

ALASKA LEGISLATURE COMMITTEE BILL FILES - 1987 - 1988 8879

SB 484 cont thru SB 491 157

11 AAC 39.111. QUALIFYING LOAN PURPOSES. (a) Loans may be made for, but are not limited to, the following purposes:

- (1) clearing land for farming purposes;
- (2) development of farms;
- (3) processing of agricultural products and animals;
- (4) storage of farm products, equipment, and machinery;
- (5) farm irrigation;
- (6) short-term farm operating money;
- (7) livestock;
- (8) crops;
- (9) farm machinery and equipment; and
- (10) other commercial farming purposes, including horse breeding and raising, fur breeding and farming, and greenhouses.

(b) Loans will not be made for the following purposes:

- (1) boats;
- (2) airplanes;
- (3) tracked vehicles;
- (4) pickups, automobiles, and multiple-use trucks, except specialized farming vehicles not readily convertible to personal or nonfarm use;
- (5) silviculture projects;
- (6) boarding stables and arenas, and riding academies and schools;
- (7) establishments which resell rather than produce, process, or add value to crops, livestock, and livestock products;
- (8) land purchases;
- (9) refinancing, except in emergencies or when in the best interests of the loan fund; and

(10) residential property. (Eff. 12/11/84, Reg. 92)

Authority: AS 03.10.020
AS 03.10.030

11 AAC 39.131. SHORT TERM LOANS. (a) A short-term loan will not exceed the maximum term and maximum dollar limit established under AS 03.10. The loan will bear interest at eight percent. A short-term loan for seed, fertilizer, fuel, and other associated planting and harvesting expenses will not exceed the maximum dollar-per-acre-planted limit established under (b) of this section.

(b) No later than December 1 of each year, the board will establish a maximum dollar-per-acre-planted limit for short-term loans used for seed, fertilizer, fuel, and associated planting and harvesting expenses. The maximum dollar limit will be established by type of crop and area in the state. The maximum dollar limit will apply to loans made during the following calendar year unless the maximum dollar limit is changed during that year. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020
AS 03.10.030
AS 03.10.050

11 AAC 39.141. FARM DEVELOPMENT LOANS. (a) A farm development loan will not exceed the maximum term and maximum dollar limit established under AS 03.10. The loan will bear interest at eight percent.

(b) The amount of the loan will not exceed 75 percent of the appraised value of acceptable collateral offered to secure the loan minus the value of any liens on the collateral. The amount of the loan will not exceed 90 percent of the actual farm development costs for new projects or 100 percent of the actual farm development costs for existing projects.

(c) The loan must be secured by a mortgage of the priority specified in AS 03.10. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020
AS 03.10.030
AS 03.10.050

11 AAC 39.151. IRRIGATION LOANS. (a) An irrigation loan will not exceed the maximum term and maximum dollar limit

established under AS 03.10. The loan will bear interest at eight percent.

(b) The amount of the loan may not exceed 75 percent of the appraised value of the acceptable collateral offered to secure the loan minus the value of any liens on the collateral. The amount of the loan will not exceed 100 percent of the actual irrigation costs.

(c) The loan must be secured by a real estate or chattel mortgage of the priority specified in AS 03.10. (Eff. 12/11/84, Reg. 92)

Authority: AS 03.10.020
AS 03.10.030
AS 03.10.050

11 AAC 39.161. CHATTEL LOANS. (a) A chattel loan will not exceed the maximum dollar limit under AS 03.10, and will not exceed a term of seven years. The loan will bear interest at eight percent.

(b) The amount of the loan will not exceed 75 percent of the lower of the cost of the chattel offered as security or the appraised value of the acceptable collateral offered to secure the loan minus the value of any liens on the collateral. The amount of the loan will not exceed 100 percent of the actual chattel costs.

(c) The loan must be secured by a real estate or chattel mortgage of the priority specified in AS 03.10. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020
AS 03.10.030
AS 03.10.050

11 AAC 39.171. FARM PRODUCT PROCESSING LOANS. (a) A farm product processing loan will not exceed the maximum term and maximum dollar limit established under AS 03.10. The loan will bear interest at eight percent.

(b) The amount of the loan will not exceed 75 percent of the appraised value of acceptable collateral offered to secure the loan, minus the value of any liens on the collateral. The amount of the loan will not exceed 100 percent of the actual farm product processing costs.

(c) The loan must be secured by a mortgage

of the priority specified in AS 03.10. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020
AS 03.10.030
AS 03.10.050

11 AAC 39.181. LAND CLEARING LOANS. (a) A land clearing loan will not exceed the maximum term and maximum dollar limit established under AS 03.10. The loan will bear interest at eight percent. The loan will not exceed the maximum dollar-per-acre-cleared limit under (b) of this section and must be used for land qualifying for land clearing under (c) of this section:

(b) No later than July 1 of each year, the board will establish a maximum dollar-per-acre-cleared limit for land clearing loans. The maximum dollar limit will be established by type of clearing and area in the state. The maximum dollar limit will apply to loans made during the next 12 months unless the maximum dollar limit is changed during that time.

(c) A loan will not be made for clearing land unless the land meets the land classification specified in AS 03.10. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020
AS 03.10.030
AS 03.10.050

11 AAC 39.191. OVERALL MAXIMUM LOAN LIMIT. In addition to the specific loan limits in 11 AAC 39.131 – 11 AAC 39.181, no loan will be made for any purpose if, when the amount of the loan is added to the outstanding balance of other loans made to the applicant under this chapter, the total would exceed \$1,000,000. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020
AS 03.10.030
AS 03.10.050

11 AAC 39.201. APPLICATION OF LOAN LIMITS. The loan limits set by 11 AAC 39.131 – 11 AAC 39.191 apply to an applicant and any party related to the applicant. "Party related to the applicant" means

(1) members of the applicant's immediate family if the applicant has an ownership interest with respect to farming operations of the member's immediate family;

(2) a corporation, partnership, or joint venture of which the applicant is an officer, director, or partner, or is directly or indirectly the beneficial owner of 10 percent or more of an interest in the business; and

(3) a person who is, directly or indirectly, the beneficial owner of 10 percent or more of the business of the applicant. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020
AS 03.10.030
AS 03.10.050

*11 AAC 39.211. **LOANS TO DELINQUENT BORROWERS.** Except for a borrower whose loans are under a moratorium under 11 AAC 39.501, or when the board and commissioner determine, in writing, that there is reasonable cause, a borrower who is delinquent on a loan made under this chapter will not be granted a new loan unless, at a minimum, the interest on the delinquent loan is brought current. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020
AS 03.10.050

11 AAC 39.221. **ADDITIONAL CONDITIONS FOR NEW FARM DEVELOPMENT PROJECTS.** In addition to the limitations and other conditions established in 11 AAC 39.131 – 11 AAC 39.241, a borrower for a farm development loan for a new project must

(1) provide at least 10 percent cash equity for the farm development project, unless the board finds in an analysis of the applicant's farm experience, credit history, and collateral pledged that the cash equity requirement is not necessary to insure repayment of the loan;

(2) establish that the projected annual debt service payments do not exceed 25 percent of the expected annual cash flow from the project; and

(3) provide a market survey or other evidence of market feasibility. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020
AS 03.10.030
AS 03.10.050

11 AAC 39.231. **OTHER CONDITIONS OF LOANS.** (a) Except as otherwise provided by

the board, at the time that a loan that exceeds \$50,000 is approved, the borrower shall provide life insurance in the amount of the loan, payable to the fund. In the case of a partnership, the life insurance must be on the life of the managing partner. In the case of a corporation, the life insurance must be on the life of the key managerial person of the corporation.

(b) A borrower shall provide hazard insurance on all buildings and all vehicles, machinery, equipment, and livestock which are stored in buildings. The insurance must be in the amount of the value of the buildings, vehicles, machinery, equipment, and livestock, not to exceed the amount of the loan, and must be payable to the fund.

(c) In the case of a loan to a corporation, the board will, in its discretion, require a personal guarantee to the fund from each person owning stock in the corporation, if the board finds that the corporation's assets are not sufficient to adequately secure the loan. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020
AS 03.10.030
AS 03.10.050

11 AAC 39.241. **TERMS OF LOANS.** Terms of all loans will be fixed in relation to the needs of the applicant and the collateral offered. However, the terms will not exceed the limits stated in 11 AAC 39.131 – 11 AAC 39.191. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020
AS 03.10.030
AS 03.10.050

11 AAC 39.251. **RESIDENCY.** (a) A natural person is a resident if the individual has been physically present in the state for at least 30 consecutive days before submitting an application, and has the present intention of remaining in the state indefinitely. In addition to other proof that might be requested by the board, proof of residency may be shown by where the individual

(1) is registered to vote;

(2) maintains his or her permanent place of abode;

(3) files his or her tax returns;

(4) registers or licenses his or her personal property, including, but not limited to, cars, boats, trucks, and trailers;

(5) is licensed to drive;

(6) maintains bank accounts, savings accounts, lines of credit, and other financial relationships.

(b) A partnership or joint venture is a resident if all the partners or joint venturers are residents under (a) of this section.

(c) A corporation is a resident if it is currently registered to do business in the state, and persons holding the majority stock in the corporation are residents under (a) of this section.

(d) A trust is a resident if it is registered in the state, and all beneficial owners are residents under (a) of this section. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020
AS 03.10.030
AS 03.10.050

11 AAC 39.261 – 11 AAC 39.291. Reserved.

ARTICLE 3. LOAN APPROVAL PROCEDURE

Section

- 301. Board approval of loans
- 311. Other loan actions by board
- 321. Commissioner approval of loans
- 331. Joint approval
- 341. Reconsideration of loan or change in loan terms
- 351. (Reserved)
- 361. (Reserved)
- 371. (Reserved)
- 381. (Reserved)
- 391. (Reserved)

11 AAC 39.301. BOARD APPROVAL OF LOANS. (a) Except as provided in 11 AAC 39.012 and 11 AAC 39.331, a loan will not be granted without the approval of a majority of the board. Approval of the loan by the board will be made by means of a motion and an affirmative vote by a majority of the board at a meeting held under 11 AAC 39.031. A loan may

also be disapproved or tabled by motion and majority vote. All loan actions of the board will be certified by the signature of the chair in a written report of the board.

(b) If a loan is approved, the board will record its action in a public meeting, and any conditions on the approval will be provided in a notice to the applicant under 11 AAC 39.401. If the loan is disapproved or tabled, the board will record its action in a public meeting, and the reasons for the board's action will be provided in a notice to the applicant under 11 AAC 39.401.

(c) In addition to the loan application, the board will, in its discretion, consider any of the following:

(1) a written summary prepared by employees of the department;

(2) an independent analysis of the project by employees of the department using average yield, gains, or increases for the area;

(3) any discussion by the board and employees of the department; and

(4) any other material or information submitted by the applicant to the department.

(d) Unless requested by the board, the applicant may not attend an executive session of the board to discuss the loan application. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020
AS 03.10.050

11 AAC 39.311. OTHER LOAN ACTIONS BY BOARD. (a) Except as provided in 11 AAC 39.331, a change in loan terms will not be granted without the approval of a majority of the board. Approval of a change in loan terms will be made by means of a motion and an affirmative vote by a majority of the board at a meeting held under 11 AAC 39.031. A change in loan terms may also be disapproved or tabled by motion and majority vote. All actions of the board in changing loan terms will be certified by the chair in a written report of the board.

(b) A change in loan terms includes, but is not limited to, a change in interest rate, loan amount, maturity date, amortization schedule,

payment date, or collateral. Except in the case of a one-time-only extension of a loan payment, in the event of a change in loan terms, the interest rate on the remaining balance of the loan, if below the current interest rate charged on loans from the fund, will be raised to the current interest rate. In the event of a one-time-only extension of a loan payment, the interest rate on the payment being extended, if below the current interest rate charged on loans from the fund, will be raised to the current interest rate.

(c) If a change in loan terms is approved, the board will record its action in a public meeting, and notice of any conditions on the approval will be provided to the applicant under 11 AAC 39.401. If a change in loan terms is disapproved or tabled, the board shall record its action in a public meeting, and the reasons for the board's action will be provided in a notice to the applicant under 11 AAC 39.401.

(d) In addition to an application by a borrower for a change in loan terms, the board will, in its discretion, consider any of the following:

(1) a written summary prepared by employees of the department;

(2) any discussion by the board and employees of the department; and

(3) any other written material or information submitted by the applicant to the department.

(e) Unless requested by the board, an applicant for a change in loan terms may not attend an executive session of the board to discuss the application. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020
AS 03.10.030
AS 03.10.050

11 AAC 39.321. COMMISSIONER APPROVAL OF LOANS. In the case of a commissioner-approved loan, the loan decision will be recorded in writing by the commissioner and reported to the board at its next meeting. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020
AS 03.10.030

11 AAC 39.331. JOINT APPROVAL. If there is not a majority of the board to vote on a loan or a change in loan terms because of an abstention by a member or members under 11 AAC 39.401, the commissioner, sitting as a member of the board ex-officio, will, in his or her discretion, vote on the loan or change in loan terms. The procedures for considering and recording actions of joint approval will be the same as those set out in 11 AAC 39.301 and 11 AAC 39.311. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020
AS 03.10.030
AS 03.10.050

11 AAC 39.341. RECONSIDERATION OF LOAN OR CHANGE IN LOAN TERMS. (a) If a loan or a change in loan terms is disapproved by the board, an applicant may, within 15 days after notification of the board's action, submit a written request for reconsideration to the department. The written request must address specifically the reasons given by the board for its disapproval of the loan or a change in loan terms, and must provide any additional information and additional reasons for reconsideration by the board.

(b) After consideration of the applicant's written request for reconsideration, the board will, in its discretion, reconsider its previous decision by motion and majority vote. The board will, in its discretion, also table or disapprove the request for reconsideration upon motion and majority vote. All reconsideration action of the board will be certified by the signature of the chair in a written report of the board.

(c) If the request for reconsideration is approved, the board will record its action in a public meeting, and notice of any conditions on its approval will be provided to the applicant under 11 AAC 39.401. If the request for reconsideration is tabled or disapproved, the board will record its action in a public meeting, and the reasons for the board's action will be provided in a notice to the applicant under 11 AAC 39.401.

(d) Unless requested by the board, an applicant submitting a request for reconsideration may not attend an executive session of the board to discuss the request for reconsideration.

(e) An applicant may submit only one request for reconsideration on any loan request. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020
AS 03.10.030
AS 03.10.050

11 AAC 39.351 – 11 AAC 39.391. Reserved.

ARTICLE 4. LOAN ADMINISTRATION

Section

- 401. Notice of loan-related actions
- 411. Loan closing procedures
- 421. Disbursement of loan money
- 431. Controlled accounts
- 441. Supervision of loans
- 451. Bankruptcy proceedings
- 461. Default
- 471. Penalty
- 481. False statements
- 491. Failure to comply with loan terms
- 501. Payment moratorium

11 AAC 39.401. NOTICE OF LOAN-RELATED ACTIONS. (a) Within five working days after a decision with respect to a loan or a change in loan terms, the department will give written notice to the applicant of the decision.

(b) In the case of an approval, the department will specify the terms and conditions under which the loan will be made. In the case of a disapproval or tabling action, the department will specify the reasons for the disapproval or tabling action. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020
AS 03.10.030
AS 03.10.050

11 AAC 39.411. LOAN CLOSING PROCEDURES. (a) Within 15 working days after a decision approving a loan or a change in loan terms, the department will notify the applicant in writing of a closing date on the loan or change in loan terms. The closing will be held within 30 days after the date of the letter of notification unless otherwise agreed to in writing by the department and the applicant.

(b) The notice of closing will specify the information, documents, and conditions which the applicant must meet or provide at the closing.

(c) At the closing the applicant shall

(1) meet all conditions imposed by the board;

(2) provide all information requested by the department; and

(3) execute promissory notes, real estate mortgages, deeds of trust, chattel mortgages, security agreements, financing statements, assignments, affidavits, insurance pay orders, and other instruments as the department may require.

* (d) If a loan is not closed within 60 days following the date set for closing, the loan approval decision expires and a new loan application must be submitted. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020
AS 03.10.030
AS 03.10.050

11 AAC 39.421. DISBURSEMENT OF LOAN MONEY. (a) Loan money will not be disbursed to a borrower until

(1) security interests in the collateral securing the loan have been executed;

(2) the department is satisfied that the borrower has complied with all conditions imposed by the board;

(3) the department is satisfied that the borrower has provided all information requested by the department;

(4) all required instruments have been executed and all provisions in those instruments have been complied with; and

(5) the loan has been closed.

(b) All expenses incurred by the department in closing a loan and processing the loan application will be deducted from the loan proceeds except for those expenses paid in advance from an application fee submitted under 11 AAC 39.101. Those expenses include, but are not limited to, the cost of credit reports, title

reports and insurance, recording fees, appraisals, surveys. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020
AS 03.10.030
AS 03.10.050

11 AAC 39.431. CONTROLLED ACCOUNTS.

(a) Except as otherwise provided in (b) of this section or by the board at the time of approval of a loan, all disbursements of loan money will be made through a controlled account. Under a controlled account, the department will disburse money to a borrower only as requested and in accordance with an invoice or other document calling for payment. Payment will be made by check directly to the vendor or by a check requiring the joint endorsement of the vendor and the borrower.

(b) Loans made by the commissioner under 11 AAC 39.012 are subject to the controlled account requirements of this section, unless the commissioner finds, in writing, that a controlled account is not necessary.

(c) In addition to the requirements of (a) of this section, in the case of loans for land clearing, payment will be made only after inspection of the land clearing by the department. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020
AS 03.10.030
AS 03.10.050

11 AAC 39.441. SUPERVISION OF LOANS.

As long as there is an outstanding loan balance, the borrower shall

(1) submit to the department, on request, annual financial statements which consist of a balance sheet, profit-and-loss statement, cash-flow statement, and a schedule of change of owner's equity;

(2) submit to the department, on request, proof that insurance is being maintained in the amounts required by the loan terms; and

(3) agree to allow employees of the department or its agents access to the borrower's

books, records, and premises at all reasonable times. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020
AS 03.10.030
AS 03.10.050

11 AAC 39.451. BANKRUPTCY PROCEEDINGS.

If a borrower files for voluntary bankruptcy or becomes the subject of an involuntary bankruptcy action, the borrower shall, within 48 hours, notify the board in writing by certified mail. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020
AS 03.10.030
AS 03.10.050

11 AAC 39.461. DEFAULT. If a borrower is delinquent on a loan, or is otherwise in default by reason of a failure to comply with the terms of the loan, the department will give written notice of the default to the borrower within 30 days after the delinquency or other matter giving rise to the delinquency. If, within 30 days after the written notice, the default is not cured, or arrangements are not made with the department for curing the default, the department will, after discussion with the board, exercise its rights and remedies under the loan documents, except that a loan foreclosure must be authorized by the board. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020
AS 03.10.030
AS 03.10.050

11 AAC 39.471. PENALTY. Except in case of a moratorium of loan payments under 11 AAC 39.501, when a borrower is delinquent, a seven-percent penalty will be assessed against the amount delinquent for all loans, including short-term loans, unless the commissioner determines in writing that there is reasonable cause for waiving the penalty. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020
AS 03.10.030
AS 03.10.050

11 AAC 39.481. FALSE STATEMENTS. An applicant who submits a false sworn or unsworn statement on or in support of a loan application is subject to AS 11.56.200 – AS 11.56.210 and will be denied any further loans. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020

11 AAC 39.491. FAILURE TO COMPLY WITH LOAN TERMS. Except as otherwise provided in 11 AAC 39.211, a borrower who fails to comply with the conditions under which a loan is made will be denied any further loans, unless the board and commissioner determine, in writing, that there is reasonable cause for the borrower's failure to comply. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020

11 AAC 39.501. PAYMENT MORATORIUM. (a) The commissioner will, in his or her discretion, declare a farming disaster. A declaration of a farming disaster will be in writing and will be based upon findings made by the board. The authority to declare a farming disaster will not be delegated. The declaration will indicate

(1) the circumstances giving rise to the farming disaster;

(2) the farming industries affected by the farming disaster; and

(3) the areas within the state affected by the farming disaster.

(b) A "farming disaster" includes

(1) area-wide crop failure due to disease, pests, severe weather conditions or other natural phenomenon;

(2) area-wide animal disease or animal destruction due to severe weather conditions or other natural phenomenon;

(3) a closing of a substantial portion of the market sources or processing facilities which are vital to a farming industry within an area in the state; and

(4) the destruction or closing of a transportation facility, route, or link which is vital to a farming industry within an area of the state.

(c) If a declaration of a farming disaster, covering a farming industry within an area of the state, is issued under (a) of this section, the board will declare a moratorium on loan payments due from borrowers within that farming industry and area of the state. The moratorium will be for a one-year period and will, in the

board's discretion, be extended on a year-by-year basis, not to exceed five years. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020
AS 03.10.030
AS 03.10.050

ARTICLE 5. GENERAL PROVISIONS

Section

911. Definitions

11 AAC 39.911. DEFINITIONS. In this chapter

(1) "acceptable collateral" means adequate security, approved by the board to secure repayment of a loan in the event of default; it includes, but is not limited to, a mortgage, deed of trust, assignment, or other security instrument on real property, buildings, machinery and equipment, fixtures, livestock, crops, accounts receivable, and other assets;

(2) "applicant" means an individual, partnership, corporation, association, cooperative, or other entity applying for a loan;

(3) "board" means the Agricultural Revolving Loan Fund board;

(4) "borrower" means all persons liable for a loan or any part of a loan;

(5) "chair" means the chairperson of the Agricultural Revolving Loan Fund board;

(6) "chattel" means livestock, vehicles, and movable equipment and machinery;

(7) "commercial" means enterprises operated for profit rather than personal or recreational use or as hobbies;

(8) "commissioner" means the commissioner of the Department of Natural Resources or the commissioner's designee;

(9) "crops" means small grains, oil seeds, forages, fruits, and vegetables normally grown in northern latitudes;

- (10) "department" means the Department of Natural Resources;
- (11) "division" means the division of agriculture within the Department of Natural Resources;
- (12) "emergency" means a situation which demands immediate attention to protect against a loss of income or property of the borrower, or the potential destruction of collateral of the fund;
- (13) "employee" means an employee of the division;
- (14) "farm" means a tract or tracts of land, improvements, and other appurtenances which are used in the production of crops, livestock, or livestock products;
- (15) "farming" means the business of producing crops, or livestock and livestock products, through the use and management of land, water, labor, capital, and basic raw materials, including seed, feed, fertilizer, and fuel;
- (16) "farm development" means buildings, storage facilities, fencing, stationary machinery and equipment, fixtures, and related appurtenances;
- (17) "fund" means the Agricultural Revolving Loan Fund established by AS 03.10.040;
- (18) "good standing" means a borrower who has complied with the terms of a loan;
- (19) "immediate family" means spouse, mother, father, brothers, sisters, and children;
- (20) "livestock" means beef cattle, dairy cattle, including dairy cattle raised and maintained primarily for the purpose of marketing dairy products, swine, sheep, goats, poultry, and other animals raised for human consumption;
- (21) "member" means a member of the Agricultural Revolving Loan Fund board; and
- (22) "new project" means a project which involves new acquisition or construction of farm development property but not including additions, extensions, improvements, or reconstruction of existing farm development property of the borrower. (Eff. 12/1/84, Reg. 92)

Authority: AS 03.10.020
AS 03.10.030
AS 03.10.050

RECEIVED

CONSERVATION RESERVE PROGRAM (CRP) PARTICIPATION

TRACT NO.	NAME	CONTRACT PERIOD	ACRES	COST SHARE	RENTAL PAYMENT	1986 PAYMENT REC.	1987 PAYMENT REC.	ESTIMATED 10 YEAR PAYMENT
A	WLASKY	N/A	-0-	-0-	-0-	-0-	-0-	-0-
B	RULE	86-9/95	520.0	51,900	18,200	70,100	18,200	182,000
B	RULE	87-9/96	759.0	75,900	26,565	-0-	102,465	265,560
B	RULE	88-9/97	98.5	6,895	3,645	-0-	-0-	36,450 1/
C	BANNON	87-9/96	1,394.0	139,400	50,000	-0-	189,400	500,000 2/
D	GIESE	87-9/96	766.0	75,900	28,342	-0-	104,242	283,420
E	WRIGHT	N/A	-0-	-0-	-0-	-0-	-0-	-0-
F	GREEN	87-9/96	228.0	22,800	7,302	-0-	30,102	73,020
G	OLSON	87-9/96	366.0	36,600	13,542	-0-	50,142	135,420
G	OLSON	88-9/97	1,061.0	74,270	36,458	-0-	-0-	364,580 1/
H	ENGELLANT	87-9/96	1,427.0	142,700	50,000	-0-	142,700	500,000
I	KARR	87-9/96	1,472.4	154,900	42,700	48,900	148,700	427,000
I	KARR	88-9/97	664.4	46,508	21,317	-0-	-0-	213,170 3/
J	EMERY	87-9/96	1,356.0	135,600	50,000	-0-	185,600	500,000
K	KELLY	N/A	-0-	-0-	-0-	-0-	-0-	-0-
L	FETT	87-9/96	921.0	92,100	34,077	-0-	126,177	340,770
M	MITCHELL	N/A	-0-	-0-	-0-	-0-	-0-	-0-
N	BREHMER	87-9/96	1,332.0	133,200	49,219	-0-	133,200	492,190
O	HOLLEBAEK	N/A	-0-	-0-	-0-	-0-	-0-	-0-
O	BUCK	87-9/96	598.0	59,800	22,126	-0-	81,926	221,260

CRP PARTICIPATION CONTINUED

TRACT NO.	NAME	CONTRACT YEAR	ACRES	COST SHARE	RENTAL PAYMENT	1986 PAYMENT REC.	1987 PAYMENT REC.	ESTIMATED 10 YEAR PAYMENT
P	CARLSON	88-9/97	304.0	30,400	11,248	-0-	9,720	112,480
P	THEURINGER	88-9/97	1,205.0	120,500	44,585	-0-	60,000	445,850
P	THEURINGER	88-9/97	105.0	7,350	5,415	-0-	-0-	54,150 1/
Q	STRONG	88-9/97	1,200.0	120,000	44,280	-0-	-0-	442,800
R	HELKENN	87-9/96	1,147.0	114,700	40,156	-0-	154,856	401,560 4/
S	GREEN	N/A	-0-	-0-	-0-	-0-	-0-	-0-
T	RUTT	88-9/97	1,071.3	74,991	39,638	-0-	-0-	396,380 1/
U	DODSON	N/A	-0-	-0-	-0-	-0-	-0-	-0-
V	NELSON	N/A	-0-	-0-	-0-	-0-	-0-	-0-

1/ CONTRACT STILL PENDING APPROVAL

3/ \$72,810 to the owner, \$140,360 to the operator

2/ \$210,000 to the operator, \$290,000 to the owner

4/ \$301,170 to the owner, \$100,390 to the operator

TRACT NO.	NAME	CONTRACT YEAR	ACRES	COST SHARE	RENTAL PAYMENT	1986 PAYMENT REC.	1987 PAYMENT REC.	ESTIMATED 10 YEAR PAYMENT
1	MAGEE	N/A	-0-	-0-	-0-	-0-	-0-	-0-
2	BROWN	87-9/96	108.0	10,800	3,942	-0-	14,742	39,420
3	MAGEE	N/A	-0-	-0-	-0-	-0-	-0-	-0-
4	TROWBRIDGE	87-9/96	881.0	88,100	32,597	-0-	120,697	325,970
5	SCHULTZ	88-9/97	972.0	97,200	35,964	-0-	45,000	359,640
6	NELSON	N/A	-0-	-0-	-0-	-0-	-0-	-0-

CRP PARTICIPATION CONTINUED

TRACT NO.	NAME	CONTRACT YEAR	ACRES	COST SHARE	RENTAL PAYMENT	1986 PAYMENT REC.	1987 PAYMENT REC.	ESTIMATED 10 YEAR PAYMENT
7	HOLCOMB	N/A	-0-	-0-	-0-	-0-	-0-	-0-
8	CHO	N/A	-0-	-0-	-0-	-0-	-0-	-0-
9	KIM	N/A	-0-	-0-	-0-	-0-	-0-	-0-
10	CHO	N/A	-0-	-0-	-0-	-0-	-0-	-0-
11	KRAUS	87-9/96	710.0	71,000	25,560	-0-	96,560	255,600
12	ORCUTT	N/A	-0-	-0-	-0-	-0-	-0-	-0-
13	KRAUS	86-9/97	477.0 447.0	47,700 44,700	14,751	59,451	14,751	147,510
14	GREEN	N/A	-0-	-0-	-0-	-0-	-0-	-0-
15	NELSON	N/A	-0-	-0-	-0-	-0-	-0-	-0-

*All payments received are to date, further payments may be made before January 1988.

CORRECTED PAGE

1986 FEEDGRAIN PROGRAM PARTICIPATION

TRACT NO.	NAME	ACRES	TOTAL PAYMENTS RECEIVED
A	WALSKY	0	\$0
B	RULE	451.4	\$18,237.30
C	BANNON	648.6	\$31,484.40 1/
D	GIESE	0	\$0
E	WRIGHT	0	\$0
F	GREEN	525.5	\$20,760.50
G	OLSON	323.0	\$14,006.94
H	ENGELLANT	0	\$0
I	KARR	500.0	\$19,733.00 2/
J	EMERY	0	\$0
K	KELLY	0	\$0
L	FETT	0	\$0
M	MITCHELL	0	\$0
N	BREIMER	595.2	\$29,344.80
O	HOLLEMBAEK	211.3	\$11,023.80
O	BUCK	0	\$0
P	CARLSON	64.7	\$ 3,260.66
P	THEURINGER	596.0	\$3,0018.68
Q	STRONG	0	\$0
R	HELKENN	0	\$ 426.75
S	GREEN	229.6	\$11,348.85

1986 FEEDGRAIN PROGRAM PARTICIPATION CONTINUED

<u>TRACT NO.</u>	<u>NAME</u>	<u>ACRES</u>	<u>TOTAL PAYMENTS RECEIVED</u>
T	RUTT	0	\$0
U	DODSON	0	\$0
V	NELSON	0	\$0

1/ Payment to Rule

2/ \$7,717.94 to Karr
\$12,015.06 to the operator

1986 Feed Grain program payments were made between November 1985 thru July 1987.

1986 FEEDGRAIN PROGRAM PARTICIPATION

TRACT NO.	NAME	ACRES	TOTAL PAYMENTS RECEIVED
1	MAGEE	0	\$0
2	BROWN	0	\$0
3	MAGEE	0	\$0
4	TROWBRIDGE	345.0	\$13,954.87 1/
5	SCHULTZ	570.2	\$23,086.79
6	NELSON	0	\$0
7	HOLCOMB	0	\$0
8	CHO, K.J.	0	\$0
9	KIM	0	\$0
10	CHO, S.S.	0	\$0
11	KRAUS	0	\$0
12	ORCUTT	0	\$0
13	KRAUS	380.9	\$16,542.50
14	GREEN	0	\$0
15	NELSON	0	\$0

1/ Payment to Schultz

1987 FEEDGRAIN PROGRAM PARTICIPATION

FY87 payments are made between Nov. 86 and July 88

TRACT NO.	NAME	ACRES	PAYMENTS MADE TO DATE	TOTAL ESTIMATED PROGRAM PAYMENT
A	WALSKY	-0-	-0-	-0-
B	RULE	120.0	6,900.25	9,198.32
C	BANNON	300.9	16,091.82	16,756.52 1/
D	GIESE	-0-	-0-	-0-
E	WRIGHT	-0-	-0-	-0-
F	GREEN	453.0	-0-	13,667.93
G	OLSON	75.0	-0-	6,882.04
H	ENGELLANT	-0-	-0-	-0-
I	KARR	159.6	3,767.82	10,337.44 2/
J	EMERY	38.0	-0-	2,356.38 2/
K	KELLY	-0-	-0-	-0-
L	FETT	-0-	-0-	-0-
M	MICHELL	-0-	-0-	-0-
N	BREHMER	185.0	4,290.61	12,854.97
O	HOLLEBAEK	210.0	6,487.41	13,207.64
O	BUCK	-0-	-0-	1,684.48
P	CARLSON	91.0	-0-	6,030.20
P	THEURINGER	500.0	14,983.79	37,106.28
Q	STRONG	-0-	-0-	-0-
R	HELKENN	281.7	6,762.36	13,236.09
S	GREEN	252.0	5,432.34	13,986.00

1987 FEEDGRAIN PROGRAM PARTICIPATION CONTINUED

TRACT NO.	NAME	ACRES	PAYMENTS MADE TO DATE	TOTAL ESTIMATED PROGRAM PAYMENT
T	RUIT	216.0	-0-	12,975.68
U	DODSON	-0-	-0-	-0-
V	NELSON	-0-	-0-	-0-

1/ Payment to Kanrath

2/ Payment to Schultz

TRACT NO.	NAME	ACRES	PAYMENTS MADE TO DATE	TOTAL ESTIMATED PROGRAM PAYMENT
1	MAGEE	-0-	-0-	-0-
2	BROWN	-0-	-0-	-0-
3	MAGEE	-0-	-0-	-0-
4	TROWBRIDGE	101.0	2,852.78	6,722.55
5	SCHULTZ	426.0	13,506.32	25,982.52
6	NELSON	-0-	-0-	-0-
7	HOLCOMB	-0-	-0-	-0-
8	CHIO	-0-	-0-	-0-
9	KIM	-0-	-0-	-0-
10	CHIO	-0-	-0-	-0-
11	KRAUS	218.0	9,476.10	15,478.08
12	ORCUTT	-0-	-0-	-0-
13	KRAUS	-0-	-0-	-0-
14	GREEN	-0-	-0-	-0-
15	NELSON	-0-	-0-	-0-

S B

4 8 7

SENATE COMMITTEE REPORT

FURTHER

3/22/88

DATE TURNED INTO OFFICE _____

Mr. President:

FINANCE Committee considered SB 487

mechanical administrators

and recommended

[] replace with _____ CS _____) [] same title
[] or adopt _____ CS _____) [] new title

[] attached amendment(s) and

[] do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to _____

[] letter of intent adopted _____

Committee [] attached or [] adopted fiscal note(s)

[] new [] updated or [] previous

[] zero [] fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Chairman signature and recommendation

[] Committee Backup attached

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 3/16/88 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: FINANCE

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

3/11/88 DATE TURNED INTO OFFICE _____
Mr. President:

Labor and Commerce Committee considered SB 487

mechanical administrators

Majority
and recommended:

replace with CS SB 487(LIC) same title
 attached amendment(s) and + do pass 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 signatures]

Tim Kell - Do Pass
Chairman signature and recommendation

Committee Backup Attached

Original sponsor: Labor and Commerce Committee

1 IN THE SENATE

BY THE LABOR AND
COMMERCE COMMITTEE

2 CS FOR SENATE BILL NO. 487 (L&C)

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 mechanical administrators and
7 construction contractors; and providing for an effective
8 date."

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

10 * Section 1. AS 08.01.010 is amended by adding a new paragraph to read:

11 (28) Board of Mechanical Examiners (AS 08.40.220).

12 * Sec. 2. AS 08.03.010(c) is amended by adding a new paragraph to read:

13 (21) Board of Mechanical Examiners (AS 08.40.220) --

14 June 30, 1992.

15 * Sec. 3. AS 08.18 is amended by adding a new section to read:

16 Sec. 08.18.028. MECHANICAL CONTRACTORS. (a) The department may
17 not issue a certificate of registration as a mechanical contractor to
18 an applicant unless the applicant is, or employs, a person currently
19 licensed as a mechanical administrator under AS 08.40.

20 (b) Each applicant for a mechanical contractor's certificate of
21 registration may employ more than one mechanical administrator.

22 (c) If the relationship of the only mechanical administrator
23 with a registered mechanical contractor is terminated, the registra-
24 tion is void 30 days after the next regularly scheduled mechanical
25 administrator's examination unless the mechanical contractor has hired
26 a licensed mechanical administrator in the interim.

27 * Sec. 4. AS 08.18.041 is amended to read:

28 Sec. 08.18.041. FEES. The department [DEPARTMENT OF COMMERCE
29 AND ECONOMIC DEVELOPMENT] shall set registration and renewal fees

1 under AS 08.01.065 for the following:

- 2 (1) general contractor;
3 (2) specialty contractor;
4 (3) mechanical contractor.

5 * Sec. 5. AS 08.18.071(b) is amended to read:

6 (b) If the applicant is a general contractor, the amount of the
7 bond shall be \$10,000; if the applicant is a mechanical contractor,
8 the amount of the bond shall be \$7,500; if the applicant is a special-
9 ty contractor, the amount of the bond shall be \$5,000. In lieu of the
10 surety bond the applicant may file with the commissioner a cash depos-
11 it or other negotiable security acceptable to the commissioner in the
12 amount specified for bonds.

13 * Sec. 6. AS 08.18.171(3) is repealed and reenacted to read:

14 (3) "contractor" means a person who, in the pursuit of an
15 independent business, undertakes or offers to perform, or claims to
16 have the capacity to perform, or submits a bid for a project to con-
17 struct, alter, repair, move, or demolish a building, highway, road,
18 railroad, or any type of fixed structure, including excavation and
19 site development and erection of scaffolding; "contractor" includes a
20 general contractor, builder, mechanical contractor, speciality con-
21 tractor, and subcontractor;

22 * Sec. 7. AS 08.18.171 is amended by adding a new paragraph to read:

23 (5) "trade" means a skill used in the field of construc-
24 tion, as defined by regulation by the department.

25 * Sec. 8. AS 08.18.171 is amended by adding new paragraphs to read:

26 (6) "builder" means general contractor;

27 (7) "general contractor" means a contractor whose business
28 operations require the use of more than three trades or the use of
29 mechanical or specialty contractors and subcontractors who are under

1 the supervision of the contractor;

2 (8) "mechanical contractor" means a contractor whose busi-
3 ness operations involve plumbing, pipe fitting, sheet metal, heating,
4 air conditioning, ventilating, or sprinkler and dry chemical fire
5 protection trades in order to install or modify mechanical piping and
6 systems, devices, fixtures, and equipment or other mechanical mate-
7 rials subject to the following codes as published by the International
8 Association of Plumbing and Mechanical Officials or the International
9 Conference of Building Officials:

- 10 (A) Uniform Plumbing Code;
11 (B) Uniform Swimming Pool, Spa, and Hot Tub Code;
12 (C) Uniform Solar Energy Code; and
13 (D) Uniform Mechanical Code;

14 (9) "specialty contractor" means a contractor, other than a
15 mechanical contractor, whose business operations require the use of
16 not more than three trades.

17 * Sec. 9. AS 08.40 is amended by adding new sections to read:

18 ARTICLE 4. MECHANICAL ADMINISTRATORS.

19 Sec. 08.40.210. PURPOSE. The purpose of AS 08.40.210 - 08.40.-
20 490 is to protect the safety of people and property in the state from
21 the danger of improperly installed or modified mechanical systems by
22 providing a procedure to

23 (1) assure the public that persons responsible for making
24 mechanical installations in this state are qualified; and

25 (2) assure that a sufficient number of persons are so
26 qualified.

27 Sec. 08.40.220. BOARD OF MECHANICAL EXAMINERS. (a) There is
28 created the Board of Mechanical Examiners consisting of three members.
29 Two members of the board shall be licensed mechanical administrators

1 and one member shall be a public member.

2 (b) The members of the board shall elect one of its members as
3 chair.

4 (c) The board shall meet at least annually. The board may hold
5 other meetings at the call of the chair.

6 Sec. 08.40.230. CATEGORIES OF LICENSES. The board may adopt
7 regulations establishing categories of mechanical administrators,
8 qualifications for those categories, and the content of examinations
9 for applicants for each category.

10 Sec. 08.40.240. REGULATIONS. The board shall adopt regulations
11 under the Administrative Procedure Act (AS 44.62), relating to the ex-
12 amination and licensing of mechanical administrators, the establishing
13 of the continued competency of licensees for license renewal and
14 reinstatement, and the suspension or revocation of licenses.

15 Sec. 08.40.250. EXAMINATIONS. The board shall conduct licensing
16 examinations at least twice each year at appropriate places in the
17 state.

18 Sec. 08.40.260. LICENSE REQUIRED. (a) A person may not act as
19 a mechanical administrator without a license.

20 (b) A person licensed under AS 08.40.210 - 08.40.490 may perform
21 work only in a category for which the person is licensed.

22 Sec. 08.40.270. EXAMINATION OF APPLICANT. (a) Each applicant
23 shall be examined to determine the applicant's

24 (1) ability to understand plans, design specifications, and
25 engineering terms commonly used in the mechanical field;

26 (2) knowledge of mechanical installations and piping;

27 (3) familiarity with the requirements of the Uniform Plumb-
28 ing Code, Uniform Swimming Pool, Spa, and Hot Tub Code, Uniform Solar
29 Energy Code, and the Uniform Mechanical Code currently in effect in

1 the state;

2 (4) familiarity with mechanical installation problems and
3 the usages of the trade peculiar to this state; and

4 (5) personal skill and ability.

5 (b) If an applicant for a license submits proof satisfactory to
6 the board that the applicant is licensed as a mechanical administrator
7 or the equivalent by another state or territory, meets qualifications
8 established by the board under AS 08.40.230, and has passed an ex-
9 amination equivalent to the test administered under (a) of this sec-
10 tion except insofar as that examination tests knowledge and skill
11 particularly required to meet the environment and usages of the trade
12 peculiar to this state, the board shall waive all of the examination
13 required under (a) of this section except those parts that test knowl-
14 edge and skill particularly required to meet the environment and
15 usages of the trade peculiar to this state.

16 Sec. 08.40.280. ADMINISTRATOR LIMITED TO ONE LICENSED CONTRAC-
17 TOR. A person may not qualify or operate as a mechanical adminis-
18 trator for more than one registered contractor, corporation, joint
19 venture, or other business entity.

20 Sec. 08.40.290. RENEWAL AND REINSTATEMENT. (a) A license
21 issued under AS 08.40.210 - 08.40.490 is nontransferable and, unless
22 revoked or suspended, may be renewed on a date set by the department
23 upon proof of continued competency.

24 (b) A lapsed license may be reinstated upon proof of continued
25 competency by payment of all unpaid renewal fees and any penalty fee
26 established under AS 08.01.100(b), unless the license has been lapsed
27 for more than two years. If a person's license has been lapsed for
28 more than two years, the person is required to take an examination
29 under AS 08.40.270.

1 Sec. 08.40.300. ISSUANCE AND DISPLAY OF LICENSE. An applicant
2 who successfully passes the examination shall receive a certificate of
3 license. The licensee shall prominently display the certificate,
4 while in effect, in the licensee's principal place of business.

5 Sec. 08.40.310. FEES. Each applicant and each licensee shall
6 pay application and renewal fees established under AS 08.01.065.

7 Sec. 08.40.320. DENIAL, SUSPENSION, AND REVOCATION OF LICENSE.

8 (a) The board may take disciplinary action against a licensee or
9 applicant upon a finding that

10 (1) the application is fraudulent or misleading;

11 (2) the licensee has knowingly violated AS 08.40.210 -
12 08.40.490 or a lawful rule, order, or regulation of the board or the
13 department; or

14 (3) the licensee is incompetent or has engaged in fraudu-
15 lent practices.

16 (b) Notice of a proposed denial, suspension, or revocation of
17 license shall be in writing and shall state the grounds.

18 (c) Proceedings for the denial, suspension, or revocation of a
19 license shall be governed by the Administrative Procedure Act (AS 44.-
20 62).

21 Sec. 08.40.330. INVESTIGATIONS. Either the Department of Com-
22 merce and Economic Development or the Department of Labor may investi-
23 gate alleged or apparent violations of AS 08.40.210 - 08.40.490. A
24 department, upon showing proper credentials, may enter, during regular
25 hours of work, a construction site where it appears that mechanical
26 work is being done. A department may make inquiries about the identi-
27 ty of the mechanical administrator or the person acting in the capaci-
28 ty of a mechanical administrator. Upon demand, a mechanical adminis-
29 trator or person acting in the capacity of a mechanical administrator,

1 or that person's representative, shall produce evidence of current
2 licensure.

3 Sec. 08.40.340. ISSUANCE OF CITATIONS. Either the Department of
4 Commerce and Economic Development or the Department of Labor may issue
5 a citation for a violation if there is probable cause to believe a
6 person has violated AS 08.40.210 - 08.40.490. Each day a violation
7 continues after a citation for the violation has been issued consti-
8 tutes a separate violation.

9 Sec. 08.40.350. PROCEDURE AND FORM OF CITATION. (a) A citation
10 issued under AS 08.40.340 must be in writing. A person receiving the
11 citation is not required to sign a notice to appear in court.

12 (b) The time specified in the notice to appear on a citation
13 issued under AS 08.40.340 must be at least five days, not including
14 weekends and holidays, after the issuance of the citation, unless the
15 person cited requests an earlier hearing.

16 (c) The Department of Commerce and Economic Development and the
17 Department of Labor are responsible for the issuance of books contain-
18 ing appropriate citations, and each shall maintain a record of each
19 book issued and each citation contained in it. Each department shall
20 require and retain a receipt for every book issued to an employee of
21 that department.

22 (d) The department that issues a citation under AS 08.40.340
23 shall deposit the original or a copy of the citation with a court
24 having jurisdiction over the alleged offense. Upon its deposit with
25 the court, the citation may be disposed of only by trial in the court
26 or other official action taken by the magistrate, judge, or prosecu-
27 tor. The department that issued the citation may not dispose of it or
28 copies of it or of the record of its issuance except as required under
29 this subsection and (e) of this section.

1 (e) The Department of Commerce and Economic Development and the
2 Department of Labor shall require the return of a copy of every cita-
3 tion issued by the respective department under AS 08.40.340 and of all
4 copies of every citation that has been spoiled or upon which an entry
5 has been made and not issued to an alleged violator. The departments
6 shall also maintain, in connection with every citation issued by the
7 respective department, a record of the disposition of the charge by
8 the court where the original or copy of the citation was deposited.

9 (f) If the form of citation issued under AS 08.40.340 includes
10 the essential facts constituting the offense charged, and if the
11 citation is sworn to as required under the laws of this state for a
12 complaint charging commission of the offense alleged in the citation,
13 then the citation when filed with a court having jurisdiction is
14 considered to be a lawful complaint for the purpose of prosecution.

15 Sec. 08.40.360. CEASE AND DESIST ORDER. (a) If the commis-
16 sioner of commerce and economic development determines that a person
17 is acting as a mechanical administrator in violation of AS 08.40.210 -
18 08.40.490 the commissioner may issue a cease and desist order pro-
19 hibiting further action by the person as a mechanical administrator.
20 The cease and desist order remains in effect until the person has
21 submitted evidence acceptable to the commissioner showing that the
22 violation has been corrected.

23 (b) A person affected by an order issued under (a) of this
24 section may seek equitable relief preventing the commissioner of
25 commerce and economic development from enforcing the order.

26 Sec. 08.40.370. INJUNCTIVE RELIEF. The commissioner of commerce
27 and economic development may seek an injunction in the superior court
28 to enjoin a person from violating AS 08.40.210 - 08.40.490.

29 Sec. 08.40.380. PENALTIES. (a) A person who knowingly violates

1 AS 08.40.210 - 08.40.490, or who knowingly violates a valid rule,
2 regulation, or order of the board or the department, is guilty of a
3 misdemeanor, and upon conviction is punishable by a fine of not more
4 than \$300, or by imprisonment for not more than 60 days, or by both.

5 (b) Unless the citation has been voided or otherwise dismissed
6 by the magistrate, judge, or prosecutor, a person who without lawful
7 justification or excuse fails to appear in court to answer a citation
8 issued under AS 08.40.340, regardless of the disposition of the charge
9 for which the citation was issued, is guilty of a class B misdemeanor.

10 Sec. 08.40.390. EXCLUSIONS. (a) AS 08.40.210 - 08.40.490 do
11 not apply to a utility or municipality whose employees are engaged in
12 mechanical work on an integral part of a system owned and operated by
13 the utility or municipality.

14 (b) AS 08.40.210 - 08.40.490 do not apply to a person engaged in

15 (1) the manufacture or repair of mechanical apparatus or
16 equipment;

17 (2) mechanical work, the cost of which does not exceed
18 \$5,000, involving residences or small commercial establishments in
19 communities that

20 (A) have a population of under 500; or

21 (B) are over 50 miles by air or water transportation
22 from the business place of a mechanical administrator licensed
23 under AS 08.40.210 - 08.40.490;

24 (3) mechanical installation on a single family residence
25 that is owned by the installer or a member of the installer's immedi-
26 ate family and not intended for sale at the time of making the instal-
27 lation;

28 (4) installation outside of a building of water lines or
29 sanitary, storm, or drain sewer lines.

1 Sec. 08.40.400. PERSONAL SUPERVISION. A person licensed under
2 AS 08.40.210 - 08.40.490 as a mechanical administrator who contracts
3 to install or modify mechanical piping and systems, devices, fixtures,
4 equipment, or other mechanical materials, shall personally inspect
5 those materials after installation and modification unless the instal-
6 lation or modification amounts to simple or highly standardized work
7 performed in less than 24 man-hours by personnel generally under the
8 supervision of the mechanical administrator.

9 Sec. 08.40.490. DEFINITIONS. In AS 08.40.210 - 08.40.490

10 (1) "department" means the Department of Commerce and
11 Economic Development except where the context otherwise requires;

12 (2) "manufacture" means fabrication or completion of a
13 product or mechanical apparatus exclusive of its completion or instal-
14 lation at a job site;

15 (3) "mechanical administrator" means a person engaged in
16 the business of, or purporting to be engaged in the business of,
17 installing or modifying, or contracting to install or modify, mechani-
18 cal piping and systems, devices, fixtures, equipment, or other mechani-
19 cal materials subject to the Uniform Plumbing Code, Uniform Swimming
20 Pool, Spa, and Hot Tub Code, Uniform Solar Energy Code, and the Uni-
21 form Mechanical Code as published by the International Association of
22 Plumbing and Mechanical Officials and the International Conference of
23 Building Officials;

24 (4) "mechanical piping" includes piping fixtures, devices,
25 and equipment;

26 (5) "utility" means every public, cooperative, or other
27 corporation, company, individual, or association of individuals, their
28 lessees, trustees, or receivers appointed by a court, that owns,
29 operates, manages, or controls a plant or system for

1 (A) furnishing, by generation, transmission, or dis-
2 tribution, electrical service, fuel gas service, district heat-
3 ing, sewage disposal, or domestic water service to the public for
4 compensation;

5 (B) furnishing telecommunications service to the
6 public for compensation.

7 * Sec. 10. INITIAL APPOINTMENTS TO THE BOARD. A person is eligible for
8 an initial appointment to the Board of Mechanical Examiners, created under
9 sec. 9 of this Act, as a professional member of the board, if at the time
10 of the appointment the person

11 (1) understands plans, design specifications, and engineering
12 terms commonly used in mechanical installations and piping;

13 (2) is familiar with mechanical installations and piping and
14 with mechanical installation problems peculiar to this state; and

15 (3) is familiar with the requirements of the Uniform Plumbing
16 Code, Uniform Swimming Pool, Spa, and Hot Tub Code, Uniform Solar Energy
17 Code, and Uniform Mechanical Code that are currently in effect in the
18 state.

19 * Sec. 11. LICENSURE BY QUALIFICATION. (a) Notwithstanding AS 08.40.-
20 230, 08.40.270, and 08.40.300, as added by sec. 9 of this Act, a person may
21 qualify for and receive without examination a license as a mechanical
22 administrator in those categories of mechanical administration for which
23 the person is qualified, if the person

24 (1) has functioned as a mechanical administrator in the state
25 during the two years before the effective date of this section;

26 (2) satisfies the minimum requirements for licensure based on
27 experience as adopted by regulation by the Board of Mechanical Examiners;
28 and

29 (3) applies for licensure before July 1, 1989.

1 (b) A person who applies for licensure under this section is exempt
2 from AS 08.40.260, as added by sec. 9 of this Act, until the person's
3 application has been accepted or rejected by the Board of Mechanical
4 Examiners.

5 (c) A license issued under this section is for all purposes a
6 license issued under AS 08.40.300, as added by sec. 9 of this Act.

7 * Sec. 12. TRANSITIONAL PROVISION. In addition to the requirements of
8 AS 08.18.028, added by sec. 3 of this Act, by July 1, 1989, the following
9 persons must be, or employ a person who is, a licensed mechanical adminis-
10 trator under AS 08.40, added by sec. 9 of this Act:

11 (1) a person who is a registered mechanical contractor on Ju-
12 ly 1, 1989;

13 (2) a person who applies before July 1, 1989, to be a registered
14 mechanical contractor and is issued a certificate of registration after
15 July 1, 1989.

16 * Sec. 13. Sections 1, 2, 7, and 9 - 11 of this Act take effect immedi-
17 ately under AS 01.10.070(c).

18 * Sec. 14. Sections 4 - 6, 8, and 12 of this Act take effect Decem-
19 ber 31, 1988.

20 * Sec. 15. Section 3 of this Act takes effect July 1, 1989.
21
22
23
24
25
26
27
28
29

Introduced: 3/11/88
Referred: Labor and Commerce and
Finance

5-2055A

1 IN THE SENATE

BY THE LABOR AND
COMMERCE COMMITTEE

2 SENATE BILL NO. 487

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 mechanical administrators."

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

8 * Section 1. AS 08.40 is amended by adding new sections to read:

9 ARTICLE 4. MECHANICAL ADMINISTRATORS.

10 Sec. 08.40.210. PURPOSE. The purpose of AS 08.40.210 - 08.40.-
11 490 is to protect the safety of people and property in the state from
12 the danger of improperly installed or modified mechanical systems by
13 providing a procedure to

14 (1) assure the public that persons responsible for making
15 mechanical installations in this state are qualified; and

16 (2) assure that a sufficient number of persons are so
17 qualified.

18 Sec. 08.40.220. BOARD OF MECHANICAL EXAMINERS. (a) There is
19 created the Board of Mechanical Examiners consisting of three members.
20 Two members of the board shall be licensed mechanical administrators
21 and one member shall be a public member.

22 (b) The members of the board shall elect one of its members as
23 chair.

24 (c) The board shall meet at least annually. The board may hold
25 other meetings at the call of the chair.

26 Sec. 08.40.230. CATEGORIES OF LICENSES. The board may adopt
27 regulations establishing categories of mechanical administrators,
28 qualifications for those categories, and the content of examinations
29 for applicants for each category.

1 Sec. 08.40.240. REGULATIONS. The board shall adopt regulations
2 under AS 44.62 (Administrative Procedure Act), relating to the ex-
3 amination and licensing of mechanical administrators, the establishing
4 of the continued competency of licensees for license renewal and
5 reinstatement, and the suspension or revocation of licenses.

6 Sec. 08.40.250. EXAMINATIONS. The board shall conduct licensing
7 examinations at least twice each year at appropriate places in the
8 state.

9 Sec. 08.40.260. INSPECTION OR INVESTIGATION BY BOARD. The board
10 may

11 (1) make or have made a special inspection or investigation
12 into the work of a licensee that it considers necessary;

13 (2) issue subpoenas and process compelling the attendance
14 of a person and the production of papers or books, for the purpose of
15 the investigation and examination;

16 (3) administer oaths when required; and

17 (4) petition a court of the state to enforce subpoenas and
18 process or to compel testimony.

19 Sec. 08.40.270. LICENSE REQUIRED. (a) A person may not act as
20 a mechanical administrator without a license.

21 (b) A person licensed under AS 08.40.210 - 08.40.490 may perform
22 work only in a category for which the person is licensed.

23 Sec. 08.40.280. EXAMINATION OF APPLICANT. (a) Each applicant
24 shall be examined to determine the applicant's

25 (1) ability to understand plans, design specifications, and
26 engineering terms commonly used in the mechanical field;

27 (2) knowledge of mechanical installations and piping;

28 (3) familiarity with the requirements of the Uniform Plumb-
29 ing Code, Uniform Swimming Pool, Spa, and Hot Tub Code, Uniform Solar

1 Energy Code, and the Uniform Mechanical Code currently in effect in
2 the state;

3 (4) familiarity with mechanical installation problems and
4 the usages of the trade peculiar to this state; and

5 (5) personal skill and ability.

6 (b) If an applicant for a license submits proof satisfactory to
7 the board that the applicant is licensed as a mechanical administrator
8 or the equivalent by another state or territory, meets qualifications
9 established by the board under AS 08.40.230, and has passed an ex-
10 amination equivalent to the test administered under (a) of this sec-
11 tion except insofar as that examination tests knowledge and skill
12 particularly required to meet the environment and usages of the trade
13 peculiar to this state, the board shall waive all of the examination
14 required under (a) of this section except those parts that test knowl-
15 edge and skill particularly required to meet the environment and
16 usages of the trade peculiar to this state.

17 Sec. 08.40.290. ADMINISTRATOR LIMITED TO ONE LICENSED CONTRAC-
18 TOR. A person may not qualify or operate as a mechanical adminis-
19 trator for more than one registered contractor, corporation, joint
20 venture, or other business entity.

21 Sec. 08.40.300. RENEWAL AND REINSTATEMENT. (a) A license
22 issued under AS 08.40.210 - 08.40.490 is nontransferable and, unless
23 revoked or suspended, may be renewed upon proof of continued com-
24 petency.

25 (b) A lapsed license may be reinstated upon proof of continued
26 competency by payment of all unpaid renewal fees and any penalty fee
27 established under AS 08.01.100(b), unless the license has been lapsed
28 for more than two years. If a person's license has been lapsed for
29 more than two years, the person is required to take an examination

1 under AS 08.40.280.

2 Sec. 08.40.310. ISSUANCE AND DISPLAY OF LICENSE. An applicant
3 who successfully passes the examination shall receive a certificate of
4 license. The licensee shall prominently display the certificate,
5 while in effect, in the licensee's principal place of business.

6 Sec. 08.40.320. FEES. Each applicant and each licensee shall
7 pay application and renewal fees established under AS 08.01.065.

8 Sec. 08.40.330. DENIAL, SUSPENSION, AND REVOCATION OF LICENSE.

9 (a) The board may take disciplinary action against a licensee or
10 applicant upon a finding that

11 (1) the application is fraudulent or misleading;

12 (2) the licensee has knowingly violated AS 08.40.210 -
13 08.40.490 or a lawful rule, order, or regulation of the board or the
14 department; or

15 (3) the licensee is incompetent or has engaged in fraudu-
16 lent practices.

17 (b) Notice of a proposed denial, suspension, or revocation of
18 license shall be in writing and shall state the grounds.

19 (c) Proceedings for the denial, suspension, or revocation of a
20 license shall be governed by AS 44.62 (Administrative Procedure Act).

21 Sec. 08.40.340. INVESTIGATIONS. Either the Department of Com-
22 merce and Economic Development or the Department of Labor may investi-
23 gate alleged or apparent violations of AS 08.40.210 - 08.40.490. A
24 department, upon showing proper credentials, may enter, during regular
25 hours of work, a construction site where it appears that mechanical
26 work is being done. A department may make inquiries about the identi-
27 ty of the mechanical administrator or the person acting in the capaci-
28 ty of a mechanical administrator. Upon demand, a mechanical adminis-
29 trator or person acting in the capacity of a mechanical administrator,

1 or that person's representative, shall produce evidence of current
2 licensure.

3 Sec. 08.40.350. ISSUANCE OF CITATIONS. Either the Department of
4 Commerce and Economic Development or the Department of Labor may issue
5 a citation for a violation if there is probable cause to believe a
6 person has violated AS 08.40.210 - 08.40.490. Each day a violation
7 continues after a citation for the violation has been issued consti-
8 tutes a separate violation.

9 Sec. 08.40.360. PROCEDURE AND FORM OF CITATION. (a) A citation
10 issued under AS 08.40.350 must be in writing. A person receiving the
11 citation is not required to sign a notice to appear in court.

12 (b) The time specified in the notice to appear on a citation
13 issued under AS 08.40.350 must be at least five days, not including
14 weekends and holidays, after the issuance of the citation, unless the
15 person cited requests an earlier hearing.

16 (c) The Department of Commerce and Economic Development and the
17 Department of Labor are responsible for the issuance of books contain-
18 ing appropriate citations, and each shall maintain a record of each
19 book issued and each citation contained in it. Each department shall
20 require and retain a receipt for every book issued to an employee of
21 that department.

22 (d) The department that issues a citation under AS 08.40.350
23 shall deposit the original or a copy of the citation with a court
24 having jurisdiction over the alleged offense. Upon its deposit with
25 the court, the citation may be disposed of only by trial in the court
26 or other official action taken by the magistrate, judge, or prosecu-
27 tor. The department that issued the citation may not dispose of it or
28 copies of it or of the record of its issuance except as required under
29 this subsection and (e) of this section.

1 (e) The Department of Commerce and Economic Development and the
2 Department of Labor shall require the return of a copy of every cita-
3 tion issued by the respective department under AS 08.40.350 and of all
4 copies of every citation that has been spoiled or upon which an entry
5 has been made and not issued to an alleged violator. The departments
6 shall also maintain, in connection with every citation issued by the
7 respective department, a record of the disposition of the charge by
8 the court where the original or copy of the citation was deposited.

9 (f) If the form of citation issued under AS 08.40.350 includes
10 the essential facts constituting the offense charged, and if the
11 citation is sworn to as required under the laws of this state for a
12 complaint charging commission of the offense alleged in the citation,
13 then the citation when filed with a court having jurisdiction is
14 considered to be a lawful complaint for the purpose of prosecution.

15 Sec. 08.40.370. CEASE AND DESIST ORDER. (a) If the commis-
16 sioner of commerce and economic development determines that a person
17 is acting as a mechanical administrator in violation of AS 08.40.210 -
18 08.40.490 the commissioner may issue a cease and desist order pro-
19 hibiting further action by the person as a mechanical administrator.
20 The cease and desist order remains in effect until the person has
21 submitted evidence acceptable to the commissioner showing that the
22 violation has been corrected.

23 (b) A person affected by an order issued under (a) of this
24 section may seek equitable relief preventing the commissioner of
25 commerce and economic development from enforcing the order.

26 Sec. 08.40.380. INJUNCTIVE RELIEF. The commissioner of commerce
27 and economic development may seek an injunction in the superior court
28 to enjoin a person from violating AS 08.40.210 - 08.40.490.

29 Sec. 08.40.390. PENALTIES. (a) A person who knowingly violates

1 AS 08.40.210 - 08.40.490, or who knowingly violates a valid rule,
2 regulation, or order of the board or the department, is guilty of a
3 misdemeanor, and upon conviction is punishable by a fine of not more
4 than \$300, or by imprisonment for not more than 60 days, or by both.

5 (b) Unless the citation has been voided or otherwise dismissed
6 by the magistrate, judge, or prosecutor, a person who without lawful
7 justification or excuse fails to appear in court to answer a citation
8 issued under AS 08.40.350, regardless of the disposition of the charge
9 for which the citation was issued, is guilty of a class B misdemeanor.

10 Sec. 08.40.400. EXCLUSIONS. (a) Except for inspections au-
11 thorized under AS 08.40.260, 08.40.210 - 08.40.490 do not apply to a
12 utility or municipality engaged in

13 (1) mechanical construction and maintenance of mechanical
14 systems and equipment for the generation and distribution of elec-
15 trical current or generation and distribution of district heating when
16 the mechanical work is performed on an integral part of a system owned
17 and operated by that utility or municipal light and power department
18 and when the work is performed by employees of the utility or munici-
19 pality;

20 (2) mechanical construction and maintenance of mechanical
21 systems and equipment for the distribution of fuel gas when the me-
22 chanical work is performed on an integral part of the distribution
23 system owned and operated by the utility or municipality and when the
24 work is performed by employees of the utility or municipality.

25 (b) Except for inspections authorized under AS 08.40.260, 08.-
26 40.210 - 08.40.490 do not apply to a person engaged in

27 (1) the manufacture or repair of mechanical apparatus or
28 equipment;

29 (2) mechanical work, the cost of which does not exceed

1 \$5,000, involving residences or small commercial establishments in
2 communities that

3 (A) have a population of under 500; or

4 (B) are over 50 miles by air or water transportation
5 from the business place of a mechanical administrator licensed
6 under AS 08.40.210 - 08.40.490;

7 (3) mechanical installation on a single family residence
8 that is owned by the installer or a member of the installer's immedi-
9 ate family and not intended for sale at the time of making the instal-
10 lation;

11 (4) installation outside of a building of water lines or
12 sanitary, storm, or drain sewer lines.

13 Sec. 08.40.410. PERSONAL SUPERVISION. A person licensed under
14 AS 08.40.210 - 08.40.490 as a mechanical administrator who contracts
15 to install or modify mechanical piping and systems, devices, fixtures,
16 equipment, or other mechanical materials, shall personally inspect
17 those materials after installation and modification unless the instal-
18 lation or modification amounts to simple or highly standardized work
19 performed in less than 24 man-hours by personnel generally under the
20 supervision of the mechanical administrator.

21 Sec. 08.40.490. DEFINITIONS. In AS 08.40.210 - 08.40.490

22 (1) "department" means the Department of Commerce and
23 Economic Development except where the context otherwise requires;

24 (2) "manufacture" means fabrication or completion of a
25 product or mechanical apparatus exclusive of its completion or instal-
26 lation at a job site;

27 (3) "mechanical administrator" means a person engaged in
28 the business of, or purporting to be engaged in the business of,
29 installing or modifying, or contracting to install or modify,

1 mechanical piping and systems, devices, fixtures, equipment, or other
2 mechanical materials subject to the Uniform Plumbing Code, Uniform
3 Swimming Pool, Spa, and Hot Tub Code, Uniform Solar Energy Code, and
4 the Uniform Mechanical Code as published by the International Associa-
5 tion of Plumbing and Mechanical Officials and the International Con-
6 ference of Building Officials;

7 (4) "mechanical piping" includes piping fixtures, devices,
8 and equipment;

9 (5) "utility" means every public, cooperative, or other
10 corporation, company, individual, or association of individuals, their
11 lessees, trustees, or receivers appointed by a court, that owns,
12 operates, manages, or controls a plant or system for

13 (A) furnishing, by generation, transmission, or dis-
14 tribution, electrical service, fuel gas service, district heat-
15 ing, sewage disposal, or domestic water service to the public for
16 compensation;

17 (B) furnishing telecommunications service to the
18 public for compensation.

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

20 (28) Board of Mechanical Examiners (AS 08.40.220).

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

22 (21) Board of Mechanical Examiners (AS 08.40.220) --

23 June 30, 1992.

24 * Sec. 4. INITIAL APPOINTMENTS TO THE BOARD. A person is eligible for
25 an initial appointment to the Board of Mechanical Examiners, created under
26 sec. 1 of this Act, as a professional member of the board, if at the time
27 of the appointment the person

28 (1) understands plans, design specifications, and engineering
29 terms commonly used in mechanical installations and piping;

1 (2) is familiar with mechanical installations and piping and
2 with mechanical installation problems peculiar to this state; and

3 (3) is familiar with the requirements of the Uniform Plumbing
4 Code, Uniform Swimming Pool, Spa, and Hot Tub Code, Uniform Solar Energy
5 Code, and Uniform Mechanical Code that are currently in effect in the
6 state.

CORRECTION

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

(2) is familiar with mechanical installations and piping and with mechanical installation problems peculiar to this state; and

(3) is familiar with the requirements of the Uniform Plumbing Code, Uniform Swimming Pool, Spa, and Hot Tub Code, Uniform Solar Energy Code, and Uniform Mechanical Code that are currently in effect in the state.

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CSB 487 (ic)
PUBLISH DATE: SENATE 3/23/88

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to mechanical administrators.
Sponsor: Senate Labor & Commerce
Requestor: _____

Agency Affected: Commerce & Economic Dev.
BRU: Occupational Licensing
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL		4.5	3.2	3.2	3.2	3.2
CONTRACTUAL		2.0	2.0	2.0	2.0	2.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		6.5	5.2	5.2	5.2	5.2

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

REVENUE		3.0	**			
---------	--	-----	----	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER		6.5	5.2	5.2	5.2	5.2
TOTAL		6.5	5.2	5.2	5.2	5.2

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Jennifer Strickler, Management Analyst Phone: 465-2144
Division: Occupational Licensing Date: 3/15/88

Approved by Commissioner: J. Anthony Smith Date: 3/16/88
Agency: Commerce and Economic Development

Distribution (by preparer):

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. SB 487

TRAVEL: The bill establishes a Board of Mechanical Examiners consisting of three members. Section 08.40.220(c) also mandates the board to meet at least annually and to hold other meetings at the call of the chair. In addition, Section 08.40.250 requires the exam to be administered at least twice a year. It is anticipated that at least three meetings will be required during the first year as a result of the Board's new regulatory responsibilities. This fiscal note is therefore based on three members holding three board meetings and exams in conjunction with two of the meetings. Two meetings and exams are budgeted for subsequent years.

ANCHORAGE MEETING

Member from:	<u>TRANSPORTATION</u>	<u>PER DIEM</u>	<u>TOTAL</u>
Anchorage	0	320.00	320.00
Juneau	366.00	320.00	686.00
Fairbanks	232.00	340.00*	572.00
(*Two day meeting (@ \$80 per day) in Anchorage, and two days of exams (@\$90 per day) in Fairbanks.)			
Sub-Total:	598.00	980.00	1,578.00

JUNEAU MEETING

Anchorage	366.00	320.00	686.00
Juneau	0	320.00	320.00
Fairbanks	436.00	160.00	596.00
Sub-Total:	802.00	800.00	1,602.00

FAIRBANKS

Anchorage	232.00	180.00	412.00
Juneau	436.00	270.00	706.00
Fairbanks	0	180.00	180.00
Sub-Total:	668.00	630.00	1,298.00

TOTAL:	\$ <u>2,068.00</u>	<u>2,410.00</u>	<u>4,478.00</u>
--------	--------------------	-----------------	-----------------

CONTRACTUAL:

Printing of applications, statute booklets and other informational material; Advertising of meetings, exams and regulations; postage, telephone and other standard operating costs.

\$ 2,000.00

**Revenues are contingent upon the number of mechanical administrator licensees. In the first year, it is anticipated that at least 30 individuals will seek licensure. Assuming the license fee is \$100, a total of \$3,000.00 would be generated in the first year. Depending on the actual number of licensees, the revenues generated from licensing fees may not cover the entire cost of the licensing program within central licensing at \$100 per licensee.

J.N.

ALASKA STATE LEGISLATURE

. 15th . Legislature 2nd . . . Session

SENATE...BILL..... NO. .487.

By THE LABOR AND COMMERCE...
COMMITTEE

"An Act relating to mechanical
administrators."

Introduced in the Senate 3/11....., 19 88...

HISTORY IN THE SENATE

19 88

Read first time and referred
to Committee on

3 11

L&C, FINANCE
Reported back with
recommendation that

3 23

*etc. replace w/CS
4 do pass, FY to fix*

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

SR

490

(11)

HOUSE COMMITTEE REPORT

Date referred: 3/21/88

FURTHER REFERRALS:

(SA waived 3/21)

DATE: 3-21-88

The Finance Committee has considered CSSB 490(SA)

"An Act establishing the Alaska sports fund; and providing for an effective date."

RECOMMENDS:

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

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published 3/15/88 (SENATE)
- zero with analysis

SIGNING DO PASS:

Adams Al Adams

Pourchat Pat Pourchat

Larson Ronald Larson

Goll Steve Goll

SWACK Ed Swack

Boyer Mark Boyer

Rieger Steve Rieger

Wallis Kay Wallis

Brown Fal Brown

Davis Mike Davis

FRANK Frank

SIGNING OTHER RECOMMENDATIONS:

Al Adams
Chairman's signature

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CSSB 490(SA)
PUBLISH DATE: (SENATE) 3/15/88

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Econ. Dev.
Title: Establishing the Alaska sports BRU: Division of Administrative Services
fund: e.d.
Sponsor: Senate Labor & Commerce Components: _____
Requester: Senate State Affairs Committee

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	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

FUNDING: (Thousands of dollars)

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

POSITIONS:

FULLTIME	-0-	-0-	-0-	-0-	-0-	-0-
PARTTIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Kathy Marshall, Director Phone: 465-2505
Division: DIVISION of Administrative Services Date: March 15, 1988
Approved by Commissioner: J. Anthony Smith, Commissioner Date: March 15, 1988
Agency: Department of Commerce and Economic Development

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

Original sponsor: Labor and
Commerce Committee

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR SENATE BILL NO. 490 (State Affairs)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska sports fund; and
7 providing for an effective date."

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

9 * Section 1. LEGISLATIVE INTENT. The legislature finds that it is
10 beneficial to support and promote the development of youth and winter
11 sports within Alaska. In order to encourage the spirit of dedication and
12 excellence in Alaskan athletes, this Act establishes the Alaska sports
13 fund. It is the intent of the legislature to use the fund to encourage

- 14 (1) sports potential in Alaska youth;
15 (2) state, national, and international competitions; and
16 (3) development of training facilities in the state.

17 * Sec. 2. AS 05.35 is amended by adding a new section to read:

18 Sec. 05.35.150. ALASKA SPORTS FUND. There is established as a
19 separate fund in the Department of Commerce and Economic Development
20 the Alaska sports fund. The fund consists of private contributions
21 and money appropriated to the fund from receipts under AS 28.10.165,
22 28.10.421(d)(14), and 28.10.421(f). Money in the fund may be appro-
23 priated for the promotion and development of sports.

24 * Sec. 3. This Act takes effect on the effective date of those sections
25 of an Act enacted by the Fifteenth Alaska State Legislature that enact
26 AS 28.10.165, 28.10.421(d)(14), and 28.10.421(f) providing for winter
27 Olympics commemorative plates, or immediately under AS 01.10.070(c), which-
28 ever is later.



**Anchorage Organizing
Committee
for the 1994 Olympics**

The Frontier Building
3601 C Street, Suite 370 Anchorage, Alaska 99503 Phone (907) 562-1994 Telex 25311

March 18, 1988

The Honorable Tim Kelly
Alaska State Senate
Pouch V
Juneau, Alaska 99801

Dear Senator Kelly:

The Anchorage Organizing Committee is pleased to learn of the introduction of SB-490, creating the Alaska Sports Fund.

Such legislation would enhance Anchorage's efforts to attract world-class sporting events, and establish Alaska as an attractive location for winter sports training activities. This bill will also increase the opportunities for Alaskan athletes to excel in their sporting endeavors.

Sincerely,

Rick Nerland
Executive Vice President

RN/dag

THE ALASKA SPORTS FUND

Fact Sheet

The Alaska Sports Fund would be established to promote the development of Alaska's young athletes and sport within Alaska.

The three distinct goals of the fund are:

- 1) fostering athletic excellence in Alaska's youth;
- 2) hosting state, national and international athletic competition within Alaska; and
- 3) developing training facilities within Alaska for Alaskan and as well as other American athletes.

Senate Bill 490 simply establishes the fund, creating the shell upon which to build. During the course of the interim the fund's mechanical operations will be developed. This should pose no problem considering no funds could be available from the commemorative license plates until 1989.

While the fully developed plan for the fund is not yet complete, the Anchorage Organizing Committee (AOC) felt it was necessary to establish its existence this year to demonstrate to the International Olympic Committee (IOC), the United States Olympic Committee (USOC) and various sports federations that Alaska has made a commitment to furthering sport.

The AOC's desire is to have the bill pass both houses by the March 23rd fundraiser in New York for the AOC and have Governor Steve Cowper sign the bill into law at that time, thus receiving national media attention.

1 IN THE SENATE

BY THE LABOR AND
COMMERCE COMMITTEE

2

SENATE BILL NO. 490

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act establishing the Alaska sports fund; and

7

providing for an effective date."

8

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

9

* Section 1. LEGISLATIVE INTENT. The legislature finds that it is

10 beneficial to support and promote the development of youth and winter

11 sports within Alaska. In order to encourage the spirit of dedication and

12 excellence in Alaskan athletes, this Act establishes the Alaska sports

13 fund. It is the intent of the legislature to use the fund to encourage

14 (1) sports potential in Alaska youth;

15 (2) state, national, and international competitions; and

16 (3) development of training facilities in the state.

17

* Sec. 2. AS 05.35 is amended by adding a new section to read:

18

Sec. 05.35.150. ALASKA SPORTS FUND. There is established as a

19

separate fund in the Department of Commerce and Economic Development

20

the Alaska sports fund. The fund consists of private contributions

21

and money appropriated to the fund from receipts under AS 28.10.165,

22

28.10.421(d)(14), and 28.10.421(f). Money in the fund may be appro-

23

priated for the promotion and development of sports.

24

* Sec. 3. This Act takes effect on the effective date of an Act enacted

25

by the Fifteenth Alaska State Legislature that enacts AS 28.10.165, 28.10.-

26

421(d)(14), and 28.10.421(f) providing for winter sports commemorative

27

plates, or immediately under AS 01.10.070(c), whichever is later.

S B

4 9 1 1

SENATE COMMITTEE REPORT

FURTHER

3/31/88

DATE TURNED INTO OFFICE _____

Mr. President:

_____ Finance _____ Committee considered _____ SB 491 _____

coverage under medicaid for heart transplant surgery; and reordering the priorities for eliminating coverage under medicaid

and recommended

[] replace with _____ CS _____) [] same title
[] or adopt _____ CS _____) [] new title

[] attached amendment(s) and

[] do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to _____

[] letter of intent adopted _____

Committee [] attached or [] adopted fiscal note(s)

[] new [] updated or [] previous
[] zero [] fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[] Committee Backup attached _____ Chairman signature and recommendation

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

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

FURTHER: FINANCE

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

3/15/88
Mr. President:

DATE TURNED INTO OFFICE 3/31/88

HESS Committee considered SB 491

coverage under medicaid for heart transplant surgery; and reordering the priorities for eliminating coverage under medicaid

and recommended:

[] replace with CS _____ [] 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

2 Do Not Pass
2 Do Not Pass

Paul Trick (Do Pass)
Chairman signature and recommendation

[✓] Committee Backup Attached

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

PO. BOX H
JUNEAU, ALASKA 99811-0601
PHONE: (907) 465-3030

March 23, 1988

The Honorable Paul Fischer
Alaska State Senate
P.O. Box V
Juneau, AK 99811

Dear Senator Fischer:

I am writing to you because of your interest in Medicaid heart transplant policies, and to update you on the action of the Medical Care Advisory Committee (MCAC).

As you may know, the MCAC met March 4 and 5, 1988 in Juneau. The MCAC is a federally required Board created to advise the commissioner regarding the Medicaid program. One of the items on the MCAC agenda was the issue of adding heart transplants to Medicaid. Their final recommendation was:

"Due to the high cost of heart transplantations and the unknown additional cost of related medical expenses for a projected small number of recipients, we feel that the [Medicaid] monies could provide more services to a larger number of individuals in previously identified priority groups within the Medicaid population". Therefore, the Medical Care Advisory Committee recommends against Medicaid coverage of heart transplants.

Despite this decision, the department recognizes the interest in this issue and remains sympathetic to the medical needs of recipients.

The Senate HESS Committee has introduced legislation designed to add heart transplants to Medicaid recently. Because organ transplant procedures are covered under inpatient hospital care and physician services, enabling legislation is not necessary for the service to be covered. Medicaid in Alaska already covers skin, bone, bone marrow, cornea, kidney and liver transplants; liver transplants being limited to children. This policy is contained in our State Plan, which is Alaska's contract with the federal Health Care Financing Administration. The plan sets out the services, covered groups and payment methodologies of our Medicaid program.

March 23, 1988

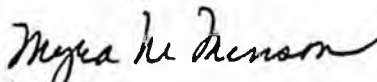
The addition of heart transplants to the Medicaid program can be accomplished through a State Plan change without additional legislation. Placing heart transplants in statute without mentioning other covered organ transplants could create confusion for the department among facilities, recipients and advocates. As reflected in the MCAC recommendation, the major concern with adding heart transplants relates to financing. In view of this year's supplemental appropriation request and the constant escalation in health care costs, the department does not feel it would be a responsible action to add a costly new service without legislative endorsement and an additional appropriation or intent language to seek a supplemental if costs are incurred related to the new program.

The Division is currently developing a cost analysis of heart transplants which I will be happy to discuss with you at your convenience. It appears the procedure can range from \$200,000 to \$500,000 for the initial year depending on complications attendant to the recipient. For each following year, we are anticipating a cost of \$30,000 to \$50,000 per person for immunosuppressive drugs and follow-up care.

Coverage of heart transplants under Medicaid will not guarantee an eligible recipient access to the service. The recipient would still have to meet the criteria for a transplant, which includes physical and psychological factors, determined appropriate by the transplant facility. The number of transplants is also limited by a national shortage of donor organs. So a donor facility-approved recipient may receive costly out-of-state diagnostic work-ups without ever receiving the needed organ.

Thank you for your interest in the Medicaid program.

Sincerely,



Myra M. Munson
Commissioner

SB 491

"An Act relating to coverage under medicaid for heart transplant surgery; and reordering the priorities for eliminating coverage under medicaid"

I. Purpose of SB 491:

The purpose of SB 491 is to mandate that the Department of Health and Social Services pay for heart transplants for Medicaid-eligible Alaskans.

II. Sectional Analysis:

Section 1 establishes heart transplants as a Medicaid covered service.

Section 2 adds heart transplants to AS 47.07.035 and provides the Department with legislative direction on the priority of heart transplants in the event of a funding shortfall.

III. Background

Since the federal Medicare Program determined that heart transplants should no longer be considered as experimental thirty-one states have chosen to offer funding for heart transplants to Medicaid-eligible citizens. The rationale is that access to the full range of health care services should be equally available to all citizens regardless of income.

As with most new medical technology, heart transplants are expensive and benefit only a select few. Access to a heart transplant is limited by screening conducted by hospital transplant programs and, sometimes, by the payor, by the availability of suitable donor organs, and by the available financing. It is not unusual for payors to either negotiate or otherwise limit the payment price for transplants.

Alaska's Medicaid Program already provides payment for the other organ transplants that are covered under most states' Medicaid Programs (i.e., kidney, cornea, bone marrow, and liver for children). Since payment for transplants does not require the enrollment of new types of medical providers and can be described within the context of services already provided under the Medicaid Program (i.e., physician services, hospital services, transportation services, etc.) and the General Relief Medical Assistance Program (i.e., pharmacy services) it is not necessary to amend either AS 47.07.030 or AS 47.07.035 in order for the Department to provide payment for transplants. Placing heart transplants in statute without mentioning other covered organ transplants could create confusion for the department among facilities, recipients and advocates.

The Alaska Medical Care Advisory Committee which is the federally-mandated policy advisory committee for the Medicaid Program addressed the issue of adding heart transplants at their March meeting. Their final recommendation to the Department was against Medicaid coverage of heart transplants based on the following rationale:

"Due to the high cost of heart transplantations and the unknown additional cost of related medical expenses for a projected small number of recipients, we feel that the [Medicaid] monies could provide more services to a larger number of individuals in previously identified priority groups within the Medicaid population".

The major concern of both the MCAC and the Department with regard to adding heart transplants relates to financing. In view of this year's supplemental appropriation request and the constant escalation in health care costs, the Department does not believe it would be a responsible action to add a costly expansion of existing services without legislative endorsement and an additional appropriation or intent language to seek a supplemental if costs are incurred related to heart transplants.

IV. Recommendation

The Department does not recommend that the legislature amend the statutes by adopting the language in SB 491. Instead, we recommend that if the legislature wishes to direct the Department to pay for heart transplants for Medicaid-eligible citizens, the legislature should provide additional funding in the Medicaid and General Relief Medical Assistance Programs. This will allow the Department to provide a few Medicaid-eligible citizens with access to heart transplants without jeopardizing access to other necessary medical services for the majority of recipients.

Recommended by: Kim Busch
Kim Busch, Director
Division of Medical Assistance

Date: 3-28-88

Approved by: Myra M. Munson
Myra M. Munson, Commissioner
Department of Health and
Social Services

Date: 3-28-88

Introduced: 3/15/88
Introduced: Health, Education and
Social Services and Finance

5-1982A

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 SENATE BILL NO. 491

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 coverage under medicaid for heart
7 transplant surgery; and reordering the priorities for
8 eliminating coverage under medicaid."

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

10 * Section 1. AS 47.07.030(a) is amended to read:

11 (b) In addition to the mandatory services specified in (a) of
12 this section, the department may offer only the following optional
13 services: personal care services in a recipient's home; emergency
14 hospital services; heart transplant surgery and related services;
15 long-term care noninstitutional services; medical supplies and equip-
16 ment; clinic services; inpatient psychiatric facility services for
17 individuals age 65 or older and individuals under age 21; physical
18 therapy; occupational therapy; chiropractic services; treatment of
19 speech, hearing, and language disorders; and mental services; pros-
20 thetic devices and eyeglasses; optometrists' services; intermediate
21 care facility services, including intermediate care facility services
22 for the mentally retarded; skilled nursing facility services for
23 individuals under age 21; and reasonable transportation to and from
24 the point of medical care.

25 * Sec. 2. AS 47.07.035 is amended to read:

26 Sec. 47.07.035. PRIORITY OF MEDICAL ASSISTANCE. If the depart-
27 ment finds that the cost of medical assistance for all persons eligi-
28 ble under this chapter will exceed the amount allocated in the state
29 budget for that assistance for the fiscal year, the department shall
S

1 eliminate coverage for optional medical services and optionally eligi-
2 ble groups of individuals in the following order:

- 3 (1) heart transplant surgery and related services;
- 4 (2) chiropractic services;
- 5 (3) [(2)] adult dental services;
- 6 (4) [(3)] emergency hospital services;
- 7 (5) [(4)] treatment of speech, hearing, and language disor-
8 ders;
- 9 (6) [(5)] optometrists' services and eyeglasses;
- 10 (7) [(6)] occupational therapy;
- 11 (8) [(7)] prosthetic devices;
- 12 (9) [(8)] medical supplies and equipment;
- 13 (10) [(9)] clinic services;
- 14 (11) [(10)] physical therapy;
- 15 (12) [(11)] personal care services in a recipient's home;
- 16 (13) [(12)] long-term care noninstitutional services;
- 17 (14) [(13)] inpatient psychiatric facility services;
- 18 (15) [(14)] intermediate care facility services for the
19 mentally retarded;
- 20 (16) [(15)] intermediate care facility services;
- 21 (17) [(16)] individuals under age 21 who are not eligible
22 for benefits under the federal aid to families with dependent children
23 program because they are not deprived of one or more of their natural
24 or adoptive parents;
- 25 (18) [(17)] skilled nursing facility services for persons
26 under age 21;
- 27 (19) [(18)] aged, blind, and disabled individuals who,
28 because they do not meet the income requirements, do not receive
29 supplemental security income under Title XVI of the Social Security

1 Act, but who are eligible, or would be eligible if they were not in a
2 skilled nursing facility or intermediate care facility, to receive an
3 optional state supplementary payment;

4 (20) [(19)] individuals in a hospital, skilled nursing
5 facility, or intermediate care facility whose income while in the
6 facility does not exceed 300 percent of the supplemental security
7 income benefit rate under Title XVI of the Social Security Act, but
8 who, because of income, are not eligible for the optional state sup-
9 plementary payment;

10 (21) [(20)] individuals under age 21 under supervision of
11 the department, for whom maintenance is being paid in whole or in part
12 from public money and who are in foster homes or private child-care
13 institutions.
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to coverage under Medicaid for heart transplant surgery
Sponsor: _____
Requestor: _____

Agency Affected: Dept. of Health & Social Service
BRU: Medical Assistance
Components: Medicaid Facility

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	700.0	1,000.0	1,350.0	2,050.0	2,250.0	2,425.0
MISCELLANEOUS						
TOTAL OPERATING	700.0	1,000.0	1,350.0	2,050.0	2,250.0	2,425.0

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND	350.0	510.0	700.0	1,070.0	1,190.0	1,292.5
FEDERAL FUNDS	350.0	490.0	650.0	980.0	1,060.0	1,132.5
OTHER						
TOTAL	700.0	1,000.0	1,350.0	2,050.0	2,250.0	2,425.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

** SEE ATTACHED ANALYSIS **

Prepared by: Kim Busch, Director *Kim Busch*
Division: Medical Assistance

Phone: 465-3355
Date: March 28, 1988

Approved by Commissioner: Myra Munson *Myra Munson*
Agency: Department of Health and Social Services

Date: 3-28-88

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

FISCAL NOTE ANALYSIS SB 491

This fiscal notes assumes an annual pharmaceutical (\$10.0) and post operative maintenance (\$40.0) cost per heart transplant of \$50.0. It further assumes the national experience of recipient survival at 50% of the transplants are alive at the end of 5 years. Therefore, the fiscal note has been adjusted in the appropriate year three of the maintenance costs to reflect those who did not survive.

The following mix of heart transplants is anticipated in terms of recipients and average cost per transplant:

2 recipients = 1 at \$200.0 and 1 at \$500.0
 3 recipients = 2 at \$200.0 and 1 at \$500.0
 4 recipients = 3 at \$200.0 and 1 at \$500.0
 5 recipients = 3 at \$200.0 and 2 at \$500.0

The average cost per heart transplant is estimated at \$200.0. Other states also report that especially difficult transplants or the necessity to transplant more than one heart into a recipient is periodically necessary. Therefore, this analysis accounts for these situations outside of the base average cost per transplant by estimating their costs at \$500.0 each.

Pharmaceuticals in the maintenance costs have assumed the Title XIX Pharmacy program will continue to be funded with 100% state general funds.

Inflationary costs have not been calculated into this analysis.

The following table displays the projections for implementation of a Medicaid heart transplant program in Alaska:

Year	Transplants	FY88	FY89	FY90	FY91	FY92	FY93
1	2	700.0	100.0	100.0	100.0	50.0	50.0
2	3		900.0	150.0	150.0	150.0	75.0
3	4			1,100.0	200.0	200.0	200.0
4	5				1,600.0	250.0	250.0
5	5					1,600.0	250.0
6	5						1,600.0
Total		700.0	1,000.0	1,350.0	2,050.0	2,250.0	2,425.0
Federal		350.0	490.0	650.0	980.0	1,060.0	1,132.5
GFM		350.0	490.0	650.0	980.0	1,060.0	1,132.5
GF		-0-	20.0	50.0	90.0	130.0	160.0

.....

ALASKA STATE LEGISLATURE

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

SENATE...BILL..... NO. .491.

By .THE .NEALER, . EDUCATION. AND. .
SOCIAL SERVICES COMMITTEE

"An Act relating to coverage under
medicaid for heart transplant
surgery; and reordering the
priorities for eliminating
coverage under medicaid."

Introduced in the Senate . . . 3/15 , 19 . 88 . .

HISTORY IN THE SENATE

19	88	Read first time and referred to Committee on										
3	15	HESS, Finance Reported back with recommendation that										
3	31	<i>HESS: 100 pass, 5 do not pass, FN to Fin</i>										
		Read second time and										
		Read third time and										
		<table border="0"> <tr><td>PASSED</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Excused</td><td>Excused</td></tr> <tr><td>Absent</td><td>Absent</td></tr> </table>	PASSED	Effective Date	Yeas	Yeas	Nays	Nays	Excused	Excused	Absent	Absent
PASSED	Effective Date											
Yeas	Yeas											
Nays	Nays											
Excused	Excused											
Absent	Absent											
		Reconsideration Reconsideration not taken up										
		<table border="0"> <tr><td>PASSED</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Excused</td><td>Excused</td></tr> <tr><td>Absent</td><td>Absent</td></tr> </table>	PASSED	Effective Date	Yeas	Yeas	Nays	Nays	Excused	Excused	Absent	Absent
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										
		<table border="0"> <tr><td>PASSED</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Excused</td><td>Excused</td></tr> <tr><td>Absent</td><td>Absent</td></tr> </table>	PASSED	Effective Date	Yeas	Yeas	Nays	Nays	Excused	Excused	Absent	Absent
PASSED	Effective Date											
Yeas	Yeas											
Nays	Nays											
Excused	Excused											
Absent	Absent											
		Reconsideration Reconsideration not taken up										
		<table border="0"> <tr><td>PASSED</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Excused</td><td>Excused</td></tr> <tr><td>Absent</td><td>Absent</td></tr> </table>	PASSED	Effective Date	Yeas	Yeas	Nays	Nays	Excused	Excused	Absent	Absent
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