2/25/87

Wang data entry processing 75.0 hours
Includes: Data entry
Batch lists
Corrections
Wang to IBM transfer

IBM Update jobs 30.0 hours
Includes: Edits
Batch listings
Log sheets

DMS Online programs for lookup and changes 37.5 hours

Nightly Update of Changes 22.5 hours

Warrant Jobs 90.0 hours
Includes: Printing warrants with different amounts. Include check stub messages.
Modify warrant registers as needed for balancing.
Create new program(s) for transferring accumulated contributions to the Arctic winter games account, and to account for the reserve necessary due to returned and cancelled PFD warrants.

Miscellaneous 45.0 hours
Includes: Setting up test files on IBM
Systems testing
Administrative functions, i.e. paper work required by Admin. DP to add files and programs to tables.

TOTAL HOURS 300.0 hours

The Back Page

Sunday, March 15, 1987



PLEASED WITH FACILITIES—The Arctic Winter Games Corp.'s board of directors took a tour of local facilities to be used for the 1988 games and was pleased with what Fairbanks had to offer. Board members, from left, are Dwight Gianski, Northern Alberta; Jim Whisenant, Fairbanks; Don Cooper, Yellowknife, N.W.T.; Gerry Thick, Whitehorse, Y.T.; Don Cather, Anchorage; Dennis Adams, Yellowknife, N.W.T.; and Tom O'Hara, Whitehorse, Y.T.

Mike Belrose Daily News-Miner

Arctic Games board lauds facilities, asks questions

By JOHN FRIDRICH
Staff Writer

The Arctic Winter Games Corp.'s board of directors, in Fairbanks this week to check the progress of local efforts to host the games in March 1988, asked plenty of questions Friday as they toured facilities that will be used to stage the 10th games and made a number of complimentary remarks.

"Perfect," said Don Cooper in describing Hering Auditorium, a

1,320-seat theater at Lathrop high that was recently renovated. "This would probably be OK for most of the Arctic events," noted Dennis Adams, the second board member from Northwest Territories.

Since 1970, the games have been held every other year, alternating between Alaska, the Yukon Territory and the Northwest Territories. An opportunity for people from the Far North to share their cultural

(See ARCTIC, Back Page)

ARCTIC

(Continued from page 1)

heritage, express international goodwill and engage in athletic competition, the games are scheduled to be held in Fairbanks next March.

"To see the venues, meet with the host society and monitor the progress the host society is making in organizing the games," Cooper, the corporation president, said of the group's purpose in Fairbanks.

More than 900 athletes, coaches and officials from out of town will converge on the Golden Heart City beginning March 13, 1988. The influx requires making arrangements to feed, house, entertain and transport the visitors during their week-long stay.

The corporation's seven-member board of directors spent about 45 minutes Friday walking through Lathrop, where many of the athletes and coaches will be housed and fed, and sporting activities held. They asked questions about the square footage of the gym, the cafeteria's capacity, provisions for a lounge and the proximity of other facilities.

Local schools will not be in session during the week of the games to provide room for visiting athletes and officials.

Although board members wanted to know about the arrangements being made, of greater concern is the lack of a contract between the corporation and the borough to stage the games. The borough assembly has been reluctant to approve signing a contract because they don't know where the money to pay for the games is coming from, and the contract obligates them to be responsible for all costs. The corporation was established to ensure the continuity of the event.

Local officials are hoping the State Legislature will allocate \$550,000 to run the event, but given

the uncertainty of the state's finances, that money may not materialize, or it could be substantially reduced. Either way, the host society probably won't know if the money is available or not until late May.

"At that point in time, we do not think we could make other arrangements to stage the games elsewhere in time," said Cooper, a resident of Yellowknife, Northwest Territories, adding there is the possibility that the games won't be held next March.

On another issue, Cooper said the scheduling of another major event during the Arctic Winter Games, which corporation policy discourages, will not be a problem. The North American Sled Dog Championships will be held during the games in 1988. "We think that won't interfere with the Arctic Winter Games," he said. "It could serve as a nice complement to the games."

Athletes from northern Alberta will be making a second appearance at the games, increasing their numbers to around 100. No word has been received from Quebec, which sent a small contingent to Whitehorse in 1986, Cooper said.

Joining Cooper and Adams in Fairbanks were board members Dwight Ganske, representing northern Alberta; Gerry Thick and Tom O'Hara from the Yukon; Don Cather of Anchorage and Jim Whisenant of Fairbanks.

With the exception of broomball, which has been added, and women's hockey, which was dropped, there are no changes from 1986 in the sports that will be contested.

Competition will be held in Arctic sports, badminton, basketball, nordic skiing, curling, figure skating, gymnastics, ice hockey, indoor soccer, silhouette shooting, ski biathlon, snowshoe biathlon, snowshoeing, speedskating, team triathlon and volleyball.

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 18 Feb, 1987 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: FINANCE

**FISCAL NOTE(S) ATTACHED 3 **
IN ACCORDANCE WITH AS 24.08.035
(see below)

DATE TURNED INTO OFFICE 2.25.87

Mr. President:

STATE AFFAIRS Committee considered SB 113

Arctic Winter Games; efd.

and recommended:

- replace with CS _____ same title
- attached amendment(s) and new title
- majority* do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____
- letter of intent adopted and attached

** Committee attached or adopted fiscal note(s)
2 zero one fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Joe Goepfert

Walter Hendry

Jan Fuchs

Rich Kelly (NO REC)

~~*Walter Hendry (NO REC)*~~

Rich Kelly

 Chairman signature and recommendation
No Rec

Committee Backup Attached