

ALASKA LEGISLATURE COMMITTEE BILL FILES - 1987 - 1988 8879

SB 408 cont thru SB 412 Leg. Files 127 22

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: An Act relating to the Alaska Sta-
bilization Assistance Program
 Sponsor: Kelly and Sturgulewski
 Requestor: _____
 Alaska Industrial Development
 Agency Affected: and Export Authority
 BRU: _____
 Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		zero(0)	zero(0)	zero(0)	zero(0)	

CAPITAL		\$15.0 Mil	zero(0)	zero(0)	zero(0)	
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		\$15.0 Mil				

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

**Funds will be appropriated from the Railbelt energy fund to the Alaska Stabilization Assistance fund established in the Alaska Industrial Development and Export Authority per SB 408.

Costs of administering the Alaska Stabilization Assistance Program will be absorbed by the Alaska Industrial Development and Export Authority

Prepared by: Bertram I. Wagon, Executive Director Phone: 274-1651

Division: Alaska Industrial Development & Export Authority Date: February 22, 1988

Approved by Commissioner: J. Anthony Smith Date: 2/29/88

Agency: Commerce and Economic Development

Distribution (by preparer):

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

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CSSSB 408 (Jud)
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Econ. Dev.
Title: Stabilization of the real estate
market, establishing real property
liquidating organizations BRU: _____
Sponsor: _____ Components: Banking, Securities &
Requester: Kelly and Sturgulewski Corporations

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		46.0	46.0	46.0	46.0	46.0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT		3.2	--	--	--	--
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	49.2	46.0	46.0	46.0	46.0

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

REVENUE		46.0	46.0	46.0	46.0	46.0
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FUNDING: (Thousands of dollars)

GENERAL FUND		3.2	0	0	0	0
FEDERAL FUNDS						
OTHER (Pgm. Rects.)		46.0	46.0	46.0	46.0	46.0
TOTAL	0	49.2	46.0	46.0	46.0	46.0

POSITIONS:

FULLTIME	0	1	1	1	1	1
PARTTIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

Revenue has been calculated on the assumption that limited scope examinations would be conducted on these organizations. To comply with the examination schedule as stated, at least twice each calendar year, an additional examiner position would be needed as well as computer equipment and software for examination tools.

Prepared by: Willis F. Kirkpatrick Phone: 465-2521
Division: Banking, Securities & Corporations Date: 5-2-88

Approved by Commissioner: J. Anthony Smith Date: 5-2-88
Agency: Department of Commerce & Economic Development

Distribution (by preparer):

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

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LEGISLATIVE FINANCE

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Econ. Dev.
 Title: Stabilization of the real estate BRU: _____
market, establishing real property
 Sponsor: liquidating organizations Components: Banking, Securities &
 Requester: Kelly and Sturqulewski Corporations

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		46.0	46.0	46.0	46.0	46.0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT		3.2	--	--	--	--
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	49.2	46.0	46.0	46.0	46.0

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

REVENUE		28.0	28.0	28.0	28.0	28.0
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FUNDING: (Thousands of dollars)

GENERAL FUND		21.2	18.0	18.0	18.0	18.0
FEDERAL FUNDS						
OTHER (Pgm. Rects.)		28.0	28.0	28.0	28.0	28.0
TOTAL	0	49.2	46.0	46.0	46.0	46.0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)

Revenue has been calculated on the assumption that limited scope examinations would be conducted on these organizations. To comply with the examination schedule as stated, at least twice each calendar year, an additional examiner position would be needed as well as computer equipment and software for examination tools.

Prepared by: Willis E. Kirkpatrick
 Division: Banking, Securities & Corporations

Phone: 465-2521
 Date: 4-20-88

Approved by Commissioner: J. Anthony Smith
 Agency: Department of Commerce & Economic Development

Date: 4-20-88

Distribution (by preparer):

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

MEMORANDUM

State of Alaska

TO: Fiscal Note - SB 408


DATE: April 22, 1988

FILE NO:

TELEPHONE NO:

THRU:

SUBJECT: AS 06.01.010 - Limit
on Amount Chargeable
for an Examination.

FROM: Willis F. Kirkpatrick, Director 
Division of Banking, Securities and
Corporations
Department of Commerce and Economic
Development

It is the intent of the division to collect from "real property liquidating organizations" provided for in SB 408 the necessary funds to cover the cost of examining these organizations.

In order to accomplish this, the limit on the maximum amount that can be charged (\$7,500) must be addressed. This limitation can be avoided in one of two ways:

- a. Passage of HB 263 (now in conference) which will allow the establishment of fees by regulations; or
- b. Amend Sec. 06.50.040(d) [page 5, line 10, of work draft 4/16/88] by adding a sentence after "AS 06.01.010" to read, "The limits of AS 06.01.010 do not apply to this section."

WFK/sa4148s
42288b

Jim Cairns

4/29/88 Jim
SB 408
Alliance Bank

PROPOSAL FOR THE ESTABLISHMENT OF THE HALLWOOD ALASKAN
REAL ESTATE STABILIZATION TRUST

Propose of Alaska

A liquidating trust formed to liquidate on an orderly basis at stable appraised prices in the best interests of the Beneficiary Institutions, the supply of distressed real estate properties and loans currently overhanging the Alaskan market.

15
Background

As a result of the current severe recession in the Alaskan economy which followed a period of strong economic growth in the commercial and residential real estate market, Alaskan lending institutions and certain state and government agencies who have assumed the obligations of failed institutions, are today burdened with an unprecedented holding of "bad" real estate loans, some of which have been foreclosed and all of which are at least partially non-performing. Real estate values have been declining monthly. Although the decline in real estate values has been slow and the recession is seen to be bottoming out, the recovery is extremely fragile and prices could be precipitously collapsed if the overhanging real estate were offered back into the market at distressed prices for forced sale.

Alliance Bancorporation ("Alliance") was recently formed by the merger of Alaska Mutual Bank, United Bank Alaska and United Bank Alaska Southeastern and was recently recapitalized by the Hallwood Group Incorporated ("Hallwood") and the FDIC. Alliance currently holds some \$300 million of bad real estate loans of which about \$80 million has already been foreclosed and the balance being in the form of classified and non and partly performing real estate loans. The FDIC, as Receiver of the failed First Interstate Bank of the North, holds about \$200 million of "bad" loans of which at least half are property related. Additionally, Fannie Mae, the Federal Home Loan Bank Board, Alaska Housing Finance, MGIC, New York Life and other Alaskan lending institutions all hold similar "bad" loan portfolios.

If any of the above institutions^(s) were to "dump" their real estate holdings into the local market they would collapse the fragile price structure and ensure the continuation of the current recession to the detriment of not only themselves individually and as a group, but all Alaskan citizens and property owners.

The objective of "The Hallwood Alaskan Real Estate Stabilization Trust" is to prevent a further decline in real estate values by allowing the Trustee of the Trust to manage the liquidation of the trust assets so as to prevent an oversupply of property in the local marketplace such as would cause further declines in the price of residential or commercial properties.

The Proposal

In order to maintain a stable market and to encourage a recovery, Hallwood proposes the establishment of "The Hallwood Alaskan Real Estate Stabilization Trust" (the "Trust") to be formed as a liquidating trust with the purpose of liquidating trust property by sale or other disposition as promptly as shall be economically feasible in the best interests of the Beneficiary Institutions and to distribute the distributable proceeds to the Facilitating Beneficiary Institutions solely and exclusively in accordance with the provisions of a Distribution Agreement.

The Board of Alliance Bank has already agreed to subscribe its distressed portfolio of real estate assets to the Trust and we intend to invite the FDIC and the other concerned institutions mentioned above to become subscribers to the Trust prior to its formation date of March 31, 1988. Following subscription of assets to the Trust, ~~beneficiary~~ institutions will own an undivided interest in the Trust. WJH

Contributable

We anticipate that the transferred assets will consist of single family homes, condominium projects, apartment buildings, a few

office buildings and other commercial structures, shopping centers and parcels of raw and improved land. We also anticipate receiving non-performing or partly performing mortgage loans secured by real estate.

It is our intention that all transferred assets will be recorded in the Trust's books at fair market value as of March 31, 1988. The fair market value of real estate properties will be based upon current independent appraisals, ~~except for those assets where a sale was pending and subsequently closed.~~ In those cases, the proposed selling price will be considered as a more accurate indication of fair market value. Fair market value of real estate loans will be based upon current independent appraisals. All appraisals will be carried out in accordance with accepted appraisal methods by a qualified independent appraiser who is a member of the American Institute of Real Estate Appraisers and who regularly performs appraisal services for major financial institutions. Credit will be given in the appraisal process for any income flowing from any transferred asset.

It is intended that Hallwood will act as the Trustee for the Trust which would be established for a ten-year period expiring in March 1998. If all of the Trust assets have not been sold off by this time, then the Trust will come to an end unless a new five-year liquidating trust is established by the Beneficiary Institutions.

It is intended that a Procedures Agreement would be drafted to establish a minimum sales price for each of the Transferred Assets. Minimum sales prices will be based upon appraised values. The Procedures Agreement will also establish restrictions on financing by the Trust although it is intended that the Trust will offer financing to purchasers to assist in the sell-out (see "Marketing"). The requirement of the Procedures Agreement will assure the Beneficiary Institutions

that no asset will be sold for less than a certain fixed amount and that the deferred portion of any sales price will be properly secured and payable over a limited period of time. The Trustee's powers and duties would be governed by a Trust Agreement which will generally authorize the Trustee to preserve and manage but not to develop the Trust assets. Accordingly the Trustee has discretion, for the purpose of marketing, to obtain necessary appraisals, feasibility studies, engineering studies or marketing surveys. The Trust cannot undertake to develop unimproved properties to the extent of commencement of any sort of major construction.

Generally the Trustee will limit expenses to any necessary management costs such as taxes, insurance and maintenance and to its own office budget and outside professional fees. Additionally, the Trust may expend sums necessary to preserve its properties or prevent the enforcement of liens superior to the Trust's mortgage loan assets.

As to borrowing funds, the Trust Agreement will provide that borrowings shall not exceed an aggregate of 10% of total Trust assets at appraised value and further that borrowings may only be made from the State of Alaska, secured on any future profit which may be realized from future sales of Trust Assets. Under such borrowings we would expect the State to roll over interest payments to the extent that such payments were not available out of Trust cash flow. It is not anticipated that the Trust will need to avail itself of this borrowing facility and it is anticipated that the cash flow from the prospective sale of Trust assets together with the \$15 million cash contribution which will be contributed by the State of Alaska (see "Assistance from the State of Alaska") will be sufficient to fund all ongoing operations of the Trust.

Under the terms of the Distribution Agreement, the Trustee will

first satisfy itself that sufficient working capital is available to the Trustee to operate the Trust and will then distribute

a) To the Beneficiary Institutions such sum as represents a proportional return of appraised value and any profit achieved thereon unless some drawdown shall have been made by the Trustee under the standby credit facility from the State of Alaska more particularly mentioned hereafter.

b) If such drawdown shall have been made, then any such profit shall first be applied to repay with interest any advance made by the State.

The Trustee will be empowered to sell off blocks of property to other trusts or corporations dedicated to a long term holding period such as that currently proposed by the Commissioner for the Department of Commerce and Economic Development for the State of Alaska and Sealaska Corporation.

As to the tax consequences of the Trust to the Beneficiary Institutions, the Trust will be treated as a "Grantor Trust" for federal income tax purposes and, as such, all tax trust consequences flow through the Trust to its beneficiaries in accordance with their respective interests. The Trust beneficiaries are fully insulated, on the other hand, from any liability which might arise out of the various Trust Assets.

To ensure that the Trust will distribute all distributable proceeds in a timely manner and in accordance with the proper percentages to the Beneficiary Institutions, the Trust Agreement will require that the Trust's financial statements will be examined by a firm of independent certified public accountants. Following each examination, the accountants will issue a letter to the Beneficiary Institutions stating whether all distributions have been made in accordance with the Trust Agreement and the Distribution Agreement.

The Trust Agreement will also require the Trustee to furnish the following reports to beneficiary banks:

- a) A monthly statement of cash receipts and cash disbursements with a detailed description of all sales or dispositions of trust property and of any modifications, amendments or extensions of obligations owing the Trust.
- b) A quarterly unaudited balance sheet, income statement, statement of Trust principal, statement of changes in financial position and a schedule of all distributions made during such quarter.
- c) A semi-annual summary of the status of each Transferred Asset and a description of any negotiations then in progress concerning the sale or other disposition of such Transferred Assets.
- d) An annual audited balance sheet, income statement, statement of Trust principal, statement of changes in financial position and a schedule of all dispositions made during the year.
- e) In connection with the examination of the annual reports and financial statements, the independent certified public accountants must issue letters stating:
 - i. that the sales and distributions made during the preceding year were in accordance with the terms of the Trust Agreement, Procedures Agreement and Distribution Agreement, and;

- ii. with respect to the internal financial controls and practices of the Trust, setting forth such recommendations as the independent certified public accountants may consider appropriate.

Assistance from the State of Alaska

In order to ensure that the Trust is funded with sufficient working capital, we shall request the State of Alaska, ~~through~~ one or more of its agencies, to appropriate and subscribe the sum of \$15 million in cash to the Trust for which the State shall receive a beneficial interest in the Trust, in proportion to its subscription.

We anticipate that this \$15 million plus the proceeds of sale of Trust Assets will be sufficient to ensure the continuity of the Trust and the payment of all marketing and general and administrative costs and expenses of the Trustee, for at least one year. At the end of the year if the Trust requires further funding from the State, we shall report our then position and request a further sum of up to \$15 million for the next current year in the form of a loan from the State to be secured by a first lien on any profit that may be realized by the Trustee from future sales of Trust Assets, such loan to bear interest at current market rates. The Trust shall have the power to roll over interest payments until sufficient cash flow becomes available from profits generated from Trust operations to make

settlement. Repayment of interest and principal upon such loans drawn down during the life of the Trust shall have priority to any distributions of any profit which shall be made to Beneficiary Institutions.

Marketing

Immediately following the establishment of the Trust, the Trustee shall prepare a cash flow projection to determine how quickly the Beneficiary Institutions can reasonably expect the transferred assets to be sold and to what extent their interests could be converted into cash. At the outset the Trustee will review all of the non-performing real estate loans and real estate owned to identify essential problem areas. Problems involving construction, design, budgets, cash flow, management location, competition, marketing techniques and various other factors must be analyzed to determine the causes of non-performance or under-performance for each specific asset. Independent appraisals will have to be obtained to arrive at a minimum selling price for each real estate property and further, an initial status report must be prepared for the real estate unit for each asset containing the description of the asset, the loan history, net book value, current status, pending litigation.

For real estate owned, professional quality sales packages will need to be prepared for each real estate property. Each package will contain a full description of the property site and

improvements, income and expense information, lease abstracts, information on available utilities, zoning, taxes, etc.

Regarding loan workouts, the Trustee will evaluate the financial condition of the debtor and the prospect for recovery and will evaluate existing collateral and the prospect for obtaining additional collateral in addition to various types of loan modification, intervention in management or leasing, increased monitoring and control of collateral and possible turnaround methods may also be considered.

Both real estate owned and real estate loans deemed appropriate for foreclosure, i.e., future real estate owned, will be marketed for sale although particular care will be taken with regard to the amount and pricing of real estate offered for sale in the local Alaskan marketplace. The major marketing effort will be made to foreign, i.e., non-American, prospective purchasers through Hallwood's international network around the world.

Hallwood is a public company listed on the New York and London Stock Exchange, specializing in the financial services industry and owned by approximately 35,000 shareholders and institutional investors. Prominent amongst these are the Fidelity Group of Boston, one of the largest fund managers in the United States, with offices in London, Hong Kong, Singapore, and various other countries. Fidelity owns approximately 11.2% of Hallwood's

equity. Another major shareholder is M&G, one of the largest fund managers in the United Kingdom, controlled by Kleinwort Benson, an international merchant bank with a major presence around the world. Hallwood has considerable expertise in the liquidation and management of distressed real estate. In 1979, Hallwood restructured First Pennsylvania Mortgage Trust, a New York Stock Exchange listed real estate investment trust, owning a major portfolio of distressed real estate and mortgage loans located throughout the United States.

In 1981 Hallwood restructured the Umet Trust, a New York Stock Exchange listed real estate investment trust formed by Union Bank of California, again holding a major portfolio of distressed real estate and real estate loans.

In 1983 Hallwood restructured the Institutional Investors Trust, yet another New York Stock Exchange listed real estate investment trust, this time formed by Donaldson, Lufkin, Jenrette, the New York investment bank, again holding a portfolio of poor quality distressed real estate. Finally, in 1984, Hallwood acquired the assets of The Twenty Seven Trust which was formed to liquidate the assets of the bankrupt Chase Manhattan Mortgage and Realty Trust for the beneficiaries of 26 creditor banks and the FDIC. This current proposal is based upon the arrangements entered into by the creditor banks and the FDIC for the liquidation of The Twenty Seven Trust's assets.

Over the years, Hallwood has liquidated the assets of all of the above through its Cleveland-based Property Liquidation Division and has performed several similar functions in the United Kingdom where we have liquidated the assets of Bank and Commercial Holdings Limited acquired in 1978, West Kent Estates Limited acquired in 1980, Redfern and Rankpert Limited acquired in 1981 and the Globe Group of Companies acquired in 1985.

The total value of real estate properties and loans liquidated over the last five years is in excess of \$300 million.

Hallwood intends to offer the Alaskan real estate assets to investors in Japan, Hong Kong, Taiwan, Australia, New Zealand, Malaysia, Singapore, the Philippines, Korea, Canada, South America, Germany, Switzerland, Holland, the United Kingdom, France, Scandinavia and also in the U.S. Sales brochures will stress the current Alaskan economic climate and the cyclical nature of the economy and likelihood of early recovery. Foreign investors will be offered a speculative real estate investment on a highly leveraged, non-recourse basis. For the payment of a 20% deposit, buyers will be speculating on the dollar, the oil price and the Alaskan economic recovery with the benefit of an attractive loan package. In short, anywhere where there is a local investment market and no exchange controls, Hallwood will find and motivate an experienced local agent to offer Alaskan

real estate investment properties, both residential and commercial. Buyers will also be offered a management service where our local managers will, for a small fee, manage local investment properties on behalf of non-resident investors, seek new tenants and advise as to prospects for resale. We believe that marketing to foreign investors in this way will not pose a threat to the stability of the local market as an investor buying from Hallwood will be buying on a long term hold with a view to a large capital gain some years in the future.

Hallwood will also be organizing regular marketing trips to Alaska by foreign investors, many of whom may also be interested in other Alaskan commercial investment projects.

Management

OK
The Trustee will enter into agreement with Alliance whereby Alliance will provide the Trust with management services on a non-profit, recovery of costs only, basis, utilizing the services of Gordon Willhite and his 50-strong workout staff. The Trust will be administered from offices in Anchorage and the Trustee will employ and/or retain employees, real estate consultants, real estate brokers, real estate management and leasing agents, appraisers, architects, engineers, mortgage correspondents, mortgage servicing agents, escrow agents, attorneys, accountants and any other such persons as the Trustee may deem necessary to assist it in fulfilling the purpose of the Trust.

In order to facilitate the sale of Trust Assets, the Trustee may grant a loan to purchasers to facilitate such sale as follows:

1. Subject to receiving a cash deposit of 20% of the purchase price, the Trust may grant a non-recourse loan secured by a valid first mortgage lien on the asset sold for a term of not more than twenty years on an amortizing basis at a variable rate of interest floating not less than one point above Alliance Bank minimum lending rates as posted from time to time.
2. Should an asset be sold with less than 20% deposit, then the Trustee may sell the asset with a twenty year amortizing loan as described above but with recourse to the credit of the purchaser.
3. If the deposit of 25% or more is received, then the Trustee may lend up to twenty years on an interest only basis as described above.
4. Under no circumstances may the Trustee sell with less than a 5% deposit.

Upon the formation of the Trust, each of the Beneficiary Institutions shall be entitled to nominate a committee member to

the Trust Committee. The Trust Committee shall have the power to remove the Trustee and appoint a successor Trustee in the event of any breach of the Trust Agreement, Procedures Agreement or Distribution Agreement.

Fees to the Trustees

Hallwood as Trustee will not receive any fee in respect of its services hereunder as it is acting to preserve its own financial interests as 85% shareholder of Alliance. In effect, Hallwood will be receiving an indirect fee in that Alliance staff costs in its workout department will be partially reduced by the formation of the Trust.

In the event that Hallwood exercises its put to the FDIC and is thereafter no longer a major shareholder of Alliance, Hallwood's services as manager and Trustee will still be available to the Trust on a fee basis should Beneficiary Institutions request Hallwood to continue its Trusteeship.

The Trustee will expect to be reimbursed for all its necessary expenses expended in connection with the Trust's business.

March 17, 1988

The Hallwood Group Incorporated

767 Third Avenue

New York, NY 10017

Tel: 212-319-2360

Jerry

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ALASKA HOUSING FINANCE CORPORATION
 BOARD OF DIRECTORS
 REGULAR MEETING

APRIL 15, 1988

4/22/88 em

Tape C-8399
700

PROCEEDINGS

1
2 MR. SMITH: Maybe so the Board gets the full
3 flavor of what's out there Jay Schmidt would comment insofar as
4 he feels it's appropriate to do so on the exchange program that
5 he's discussed with you, Ron, and with myself.

6 MR. SCHMIDT: Thank you, Mr. Chairman. We have
7 had discussions, as I said. I'd like to just point out that
8 over the last year we, along with the cooperation of Alaska
9 Housing have taken -- undertaken a major marketing effort
10 targeted specifically at the condominium market. About two years
11 ago when we first started looking at this at becoming most
12 sensitive to the severity of the problem we made an initial
13 decision to try to maximize return on the property, to stabilize
14 the market, to protect the market to whatever extent we could,
15 and to do so by the traditional aggressive marketing.

16 The results of the program that we ran last year
17 and are continuing to run were encouraging. We sold more
18 condominiums in the last year than we ever had before. But, one
19 of the things that we learned was that there is a significant
20 segment of the condominium market which we cannot sell.
21 Primarily, we cannot sell the properties because of their
22 location, the type of product, and we're faced with a situation
23 where we have little alternative right now other than to look
24 at programs that will take these units off the market to cut the
25 risk, to cut the loss. And the concept that Ron was speaking

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-3-

1 about regarding clearing out units, targeting the viable units,
2 strengthening those units is one that -- one that we agreed is
3 a legitimate strategy.

4 The exchange program is also a concept which we
5 think has much merit as a tool to Number (1) assist us in
6 consolidating ownership in viable projects; and Number (2) in
7 assisting homeowners who are trapped in their unit that cannot
8 move because those people can realistically only afford to hang
9 on for so long and when they are ultimately trapped in their
10 units and they cannot move both AHFC, MGIC and the State suffer.
11 So the need to provide for some (indiscernible) to allow people
12 to move to units, to homes that they are more comfortable in is
13 an important goal for us to achieve.

14 The mechanics, the specific mechanics of a
15 program of this sort, I'm not certain if we want to get into
16 those -- into those specific issues because, as Ron can
17 understand, they are rather complicated when we talk about how
18 we -- how the insurance actually works. But, in essence, what
19 we're talking about for purposes for the MGIC/AHFC relationship
20 is, is that the trade of a unit to a borrower in an existing unit
21 will be considered to be a sale of the property as required under
22 the pool policy and will result in a claim payment being made to
23 Alaska Housing. We pay the loss that we are obligated to pay on
24 a current basis, and Alaska Housing is -- has a -- they're still
25 in the position of owning a good asset, that mortgage, with the

1 borrower who is continuing to make his payments. And we are
2 left in the insurance relationship as we were previously. We
3 paid a claim and we have a good borrower. But, that does require
4 that somebody hold onto that property and figure out what to do
5 with the trade of property.

6 Now, you know, in terms of our settlement and the
7 issue that Ron alluded to of their positive and negative, we
8 have not gotten to the point of where we have been able to agree
9 as to what the specific formula will be, but we have always
10 talked about the fact that for purposes of the settlement we will
11 use realistic (indiscernible) values that we both can agree upon.
12 And I'm confident that we'll be able to work a program of this
13 sort out. It's just that we're not there right now. We're in
14 very con- -- rather conceptual stages.

15 MR. SMITH: Jay, if I could ask you a few
16 questions, and I may have this transcribed for some legislators
17 because we have -- we have many economists that like to argue
18 about Alaska from a theoretical context, and MGIC -- if I
19 understand it correctly is active in all 50 states, aren't you?

20 MR. SCHMIDT: Yes, sir.

21 MR. SMITH: And you have, as I understand it, in
22 Alaska tested the waters from auctioning to aggressively
23 marketing and analyzed all your options before you decided that
24 market stabilization makes some sense up here, haven't you?

25 MR. SCHMIDT: Well, we have not auctioned property

1 in Alaska. We have auctioned properties in other states.

2 MR. SMITH: Okay.

3 MR. SCHMIDT: But, yes, we have done a lot of
4 work reviewing the markets and the specific problems. So we
5 haven't reached this conclusion in a hasty fashion.

6 MR. SMITH: Well, I think -- 'cause one of the
7 arguments that we -- that Ron and I hear a lot in Juneau is that
8 you cannot effectively engage in market stabilization and that
9 isn't an appropriate role. And what I hear MGIC saying is you've
10 looked at the situation up here and that a market stabilization
11 program in this particular market does make sense from MGIC's
12 perspective.

13 MR. SCHMIDT: Yes, without a doubt.

14 MR. SMITH: Can you explain why you got there?

15 MR. SCHMIDT: Well, there are a couple of unique
16 factors that we have at play in Alaska. Probably the most
17 significant factor is the overwhelming position that AHFC holds
18 over the market in general and the fact that by having one player
19 to work with we can -- we can devise their attitude to make
20 relatively -- not relatively, very complex strategy work where we
21 have two or three parties, whereas in other parts of the country
22 where interests are more diverse it's extremely difficult,
23 impossible to try to achieve the same goal.

24 So the fact that we have Alaska Housing and
25 Fannie Mae and MGIC, all of whom have significant and

1 concentrated exposure and all of whom have a willingness and a
2 desire to work together is a major benefit.

3 The other factors that are unique in Alaska are
4 the relative concentration of the problem within a rather small
5 geographic area. You know, we can do a lot of good in the City
6 of Anchorage and in Fairbanks and in other cities, primarily in
7 Anchorage, because the effect of our actions are multiplied on a
8 much greater and to a much greater extent in Alaska than they
9 would be if, for example, we were working in Houston. Taking
10 150 or 300 or 500 units off a market in Houston doesn't have the
11 same overall effect as it does in the City of Anchorage.

12 THE OPERATOR: Excuse me. This is the conference
13 operator and I show that John Moore is not on the line any
14 longer. Was he cut off or did he hang up voluntarily?

15 MR. SMITH: He may have hung up voluntarily,
16 Operator.

17 THE OPERATOR: Oh, okay. I'm sorry to interrupt.
18 Thank you.

19 MR. SMITH: Go ahead, Jay.

20 MR. SCHMIDT: No. I think those are the two
21 major factors that come to play in Alaska that lead us to the
22 conclusion that a strategy of this sort can be successful.

23 MR. SMITH: The one other area that I think's
24 important, has your analysis indicated what effect this type of
25 strategy will have on those people who are presently in their

-7-

1 condos who may be delinquent -- that are the HOF program type of
2 people. Do you -- have you analyzed whether this'll help those
3 people's equity situation and help them, in fact, stay in the
4 market?

5 MR. SCHMIDT: Well, we haven't done a specific
6 analysis of that nature, Mr. Chairman. But, common sense tells
7 you that if you are able to move an individual from a unit which
8 cannot be sold in the first instance in which you have a
9 significant negative equity position into another unit which is
10 more desirable, which will respond sooner to changes in the --
11 in the improvement in the economy and a unit that more
12 adequately suits that individual's needs that you've enhanced
13 your possibility and probability that that person will be
14 satisfied to remain in that unit significantly. But,
15 (indiscernible) right now, no, we haven't because there are
16 issues that have to be, you know, resolved. How -- you know,
17 what are the specific terms of the trade or the exchange and it's
18 really a subjective qualitative sort of analysis that we've done,
19 and common sense.

20 MR. SMITH: Okay. Jay -- yeah. Jay, just for
21 the record because I'm going to have this transcribed and give
22 it to the Senate and the House who are considering these kinds
23 of questions and including the authority to do these kinds of
24 things. You're a vice-president of MGIC, right?

25 MR. SCHMIDT: Right.

1 MR. SMITH: How long and what's your job there,
2 have you worked in all the states?

3 MR. SCHMIDT: I've been with MGIC for
4 approximately six years. I'm a vice-president working in the
5 claims department and I have specific responsibility for
6 special projects. We work closely with housing agencies in --
7 all throughout the country, special loss, mitigation loss
8 situations, general involvement with our REO activities as well.

9 MR. SMITH: So that the things that you've just
10 been discussing with the Board are the things that you do in your
11 normal course of business and that's your responsibility for
12 MGIC?

13 MR. SCHMIDT: Yes, sir.

14 MR. SMITH: Thank you very much, Jay. I think
15 it's been very helpful.

16 MR. SCHMIDT: Appreciate the opportunity.

17 MR. SMITH: Any questions from any other Board
18 members?

19 1035

20 (END OF REQUESTED PORTION)

21
22
23
24
25

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 30, 1988

SUBJECT: Real property liquidating program
(CSSSSB 408)

TO: Senator Jan Faiks

FROM: Tamara Brandt Cook *TBC*
Director
Division of Legal Services

Here is the sectional analysis that you requested.

Section 1. This is a statement of legislative findings and intent. The legislature finds that there have been failures of state and federally chartered financial institutions, agencies currently hold portfolios of distressed real estate loans and property, financial institutions, businesses and agencies need to be permitted to cooperate in administering these properties, and maintenance of stable real estate markets and a stable banking system is essential to the economy. The legislature intends to ensure stability of the banking system and real estate markets by displacing competition with government regulation in matters relating to management and disposition of real property by authorizing creation of real property liquidating organizations under state supervision.

Section 2. This is a new chapter relating to the real property liquidating program.

Sec. 06.50.010 requires the director of banking, securities, and corporations to administer the chapter. He must report annually to the legislature.

Sec. 06.50.020 permits the formation by three or more grantors of a real property liquidating organization. Organizational documents must be reviewed and approved by the director and the governor and must meet certain itemized requirements.

Sec. 06.50.030 requires an organization to retain a certified public accountant to annually prepare and submit to the division an audited balance sheet containing specified information. The accountant must certify that all dispositions of real estate and loans during the year were made in accordance with the organization documents and this chapter, or identify variances, and provide recommendations with respect to internal financial controls. The organization is also required to file a report on its operations quarterly.

Sec. 06.50.040 requires the director and the governor to approve or disapprove a proposed operating plan of an organization. The director must also inspect business records of an organization on a regular basis at least twice each year. If the director concludes that the organization is being administered materially contrary to law, regulation or a previously approved operating plan, he may prescribe appropriate remedies. If the organization fails to remedy deficiencies, the director may begin proceedings to dissolve the organization. Expenses incurred in reviewing organization reports and conducting inspections shall be charged to the organization.

Sec. 06.50.050 requires the legislative auditor to audit each organization at least once a year. The auditor shall prepare a report summarizing findings for the president of the senate, speaker of the house, and Legislative Budget and Audit committee. The report is made public on approval of the committee.

Sec. 06.50.060 exempts an organization and persons involved with organizations from AS 45.50.471 - 45.50.596 (Unfair Trade Practices and Consumer Protection; Monopolies; Restraint of Trade).

Sec. 06.50.100 provides definitions of director, grantor and real property liquidating organization.

Section 3. The Alaska Housing Finance Corporation is granted broad authority to enter into agreements for cooperative management and disposal of real property and convey property to or acquire a beneficial interest in a real property liquidating organization, if state corporations and agencies are granted a priority to assets of the organization.

Section 4. The division of banking, securities, and corporations is established in the Department of Commerce

Senator Faiks
Page 3
April 30, 1988

and Economic Development. The director is appointed by the governor to a four year term. Qualifications for the director are set out.

Section 5. The Alaska Industrial Development and Export Authority is granted power to convey assets to and acquire a beneficial interest in a real property liquidating organization, if state corporations and agencies are granted a priority to assets of the organization.

Section 6. Except section 4 the foregoing substantive provisions of the bill are repealed.

Section 7. The substantive provisions take effect June 1, 1988.

Section 8. The repealer takes effect June 1, 1993, making this a five year program.

TBC:mkr
b5/079

STATE OF ALASKA
THE LEGISLATURE

POUCH Y. STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 20, 1988

SUBJECT: Stabilization of the real estate market
(SSSB 408)

TO: Senator Tim Kelly

FROM: Tamara Brandt Cook *TBC*
Director
Division of Legal Services

Here is the sectional analysis that you requested.

Section 1. This is a statement of legislative findings and intent. The legislature finds that there have been failures of state and federally chartered financial institutions, agencies currently hold portfolios of distressed real estate loans and foreclosed property, financial institutions and agencies need to be permitted to cooperate in administering these properties, and maintenance of stable real estate markets is essential to the economy. The legislature intends to ensure stability of real estate markets by displacing competition with government regulation in matters relating to disposition of foreclosed real property by authorizing creation of real property liquidating organizations under state supervision.

Section 2. This is a new chapter relating to real property liquidating organizations.

Sec. 06.50.010 requires the Commissioner of Commerce and Economic Development to administer the chapter and adopt regulations.

Sec. 06.50.020 permits the formation by three or more grantors of a real property liquidating organization. Organizational documents must be reviewed and approved by the commissioner and must meet certain itemized requirements.

Sec. 06.50.030 requires an organization to retain a certified public accountant to annually prepare and submit to the Department of Commerce and Economic Development an audited balance sheet containing specified information. The accountant must certify that all sales of real estate during the year were made in accordance with the organization documents and this chapter, or identify variances, and provide recommendations with respect to internal financial controls. The organization is also required to file a report on its operations quarterly.

Sec. 06.50.040 requires the commissioner to approve or disapprove a proposed operating plan of an organization. He must also inspect business records of an organization on a regular basis at least twice each year. If the commissioner concludes that the organization is being administered contrary to law or regulation, he may prescribe appropriate remedies. If the organization fails to remedy deficiencies, the commissioner may begin proceedings to dissolve the organization. Expenses incurred in reviewing organization reports and conducting inspections shall be charged to the organization.

Sec. 06.50.050 permits the commissioner, by regulation, to exempt organization from other state laws and regulations if he determines the exemption is necessary to carry out the purposes of the chapter.

Section 3. The Alaska Housing Finance Corporation is granted broad authority to take action to stabilize the market price of and demand for residential housing. The corporation may enter into agreements for cooperative management and disposal of real property and convey property to or acquire a beneficial interest in a real property liquidating organization.

Section 4. The Alaska Industrial Development and Export Authority is granted power to convey assets to and acquire a beneficial interest in a real property liquidating organization.

Section 5. The bill takes effect immediately.

TBC:bb
b5/022

A few kinks need to be worked out in 'bridge bank'

The "bridge bank" proposed to help the real estate market has been endorsed by the governor and is receiving serious attention in the legislature.

Bridge in this context means a temporary arrangement. It also has been referred to as a "stabilization bank."

Dave Rose, executive director of the Alaska Permanent Fund, suggested the idea. He disapproves of the state getting involved in the real estate market but thinks this proposal is least objectionable.

The basic premise for such a bank is that with so many foreclosed properties, commercial banks are competing against each other and individual owners to the extent that it destabilizes the market. Antitrust laws prohibit their coordinating policies to dispose of the property. The bridge bank, however, would enable them to coordinate without legal problems.

Here's how the bank would work. The new organization would be created with about \$15 million of state money. Banks and government agencies that owned foreclosed proper-



chris stephens

ties would turn them over to the bridge bank. In exchange they would receive shares of stock proportional to the amount of property they put in.

The banks and other lenders then would own the bridge bank and control its operations. They could coordinate disposition of the foreclosed properties with minimum disruption to the market.

Theoretically, the startup money provided by the state and revenue from sales would

enable the bridge bank to operate independently. It could keep properties off the market until the market could absorb them and maintain them during that holiday period. The participants would receive a higher return than marketing the properties independently.

One of the major problems in other depressed markets, like Houston, has been uncoordinated policies by various government agencies for disposing property. This has been of great concern in our market as well.

The effect of the bridge bank on the commercial market is difficult to predict. Many fewer commercial properties are in for foreclosure compared to residential. Also, unlike housing, most foreclosed commercial properties are held by banks, not government agencies.

Alaska banks are so heavily invested in our local economy that they cannot afford to undermine the market by dumping properties at below-market rates. Outside banks have tended to hold properties to avoid taking a loss.

How the various lending institutions and government agencies would be encouraged to participate is not clear. They would exchange real property for stock in an untested organization that might or might not be profitable.

Each participant would have to evaluate how such a move would affect its financial statement. Each would have to be willing to give up individual control of its foreclosed properties for the common good.

Finally, how many organizations would have to participate for the critical mass to be achieved that would have a significant effect on the market?

No one knows whether the legislature will create and fund the bridge bank. Time is short and competing demands for money are numerous. The bridge bank is a fascinating idea to solve a problem. But the practical and political realities will have to be addressed.

□ Chris Stephens, CCIM, is a local associate broker specializing in investment and commercial real estate.

SB 408

1 IN THE SENATE

BY KELLY AND STURGULEWSKI

2

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 408

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to stabilization of the real estate

7

market; authorizing the establishment of real prop-

8

erty liquidating organizations; and providing for an

9

effective date."

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

11 * Section 1. LEGISLATIVE FINDINGS AND INTENT. (a) The legislature
12 finds that

13 (1) there have been in the state several failures of state and
14 federally chartered financial institutions and one bank consolidation by
15 the Federal Deposit Insurance Corporation under 12 U.S.C. 1823(c);

16 (2) state and federal agencies currently hold large portfolios
17 of distressed real estate loans and real property;

18 (3) these financial institutions and government agencies need to
19 be permitted to cooperate in administering these properties to avoid fur-
20 ther adverse effects on the state's real estate markets and to stabilize
21 the state's banking system; and

22 (4) the maintenance of stable and orderly markets for the pur-
23 chase and sale of commercial and residential real estate in the state is
24 essential to the economy of the state and the welfare of its citizens.

25 (b) The legislature intends to ensure the stability of the state's
26 real estate markets and prevent a precipitous decline in real estate prices
27 by displacing competition with government regulation in matters relating to
28 the sale and disposition of real property held by financial institutions
29 and state and federal agencies as a result of foreclosure actions. By

1 authorizing the creation of real property liquidating organizations under
2 state supervision, the legislature intends to grant authority to the com-
3 missioner of commerce and economic development to provide by regulation
4 that persons and entities who subscribe or grant assets to, contribute
5 funds or services to, obtain a beneficial interest in, or participate in
6 the management of a real property liquidating organization will be immu-
7 nized as necessary possible against potential liability under federal
8 antitrust laws and state antitrust, competition, and trade practices laws
9 arising from the operation of the organizations.

10 * Sec. 2. AS 06 is amended by adding a new chapter to read:

11 CHAPTER 50. REAL PROPERTY LIQUIDATING ORGANIZATIONS.

12 Sec. 06.50.010. RESPONSIBILITY OF COMMISSIONER. The commis-
13 sioner shall administer this chapter and adopt regulations to carry
14 out the purposes of this chapter.

15 Sec. 06.50.020. FORMATION. (a) Three or more grantors may
16 create a real property liquidating organization by filing the orga-
17 nizational documents with the commissioner. The commissioner shall
18 review the documents and approve them if they comply with (b) of this
19 section and are consistent with the purposes of this chapter. Convey-
20 ance of assets to or disposition of real property or other assets by
21 an organization is not valid until the organizational documents have
22 been reviewed and approved by the commissioner.

23 (b) The organizational documents must

24 (1) state the purpose of the organization;

25 (2) identify all grantors who will subscribe to the orga-
26 nization and all persons who will possess an interest in the orga-
27 nization;

28 (3) describe the manner in which the organization will be
29 managed;

1 (4) prescribe the method under which distributions to the
2 grantors and other beneficiaries will be made;

3 (5) provide for the conveyance to the organization of all
4 or part of the grantors' portfolios of commercial and residential real
5 properties in the state or other assets;

6 (6) provide for the orderly disposition of property of the
7 organization at prices to be established in accordance with the orga-
8 nizational documents;

9 (7) provide for the expenditure of assets to manage orga-
10 nization property, including expenditures to preserve or enhance the
11 value of properties; and

12 (8) provide for the establishment of other terms and con-
13 ditions relating to the sale or other disposition of assets that the
14 grantors consider necessary or appropriate to ensure that the orga-
15 nization will be operated in a manner that will provide for orderly
16 disposition of property and promote a stable real estate market and
17 economy.

18 Sec. 06.50.030. AUDITS AND REPORTS. (a) In addition to the
19 record keeping requirements specified in regulations adopted by the
20 commissioner or in the organizational documents, the organization
21 shall retain a certified public accountant to annually prepare and
22 submit to the department on or before April 1 of each calendar year an
23 audited balance sheet, income statement, statement of principal,
24 statement of changes in financial position, and schedule of all dispo-
25 sitions of real estate assets made by the organization during the
26 year. In connection with the preparation of the financial documents,
27 the accountant shall issue letters

28 (1) certifying that all sales of real estate assets and all
29 distributions during the year were made in accordance with the

provisions of the organization documents and this chapter, or identifying any variance; and

(2) with respect to the internal financial controls and practices of the organization, providing recommendations the accountant considers appropriate.

(b) The organization shall prepare and file with the commissioner, on a quarterly basis, a report containing the following:

(1) a schedule of all real property held by the organization;

(2) the sale price and all other significant terms of sale for real property sold since the date of the previous report; and

(3) a proposed operating plan for the next quarterly period that conforms with regulations adopted by the commissioner.

Sec. 06.50.040. REVIEW AND APPROVAL BY COMMISSIONER. (a) The commissioner shall review each report filed under (b) of this section and approve or disapprove the proposed operating plan within 20 days after filing. In reviewing the operating plan, the commissioner shall consider current market conditions. Before approving the plan, the commissioner must find that the plan complies with the purpose of this chapter.

(b) Within five days after the department notifies an organization of its intention to inspect business records, all business records maintained by the organization shall be available for review and examination by the department at the organization's principal place of business, during regular business hours. The commissioner shall examine the business records of an organization on a regular basis at least twice each calendar year.

(c) If the commissioner disapproves the proposed operating plan or concludes, after examination, that the organization is being

CORRECTION

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

1 provisions of the organization documents and this chapter, or identi-
2 fying any variance; and

3 (2) with respect to the internal financial controls and
4 practices of the organization, providing recommendations the accoun-
5 tant considers appropriate.

6 (b) The organization shall prepare and file with the commission-
7 er, on a quarterly basis, a report containing the following:

8 (1) a schedule of all real property held by the organiza-
9 tion;

10 (2) the sale price and all other significant terms of sale
11 for real property sold since the date of the previous report; and

12 (3) a proposed operating plan for the next quarterly period
13 that conforms with regulations adopted by the commissioner.

14 Sec. 06.50.040. REVIEW AND APPROVAL BY COMMISSIONER. (a) The
15 commissioner shall review each report filed under (b) of this section
16 and approve or disapprove the proposed operating plan within 20 days
17 after filing. In reviewing the operating plan, the commissioner shall
18 consider current market conditions. Before approving the plan, the
19 commissioner must find that the plan complies with the purpose of this
20 chapter.

21 (b) Within five days after the department notifies an organiza-
22 tion of its intention to inspect business records, all business re-
23 cords maintained by the organization shall be available for review and
24 examination by the department at the organization's principal place of
25 business, during regular business hours. The commissioner shall
26 examine the business records of an organization on a regular basis at
27 least twice each calendar year.

28 (c) If the commissioner disapproves the proposed operating plan
29 or concludes, after examination, that the organization is being

1 administered contrary to statute or regulation, the commissioner shall
2 notify the organization and all grantors in writing, specifying all
3 deficiencies and prescribing appropriate remedies. If the organiza-
4 tion fails to remedy deficiencies in accordance with the commission-
5 er's prescriptions within 60 days after receipt of the notice, the
6 commissioner may commence proceedings under AS 06.01.030.

7 (d) The expenses of the department reasonably incurred in re-
8 viewing and approving a proposed operating plan or conducting an
9 examination under this section shall be charged to and paid by the
10 organization in accordance with AS 06.01.010.

11 Sec. 06.50.050. PREEMPTION. If the commissioner determines that
12 the exemption is necessary to carry out the purposes of this chapter,
13 the commissioner may by regulation exempt real property liquidating
14 organizations from any state law other than this chapter or from any
15 regulation other than one adopted under this chapter.

16 Sec. 06.50.100. DEFINITIONS. In this chapter,

17 (1) "commissioner" means the commissioner of commerce and
18 economic development;

19 (2) "department" means the Department of Commerce and
20 Economic Development;

21 (3) "grantor" means a federally or state chartered finan-
22 cial institution, federal or state agency, licensed insurer, or fi-
23 nancing company that conveys assets to, and thereby obtains a benefi-
24 cial interest in and the right to participate in the management of, a
25 real property liquidating organization;

26 (4) "real property liquidating organization" or "organiza-
27 tion" means a corporation, trust, fund, partnership, joint venture, or
28 other legal entity created to acquire, maintain, manage, market, sell,
29 or otherwise dispose of real property in the state and to distribute

1 to the beneficiaries, in accordance with the provisions of the orga-
2 nization documents, the proceeds derived from the sale or disposition
3 of the property.

4 * Sec. 3. AS 18.56 is amended by adding a new section to read:

5 Sec. 18.56.210. MARKET STABILIZATION POWERS. The corporation
6 may take appropriate action to stabilize the market price of and
7 demand for residential housing in the state. To accomplish the pur-
8 poses of this section, the corporation may

9 (1) enter into agreements with state and federally char-
10 tered financial institutions, state or federal agencies, insurers, and
11 financing companies for the cooperative management and disposal of
12 real property owned by the corporation, financial institutions, agen-
13 cies, or other contracting parties; and

14 (2) convey real property and other assets to, and acquire a
15 beneficial interest in, a real property liquidating organization
16 established under AS 06.50.

17 * Sec. 4. AS 44.88.080 is amended by adding a new paragraph to read:

18 (25) to convey real property and other assets to, and ac-
19 quire a beneficial interest in, a real property liquidating orga-
20 nization established under AS 06.50.

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

*Sponsor Substitute
repealed 4/19/88*

1 IN THE SENATE

BY KELLY AND STURGULEWSKI

2

SENATE BILL NO. 408

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the Alaska stabilization assis-
7 tance program; and providing for an effective date."

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

9 * Section 1. ALASKA STABILIZATION ASSISTANCE PROGRAM. (a) The purpose
10 of the Alaska stabilization assistance program is to promote the stabi-
11 lization of real property values in the state.

12 (b) The Alaska stabilization assistance fund is established in the
13 Alaska Industrial Development and Export Authority. The authority may use
14 money appropriated to the fund to carry out the purposes of this section.
15 An appropriation to the Alaska stabilization assistance fund lapses to the
16 fund from which it was appropriated July 1, 1992, unless specified other-
17 wise in the appropriation act. Other receipts shall be separately
18 accounted for and deposited into the general fund. Each year the authority
19 shall notify the legislature of the amount of these receipts and the legis-
20 lature may appropriate that amount into the Railbelt energy fund
21 established under AS 37.05.153.

22 (c) To encourage lenders not to attempt to dispose of real property
23 in the state that has been foreclosed upon or otherwise acquired through
24 actions taken on defaulted loans until the real estate market in the state
25 becomes more stable, the authority may enter into contracts to provide for
26 the management of the property. However, the authority may provide for the
27 management of property only through June 30, 1992.

28 * Sec. 2. This Act is repealed July 1, 1992.

29 * Sec. 3. This Act takes effect immediately under AS 01.10.070(c).

1 IN THE SENATE

BY KELLY AND STURGULEWSKI

2

SENATE BILL NO. 408

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the Alaska stabilization assis-
7 tance program; and providing for an effective date."

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

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10 of the Alaska stabilization assistance program is to promote the stabi-
11 lization of real property values in the state.

12 (b) The Alaska stabilization assistance fund is established in the
13 Alaska Industrial Development and Export Authority. The authority may use
14 money appropriated to the fund to carry out the purposes of this section.
15 An appropriation to the Alaska stabilization assistance fund lapses to the
16 fund from which it was appropriated July 1, 1992, unless specified other-
17 wise in the appropriation act. Other receipts shall be separately
18 accounted for and deposited into the general fund. Each year the authority
19 shall notify the legislature of the amount of these receipts and the legis-
20 lature may appropriate that amount into the Railbelt energy fund
21 established under AS 37.05.153.

22 (c) To encourage lenders not to attempt to dispose of real property
23 in the state that has been foreclosed upon or otherwise acquired through
24 actions taken on defaulted loans until the real estate market in the state
25 becomes more stable, the authority may enter into contracts to provide for
26 the management of the property. However, the authority may provide for the
27 management of property only through June 30, 1992.

28 * Sec. 2. This Act is repealed July 1, 1992.

29 * Sec. 3. This Act takes effect immediately under AS 01.10.070(c).

SRB

409

Introduced: 2/10/88
Referred: Finance

5-1864A

Funding Information

General Fund	\$15,000,000
Other Funds	-0-
	<u>\$15,000,000</u>

1 IN THE SENATE

BY KELLY AND STURGULEWSKI

2 SENATE BILL NO. 409

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Alaska
7 stabilization assistance fund; and providing for an
8 effective date."

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

10 * Section 1. The sum of \$15,000,000 is appropriated from the Railbelt
11 energy fund (AS 37.05.153) to the Alaska stabilization assistance fund.

12 * Sec. 2. The appropriation made by sec. 1 of this Act lapses into the
13 Railbelt energy fund (AS 37.05.153) on July 1, 1992.

14 * Sec. 3. This Act takes effect on the effective date of a version of
15 an Act enacted by the Fifteenth Alaska State Legislature establishing the
16 Alaska stabilization assistance fund.

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S

ALASKA STATE LEGISLATURE

. 15th . Legislature 2nd . . . Session

SENATE... **BILL**..... NO. 409..

By . **KELLY** ,. **STURGULEWSKI**.....

"An Act making a special appropriation to the Alaska stabilization assistance fund; and providing for an effective date."

Introduced in the Senate .. **2/10**....., 19 **.88**..

HISTORY IN THE SENATE

19 88

2 10

Read first time and referred to Committee on

FINANCE
Reported back with recommendation that

Read second time and

Read third time and

PASSED	Effective Date
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reconsideration
Reconsideration not taken up

PASSED	Effective Date
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

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

PASSED	Effective Date
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reconsideration
Reconsideration not taken up

PASSED	Effective Date
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

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

Chapter No.

Filed with Lt. Governor

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act making an appropriation to the AK. Stabilization Assistance Fund
Sponsor: Kelly and Sturgulewski
Requestor: _____

Alaska Industrial Development and Export Authority
Agency Affected: and Export Authority
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		zero (0)	zero (0)	zero (0)	zero (0)	
CAPITAL		\$15.0 Mil	zero(0)	zero (0)	zero(0)	
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND					
FEDERAL FUNDS					
OTHER		**			
TOTAL		\$15.0 Mil			

POSITIONS:

FULL-TIME					
PART-TIME					
TEMPORARY					

ANALYSIS : (Attach a separate page if necessary)

**Funds will be appropriated from the Railbelt energy fund to the Alaska Stabilization Assistance fund established in the Alaska Industrial Development and Export Authority per SB 408.

Costs of administering the Alaska Stabilization Assistance Program will be absorbed by the Alaska Industrial Development and Export Authority.

Prepared by: Bertram I. Wagon, Executive Director Phone: 274-1651
Division: Alaska Industrial Development & Export Authority Date: February 22, 1988

Approved by Commissioner: J. Anthony Smith Date: 2/29/88
Agency: Commerce and Economic Development

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

*Approp.
Bill.
No F/W
necessary*

5-2123L ✓
Bannister
4/28/88

Original sponsor: Judiciary Committee

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 508 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to property exemptions for home-
7 steads and for certain retirement plan interests and
8 payments."

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

10 * Section 1. AS 09.38.010(a) is amended to read:

11 (a) An individual is entitled to an exemption as a homestead of
12 the individual's interest in property in this state used as the prin-
13 cipal residence of that individual or the dependents of that individu-
14 al except for encumbrances properly established on the property.

15 Encumbrances may not be established on the property except

16 (1) by the seller for the purchase price of the property;

17 (2) for municipal ad valorem property taxation;

18 (3) for workers' and material liens for improvements to the
19 property if contracted for in writing before the labor was performed
20 or material was furnished [, BUT THE VALUE OF THE HOMESTEAD EXEMPTION
21 MAY NOT EXCEED \$27,000].

22 * Sec. 2. AS 09.38.010(c) is amended to read:

23 (c) If property that includes a homestead is sold under an
24 execution, the sale becomes effective upon confirmation by order of
25 the court. The court shall enter the order of confirmation unless,
26 within 60 days after the sale, the individual repurchases the property
27 under this section or the court extends the time for confirmation upon
28 the filing of a timely motion by a party in interest. The individual
29 may repurchase property, including that individual's homestead, at a

1 sale on execution before confirmation by paying into court the costs
2 of the sale plus the amount of claim authorized under (a) of this
3 section [LESSER OF EITHER (1) THE DIFFERENCE BETWEEN THE HIGHEST BID
4 AND THE AMOUNT OF THE EXEMPTION IN THE PROPERTY, OR (2) THE AMOUNT OF
5 THE CREDITOR'S CLAIM]. If the individual does not exercise the repur-
6 chase right under this subsection, the clerk of the court shall first
7 remit an amount determined to be exempt to the individual from the
8 proceeds of sale and the balance less the cost of the sale to the
9 creditor. For the purpose of collecting an amount remaining unpaid on
10 a judgment after repurchase of property by an individual under this
11 subsection, the creditor or the creditor's assignee may not make
12 another levy on the property repurchased.

13 * Sec. 3. AS 09.38.010 is amended by adding a new subsection to read:

14 (e) In this section, a "homestead" is

15 (1) an urban home or a place to exercise a calling or
16 business, in an urban area, of a family or a single adult individual,
17 not otherwise entitled to a homestead, that consists of not more than
18 an acre of land that may be in one or more lots, together with any
19 improvements on the land; or

20 (2) a rural home of the acreage provided in this paragraph,
21 that may be in one or more parcels, with the improvements that are on
22 the land, of

23 (A) 200 acres if claimed by a family; or

24 (B) 100 acres, if claimed by an individual.

25 * Sec. 4. AS 09.38 is amended by adding a new section to read:

26 Sec. 09.38.017. EXEMPTION OF RETIREMENT PLAN INTERESTS AND PAY-
27 MENTS. (a) In addition to the exemption under AS 09.38.015(b), the
28 following are exempt from a claim of an individual's creditor:

29 (1) the interest of the individual in a retirement plan;

1 and

2 (2) the money or other assets payable to the individual
3 from a retirement plan.

4 (b) The exemptions provided by (a) of this section do not apply
5 to a contribution made by an individual to a retirement plan within
6 120 days before the individual files for bankruptcy.

7 (c) The exemptions provided by (a) of this section do not pre-
8 vent the payment of benefits under a retirement plan to an alternate
9 payee under a qualified domestic relations order. In this subsection,
10 "qualified domestic relations order" has the meaning given in 26
11 U.S.C. 414(p).

12 (d) A retirement plan exempt from claims under (a) of this
13 section is conclusively presumed to be a spendthrift trust under this
14 section.

15 (e) In this section,

16 (1) "alternate payee" has the meaning given in 26 U.S.C.
17 414(p)(8);

18 (2) "individual" means an individual who is a participant
19 in, a beneficiary of, or an alternate payee of a retirement plan;

20 (3) "retirement plan" means a retirement plan that is
21 qualified under 26 U.S.C. 401(a), 26 U.S.C. 403(a), 26 U.S.C. 403(b),
22 26 U.S.C. 408, or 26 U.S.C. 409 (Internal Revenue Code).

23 * Sec. 5. AS 09.38.025(a) is amended to read:

24 (a) Except as provided in this section or AS 09.38.017, an
25 individual is entitled to exemption of unmatured life insurance and
26 annuity contracts owned by the individual. If the contracts have
27 accrued dividends and loan values available to the individual ag-
28 gregating more than \$5,000, a creditor may obtain a court order re-
29 quiring the individual debtor to pay the creditor, and authorizing the

1 creditor on the debtor's behalf to obtain payment of, the amount of
2 the accrued dividends and loan values in excess of \$5,000 or the
3 amount of the creditor's claim, whichever is less.

4 * Sec. 6. AS 09.38.030(e) is amended to read:

5 (e) The following property, unless exempt without limitation
6 under AS 09.38.015 or 09.38.017, upon receipt by and while it is in
7 the possession of the individual, shall be treated as earnings, in-
8 come, cash, or other liquid assets under this section:

9 (1) benefits paid by reason of disability, illness, or
10 unemployment;

11 (2) money or property received for alimony or separate
12 maintenance;

13 (3) proceeds of insurance, a judgment, or a settlement, or
14 other rights accruing as a result of bodily injury of the individual
15 or of the wrongful death or bodily injury of another individual of
16 whom the individual was or is a dependent;

17 (4) proceeds or benefits paid or payable on the death of an
18 insured, if the individual was the spouse or a dependent of the in-
19 sured; and

20 (5) amounts paid under a stock bonus, pension, profit-
21 sharing, annuity, or similar plan or contract, providing benefits by
22 reason of age, illness, disability, or length of service.

23 * Sec. 7. AS 09.38.055 is amended to read:

24 Sec. 09.38.055. BANKRUPTCY PROCEEDINGS. In a proceeding under
25 11 U.S.C. (Bankruptcy) [THE BANKRUPTCY ACT (11 U.S.C.)] only the
26 exemptions under AS 09.38.010, 09.38.015(a), 09.38.017, 09.38.020,
27 09.38.025 and 09.38.030 apply.

28 * Sec. 8. AS 09.38.065(a) is amended to read:

29 (a) Notwithstanding other provisions of this chapter except

1 AS 09.38.010,

2 (1) a creditor may make a levy against exempt property of
3 any kind to enforce a claim for

4 (A) child support;

5 (B) unpaid earnings of up to one month's compensation
6 or the full-time equivalent of one month's compensation for
7 personal services of an employee; or

8 (C) state or local taxes; and

9 (2) a creditor may make a levy against exempt property to
10 enforce a claim for

11 (A) the purchase price of the property or a loan made
12 for the express purpose of enabling an individual to purchase the
13 property and used for that purpose;

14 (B) labor or materials furnished to make, repair,
15 improve, preserve, store, or transport the property; and

16 (C) a special assessment imposed to defray costs of a
17 public improvement benefiting the property.

18 * Sec. 9. AS 09.38.010(b) is repealed.

19 * Sec. 10. AS 09.38.017, added by sec. 4 of this Act, does not apply to
20 the assets of a bankruptcy estate in a proceeding filed under 11 U.S.C.
21 (Bankruptcy) before the effective date of this Act.
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SYNOPSIS AND ANALYSIS

OF

CSSB 411 (Res) "An Act relating to the use of firearms in state parks, state marine parks, state wildlife preserves, and state recreation areas"

It is the intent of this legislation that the use of firearms will not be prohibited within the above-listed state park units, except within statutorially-prescribed areas.

Section 1 provides legislative findings that hunting activities are compatible with other uses in the park units; that due to the wild and remote nature of the park areas, use of a firearm may be necessary for personal safety; and that therefore a statewide policy allowing the use of firearms in the park units is in the public interest.

Section 2, in subsection (a) repeals and reenacts AS 41.21.022 to say that the discharge of firearms is permitted in the park units except that the commissioner of natural resources may regulate their use within 1/2 mile of certain high traffic areas in the park units, and lists those areas.

Subsection (b) of section 2 allows the use anywhere within a park unit of a legally possessed weapon in defense of life.

Alaska State Legislature

SENATOR KEN FANNING
119 N. CUSHMAN, SUITE 213
FAIRBANKS, ALASKA 99701
(907) 452-7624



P.O. BOX V—STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3880

Senate

April 29, 1988

MEMORANDUM

To: Senate Finance
Committee Members

From: Senator Ken Fanning

Subject: SB 411 - Firearms policy in state parks

With the enactment of ANILCA and the establishment and/or expansion of Alaska's National Parks, hunters in Alaska now have approximately 32.4 million fewer acres of land on which they can hunt. On the other hand, this means that nearly 10% of all lands in Alaska have been set aside for those who may wish to avoid hunters and their activities.

Because of these huge losses, especially of prime areas for big game, it is vital that we keep our state parks open to hunting so that the overall impact to game species is spread out as much as possible, and conflicts on private lands are kept to a minimum.

However, it seems lately to have become administrative policy, at one level or another, to ease hunting out of our state parks. In Chugach State Park alone, thousands of acres of prime hunting lands have been declared off limits to firearm use through regulations adopted by the division of parks (11 AAC 20.010). In small specific portions of these areas, where there is a high visitor use during summer months, the safety to the public may dictate restrictions on the use of firearms; however, in most of the drainages now entirely closed to the use of firearms (even for personal protection from bears), there is absolutely no legitimate public safety basis for the prohibition, particularly during the fall hunting season.

Department of fish and game records verify that there is a very high density of mature Dall sheep in these areas of Chugach State Park, as well as other big game species. In fact, the carrying capacity in some of the closed areas of the sheep range are at near maximum use. With the division of parks stoppage of annual big game harvest in these areas, the department of fish and game has lost the only tool available to keep populations and sex ratios in balance.

Senate Finance Committee Members
SB 411 - Firearms in parks policy
Page 2

Perhaps no other single state park in Alaska more graphically demonstrates the need for a legislative directive regarding firearms policy than Chugach. For decades, hunting and non-consumptive activities co-existed hand in hand with no conflicts. Then what began with modest closures in areas of high use grew into an apparent disregard for Legislative policy (AS 41.21.124), as entire drainages were closed to the use of firearms. Now that this administrative trend is established, in lieu of Legislative directives to the contrary, closures in other state parks are almost sure to follow. With trespass incursions escalating on Native lands, state park hunting closures can only exacerbate the difficulties.

It is, indeed, time for the Legislature to reaffirm public policy in our state parks, and provide for all multiple recreational uses with a firearm safety factor based on reason and fairness.

The only change made by the Resources Committee was to page 1, line 25, where 1/4 mile was increased to 1/2 mile, giving the department a wider corridor to close around high traffic areas in the parks.

One technical change the committee might consider making, and which is noted in the department of fish and game analysis of the bill, is to change the words "preserve" or "preserves" to "refuge" or "refuges" in all of their respective occurrences (page 1, lines 7, 12, and 23, and page 2, line 9).

Alaska State Legislature

SENATOR KEN FANNING
P.O. BOX 80929
COLLEGE, ALASKA 99708



P.O. BOX V—STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 485-3880

RECEIVED APR 26 1988

Senate

April 25, 1988

Senator Rick Halford, Co-Chair
Senate Committee on Finance
P.O. Box V
Juneau, Alaska 99811

Dear Senator Halford:

Senate bill 411, relating to the use of firearms in state parks, etc., has been referred to the Finance Committee, where it now awaits hearing. I would take this opportunity to ask that you schedule the bill at your earliest available time, so that the Senate may consider it.

By way of summary, the bill would simply restate the Legislature's policy that the use of firearms is compatible with the purpose of our state parks, except that the commissioner of DNR can restrict their use within 1/2 mile of certain developed areas of the parks. As you are no doubt aware, the division of parks has used the present language in statute to justify closing massive areas of Chugach State Park to hunting, despite the impact such a closing is having on game management. Much of the wildlife within the closed areas has reached or surpassed the carrying capacity of the habitat it occupies, mainly because harvesting by hunters has been stopped.

I realize time is getting short for consideration of the bill in the House, but I consider the issue important enough to pass the bill on to that body.

Thank you for your expeditious consideration of this request, and of SB 411.

Best regards,

A handwritten signature in cursive script, appearing to read "Ken Fanning".

Senator Ken Fanning

KF/jwm

SB 411

and outdoor recreation, Department of Natural Resources:

(8) "permit" means a written authorization to engage in uses or activities that are otherwise prohibited or restricted;

(9) "state park" means any land or water managed by the division. (Eff. 1/13/73, Reg. 44; am 5/11/85, Reg. 94)

Authority: AS 41.21.020
AS 41.21.040
AS 41.21.955

CHAPTER 20.
STATE PARK LAND AND WATER

Article

1. Chugach State Park (11 AAC 20.010-11 AAC 20.050)
2. Kachemak Bay State Park (11 AAC 20.100-11 AAC 20.120)
3. Kachemak Bay State Wilderness Park (11 AAC 20.200-11 AAC 20.220)
4. Wood-Tikchik State Park (11 AAC 20.300-11 AAC 20.390)
5. Denali State Park (11 AAC 20.400-11 AAC 20.430)
6. Caines Head State Recreation Area (11 AAC 20.440-11 AAC 20.450)
7. Chena River State Recreational Area (11 AAC 20.460-11 AAC 20.485)
8. Quartz Lake State Recreation Area (11 AAC 20.500-11 AAC 20.520)
9. Nancy Lake State Recreation Area (11 AAC 20.540-11 AAC 20.555)
10. Captain Cook State Recreation Area (11 AAC 20.600-11 AAC 20.620)
11. Chilkat State Park (11 AAC 20.650-11 AAC 20.665)
12. Alaska Marine Parks (11 AAC 20.750-11 AAC 20.765)
13. Shuyak Island State Park (11 AAC 20.800-11 AAC 20.810)
14. Kenai River Special Management Area (11 AAC 20.850-11 AAC 20.870)
15. Special Provisions (11 AAC 20.905-11 AAC 20.990)

ARTICLE 1.
CHUGACH STATE PARK

Section

10. Use of weapons
20. Off-highway vehicles
20. Aircraft
25. Power boats
30. Horses
35. Campfires
40. Snow vehicles
45. Recreational gold panning
50. Bicycles

* { 11 AAC 20.010. USE OF WEAPONS. (a) Except as provided by (b) of this section, the use and discharge of a weapon for the purpose of lawful hunting or trapping is allowed in

Chugach State Park, except within one-half mile of a developed facility.

practice landing is prohibited. (Eff. 5/11/85, Reg. 94)

Authority: AS 41.21.020
AS 41.21.040
AS 41.21.121

(b) The use and discharge of a firearm is prohibited within the following drainages:

(1) Eklutna River excluding the east fork of Eklutna River and Thunderbird Creek above Thunderbird Falls;

11 AAC 20.025. POWER BOATS. The use of power boats is allowed in Chugach State Park on Eklutna Lake. (Eff. 5/11/85, Reg. 94)

Authority: AS 41.21.020
AS 41.21.040
AS 41.21.121

(2) Eagle River and all tributary drainages downstream from the gorge located at the southwest corner of Section 24, T13N, R1E, S.M.;

11 AAC 20.030. HORSES. (a) The use of horses, mules, and burros is allowed in Chugach State Park, except for

(1) designated campgrounds, swim beaches, and picnic areas;

(3) all forks of Campbell Creek;

(4) Rabbit Creek;

(5) McHugh Creek; and

(2) the Eagle River Valley from Crow Pass to the Eagle River Visitor Center, except by permit from the director under 11 AAC 18.010;

(6) Rainbow Creek. (Eff. 1/16/74, Reg. 48; am 8/11/80, Reg. 75; am 5/11/85, Reg. 94)

Authority: AS 41.21.020 AS 41.21.040
AS 41.21.022 AS 41.21.121

(3) Meadow Creek Drainage;

11 AAC 20.015. OFF-HIGHWAY VEHICLES.

(a) The use of off-highway vehicles is allowed in Chugach State Park only on Eklutna Lake Road and logging trails in Bird Creek Valley.

(4) the Old Johnson Trail from Potter to Indian;

(b) No person may operate an off-highway vehicle from 12:01 a.m. Thursday through 11:59 p.m. Saturday on Eklutna Lake Road. (Eff. 5/11/85, Reg. 94)

Authority: AS 41.21.020
AS 41.21.040
AS 41.21.121

(5) Section 29, T12N, R2W, S.M., west of the powerline easement, except that one trail between the powerline easement and the Glen Alps parking lot will be designated for summer use of horses;

(6) Flattop Mountain Trails; and

11 AAC 20.020. AIRCRAFT. (a) Except as provided by (b) of this section, the use of aircraft is allowed in Chugach State Park on

(1) Bold airstrip located at the inlet of Eklutna Lake;

(2) Mirror Lake; and

(3) Eklutna Lake.

(b) The use of aircraft for the purpose of

(7) all trails in the Hillside Trail System (North Fork of Campbell Creek to and including Rabbit Creek), which may be closed seasonally to horse use to control break-up problems and use conflicts with ski trails.

(b) The use of horses, mules, and burros is subject to the following conditions:

(1) groups using 10 or more animals must obtain authorization from the director under 11 AAC 18.010 before entering the state park;

(2) tethering horses, mules, or burros within 100 feet of fresh water is prohibited;

(10) "state park land" means the state land managed by the division and designated for use as public recreation land and includes waysides, recreation areas, parks and historic sites;

(11) "state park" means any land or water managed by the division;

(12) "vehicle" means any device for carrying persons or objects over land, water, or through the air, including automobiles, snow-machines, bicycles, off-road vehicles, motorized boats, and aircraft;

(13) "firearm" includes a pistol, rifle, shotgun, revolver, mechanical, gas, or air-operated gun;

* { (14) "weapon" includes a bow and arrow, slingshot, crossbow, or firearm;

(15) "developed facility" includes a boat ramp, campground, picnic area, rest area, visitor information center, swim beach, trailhead, road, parking area, or developed ski area;

(16) "stationary gear" means gear set from or retrieved to the shore above mean low tide, or operated on the shore between mean low and high tide, including set gill nets and beach seines. (Eff. 8/1/68, Reg. 27; am 1/13/73, Reg. 44; am 5/11/85, Reg. 94; am 8/10/86, Reg. 99)

Authority: AS 41.21.020
AS 41.21.040
AS 41.21.955

SB 41

compatible use within a state park or recreational area. (§ 2 ch 158 SLA 1959; am § 1 ch 233 SLA 1970; am § 3 ch 30 SLA 1981; am §§ 1, 2 ch 78 SLA 1981; am § 1 ch 16 SLA 1984; am § 40 ch 106 SLA 1986)

Revisor's notes. — In subsection (b) of this section, the phrase "a compatible use" was substituted for the word "compatible" in 1984 to correct a manifest error of omission.

Effect of amendments. — The 1984 amendment added subsection (b).

The 1986 amendment, effective January 1, 1988, added "contracting for improvement and development under this paragraph is governed by AS 36.30 (State Procurement Code)" at the end of paragraph (5) of subsection (a).

Editor's notes. — Prior to January 1, 1988, subsection (a) reads as follows: "(a) The Department of Natural Resources shall

"(1) develop a continuing plan for the conservation and maximum use in the public interest of the scenic, historic, archaeological, scientific, biological, and recreational resources of the state;

"(2) plan for and develop a system of state parks and recreational facilities, to be established as the legislature authorizes and directs;

"(3) acquire by gift, purchase, or transfer from state or federal agencies, or from individuals, corporations, partnerships or associations, land necessary, suitable and proper for roadside, picnic, recreational or park purposes;

"(4) control, develop and maintain state parks and recreational areas;

"(5) provide for the acquisition, care, control, supervision, improvement, development, extension and maintenance of public recreational land, and make necessary arrangements, contracts or commitments for the improvement and develop-

ment of land acquired under AS 41.21.010 — 41.21.040;

"(6) adopt, in accordance with this section and the Administrative Procedure Act (AS 44.62), regulations governing the use and designating incompatible uses within the boundaries of state park and recreational areas to protect the property and to preserve the peace;

"(7) cooperate with the United States and its agencies and local subdivisions of the state to secure the effective supervision, improvement, development, extension, and maintenance of state parks, state monuments, state historical areas, and state recreational areas, and secure agreements or contracts for the purpose of AS 41.21.010 — 41.21.040;

"(8) encourage the organization of state public and recreational activities in the local political subdivisions of the state;

"(9) provide for consulting service designed to develop local park and recreation facilities and programs;

"(10) provide clearing-house services for other state agencies concerned with park and recreation matters; and

"(11) perform other duties as are prescribed by executive order or by law;

"(12) maintain memorials to Alaska veterans located in state parks;

"(13) adopt, in accordance with the Administrative Procedure Act (AS 44.62), regulations governing the use of the Chena River State Recreation Area and designating incompatible uses within the boundaries of the Chena River State Recreation Area in accordance with AS 41.21.490."

Sec. 41.21.022. Discharge of firearms. The discharge of firearms during lawful hunting, trapping, and fishing is permitted within the boundaries of: (1) Caines Head State Recreation Area; (2) Chena River State Recreation Area; (3) Chugach State Park; (4) Denali State Park; (5) Kachemak Bay State Park; (6) Kachemak Bay State Wilderness Park; (7) Marine Parks established in AS 41.21.300 — 41.21.306; (8) Quartz Lake State Recreation Area; and (9) Wood-Tikchik State Park, except that all or part of a state park, marine park, wildlife preserve, or recreation area may be closed to the discharge of firearms by regulations adopted by the department for purposes of public safety or,

with the concurrence of the Board of Game, for limited areas of Chugach State Park for public display of local wildlife under AS 41.21.121. (§ 1 ch 126 SLA 1984)

Sec. 41.21.026. Fees for the use of state park system facilities.

(a) The department may charge or collect a fee in a park unit for

- (1) rental of public use cabins or other overnight lodgings;
- (2) overnight use of a developed campsite;
- (3) special park use permits;
- (4) competitive and exclusive commercial use permits;
- (5) noncompetitive and nonexclusive commercial use permits;
- (6) use of a sewage holding tank dump station;
- (7) guided tours of historic sites; and
- (8) use of an improved boat ramp in a park facility developed principally for boat launching.

(b) The department may not charge or collect a fee for an ordinary use of a park unit or the use of a restroom in a park unit.

(c) The department shall establish the fees that may be charged or collected under (a) of this section by regulation. Before setting the fees, the department shall consider at public hearings

- (1) the cost to the state of operating the facility or managing the activity;
- (2) the normal fees charged for similar facilities or activities by governmental and nongovernmental entities;
- (3) the cost of administering a fee collection program for the facility or activity; and
- (4) the public interest.

(d) In this section, "developed campsite" means a campsite having access to the following public facilities:

- (1) restrooms;
- (2) a picnic table;
- (3) an outdoor cooking facility; and
- (4) an approved water source. (§ 1 ch 89 SLA 1987)

Effective dates. — Section 5, ch. 89, SLA 1987, makes this section effective June 18, 1987, in accordance with AS 01.10.070(c). SLA 1987 provides that regulations existing on June 18, 1987 that are otherwise applicable to user fees remain in effect until regulations are adopted under (c) of this section.

Editor's notes. — Section 4, ch. 89, this section.

Sec. 41.21.027. Concession contracts in the state park system.

(a) Subject to the restrictions in this section, the state may enter into concession contracts under AS 36 to provide services or construct facilities in a park unit.

(b) The state may not enter into a concession contract under (a) of this section if the proposed contract involves estimated annual gross receipts of more than \$100,000, construction of facilities, a term lon-

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: "An act relating to the use of fire-arms in state parks..."
 Sponsor: Fanning, Faiks, et al
 Requestor: Senate Resources
 Agency Affected: Public Safety
 BRU: Fish & Wildlife Prot.
 Components: Enforcement

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
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						

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

No fiscal impact is anticipated.

Conrad G. Seibel
 Prepared by: Captain Conrad G. Seibel Phone: 269-5509
 Division: Fish & Wildlife Protection Date: 2/22/88
 Approved by Commissioner: *Harold Holt* Date: 2-29-88
 Agency: Department of Public Safety

Distribution (by preparer):

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

Original sponsors: Fanning, Faiks,
Fahrenkamp, et al.

1 IN THE SENATE BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 411 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the use of firearms in state
7 parks, state marine parks, state wildlife preserves,
8 and state recreation areas."

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

10 * Section 1. LEGISLATIVE FINDINGS. The legislature finds that lawful
11 hunting activities, when conducted safely, are compatible with other public
12 uses in state parks, state marine parks, state wildlife preserves, and
13 state recreation areas. The legislature further recognizes that because of
14 the wild and remote nature of many state parks and recreation areas, the
15 possession and use of a firearm may be necessary to personal safety. The
16 legislature therefore finds that a statewide policy regarding the use of
17 firearms in state parks, state marine parks, state wildlife refuges, and
18 state recreation areas is in the public interest.

19 * Sec. 2. AS 41.21.022 is repealed and reenacted to read:

20 Sec. 41.21.022. DISCHARGE OF FIREARMS. (a) The discharge of
21 firearms during lawful hunting, trapping, and fishing is permitted
22 within the boundaries of a state park, state marine park, state wild-
23 life preserve, or state recreation area except that the commissioner
24 may regulate the use of a firearm or other weapon for reasons of
25 public safety within one-half mile of the following areas if the areas
26 are posted:

- 27 (1) a trail head;
28 (2) a boat launch;
29 (3) an improved camp site;

- 1 (4) a visitor center;
- 2 (5) a picnic area;
- 3 (6) a public use cabin;
- 4 (7) a highway wayside;
- 5 (8) a lookout on an established trail system; or
- 6 (9) a parking area.

7 (b) This section does not prohibit the use of a firearm or other
8 legally possessed weapon in defense of life anywhere within a state
9 park, state marine park, state wildlife preserve, or state recreation
10 area.

1 IN THE SENATE

BY FANNING, FAIKS, FAHRENKAMP,
FISCHER, ABOOD, KELLY, RODEY
AND COGHILL

2

SENATE BILL NO. 411

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the use of firearms in state
7 parks, state marine parks, state wildlife preserves,
8 and state recreation areas."

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

10 * Section 1. LEGISLATIVE FINDINGS. The legislature finds that lawful
11 hunting activities, when conducted safely, are compatible with other public
12 uses in state parks, state marine parks, state wildlife preserves, and
13 state recreation areas. The legislature further recognizes that because of
14 the wild and remote nature of many state parks and recreation areas, the
15 possession and use of a firearm may be necessary to personal safety. The
16 legislature therefore finds that a statewide policy regarding the use of
17 firearms in state parks, state marine parks, state wildlife refuges, and
18 state recreation areas is in the public interest.

19 * Sec. 2. AS 41.21.022 is repealed and reenacted to read:

20 Sec. 41.21.022. DISCHARGE OF FIREARMS. (a) The discharge of
21 firearms during lawful hunting, trapping, and fishing is permitted
22 within the boundaries of a state park, state marine park, state wild-
23 life preserve, or state recreation area except that the commissioner
24 may regulate the use of a firearm or other weapon for reasons of
25 public safety within one-quarter mile of the following areas if the
26 areas are posted:

- 27 (1) a trail head;
28 (2) a boat launch;
29 (3) an improved camp site;

- 1 (4) a visitor center;
- 2 (5) a picnic area;
- 3 (6) a public use cabin;
- 4 (7) a highway wayside;
- 5 (8) a lookout on an established trail system; or
- 6 (9) a parking area.

7 (b) This section does not prohibit the use of a firearm or other
8 legally possessed weapon in defense of life anywhere within a state
9 park, state marine park, state wildlife preserve, or state recreation
10 area.

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Finance
[Handwritten signature]

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

FURTHER: *[Handwritten signature]*

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

2/11/88
Mr. President:

DATE TURNED INTO OFFICE _____

Resources _____ Committee considered SB 411

use of firearms in state parks, state marine parks, state wildlife preserves, and state recreation areas

and recommended:

[] replace with CS SB 411 (res) 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

OTHER RECOMMENDATIONS

[Handwritten signature]
[Handwritten signature]

[Handwritten signature]
[Handwritten signature]

[Large handwritten signature]
Chairman signature and recommendation

[] Committee Backup Attached

SR

412

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of _____ 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER:

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

2/11/88

DATE TURNED INTO OFFICE _____

Mr. President:

Finance

Committee considered SB 412

creating a presumption of intent to sell alcoholic beverages; efd

and recommended:

[] replace with CS _____ [] same title
[] new title

[] attached amendment(s) and

[] 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

OTHER RECOMMENDATIONS

Chairman signature and recommendation

[] Committee Backup Attached

1 IN THE SENATE

BY BINKLEY

2 SENATE BILL NO. 412

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act creating a presumption of intent to sell
7 alcoholic beverages; and providing for an effective
8 date."

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

10 * Section 1. AS 04.11.010 is amended by adding a new subsection to read:

11 (c) In a criminal prosecution for possession of alcoholic bever-
12 ages for sale in violation of (a) of this section, the fact that a
13 person possessed 12 liters or more of distilled spirits, 24 liters or
14 more of wine, or 45 liters or more of malt beverages in an area where
15 the sale of alcoholic beverages is prohibited under AS 04.11.490,
16 04.11.492, 04.11.496, or 04.11.500 creates a presumption that the
17 person possessed the alcoholic beverages for sale.

18 * Sec. 2. This Act takes effect July 1, 1988.

ALASKA STATE LEGISLATURE

.15th. .Legislature **.2nd.** .Session

SENATE....**BILL**..... NO...**412**

By ..**BINKLEY**.....

"An Act creating a presumption of intent to sell alcoholic beverages; and providing for an effective date."

Introduced in the Senate**2/11**...., 19 **.88**..

HISTORY IN THE SENATE

19 88 Read first time and referred to Committee on

2 11 **FINANCE**
Reported back with recommendation that

Read second time and

Read third time and

PASSED Effective Date
Yeas Yeas
Nays Nays
Excused Excused
Absent Absent

Reconsideration
Reconsideration not taken up

PASSED Effective Date
Yeas Yeas
Nays Nays
Excused Excused
Absent Absent

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

PASSED Effective Date
Yeas Yeas
Nays Nays
Excused Excused
Absent Absent

Reconsideration
Reconsideration not taken up

PASSED Effective Date
Yeas Yeas
Nays Nays
Excused Excused
Absent Absent

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

Chapter No.

Filed with Lt. Governor