

ALASKA LEGISLATURE COMMITTEE BILL FILES - 1987 - 1988 8879

HB 156 cont thru HB 163 286

Currently the state gives rebates of approximately \$12 million per year. Of this amount, almost \$10 million is rebated to the oil and construction industry for "off highway" use on the North Slope?

5. How does an individual or company submit for a refund and what criteria or proof do they need to submit to show they are eligible for a rebate?

An individual must submit proof they paid the tax and, some kind of documentation or proof showing how and where they used the fuel.

6. Does the department enforce the payment of tax?

Not really, it is on the honor system. If you purchase fuel in state or consume fuel in state you are required to pay the motor fuel tax. (unless exempted or eligible for rebate)

7. What about a motor carrier who purchases 100 gallons of fuel in Tok, drives down through Canada therefore only consuming 30 gallons in Alaska, would this individual be eligible for a rebate because it was not consumed in state?

Yes, this individual could submit the necessary proof and would be eligible for a rebate?

8. Would a person who purchased fuel out of the state but consumed a majority of this fuel in state be required to pay tax on the fuel consumed in state?

Theoretically yes, this person would be required to pay tax on the fuel consumed in state. The department of revenue currently has no way of enforcing this requirement for individuals.

In other areas such as marine fuel tax, the cruise lines and the oil tankers usually submit a schedule showing the number of trips made, how many miles were travelled, how many ships sailed and how many total hours the ships sailed. It is a fairly simple process to calculate the fuel consumed in state in these situations. The companies may also be audited and are then required to pay any fuel tax not already paid.

9. Are many people filling up in Canada for use in Alaska and not paying the required tax?

There is not really any effective way of measuring this, the cost to enforce this would be significant. Many of the users would probably fill up in Alaska because motor fuel is less expensive in this state.

Sec. 43.35.140. Gambling not legalized. AS 43.35.100 — 43.35.150 do not legalize gambling. (§ 4 ch 116 SLA 1949; am § 1 ch 53 SLA 1951)

Cross references. — For limitations on authorized gaming activities, see AS 05.15.180.

Sec. 43.35.150. Violations and penalties. (a) It is unlawful for a person to (1) distribute in the state a punchboard for which the license tax provided in AS 43.35.100 — 43.35.150 is not paid; or (2) maintain for use, or permit the use of, in a place or premises occupied by the person a punchboard upon which the license stamp is not affixed.

(b) A person violating a provision of AS 43.35.100 — 43.35.150 is guilty of a misdemeanor, and upon conviction is punishable by a fine of not more than \$500. (§ 5 ch 116 SLA 1949; am § 1 ch 53 SLA 1951)

Chapter 40. Motor Fuel Tax:

Section

- 10. Tax on transfers or consumption of motor fuel and expenditure of proceeds
- 30. Refund for nonhighway use
- 35. Other refunds and credits
- 50. Refund claim by affidavit

Section

- 60. Separate invoices
- 70. Refund warrants
- 80. Examination of books and records
- 85. Preservation of books and records
- 100. Definitions

Collateral references. — 71 Am. Jur. 2d, State and Local Taxation, §§ 616 — 634; 53 Am. Jur. 2d, Licenses, §§ 30, 46 — 58.

State tax on or in respect of goods shipped in interstate commerce to consignee for sale on consignor's account without previous sale or order for purchase, 4 ALR2d 244.

Loading or unloading interstate freight in performance of obligation resting upon one other than interstate carrier as inter-

state commerce as regards local taxation, 10 ALR2d 651.

State taxation of motor carriers as affected by commerce clause, 17 ALR2d 421.

Power of legislature to remit, release, or compromise tax claim, 28 ALR2d 1425.

Financial hardship or inability to pay taxes as rendering inapplicable statutes denying remedy by injunction against assessment or collection of tax, 65 ALR2d 550.

Sec. 43.40.010. Tax on transfers or consumption of motor fuel and expenditure of proceeds. (a) There is levied a tax of eight cents a gallon on all motor fuel sold or otherwise transferred within the state, except that

- (1) the tax on aviation gasoline is four cents a gallon,
- (2) the tax on motor fuel used in and on watercraft of all descriptions is five cents a gallon, and

(3) the tax on all aviation fuel other than gasoline is two and one-half cents a gallon.

(b) There is levied a tax of eight cents a gallon on all motor fuel consumed by a user, except that

(1) the tax on aviation gasoline consumed is four cents a gallon,

(2) the tax on motor fuel used in and on watercraft of all descriptions is five cents a gallon, and

(3) the tax on all aviation fuel other than gasoline is two and one-half cents a gallon.

(c) Every dealer who sells or otherwise transfers motor fuel in the state shall collect the tax at the time of sale, and remit the total tax collected during each calendar month of each year to the department by the last day of each succeeding month. Every user shall likewise remit the tax accrued on motor fuel actually used by the user during each month. If the monthly tax return is timely filed, one percent of the total monthly tax due, limited to a maximum of \$100, may be deducted and retained to cover the expense of accounting and filing the monthly tax return. At the time the remittance is made, each dealer or user shall submit a statement to the department showing all fuel which the dealer or user has distributed or used during the month.

(d) *[Repealed, § 3 ch 166 SLA 1976.]*

(e) Sixty per cent of the proceeds of the revenue from the taxes on aviation fuel, excluding the amount determined to have been spent by the state in its collection, shall be refunded to a municipality owning and operating or leasing and operating an airport in the proportion that the revenue was collected at the municipal airport. All other proceeds of the taxes on aviation fuel shall be paid into a special aviation fuel tax account in the state general fund. The legislature may appropriate funds from this account for aviation facilities.

(f) The proceeds from the revenue from the tax on motor fuel used in boats and watercraft of all descriptions shall be deposited in a special watercraft fuel tax account in the general fund. The legislature may appropriate from this account for water and harbor facilities.

(g) The proceeds of the revenue from the tax on all motor fuels, except as provided in (e), (f) and (j) of this section, shall be deposited in a special highway fuel tax account in the state general fund. The legislature may appropriate funds from it for expenditure by the Department of Transportation and Public Facilities directly or as matched with available federal-aid highway money for maintenance of highways, construction of highway projects and ferries included in the program provided for in AS 19.10.150, including approaches, appurtenances and related facilities and acquisition of rights-of-way or easements, and other highway costs including surveys, administration, and related matters. All departments of the state government authorized to spend funds collected from taxes imposed by this chapter shall perform, when feasible, all construction or reconstruction projects by contract

STEVE COWPER
GOVERNOR



44156

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 27, 1987

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that increases the highway and off-highway motor fuel tax. The taxes on aviation and marine fuel are not changed.

Current law imposes a tax of eight cents a gallon for motor fuel used on highways. AS 43.40.010(a) and (b). This bill would increase that tax to 16 cents a gallon. Users of fuel for non-highway purposes currently are entitled to a refund of six cents a gallon. AS 43.40.030(a). The bill would not change the amount of this refund; thus, the actual tax on fuel used for non-highway purposes would be 10 cents a gallon.

It is my intent that the increased revenue from this change should be used to pay for highway maintenance, whether that maintenance is done by the state or by the municipalities.

Sincerely,
A handwritten signature in black ink, appearing to read "Steve Cowper".
Steve Cowper
Governor

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2

HOUSE BILL NO. 156

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act increasing the motor fuel tax."

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

8 * Section 1. AS 43.40.010(a) is amended to read:

9 (a) There is levied a tax of 16 [EIGHT] cents a gallon on all
10 motor fuel sold or otherwise transferred within the state, except that

11 (1) the tax on aviation gasoline is four cents a gallon,

12 (2) the tax on motor fuel used in and on watercraft of all
13 descriptions is five cents a gallon, and

14 (3) the tax on all aviation fuel other than gasoline is two
15 and one-half cents a gallon.

16 * Sec. 2. AS 43.40.010(b) is amended to read:

17 (b) There is levied a tax of 16 [EIGHT] cents a gallon on all
18 motor fuel consumed by a user, except that

19 (1) the tax on aviation gasoline consumed is four cents a
20 gallon,

21 (2) the tax on motor fuel used in and on watercraft of all
22 descriptions is five cents a gallon, and

23 (3) the tax on all aviation fuel other than gasoline is two
24 and one-half cents a gallon.

HB

157

(11)

HOUSE COMMITTEE REPORT

Date referred: 5/1/87

FURTHER REFERRAL :

DATE: 5-5-87

The Finance Committee has considered HB 157

"An Act relating to public assistance; and providing for an effective date."

RECOMMENDS:

- replace with C.S HB 157 (HESS) 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 5-1-87
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

Pat Fauchald
Glenn
Mark Bejer *hurry reluctantly*
J. Cook

SIGNING OTHER RECOMMENDATIONS:

Ronald J. ... *No Rec.*
Steve ... *No Recommendation*
Raywallie *do not pass*
Tan Brown *DO NOT PASS*
Michael ... *do not pass*

Pat Fauchald *Chairman*
 Chairman's signature

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

CSHB 157 (HESS)

REQUEST: _____

Bill Version: _____
Publish Date: _____

Revision Date: April 27, 1987

Agency Affected: Health & Social Services
BRU: Assistance Payments BRU

Title: An act providing for APA payments
and for refund of certain payments

Sponsor: Rules Committee
Requestor: Governor

Components: Adult Public Assistance
(APA)

THIS FISCAL NOTE IS BASED ON THE HOUSE FINANCE FY88 BUDGET

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	(400.0)	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	400.0	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary) The original version of HB 157 provided the Governor with a vehicle to accomplish in statute what he had already proposed in his FY88 Budget: suspension of the AFDC and APA COLAs and elimination of the Aid to the Disabled Interim Assistance Program. However, contrary to the Governor's FY88 Budget, the FY88 Budget adopted by the House Finance Committee fully funds both programs. However, to achieve cost savings, the House HESS Committee has substantially amended HB 157 by changes to the Interim Assistance program. This fiscal note therefore addresses the costs savings achieved by CSHB 157 (HESS). This fiscal note generates \$400.0 in Federal funds to partially off-set \$400.0 in General Funds currently contained in the FY88 House Finance Committee Budget for the Interim Assistance program.

Prepared by: John R. Taber, Director
Division: Division of Public Assistance

Phone: 465-3347
Date: 4-30-87

Approved by Commissioner: Marya M. Muenzer
Agency: Department of Health & Social Services

Date: 4/30/87

Distribution (by preparer):

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

The House HESS Committee Substitute for House Bill No. 157 amends AS 47.25.455 but does not eliminate the Interim Assistance program, as proposed in the FY88 Governor's budget; however, the changes to the Interim Assistance program proposed by CSHB 157 (HESS) will result in a significant cost savings to the State.

Background on the Interim Assistance Program

Adult Public Assistance (APA) applicants who claim to be disabled and whose income is below the Social Security Administration's Supplemental Security Income (SSI) program income qualifying limits must apply for SSI and have their disability determined by Social Security. It takes Social Security an average of approximately 111 days to make a disability decision. If a decision is positive, SSI benefits are provided retroactive to the date of SSI application. Regular Adult Public Assistance benefits are also provided back to the date of APA application.

AS 47.25.455 provides that otherwise-eligible APA applicants awaiting an SSI disability decision will receive \$280 per month in state-funded "Interim Assistance."

A-1986 Alaska Supreme Court decision found that Interim Assistance had to be continued for applicants who received a negative initial SSI disability decision, provided that they were pursuing their appeal rights through the three-stage SSI appeals process. Approximately 69 percent of all initial SSI disability decisions are denied; almost 60 percent of those denied applicants who appeal are found eligible at some point in the appeals process. About 53 percent of all applicants are eventually determined to be eligible for assistance.

Background on the Genesis of HB 157

The Governor's FY88 budget reduced the Adult Public Assistance component by \$1008.0, for the elimination of the Aid to the Disabled Interim Assistance coverage.

On March 2, 1987, HB 157 was introduced into the Alaska House of Representatives by the House Rules Committee at the request of Governor Cowper.

Section 1 of the bill would have eliminated Interim Assistance payments and Section 2 of the bill would have suspended the COLA increase due to take effect on January 1, 1988 for the AFDC and APA programs. The Governor's FY88 Budget was written with the assumption that HB 157 would pass [i.e., if this proposed legislation did not pass, the projected FY88 COLA savings of \$782.8 and the projected Interim Assistance savings of \$1,008.0 (for a total of \$1,790.8) had to be restored to the FY88 Assistance Payments BRU budget request]. Therefore, this department prepared a zero fiscal note for HB 157 because the dollars saved by this proposed legislation had already been removed from the Governor's FY88 Budget request.

House Finance Budget

The FY88 budget approved by the House Finance Committee on Wednesday, April 29, 1987, includes \$782.8 for the FY88 COLA and \$1008.0 for continuation of the Interim Assistance program in FY88.

This fiscal note we have therefore prepared for CSHB 157 (HESS) reflects the impact to the FY88 House Budget where full COLA and Interim Assistance cost have been restored.

Effect of CSHB 157 (HESS)

House Bill 157, as revised by HESS, proposes changes to -- but does not eliminate -- the Interim Assistance program.

The proposed amendments to AS 47.25.455 would authorize implementation of an Interim Assistance Agreement with the Social Security Administration. As a part of this agreement, Interim Assistance applicants would be required to assign their retroactive SSI checks to the State. The State would use part of those funds to reimburse itself for the amount of Interim Assistance paid while awaiting the SSI eligibility decision. Applicants would also no longer be eligible to receive retroactive APA payments for the months in which they received Interim Assistance.

Implementation of the proposed amendments would produce estimated general fund savings of 400.0 in the FY88 House Budget.

Fiscal Year 88 Impact of CSHB 157 on Aid to the Disabled Interim Assistance Program on the House Budget:

The FY88 House Finance Budget: 300 Interim Assistance clients at \$280 monthly payment for 12 months.	\$1008.0	General Fund
FY88 Interim Assistance General Fund program savings with changes proposed by CSHB 157 (HESS)	(400.0)	General Funds
FY88 Federal funds received to reimburse state for the amount of Interim Assistance paid to clients awaiting the SSI eligibility decision.	400.0	Federal Funds
FY88 House Finance Budget for Interim Assistance program with the Fiscal Note	\$1008.0	
Funding Source:		
General Fund	608.0	
Federal	400.0	

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2

CS FOR HOUSE BILL NO. 157 (HESS)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act providing for the commencement of adult

7

public assistance payments and for the refund of

8

certain interim assistance payments; and providing

9

for an effective date."

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

11 * Section 1. AS 47.25.430 is amended by adding a new subsection to
12 read:

13

(e) Except as provided in AS 47.25.455, payment under AS 47.25.-

14

430 - 47.25.615 shall begin in the month following the month in which

15

it is determined that the person is eligible for benefits under 42

16

U.S.C. 1381 - 1385.

17

* Sec. 2. AS 47.25.455 is amended by adding a new subsection to read:

18

(c) As a condition of receiving payments under this section, a

19

person shall sign an agreement to refund to the department any payment

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received under this section for a month for which the person receives

21

payment under 42 U.S.C. 1381 - 1385.

22

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

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

REQUEST:

Revision Date: _____
 Title: An act suspending COLAs for AFDC,
APA, and elimination of AD Interim
 Sponsor: Rules Committee
 Requestor Governor

Bill Version: HB 157
 Publish Date: HOUSE 3/2/87

Agency Affected: Health & Social Services
 BRU: Assistance Payments BRU

Components: AFDC, Adult Public Assistance
(APA)

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

The FY88 Governor's budget assumes the suspension of the AFDC and APA FY88 COLA and elimination of the Aid to the Disabled Interim Assistance program. It is important to note that the dollars saved by this proposed legislation have already been removed from the Governor's FY88 budget request. In other words, if this legislation does not pass, projected FY88 COLA savings of \$782.8 and projected interim assistance savings of \$1,008.0, for a total of \$1,736.8 must be restored to the Assistance Payments BRU FY88 budget request.

Prepared by: John R. Taber, Director Phone: 465-3347
 Division: Division of Public Assistance Date: 2-23-87

Approved by Commissioner: Maria M. Munn Date: 2-23-87
 Agency: Department of Health & Social Services

Distribution (by preparer):

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

Suspension of AFDC (AS 47.25.320(d)) and APA (AS 47.25.430(b) January 1, 1987 COLA.

These state statutes require that AFDC and APA payments increase each January 1 by the same percentage increase as provided under federal law each January to Social Security and Supplemental Security Income recipients. The FY88 AFDC Governor's budget excluded a 2.0% COLA effective January 1, 1988. If legislation that suspended the automatic cost-of-living escalator clause were enacted, it would reduce FY88 AFDC formula need by 611.4 (305.7 general fund).

The FY88 APA Governor's budget excluded a 2.0% COLA effective January 1, 1988. Legislation that suspends the automatic cost-of-living escalator clause would reduce FY88 APA formula need by 171.4 general fund.

Suspension of the AFDC and APA COLA are considered as a temporary measure only in view of falling State revenue and the diminished availability of resources to fund COLA increments in the near term.

The FY88 Governor's budget reduced AFDC and APA by 611.4 and 171.4 respectively in anticipation of suspension of the FY88 COLA proposed by this legislation.

	<u>Total</u>	<u>Federal</u>	<u>GFM</u>
<u>Aid to Families with Dependent Children</u>			
<u>(AFDC) component:</u>			
8251 AFDC caseload (January - June 1987) x \$12.35 average payment increase with 2.0% COLA effective 1/1/88 x 6 months	611.4	305.7	305.7
<u>Adult Public Assistance (APA) component:</u>			
5289 APA caseload (January - June 1987) x \$5.40 average payment increase with 2.0% COLA effective 1/1/88 x 6 months	171.4		171.4
TOTAL FY88 AFDC and APA component savings with suspension of COLA.	782.8	305.7	477.1

Repeal of AS 47.25.455 that eliminates the "Interim Assistance" under the Adult Public Assistance Program.

Adult Public Assistance (APA) applicants who claim to be disabled and whose income is below the Social Security Administration's Supplemental Security Income (SSI) program income qualifying limits must apply for SSI and have their disability determined by Social Security. It takes Social Security an average of approximately 80 days to make a disability decision. If the decision is positive, SSI benefits are provided retroactive to the date of SSI application. Regular Adult Public Assistance benefits are also provided back to the date of APA application.

AS 47.25.455 provides that otherwise-eligible APA applicants awaiting an SSI disability decision will receive \$280 per month in state-funded "Interim Assistance."

A 1986 Alaska Supreme Court decision found that Interim Assistance had to be continued for applicants who received a negative initial SSI disability decision, provided that they were pursuing their appeal rights through the three-stage SSI appeals process. Almost 60 percent of all initial SSI disability decisions are denied; almost 60 percent of those denied applicants who appeal are found eligible at some point in the appeals process.

The FY88 Governor's budget reduced the Adult Public Assistance component by 1008.0 for the elimination of the Aid to the Disabled Interim Assistance coverage.

Assistance Payments BRU
Adult Public Assistance Component

Aid to the Disabled Interim Assistance

300 AD Interim Assistance clients x \$280 monthly payment x 12 months
for a FY88 APA component savings of 1008.0.

POSITION PAPER

House Bill No. 157

RECEIVED

APR 13 1987

LEGISLATIVE FINANCE

An "Act relating to public assistance; and providing for an effective date."

BACKGROUND:

I. Repeal of Interim Assistance

House Bill No. 157 would eliminate Interim Assistance payments. The Interim Assistance program was designed to provide temporary cash assistance to APA applicants pending SSI's final decision of eligibility. Caseload data clearly indicates that the Interim Assistance program is providing benefits to individuals about thirty percent (30%) of whom are ultimately found to be ineligible for Adult Public Assistance benefits. These benefits are never recovered by the state.

Discontinuance of Interim Assistance benefits would result in elimination of one source of immediately available funds for individuals pursuing SSI claims.

Adult Public Assistance (APA) applicants whose income is within the Social Security Administration's Supplemental Security Income (SSI) program income limits are required to concurrently apply for the SSI program. AS 47.25.455 provides for Interim Assistance payments of \$280 per month to those individuals who are waiting for an eligibility decision from the Social Security Administration.

Eligibility for APA benefits for persons with income within SSI limits is based on SSI's eligibility decision. A finding of no SSI eligibility results in denial of APA benefits and termination of Interim Assistance payments. Approval of the SSI application results in a finding of APA eligibility. When an individual goes through the Interim Assistance process and is finally found eligible for retroactive APA benefits, the amount of the client's retroactive benefits could be reduced by the amount of Interim Assistance the client received while awaiting the SSI determination. Interim Assistance payments to individuals who are found ineligible for SSI are simply terminated. The recipient incurs no liability to repay. A 1986 Alaska Supreme Court decision requires that Interim Assistance payments be continued to applicants who have received an initial finding of ineligibility from SSI if they are pursuing an appeal of the SSI finding. The three-stage SSI appeal process often lasts for one year or more.

SSI's 1986 Alaska caseload data show a 76 percent initial denial rate for applications based on disability and blindness, and a 56 percent denial rate for applications based on age. Average processing time

for disability/blindness claims was 111 days. Approximately 60 percent of initial findings of ineligibility on SSI disability/blindness claims are reversed on appeal. More than 90 percent of the Interim Assistance caseload consists of individuals applying for Aid to the Blind and Aid to the Disabled.

Thus, for every 100 people who receive Interim Assistance, about 31 are eventually determined to be not entitled to this aid.

Although eliminating the Interim Assistance program will reduce the number of options available to individuals to meet their short-term needs, the General Relief Assistance program and the General Relief Medical programs would continue to meet a portion of their emergent needs.

Passage of House Bill No. 157 would result in significant savings in APA program costs while assuring continued benefits at current levels to the population the program is intended to serve: the needy aged, blind, and disabled. This is a far more equitable way to effect necessary program expenditure reductions than the alternative, which is reducing APA payment standards.

II. Suspension of AFDC and APA COLA's for FY88

Existing state statutes provide that, when federal Social Security and Supplemental Security Income benefits are granted a percentage increase as a result of a national increase in the cost of living, Adult Public Assistance and Aid to Families with Dependent Children (AFDC) payments will increase by the same percentage.

Normally, these increases occur each January 1. In 1984 and 1985, the increases were 3.5 percent; in 1986, the increase was 3.1 percent; and in 1987 the increase was 1.3 percent. We are currently estimating that the January 1, 1988 increase will be 2.0 percent, but we will not receive the actual figure from federal sources until October, 1987.

House Bill No. 157 would eliminate the January 1, 1988 cost-of-living increase, with no retroactive entitlement to this cost increase in later years. However, this bill only suspends this adjustment for one year, allowing the existing statutes to apply automatically in subsequent years.

The Department views the suspension approach as an extremely important aspect of this measure. The automatic cost-of-living provisions in Alaska's law are an enlightened way to prevent benefits from being seriously eroded by inflation-caused decreases in real purchasing power. Without this protection, the State's needy dependent children and needy aged, blind, and disabled persons would have to depend upon periodic legislative action to provide the increases necessary to maintain the goal of providing assistance in amounts essential to preserving health and dignity.

Governor Cowper observed that proposing a one-year suspension of the annual cost-of-living increase was "another essential step in the state's effort to meet the current budget crisis." As a part of necessary expenditure reductions, House Bill No. 157 is the approach least harmful to our assistance recipients. It is preferable to forego a modest payment increase next January rather than impose an equal or greater decrease in their current payments throughout FY88.

RECOMMENDATION:

This legislation is required to remain within the Governor's budget for FY88. If House Bill No. 157 fails, the requested appropriation will be inadequate to fund the formula needs of the AFDC and APA programs in FY88.

Support passage of HB No. 157.

Recommended by: John R. Taber
John R. Taber, Director
Division of Public Assistance

Date: 4/1/87

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

Date: 4/10/87

ADULT PUBLIC ASSISTANCE AND INTERIM ASSISTANCE

I. Adult Public Assistance

Alaska's Adult Public Assistance (APA) program provides monthly cash assistance (and related Medicaid) to needy elderly, blind, and disabled persons. APA is a state-funded program, a separate supplemental program to a similar nationwide program, "Supplemental Security Income" (SSI). SSI is funded and administered by the Social Security Administration. Approximately 50 percent of all APA recipients have countable income under the SSI qualifying standards; these people receive an SSI check and an APA check sufficient to bring their total monthly income up to the standards established under AS 47.25.430. The remaining APA recipients have other income (such as Social Security) which exceeds the lower SSI standard but is under the higher state standard. For example, a person with no income currently receives a \$340 SSI payment and a \$292 APA payment. A person with \$200 Social Security receives a \$160 SSI payment and a \$292 APA payment, and a person with \$500 retirement income receives no SSI benefits, but receives an APA payment in the amount of \$152.

In order to insure that all APA recipients qualify for Medicaid, all APA eligibility criteria, including disability and blindness, must be the same as the SSI criteria in all respects save for a different income qualifying standard. Determinations of disability and blindness are extremely complex, expensive, and time-consuming. For this reason, all APA blindness and disability determinations are done under contract by specialists in the Disability Determination Unit of the Division of Vocational Rehabilitation. For applicants otherwise eligible for SSI (and for Social Security retirement benefits), Social Security pays the costs of these determinations. Currently, it takes an average of 111 days to determine if an SSI applicant is disabled.

Over 70 percent of all applicants who undergo a disability determination are initially denied as not disabled. Between one-half and three-fourths of those denied enter the SSI appeal process. This process has several appeal levels and can take up to two years to pursue through all available administrative levels. Approximately 75 percent of those who access the first level of appeal are denied again. Approximately 40 percent of those denied at the first level appeal further, and of those approximately 60 percent are eventually approved.

II. Interim Assistance

In order to provide assistance to potentially disabled needy applicants as they make their way through an SSI disability determination, the Legislature mandated that an interim APA payment of \$280 per month be provided to anyone who was otherwise eligible for APA and SSI (AS 47.25.455). Approximately 300 Interim Assistance clients receive these \$280 payments for at least four months, provided

that they meet the APA/SSI financial need requirements and pass a cursory disability examination provided by a physician or psychiatrist (at Medicaid expense).

If and when SSI's contractor finds the applicant to be disabled, SSI provides retroactive benefits back to the date of SSI application. The Interim Assistance grant is discontinued, and regular APA payments (and Medicaid) are initiated. The recipient is free to receive and spend his or her retroactive SSI "windfall" payment without any adverse effects on regular APA or SSI benefits.

In 1985, the Alaska Supreme Court found that Interim Assistance payments must continue throughout the period during which denied applicants are pursuing their SSI appeal rights (Moore v. Beirne). This decision has had the effect of substantially increasing the amount of Interim Assistance received by those who appeal, and it most likely motivates more people to file appeals. Those who eventually win their appeals can receive retroactive SSI awards of thousands of dollars.

III. Interim Assistance Agreement

SSI federal regulations allow for states to enter into an "Interim Assistance Agreement" with Social Security. This Agreement, which over thirty states have implemented, establishes a simple mechanism that directs the SSI retroactive benefits check to the state, not to the newly-approved applicant. The state deducts from that benefit any monies it has expended on that person's behalf while the SSI application is pending, and, within 10 days, mails any remainder to the client.

With very little administrative effort, a state can obtain substantial new revenues without harm to those it serves. Additionally, the timely notice of individual SSI case decisions the State receives as a normal part of administering its portion of the Agreement improves the accuracy and timeliness within the Interim Assistance, Medicaid, and regular APA programs.

The option to enter into an Interim Assistance Agreement has existed since 1974. Despite the desire to enter into this Agreement, Alaska did not opt to do so, primarily because the antiquated payment mechanisms used by the Division of Public Assistance made it impossible for the State to meet the ten-day disbursement requirement. With the recent conversion of the Interim Assistance and APA programs to a modern on-line computer system, it is now possible to implement this Agreement without adding additional staff and without the slightest risk of violating the terms of the Agreement.

Despite the fact that the State will not recover any funds from SSI applicants who are denied and do not appeal successfully, we conservatively estimate that an Interim Assistance Agreement will produce the following revenues:

-	FY88	\$400,000
-	FY89	\$500,000
-	FY90	\$525,000

Given the current State revenue picture, and the fact that Interim Assistance currently serves over 300 recipients a month for an annual expenditure of over \$1,000,000, there is considerable appeal in implementing any change which will produce an immediate 40 percent "net reduction" in Interim Assistance expenditures.

Once the Department has implemented the Agreement, there are further changes which it can make to improve the rate of reimbursement under the Agreement. There are several innovative and cost-effective methods some "Agreement states" have recently implemented which can improve the percentage of Interim Assistance recipients who are ultimately found SSI-eligible. It may be possible for Alaska to reach a rate of return of 60 percent or better within several years.

IV. Implementing an Interim Assistance Agreement

It may be possible to implement an Interim Assistance Agreement by promulgating regulations based on existing Departmental and APA statutes. However, our authority to do so is, at best, marginal; informal contacts with one major client advocacy agency indicate it is likely we would be challenged in court if we were to attempt to implement an Agreement via regulations alone. Given the past pattern of legal actions brought about by changes in the APA eligibility determination process, we believe it is at least highly desirable that this change be mandated by a statutory change.

We recommend amending AS 47.25.455 by adding two new sections:

- (c) Payments made under AS 47.25.430 shall begin in the month following the month in which eligibility for benefits under USC 1381-1385 has been determined.
- (d) Receipt of benefits under AS 47.25.455 constitutes agreement on the part of the recipient to refund any assistance thus received upon receipt of benefits under U.S.C. 1381-1385 for the same month for which assistance under AS 47.25.455 was paid.

Were this addition to be made to AS 47.25.455, implementation of an Interim Assistance agreement could begin for new Interim Assistance cases almost immediately after the Department promulgated the regulations, if any, which would be necessary to support requiring applicants to sign individual repayment agreements as a condition of eligibility for Interim Assistance. (Such individual agreements are required by Social Security's federal regulations.)

LAW OFFICES OF
ALASKA LEGAL SERVICES CORPORATION

419 SIXTH STREET, SUITE 322
JUNEAU, ALASKA 99801

TELEPHONE (907) 586-6425

April 21, 1987

Representatives Johnny Ellis and Niilo Koponen
State of Alaska
House HESS Committee, Co-Chairs
State Capitol
Juneau, AK 99801

Re: House Bill 157

Dear Representatives Ellis and Koponen:

This letter is in response to your request for our assessment of the impact of the elimination of interim assistance on its recipients. I am an attorney for Alaska Legal Services Corporation in Juneau. During the past two and one-half years I have represented numerous claimants for Supplemental Security Income (SSI). Those claimants have invariably received interim assistance while awaiting a federal disability decision.

SSI is a federal disability program for low-income, disabled persons. The legal standards for federal disability are rigorous. Rarely have we represented a claimant who succeeded in his or her claim prior to a face-to-face hearing before a federal administrative law judge. In my experience, the time between initial application and a hearing decision is around two years. Meanwhile, the claimant receives nothing from the federal government. Interim assistance is, for many of our clients, the only source of monthly income during this process.

In order to receive interim assistance, a claimant must be low income and have few resources. He must also present a physician certification that he is disabled within the meaning of the Social Security Act, which means that his disability will last for twelve months or result in death. Thus, the recipients of interim assistance are in dire straits. They are low-income and in poor physical and/or mental health.

Some Committee members have explored ways to save money in the program while maintaining the monthly payments. Given those sentiments, certain cost-saving measures could be implemented. One such measure mentioned repeatedly is repayment of interim assistance paid from successful claimants' federal awards, which upon certification of disability, are retroactive to the date of initial disability.

We feel that SSI clients should be allowed to keep their federal monies. We realize that the decision regarding repayment from recoupment is a difficult one. If failure to change the program

Representatives Ellis and Koponen
April 16, 1987
Page 2

to require repayment means the elimination of the program, our clients would obviously be better off than with no interim assistance program at all.

Other cost-saving measures could be implemented. For example, the Department of Public Assistance estimates that sixty percent of applicants are eventually successful in their disability claims. See Position paper at 2. Our office statistics during the past three years indicate that our clients have won their SSI hearings about ninety percent of the time. Given the success rates of represented claimants, the State would be well served to employ a worker or workers who are familiar with the disability process to work with the agency which evaluates disability claims.

The evaluating agency is the Disability Determination Unit (D.D.U.) in the Department of Education. The D.D.U. conducts the initial determination and a reconsideration of the determination if a claimant is unsuccessful at the initial stage and appeals that decision. Our experience is that the disability process within the D.D.U. is extremely slow. Moreover, according to the Department of Public Assistance, only twenty-four percent of applicants are successful at the initial stage. Position Paper at 1. Placement of a D.P.A. employee in the D.D.U. could speed up the process and hopefully result in findings of disability earlier in the process. Earlier favorable decisions would mean that applicants would be covered sooner under Medicaid, which is fifty percent federally funded.

The above are some suggestions on ways to improve the disability process without eliminating interim assistance. On behalf of the neediest segment of Alaska's society -- low-income, disabled persons -- we request that H.B. 157 not be passed in its current form.

We appreciate this opportunity to express our views on this issue of immense importance to many of our clients.

Sincerely,

ALASKA LEGAL SERVICES CORPORATION

Vance A. Sanders

VANCE A. SANDERS
Attorney at Law

VAS/kem

cc: Robert Hickerson
Judy Bush
Myra Munson

LAW OFFICES OF
ALASKA LEGAL SERVICES CORPORATION

763 SEVENTH AVENUE
FAIRBANKS, ALASKA 99701
TELEPHONE (907) 452-5181 OR 456-5401

April 20, 1987

Niilo Koponen, Co-Chair
House HESS Committee
House of Representatives
Pouch V
Juneau, Alaska 99811

Re: Interim Assistance and HB 157

Dear Niilo:

Thank you for requesting information concerning the impact of suspending interim assistance payments or, alternatively, recapturing those payments from retroactive federal benefits once an applicant receives a favorable decision on a disability application.

Interim assistance benefits of \$280.00 per month are paid to individuals who have applied for both federal Social Security (or SSI) and state Adult Public Assistance disability benefits. The interim payments are paid during the interval between application and final administrative decision. Once a favorable decision is made by the federal government, the applicant then receives monthly Social Security or SSI benefits. The State of Alaska supplements these federal benefits in an amount that assures each applicant of at least \$623.00 per month. (The amount is less if the individual receives in-kind income in the form of both food and shelter in another person's home; and is less per person if both individuals in a couple are eligible.) The average state supplement is \$283 per month. (Current SSI payment is \$340 per month, and the state supplement is \$283, for a total of \$623 per month).

As you can see, the interim assistance payment of \$280 per month is very close to what the state will pay as a regular supplement once the individual is determined to be disabled. In reality, this means that disabled people must, during the federal disability application process, live on less than one-half of what they will ultimately receive as a minimum income compatible with decency and good health. And, unless the individual meets one of the qualifying criteria for the greatly reduced General Relief Medical program, that person will have no medical benefits coverage during

this application process. Eligibility for Medicaid begins only with approval to receive SSI or state of Alaska Adult Public Assistance benefits.

The single biggest problem that faces disability applicants is the length of time it takes for them to reach the hearing stage of the federal appeal process. In our experience, it is not unusual for an applicant to eventually have a hearing some 12 to 18 months after the date of initial application. There is usually a delay of another 3 to six months following the hearing, waiting for the written decision and then waiting for the federal bureaucracy to begin making the monthly disability payments. One to two years is a long time for a disabled individual to survive, without medical benefits, on just \$280.00 per month. Many fall behind in rent or mortgage payments, property taxes and insurance, car payments, child support payments and the like. They just barely subsist economically, and usually suffer additional psychological problems such as anxiety and depression from the lengthy ordeal and the feeling that they are viewed as able to work if they really wanted to. Except for the most dedicated non-worker, only a really desperate and disabled individual would be willing to go through a process so humiliating, so poverty-stricken, and so filled with anxiety.

Once the applicant reaches the hearing stage, however, his or her chances of finally proving that they are in fact disabled increase dramatically. In a review of some 50 disability cases handled by the Fairbanks ALSC office in the past four years, 80% were successful finally as a result of the administrative law judge's decision. Among the 20% that we did not count as a successful outcome, however, were 3 or 4 individuals who simply moved out of the state and who may have been successful in another location.

The types of individuals most commonly using the interim assistance program are the chronically mentally ill (from 18 to 65), or 40-65 year-old individuals who once worked but can, for one reason or another, no longer work at their former occupations and are not retrainable because of disabling pain, or a combination of age and lack of relevant educational and vocational abilities.

Of the 50 Fairbanks ALSC cases reviewed, 17 of the applicants had chronic mental illness; 14 were

ultimately successful at the hearing stage of the appeal process based on the chronic mental illness. The Fairbanks office currently has 15 open disability cases. Seven of these involve individuals with chronic mental illnesses. Among the remaining cases, one has a heart condition and had by-pass surgery in San Francisco; one speaks virtually no English, is 63 years old, and suffers chronic arthritic pain; another has chronic infections which don't heal due to diabetes and suffers from a distended stomach caused by a hernia that cannot be surgically repaired without even greater risk to the patient than non-intervention; one shattered her vertebrae in a fall two years ago and is in intensive therapy to relieve pain and strengthen the back; one has lupus and fibromyalgia and is in constant pain, anxiety and depression. It is impossible to conceive of any work environment where these individuals would be able to perform adequately and support themselves.

Interim assistance recipients are just barely surviving. I suspect most of them would become even more expensive public charges if their monthly stipend were discontinued.

The question of whether the state should reduce its expenditure for this program by seeking to recoup the interim benefits paid by the state from the federal retroactive benefits is more difficult to answer. If the choice is no recoupment - no interim assistance, then the answer must be that these applicants need the money now and I am certain the majority would opt to receive these monthly benefits, understanding that the total amount would be recouped upon successful completion of the disability application process. When you are between a rock and a hard place, however, you do not have the liberty to make the optimally best decision.

The proposal that the state recoup the interim benefits, however, unwittingly puts the state in the position of benefitting from a long and drawn-out appeal process. Once the applicant is found to be disabled, the state must begin to pay the Adult Public Assistance supplement, which, for some, will be equal to the interim assistance payment. For some, of course, whose Social Security benefits are more than the SSI amount of \$340 per month, the state supplement would be less. The longer the appeal process, the more interim benefits the state can recoup. The shorter the appeal process, the sooner the state must start to pay the non-recoupable

supplement.

If the state in fact paid the Adult Public Assistance supplement retroactively, just as the federal government does, there wouldn't be much for the state to recoup. The rationale for why the state does not pay retroactive benefits is that they provide the interim payments instead. Now the state is proposing to have it both ways.

While we acknowledge that the state has difficult financial choices to make, we feel the disabled poor are among the most disadvantaged and vulnerable people in this state. It hardly seems fair that they should be made to pay such a heavy price for the state's budget woes. Indeed, once a disabled person is successful and does receive a retroactive sum, they are usually in a position to pay back rent, mortgage payments, medical bills, and other critical and overdue bills. More than one client has told me that the money arrived just in the nick of time to prevent foreclosure, repossession of the family automobile, or the like. If the entire retroactive sum goes to the state, and even when receiving the full \$623 a month, the disabled will never have enough money to climb back out of the hole into which they have slipped during the one or two years of living at the \$280.00 per month level.

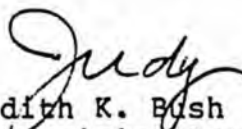
I must also point out that recoupment affects only the most deserving individuals, because, in order to have anything to recoup, the person must prove that he or she is disabled. The smaller number who lose their cases or simply do not pursue them, never have to pay the interim assistance back to the state. There is something fundamentally unfair about a system that works this way.

It seems more productive and much less harmful to work on a system to recoup all medical benefits paid by the state-funded GRM program by establishing Medicaid eligibility retroactive to the date of eligibility for the disability benefits programs. In fact, if the state were successful in recouping the Medicaid 50% federal share for the many individuals who are eventually successful in their disability claims, there is good reason to continue providing GRM benefits throughout the entire appeal process, instead of terminating them after the first denial notice from Social Security, as is the practice now.

In conclusion, I wish to address the idea of speeding up the disability appeal process. We are in full support of any quality effort to accomplish that goal. However, an emphasis on speed, without more attention to the high initial denial rate and subsequent successful appeal rate, will result in more speedy denials, not better initial decisions. If the focus were on better initial decisions, then the lengthy appeal process issue would resolve itself. If fewer applicants were bound up in the appeal process, it would logically operate more efficiently. The emphasis needs to be placed on helping the Disability Determination Unit in the Department of Education in Anchorage make better initial decisions. Once the initial and reconsideration decisions are made there, however, it is difficult to perceive how the state can influence the timing of the federal agency hearings, how fast the ALJ's write their decisions, and how fast the Social Security Administration is able to process the paper work to begin making monthly payments. A quick fix and emphasis on speed will not solve the problems which we have described herein.

Thank you for this opportunity to explain the importance of the interim assistance program to our clients and other low-income disabled people of Alaska.

Sincerely yours,


Judith K. Bush
Supervising Attorney

JKB:amg

cc: Johnny Ellis
Mark Boyer
Myra Munson

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 27, 1987

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

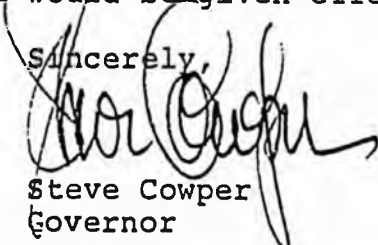
Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill to make three modifications of the public assistance statutes. This bill is another essential step in the state's effort to meet the current budget crisis.

Section 1. The repeal of AS 47.25.455 eliminates the "interim assistance" under the adult public assistance program. Essentially, that statute provides for state assistance of at least \$280 a month to a person who is eligible for assistance under the state statutes while his or her eligibility under the federal supplemental security income program is being determined.

Section 2. Under current state law (AS 47.25.320(d) and 47.35.430(b)), if federal benefits under the aid to families with dependent children program and the adult public assistance program are increased because of an increase in the cost of living, a corresponding increase in state benefits is required. However, the state will not be out of compliance with federal requirements if the operation of these state statutes is suspended. Section 2 of the bill suspends the state's cost-of-living adjustment requirements for these two programs for one year. It is the intent that, when these statutes again become applicable, they will not be given retroactive effect. In other words, if there is a three percent cost-of-living increase in FY 88, while these requirements are suspended, and another one in FY 89, only that second three percent increase would be given effect.

Sincerely,


Steve Cowper
Governor

Original sponsor: Rules/Governor

1 IN THE HOUSE
2
3 CS FOR HOUSE BILL NO. 157 (HESS)
4 IN THE LEGISLATURE OF THE STATE OF ALASKA
5 FIFTEENTH LEGISLATURE - FIRST SESSION
6 A BILL
7 For an Act entitled: "An Act providing for the commencement of adult
8 public assistance payments and for the refund of
9 certain interim assistance payments; and providing
10 for an effective date."
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
12 * Section 1. AS 47.25.430 is amended by adding a new subsection to
13 read:
14 (e) Except as provided in AS 47.25.455, payment under AS 47.25.-
15 430 - 47.25.615 shall begin in the month following the month in which
16 it is determined that the person is eligible for benefits under 42
17 U.S.C. 1381 - 1385.
18 * Sec. 2. AS 47.25.455 is amended by adding a new subsection to read:
19 (c) As a condition of receiving payments under this section, a
20 person shall sign an agreement to refund to the department any payment
21 received under this section for a month for which the person receives
22 payment under 42 U.S.C. 1381 - 1385.
* Sec. 3. This Act takes effect immediately under AS 01.10.070(c).

Introduced: 3/2/87
Referred: Health, Education &
Social Services and Finance

woll67ha

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2

HOUSE BILL NO. 157

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to public assistance; and providing
7 for an effective date."

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

9 * Section 1. AS 47.25.455 is repealed.

10 * Sec. 2. AS 47.25.320(d), providing for a cost-of-living adjustment
11 for the aid to families with dependent children program, and AS 47.25.-
12 430(b), insofar as it provides for a cost-of-living adjustment for the
13 adult public assistance program, do not apply during state fiscal year
14 1988.

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

HB

160

HOUSE COMMITTEE REPORT

(11)

Date referred: 5/15/87

FURTHER REFERRALS:

5/15
Hub

DATE: 5-15-87

The Finance Committee has considered HB 160

"An Act establishing the Commission on the Future of the Permanent Fund; providing for public testimony on the use that should be made of the income and principal of the permanent fund; and providing for an effective date."

RECOMMENDS:

- replace with CS HB 160 (FIN) 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 4/10
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

W. G. ...
Pat Hancock
...
Mark ...
...
...
...

SIGNING OTHER RECOMMENDATIONS:

Ronald J. ... - No Rec.
Steve ... No Recommendation
Peter ... - NR
Ray Wallin Adopt State Affair Comm.

Robert ...
Chairman's signature

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

REQUEST: _____

Bill Version: CS HB 160 (FIN)
Publish Date: _____

Revision Date: _____
Title: Establishing the Commission
on the Future of the Permanent Fund
Sponsor: Boucher and Davidson
Requestor: House Finance Committee

Agency Affected: Revenue
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

CAPITAL		0	0	0	0	0
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REVENUE		0	0	0	0	0
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary.)

Funds will be absorbed in FY 88 Permanent Fund Corporation's budget.

Prepared by: Al Adams, Chair Phone: 465-3706
Division: House Finance Committee Date: 5/15/87

Approved by Commissioner: _____ Date: _____
Agency: _____

Distribution (by preparer):

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

Original sponsors: Boucher, Davidson
and Koponen

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 160 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Commission on the Future of
7 the Permanent Fund; providing for public testimony on
8 the use that should be made of the income of the
9 permanent fund; and providing for an effective date."

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

11 * Section 1. FINDINGS. The legislature finds that it is in the best
12 interest of the state for a commission to be established to gather public
13 testimony concerning the use that should be made of the income from the
14 permanent fund. The commission shall also report its findings and make
15 recommendations to the governor and the legislature on the use that should
16 be made of the income of the permanent fund.

17 * Sec. 2. COMMISSION ESTABLISHED. (a) There is established in the
18 Department of Revenue the Commission on the Future of the Permanent Fund
19 consisting of the chairman of the board of directors of the Alaska Perma-
20 nent Fund Corporation, the commissioner of revenue, two members of the
21 Senate appointed by the president of the Senate, two members of the House
22 of Representatives appointed by the speaker of the House, and five ap-
23 pointees of the governor as follows:

24 (1) one former elected state official who has been involved with
25 the permanent fund;

26 (2) one executive from an oil company doing business in the
27 state;

28 (3) one person representing Native interests;

29 (4) one person from the private sector involved in business or

1 finance; and

2 (5) one person representing the public.

3 (b) The commission shall elect a chairman from among its members.

4 (c) Members of the commission serve without compensation but members
5 appointed by the governor are entitled to per diem and travel expenses as
6 authorized by law for boards and commissions under AS 39.20.180 and legis-
7 lator members are entitled to per diem and travel expenses under AS 24.-
8 10.105.

9 * Sec. 3. DUTIES OF THE COMMISSION. (a) The Commission on the Future
10 of the Permanent Fund shall conduct hearings in each judicial district of
11 the state to gather testimony from the public concerning the use that
12 should be made of the income of the permanent fund. The commission shall
13 use the telecommunication network to provide the opportunity for maximum
14 statewide public testimony.

15 (b) By February 1, 1988, the commission shall submit a report to the
16 governor and the legislature summarizing the public testimony and contain-
17 ing its recommendations about the use that should be made of the income of
18 the permanent fund.

19 * Sec. 4. This Act is repealed February 2, 1988.

20 * Sec. 5. This Act takes effect immediately under AS 01.10.070(c).
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STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: CSHB 160 (JUD)
Publish Date: _____

REQUEST _____

Revision Date: _____
Title: An Act Establishing the Commission
on the Future of the Permanent Fund
Sponsor: Reps. Boucher and Davidson
Requestor: Rep. Boucher

Agency Affected: Revenue
BRU: _____

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	95.6	47.8	-	-	-
TRAVEL	-	61.9	32.5	-	-	-
CONTRACTUAL	-	63.3	41.7	-	-	-
SUPPLIES	-	1.0	.5	-	-	-
EQUIPMENT	-	3.5	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	225.4	122.5	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	225.4	122.5	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	225.4	122.5	-	-	-

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

See attachment.

Prepared By: James B. Rhode Phone: 465-2300
Division: Commissioner's Office Date: April 2, 1987
Approved by Commissioner: Hugh Malone Date: April 2, 1987
Agency: Department of Revenue

Distribution (by Agency preparing fiscal note):

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

Continuation of Fiscal Note/Bill Analysis

House Bill 160

Future of Permanent Fund Commission

FY 88 - (12 months)

1. Positions

1 PX Permanent full-time Executive Secretary II, Range 14A, including salary and benefits at \$3,100.77/month for 12 months	37.2
1 PX Permanent full-time Special Assistant I, Range 21A, including salary and benefits at \$4,871.95/month for 12 months	58.4
TOTAL PERSONAL SERVICES	95.6

2. Travel

In-state travel	45.7
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Out-of-state travel (This assumes that half the Commission members and staff will choose to meet with the managers of similar funds, e.g. University of California Endowment, the Rockefeller Foundation and the Harvard Endowment.)	16.5
---	------

TOTAL TRAVEL	61.9
--------------	------

3. Contractual Services

Printing	10.0
Teleconferencing	50.0
Transcription of hearing	1.9
Advertising	1.4
Space (Utilize DOR space, conference room)	0.0

TOTAL CONTRACTUAL SERVICES	63.3
----------------------------	------

4. <u>Supplies</u>	1.0
--------------------	-----

5. Equipment

1 Wang V250, to utilize DOR VS 90 in Anchorage for Word Processing, with necessary software	3.5
--	-----

TOTAL FY88	225.4
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FY 89

1. Positions

Same as FY 88, but for six months only. 47.8

2. Travel

In-state - half the meetings. 22.9

Out-of-state - New York/Boston 9.6

TOTAL TRAVEL 32.5

3. Contractual Services

Printing (includes final report) 15.0

Telecommunications (1/2) 25.0

Transcription of hearings (1/2) 1.0

Advertising (1/2) .7

Space 0.0

TOTAL CONTRACTUAL SERVICES 41.7

4. Supplies .5

5. Equipment 0.0

TOTAL FY89 122.5



Official Business

Alaska State Legislature

House

P.O. BOX V
State Capitol
Juneau, Alaska 99811

STATE AFFAIRS COMMITTEE

LETTER OF INTENT

HOUSE BILL 160

APRIL 9, 1987

House Bill 160 would establish a nine-member commission on the future of the Permanent Fund, including one member each from the House and the Senate. The State Affairs Committee Substitute adds one additional member from each body, making an eleven-member commission. It is the intent of the House State Affairs Committee that these four legislative members would be from the majority and minority caucuses of each house.

A handwritten signature in cursive script, reading "Fran Ulmer", written over a horizontal line.

Fran Ulmer, Chair
House State Affairs Committee



Official Business

Alaska State Legislature

House

P.O. BOX V
State Capitol
Juneau, Alaska 99811

TO: Al Adams, Chair
House Finance Committee

FROM: Fran Ulmer, Chair
House State Affairs Committee

DATE: April 8, 1987

RE: HB 160 Fiscal Note: Out-of-State Travel

HB 160 was passed out of committee on April 8, 1987, with the recommendation that out-of-state travel be eliminated from the fiscal note. It was the Committee's feeling that expertise regarding the investment policy of the principal and use of the earnings of the Permanent Fund already existed in Alaska, thus outside travel to obtain additional information was unnecessary.

HB 160
Commission on the Permanent Fund, and Providing for Public
Testimony

Intent

The intent of the bill is to establish a commission for the gathering of public input on the subject of how the Permanent Fund should be used.

Rationale

The public should be consulted for the following reasons:

- 1) The Fund was originally set up by public referendum -- the vote was 2 to 1 in support of the Fund.
- 2) The Fund has evolved into a program where the sole beneficiaries of the Fund are the people of the state.
- 3) There is now considerable debate over how the earnings of the Permanent Fund should be used, and some of the proposals would radically change the way Fund earnings are distributed to the public.

Sectional Analysis

Section 1: FINDINGS. Briefly describes the history of the Fund and the rationale behind the establishment of the Commission on the Future of the Permanent Fund. The duties of the Commission are described.

Section 2: COMMISSION ESTABLISHED. Describes the 9 members of the Commission.

Section 3: DUTIES OF THE COMMISSION.

- Conduct hearings in each judicial district of the state.
- Gather testimony from the public concerning the use that should be made of the income and principal of the Permanent Fund.
- Use the telecommunications network to provide for maximum statewide testimony.
- Report to the governor and legislature by February 1, 1989
 - summarizing the public testimony, and
 - making recommendations about the use of the Fund's income and principal.

Section 4 & 5: Repeal date (2/2/89) and effective date (immediately).

CORRECTION

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

HB 160
Commission on the Permanent Fund, and Providing for Public
Testimony

Intent

The intent of the bill is to establish a commission for the gathering of public input on the subject of how the Permanent Fund should be used.

Rationale

The public should be consulted for the following reasons:

- 1) The Fund was originally set up by public referendum -- the vote was 2 to 1 in support of the Fund.
- 2) The Fund has evolved into a program where the sole beneficiaries of the Fund are the people of the state.
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Sectional Analysis

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- Report to the governor and legislature by February 1, 1989
 - summarizing the public testimony, and
 - making recommendations about the use of the Fund's income and principal.

Section 4 & 5: Repeal date (2/2/89) and effective date (immediately).

FULL PAGE AD:

THE ANCHORAGE TIMES MAY 13, 1987
ANCHORAGE DAILY NEWS MAY 14, 1987

~~Respect~~ HB 160 Permanent Fund Issue Your State, Your Money, Your Future, Your Voice

Alaska. The future of our state. The quality of life. Choices for the public. All are being decided right now by your elected representatives in Juneau. One of the most hotly debated issues relates to the use of the Permanent Fund, created to be Alaska's savings account. So far this session 42 Bills have been introduced on ways to use the Permanent Fund. I think it is high time we stop introducing bills, and create a forum for the people we represent. That is what HB 160 is all about; taking the necessary time to evaluate alternatives as you, the Alaska people, see them. HB 160 would establish the *Commission on the Future of the Permanent Fund* to provide for statewide public testimony on the proper use of the income from the Permanent Fund.

I consider this the most important piece of legislation I have introduced in my three years as a state representative. Time is running out... that is why I am paying for this ad. If HB 160 passes in the few remaining days of the session, the process could start this summer. Please read the bill, it is presented below.

IN THE HOUSE BY BOUCHER AND DAVIDSON
HOUSE BILL NO. 160
IN THE LEGISLATURE OF
THE STATE OF ALASKA
FIFTEENTH LEGISLATURE - FIRST SESSION
A BILL

For an Act entitled: "An Act establishing the Commission on the Future of the Permanent Fund, providing for public testimony on the use that should be made of the income and principal of the permanent fund, and providing for an effective date."

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

*Section 1. FINDINGS (a) The legislature finds that the Alaska permanent fund, created by the people of Alaska through an amendment to the state constitution, has evolved from a mechanism for reserving money from current spending to a trust fund, with sole beneficiaries that are the people of the state.

(b) The fund has enjoyed public support for the following reasons:

- (1) the income of the fund has proven reliable due to strict investment guidelines, adherence to the prudent person rule, and good management;
- (2) legislative appropriations to the fund have exceeded the amounts required to be deposited in the fund; and
- (3) since 1963 all attempts to appropriate income

from the fund for purposes other than paying dividends have been successfully resisted.

(c) The Alaska permanent fund has become a major factor in the state's financial planning for the following reasons:

- (1) the income of the fund is now second to no other revenue and will soon exceed that revenue; and
- (2) there are now legislative proposals designed to divert fund income from dividend distribution and inflation proofing to other governmental purposes.

(d) Therefore, the legislature finds that it is in the best interest of the state for a commission to be established to gather public testimony concerning the use that should be made of the income and principal from the permanent fund. The commission shall also report its findings and make recommendations on the use that should be made of the income and principal of the permanent fund to the governor and the legislature.

*Sec. 2. COMMISSION ESTABLISHED. (a)

There is established in the Department of Revenue the Commission on the Future of the Permanent Fund consisting of the chairman of the board of directors of the Alaska Permanent Fund Corporation, the commissioner of revenue, a member of the senate appointed by the president of the senate, a member of the house of representatives appointed by the speaker of the house, and five appointees of the governor as follows:

- (1) one former elected state official who has been involved with the permanent fund;
- (2) one executive from an oil company doing business in the state;

- (3) one person representing Native interests;
- (4) one person from the private sector involved in business or finance; and
- (5) one person representing public interest causes.

(b) The commission shall elect a chairman from among its members.

(c) Members of the commission serve without compensation but members appointed by the governor are entitled to per diem and travel expenses as authorized by law for boards and commissions under AS 39.20.180.

*Sec. 3. DUTIES OF THE COMMISSION. (a)

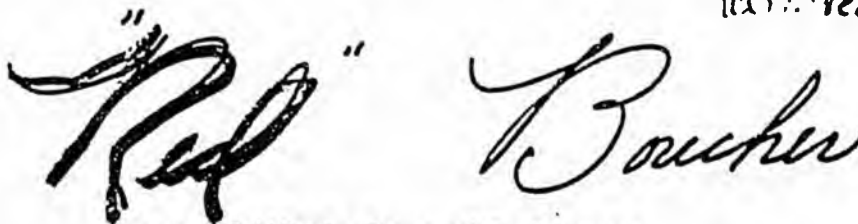
The Commission on the Future of the Permanent Fund shall conduct hearings in each judicial district of the state to gather testimony from the public concerning the use that should be made of the income and principal of the permanent fund. The commission shall use the telecommunication network to provide the opportunity for maximum statewide public testimony.

(b) By February 1, 1988, the commission shall submit a report to the governor and the legislature summarizing the public testimony and containing its recommendations about the use that should be made of the income and principal of the permanent fund. The commission may also comment on the changes in the management and investment of the fund that may be needed as a result of its recommendations.

*Sec. 4. This Act is repealed February 2, 1989.

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

Now that you have read HB 160, it is time to express your opinion. To do so call Legislative Affairs at 278-3668 and tell them you want to send a Public Opinion Message to all representatives and senators concerning HB 160. Or contact your representative/s and senator by sending a telegram or letter to P.O. Box V, Juneau, Alaska 99811. The future of your Permanent Fund could depend on it.

"Red"

Boucher

Paid For By: Friends of "Red" Boucher
P.O. Box 111038, Anchorage, AK 99511
(907) 349-2192 — Anchorage (907) 465-4931 — Juneau

NEWS
OF
ANCHORAGE
ALASKA

Original sponsors: Boucher and Davidson

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR HOUSE BILL NO. 160 (State Affairs)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Commission on the Future of
7 the Permanent Fund; providing for public testimony on
8 the investment policy for the principal and the use
9 that should be made of the income of the permanent
10 fund; and providing for an effective date."

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

12 * Section 1. FINDINGS. (a) The legislature finds that the Alaska
13 permanent fund, approved by the people of Alaska through an amendment to
14 the state constitution, has evolved from a mechanism for reserving money
15 from current spending to a trust fund, to benefit the people of the state.

16 (b) The fund has enjoyed public support for the following reasons:

17 (1) the income of the fund has proven reliable due to strict
18 investment guidelines, adherence to the prudent-man rule, and good manage-
19 ment; and

20 (2) legislative appropriations to the fund have exceeded the
21 amounts required to be deposited in the fund.

22 (c) The Alaska permanent fund has become a major factor in the
23 state's financial planning for the following reasons:

24 (1) the income of the fund is now second to oil revenue and will
25 soon exceed that revenue; and

26 (2) there are now legislative proposals designed to divert fund
27 income from dividend distribution and inflation proofing to other govern-
28 mental purposes.

29 (d) Therefore, the legislature finds that it is in the best interest

1 of the state for a commission to be established to gather public testimony
2 concerning the investment policy for the principal and the use that should
3 be made of the income from the permanent fund. The commission shall also
4 report its findings and make recommendations to the governor and the
5 legislature on the investment policy for the principal and the use that
6 should be made of the income of the permanent fund.

7 * Sec. 2. COMMISSION ESTABLISHED. (a) There is established in the
8 Department of Revenue the Commission on the Future of the Permanent Fund
9 consisting of the chairman of the board of directors of the Alaska Perma-
10 nent Fund Corporation, the commissioner of revenue, two members of the
11 Senate appointed by the president of the Senate, two members of the House
12 of Representatives appointed by the speaker of the House, and five ap-
13 pointees of the governor as follows:

14 (1) one former elected state official who has been involved with
15 the permanent fund;

16 (2) one executive from an oil company doing business in the
17 state;

18 (3) one person representing Native interests;

19 (4) one person from the private sector involved in business or
20 finance; and

21 (5) one person representing public interest causes.

22 (b) The commission shall elect a chairman from among its members.

23 (c) Members of the commission serve without compensation but members
24 appointed by the governor are entitled to per diem and travel expenses as
25 authorized by law for boards and commissions under AS 39.20.180 and legis-
26 lator members are entitled to per diem and travel expenses under AS 24.-
27 10.105.

28 * Sec. 3. DUTIES OF THE COMMISSION. (a) The Commission on the Future
29 of the Permanent Fund shall conduct hearings in each judicial district of

1 the state to gather testimony from the public concerning the investment
2 policy for the principal and the use that should be made of the income of
3 the permanent fund. The commission shall use the telecommunication network
4 to provide the opportunity for maximum statewide public testimony.

5 (b) By February 1, 1989, the commission shall submit a report to the
6 governor and the legislature summarizing the public testimony and contain-
7 ing its recommendations about the investment policy for the principal and
8 the use that should be made of the income of the permanent fund. The
9 commission may also comment on changes in the management of the fund that
10 may be needed as a result of its recommendations.

11 * Sec. 4. This Act is repealed February 2, 1989.

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

1 IN THE HOUSE

BY BOUCHER AND DAVIDSON

2

HOUSE BILL NO. 160

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act establishing the Commission on the Future of
7 the Permanent Fund; providing for public testimony on
8 the use that should be made of the income and princi-
9 pal of the permanent fund; and providing for an
10 effective date."

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

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13 permanent fund, created by the people of Alaska through an amendment to the
14 state constitution, has evolved from a mechanism for reserving money from
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16 people of the state.

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18 (1) the income of the fund has proven reliable due to strict
19 investment guidelines, adherence to the prudent-man rule, and good manage-
20 ment;

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22 amounts required to be deposited in the fund; and

23 (3) since 1983 all attempts to appropriate income from the fund
24 for purposes other than paying dividends have been successfully resisted.

25 (c) The Alaska permanent fund has become a major factor in the
26 state's financial planning for the following reasons:

27 (1) the income of the fund is now second to oil revenue and will
28 soon exceed that revenue; and

29 (2) there are now legislative proposals designed to divert fund

1 income from dividend distribution and inflation proofing to other govern-
2 mental purposes.

3 (d) Therefore, the legislature finds that it is in the best interest
4 of the state for a commission to be established to gather public testimony
5 concerning the use that should be made of the income and principal from the
6 permanent fund. The commission shall also report its findings and make
7 recommendations on the use that should be made of the income and principal
8 of the permanent fund to the governor and the legislature.

9 * Sec. 2. COMMISSION ESTABLISHED. (a) There is established in the
10 Department of Revenue the Commission on the Future of the Permanent Fund
11 consisting of the chairman of the board of directors of the Alaska Perma-
12 nent Fund Corporation, the commissioner of revenue, a member of the senate
13 appointed by the president of the senate, a member of the house of repre-
14 sentatives appointed by the speaker of the house, and five appointees of
15 the governor as follows:

16 (1) one former elected state official who has been involved with
17 the permanent fund;

18 (2) one executive from an oil company doing business in the
19 state;

20 (3) one person representing Native interests;

21 (4) one person from the private sector involved in business or
22 finance; and

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2 should be made of the income and principal of the permanent fund. The
3 commission shall use the telecommunication network to provide the oppor-
4 tunity for maximum statewide public testimony.

5 (b) By February 1, 1989, the commission shall submit a report to the
6 governor and the legislature summarizing the public testimony and contain-
7 ing its recommendations about the use that should be made of the income and
8 principal of the permanent fund. The commission may also comment on
9 changes in the management and investment of the fund that may be needed as
10 a result of its recommendations.

11 * Sec. 4. This Act is repealed February 2, 1989.

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

CSHB

160

SENATE COMMITTEE REPORT

FURTHER

DATE TURNED INTO OFFICE 5/9/88

5/5/88
Mr. President:

Finance Committee considered CSHB 160 (FIN) am
establishing the Commission on the Future of the Permanent Fund;
providing for public testimony on the use that should be made of the
income of the permanent fund
and recommended

replace with SCS CSHB 160 (FIN)) 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

500 zero fiscal impact

MEMBERS SIGNING DO PASS

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

OTHER RECOMMENDATION

[Signature]

[Signature] NO REC
Chairman signature and recommendation

Committee Backup attached

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Dept. of Revenue
 Title: Establishing the Commission BRU: _____
on the Future of the Permanent Fund
 Sponsor: Boucher and Davidson Components: _____
 Requestor: Senate Finance 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

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

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Funds will be absorbed in FY 89 Permanent Fund Corporation's budget.

Prepared by: *Rick Halford* Phone: 465-3753
 Division: Senator Rick Halford, Co-chairman Date: May 9, 1988
Senate Finance Committee
 Approved by Commissioner: _____ Date: _____
 Agency: _____

Distribution (by preparer):

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

5-0694T
Cook
5/9/88 ✓

Original sponsors: Boucher, Davidson
and Koponen

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 160 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Commission on the Future of
7 the Permanent Fund; providing for public testimony on
8 the use that should be made of the income of the
9 permanent fund."

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

11 * Section 1. FINDINGS. The legislature finds that it is in the best
12 interest of the state for a commission to be established to gather public
13 testimony concerning the permanent fund. The commission shall also report
14 its findings and make recommendations to the governor and the legislature.

15 * Sec. 2. COMMISSION ESTABLISHED. (a) There is established in the
16 Department of Revenue the Commission on the Future of the Permanent Fund
17 consisting of the chairman of the board of directors of the Alaska Perma-
18 nent Fund Corporation, the commissioner of revenue, two members of the
19 Senate appointed by the president of the Senate, two members of the House
20 of Representatives appointed by the speaker of the House, and three members
21 appointed by the governor from the public.

22 (b) The commission shall elect a chairman from among its members.

23 (c) Members of the commission serve without compensation but members
24 appointed by the governor are entitled to per diem and travel expenses as
25 authorized by law for boards and commissions under AS 39.20.180 and legis-
26 lator members are entitled to per diem and travel expenses under AS 24.-
27 10.105.

28 * Sec. 3. DUTIES OF THE COMMISSION. (a) The Commission on the Future
29 of the Permanent Fund shall conduct hearings in each judicial district of

1 the state to gather testimony from the public concerning the permanent fund
2 dividend program, inflation proofing, and the other uses that could be made
3 of the income of the permanent fund. The commission shall use the telecom-
4 munication network to provide the opportunity for maximum statewide public
5 testimony.

6 (b) By February 1, 1989, the commission shall submit a report to the
7 governor and the legislature summarizing the public testimony and contain-
8 ing its recommendations.

9 * Sec. 4. This Act is repealed February 2, 1989.

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STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

CC

REQUEST: _____

Bill Version: CSHB 160 (Fin)
Publish Date: HOUSE 5/15/87

Revision Date: _____
Title: Establishing the Commission
on the Future of the Permanent Fund
Sponsor: Boucher and Davidson
Requestor: House Finance Committee

Agency Affected: Revenue
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

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

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Funds will be absorbed in FY 88 Permanent Fund Corporation's budget.

Prepared by: Al Adams, Chair Phone: 465-3706
Division: House Finance Committee Date: 5/15/87

Approved by Commissioner: _____ Date: _____
Agency: _____

Distribution (by preparer):

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

SENATE COMMITTEE REPORT

FURTHER

FINANCE

5/5/88

DATE TURNED INTO OFFICE _____

Mr. President:

JUDICIARY Committee considered CSHB 160 (FIN) am

establishing the Commission on the Future of the Permanent Fund; providing for public testimony on the use that should be made of the income of the permanent fund

and recommended

I report it back as follows:

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

[Signature]

[Signature] No Rec

[Signature]

[Signature]

[Signature] Chairman signature and recommendation

Committee Backup attached

SENATE COMMITTEE REPORT

FURTHER: JUDICIARY
FINANCE

5/18/87

DATE TURNED INTO OFFICE _____

Mr. President:

STATE AFFAIRS Committee considered CSHB 160(Fin) am

establishing the Commission on the Future of the Permanent Fund; providing for public testimony on the use that should be made of the income of the permanent fund.

and recommended:

replace with CS FOR _____) same title
 or adopt _____ CS FOR _____) new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)

new updated or previous
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Chairman signature and recommendation

Committee Backup Attached

Waived
5/5

Original sponsors: Boucher, Davidson
and Koponen

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

CS FOR HOUSE BILL NO. 160 (Finance) am

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act establishing the Commission on the Future of

7

the Permanent Fund; providing for public testimony on

8

the use that should be made of the income of the

9

permanent fund."

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

11 * Section 1. FINDINGS. The legislature finds that it is in the best
12 interest of the state for a commission to be established to gather public
13 testimony concerning the use that should be made of the income from the
14 permanent fund. The commission shall also report its findings and make
15 recommendations to the governor and the legislature on the use that should
16 be made of the income of the permanent fund.

17 * Sec. 2. COMMISSION ESTABLISHED. (a) There is established in the
18 Department of Revenue the Commission on the Future of the Permanent Fund
19 consisting of the chairman of the board of directors of the Alaska Perma-
20 nent Fund Corporation, the commissioner of revenue, two members of the
21 Senate appointed by the president of the Senate, two members of the House
22 of Representatives appointed by the speaker of the House, and six members
23 appointed by the governor from the public.

24 (b) The commission shall elect a chairman from among its members.

25 (c) Members of the commission serve without compensation but members
26 appointed by the governor are entitled to per diem and travel expenses as
27 authorized by law for boards and commissions under AS 39.20.180 and legis-
28 lator members are entitled to per diem and travel expenses under AS 24.-
29 10.105.

1 * Sec. 3. DUTIES OF THE COMMISSION. (a) The Commission on the Future
2 of the Permanent Fund shall conduct hearings in each judicial district of
3 the state to gather testimony from the public concerning the use that
4 should be made of the income of the permanent fund. The commission shall
5 use the telecommunication network to provide the opportunity for maximum
6 statewide public testimony.

7 (b) By February 1, 1988, the commission shall submit a report to the
8 governor and the legislature summarizing the public testimony and contain-
9 ing its recommendations about the use that should be made of the income of
10 the permanent fund.

11 1 * Sec. 4. This Act is repealed February 2, 1988.

HB

163

HOUSE COMMITTEE REPORT

(11)

Date referred: 3/23/87

FURTHER REFERRALS:

DATE: 4/3/87

The Finance Committee has considered HB 163

"An Act relating to advisory elections on certain annexation proposals."

RECOMMENDS:

- replace with CS HB 163 (Fin) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

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

SIGNING DO PASS:

ADAMS Robert Adams

BOURCHOT Bob Burchot

LARSON Ronald Larson

GOLL John Goll

SWACK-HAMMER Chuck Swack-Hammer

BOYER Mark Boyer

RIEGER Steve Rieger

WALLIS F. Wallis

BROWN Tony Brown

SIGNING OTHER RECOMMENDATIONS:

FRANK Frank no rec.

DAVIS Davis

Robert Adams
Chairman's signature

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

Bill Version SHB 163 (FIN)
Publish Date: HOUSE 3/23/87

REQUEST: _____

Revision Date: _____
Title: Advisory Elections on Certain Annexation Proposals
Sponsor: Goll
Requestor: House C&RA Committee

Agency Affected: Office of the Governor
BRU: Division of Elections
Components: Component 1

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND	*	*	*	*	*	*
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

* SEE ATTACHED

Prepared by: Linda Edgeworth Phone: 465-4611
Division: Division of Elections Date: 3/18/87

Approved by Commissioner: Casual P. Kestlin Date: 3/19/87
Agency: Office of the Governor

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 163

Annexations proposed by an entity other than a municipality, for which the Division of Elections would be responsible for conducting an advisory vote election, are rare, according to input provided by the Department of Community and Regional Affairs. It is difficult, therefore, to make any assumptions as to anticipated fiscal impact on the Division in any given year.

At such time an advisory election were to be conducted by the State under this legislation, costs would be based on the type of precinct in which the annexation issue was being voted upon. They are as follows:

Hand Mark Precinct	2.8
Punch Card Precinct	5.8

Computer counted punch card precincts are generally higher in cost due to the need for programming and a Data Processing Review Board to oversee the computer counting of ballots.

STATE OF ALASKA 1987 LEGISLATIVE SESSION No. 2
FISCAL NOTE

Bill Version CSHB 163 (fin)
Publish Date: HOUSE 3/23/87

REQUEST: _____

Revision Date: _____
Title: "An Act relating to advisory elections on certain annexation..."
Sponsor: Representative Goll
Requestor: House C & RA Committee

Agency Affected: Community & Regional Affs
BRU: Local Government Assistance

Components: Local Boundary Commission

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Doug Griffin, Deputy Director
Division: Municipal and Regional Assistance

Phone: 465-4750
Date: 3/17/87

Approved by Commissioner: Ward O. Bell
Agency: Community & Regional Affairs

Date: 3-18-87

Distribution (by preparer):

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

Original sponsor: Goll

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 163 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to advisory elections on certain
7 annexation proposals."

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

9 * Section 1. AS 29.06 is amended by adding a new section to read:

10 Sec. 29.06.045. ADVISORY ELECTIONS ON ANNEXATIONS. (a) If a
11 municipality requests an annexation proposed to be effected under
12 AS 29.06.040(a) and (b), and if there are people residing in the area
13 proposed for annexation, the municipality shall present the results of
14 an advisory election on the proposal to the Local Boundary Commission
15 at the hearing conducted under AS 44.47.581. The advisory election
16 shall be conducted by the municipality in the area proposed for
17 annexation in accordance with procedures for a regular or special
18 election.

19 (b) If an annexation that is not requested by a municipality is
20 proposed to be effected under AS 29.06.040(a) and (b), and if there
21 are people residing in the area proposed for annexation, the director
22 of elections shall present the results of an advisory election on the
23 proposal to the Local Boundary Commission at the hearing conducted
24 under AS 44.47.581. The advisory election shall be conducted by the
25 director of elections in the area proposed for annexation in the
26 general manner prescribed by the Alaska Election Code (AS 15). The
27 state shall pay all election costs for elections under this subsec-
28 tion.

29 (c) A municipality may conduct an advisory election on an

1 annexation proposal in which all municipal voters may participate and
2 the municipality may present the results of the election to the Local
3 Boundary Commission if the area of the proposed annexation is

4 (1) located within the municipality; or

5 (2) proposed to be annexed to the municipality.

6 (d) Nothing in this section affects the authority of the Local
7 Boundary Commission to present proposed boundary changes to the legis-
8 lature under art. X, sec. 12, Constitution of the State of Alaska.

9 (e) This section applies to home rule and general law municipal-
10 ities.

11 * Sec. 2. AS 29.10.200 is amended by adding a new paragraph to read:

12 (49) AS 29.06.045 (advisory elections on annexations)

DRAFT

5-0759B
Cook
3/18/87

Original sponsor: Goll

Change - typographical error noted on p. 2: deleted typ reference to wrong section of constitution.

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 163 (FIN)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

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STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

MARCH 19, 1987

POSITION PAPER (revised 3/19/87)

RE: HB 163 - - "An Act relating to advisory elections on certain annexation proposals."

SPONSOR: Representative Goll

Program Effects of Bill

If a municipality requests annexation under the legislative review process [AS 29.06.040(b)], the bill would require the municipality to conduct an advisory election on the proposed boundary change in the area proposed for annexation. If the annexation was not initiated by the municipality whose boundaries were to be changed, the Alaska Division of Elections would be responsible for conducting the election. In either case, the results of the advisory election must be made available to the Local Boundary Commission (LBC) at a hearing to be conducted on the proposed annexation.

Subsection (c) of the bill would permit advisory votes to be conducted in which all municipal voters may participate. A municipality may present the results of such an advisory election to the Local Boundary Commission if the area of the proposed annexation is located within the municipality or proposed to be annexed to the municipality.

Subsection (d) clarifies the advisory nature of the vote by noting that "nothing in this section affects the authority of the Local Boundary Commission to present proposed boundary changes to the legislature."

Comments

The department opposes this bill for the following reasons:

The value and benefit of these advisory elections is somewhat questionable, especially when one considers the "red-tape" and cost involved in conducting them. It is a valid assumption that residents affected by legislative review annexations will not generally support an action that may bring with it increased taxation and government control. These persons are given adequate opportunity to testify and make their case at a locally conducted public hearing of the LBC. Residents may submit petitions representing the views of affected persons and rebut municipal arguments supporting the annexation.

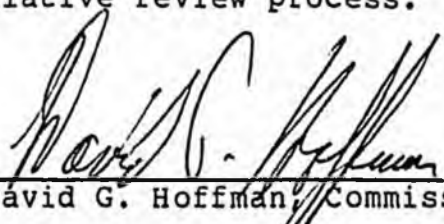
② HB 163 2/8

STEVE COWPER, GOVERNOR

- P.O. BOX B
JUNEAU, ALASKA 99811-2100
PHONE: (907) 465-4700
- 949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 563-1073

The opportunity to air relevant facts and differing opinions already exists and it is unclear how much additional light is shed on the process by conducting an advisory election on the annexation action. An advisory election would simply quantify opposition which, based on past experience is always assumed by the LBC to be significant. Given this opposition, it is the Commission's task to consider broader interests, equity, and uniformity outside of the parochial interests of the area affected by the boundary change. The LBC has established standards that are objectively applied to annexations and the Department believes these standards insure that the Commission acts upon petitions in an equitable and consistent manner as carefully defined by law. The 45 day review by the Legislature provides a further opportunity for appeal of controversial decisions made by the Commission.

- ° The special elections required under the bill would, we believe, be subject to provisions of the Federal Voting Rights Act of 1965, as amended (FVRA). Thus, before such an election could be held, the concurrence of the U.S. Department of Justice to hold the election would have to be gained under the provisions of the FVRA. The preparation of the FVRA submission will, in most instances, represent a substantial effort for a municipality. Review of the submission by the Department of Justice would entail a minimum of 60 days.
- ° Conducting elections will be expensive for the municipalities involved. (NOTE: nearly all of the legislative review annexation petitions are initiated by municipalities. Thus, the burden of this bill would fall principally upon those entities.) In addition to preparing the FVRA submission, municipalities would have to schedule and conduct the elections. Because the area proposed for annexation would, in virtually every instance, differ from any established voting precinct, conducting such elections would be particularly difficult.
- ° We believe that the bill would add three months or more to the time required to prepare and submit a petition for annexation under the legislative review process.



David G. Hoffman, Commissioner

4) -E 103

Article 2. Annexation and Detachment.

Section

40. Local boundary commission

50. Annexation of military reservations

Section

60. Application

Effective date of article. — Section 90, ch. 74, SLA 1985 provides: "This Act takes effect January 1, 1986."

Sec. 29.06.040. Local boundary commission. (a) The Local Boundary Commission may consider any proposed municipal boundary change. It may reject the proposed change, accept the proposed change, or alter the boundaries and accept the proposal as altered. A Local Boundary Commission decision under this subsection may be appealed under the Administrative Procedure Act (AS 44.62).

(b) The Local Boundary Commission may present a proposed municipal boundary change to the legislature during the first 10 days of a regular session. The change becomes effective 45 days after presentation or at the end of the session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house.

(c) In addition to the regulations governing annexation by local action adopted under AS 44.47.567, the Local Boundary Commission shall establish procedures for annexation and detachment of territory by municipalities by local action. The procedures established under this subsection include a provision that

(1) a proposed annexation and detachment must be approved by a majority of votes on the question cast by voters residing in the area proposed to be annexed or detached;

(2) municipally owned property adjoining the municipality may be annexed by ordinance without voter approval; and

(3) an area adjoining the municipality may be annexed by ordinance without an election if all property owners and voters in the area petition the governing body.

(d) A boundary change effected under (a) and (b) of this section prevails over a boundary change initiated by local action, without regard to priority in time. (§ 5 ch 74 SLA 1985)



STATE OF ALASKA
HOUSE OF REPRESENTATIVES

HB 163

I. BACKGROUND

There are several alternative ways of effecting an annexation provided for by the statutes and regulations of Alaska. The ways listed below are the methods to achieve annexation through local action.

The first is annexation by election of the residents in the area desiring to be annexed to an existing municipality. This type of annexation must be approved by the Local Boundary Commission and by a majority of the voters in the territory proposed for annexation. The statutory provisions for this type of annexation are found in AS 29.06.040(b)(1).

The next type of annexation is the annexation of municipally-owned property outside of the existing municipal boundaries which is contiguous to the present boundaries of the municipality. This type of annexation becomes effective when the notice of adoption of an ordinance effecting the annexation is filed with the Department of Community and Regional Affairs. The statutory authority for this type of annexation is AS 29.06.040(b)(2).

A municipality may annex non-contiguous territory when the land in the territory is wholly-owned or leased by the municipality or used primarily for the performance of municipal functions and is necessary to enable the municipality to achieve adequate control, protection, or management of the property. This is allowed by 19 AAC 10.070(b).

Another method of local-option annexation is through a petition presented by 100 percent of the owners/registered voters under provisions of AS 29.06.040(b)(3), an area adjoining a municipality may be annexed by all of the property owners and all of the registered voters who reside in the territory petitioning for the boundary change. This type of annexation becomes effective through the adoption of an ordinance by the governing body of the municipality and receives the consent of the Local Boundary Commission. The territory again must be contiguous to the municipality the area desires to be annexed to.

The only alternative to the local-option annexation methods is the method addressed in this legislation. This type of annexation may be initiated by a municipality, and requires the approval of the Local Boundary Commission and the acquiescence of the Legislature.

If the Local Boundary Commission determines that the proposed boundary change meets the standards established by law and regulations, the Commission presents its recommendation for the boundary change to the Legislature during the first ten days of any regular session. The recommended change will become effective 45 days after presentation or at the end of the session, whichever is earlier, unless disapproved by a resolution receiving concurrent approval from a majority of the members of each house.

This process does not ensure that either the Local Boundary Commission or the Legislature is fully advised of the position of affected residents of the area proposed to be annexed. The provision of the public hearing allows for the presentation of the compelling public need, however, this does not necessarily document the sentiments of the affected residents.

The advisory vote that this legislation establishes will give the municipality, the Local Boundary Commission and the Legislature a documented indication of the strength of support for or opposition to the annexation.

II. HISTORY

This legislation was originally introduced during the Fourteenth Legislature to address the public concern that decisions were being made without sufficient opportunity to consider public comment.

An annexation was proposed by the City of Haines, approved by the Local Boundary Commission and presented to the Legislature for approval. This annexation was unpopular with the residents of the affected area, and only marginally supported by residents within the city. The proposal was voted on by affected residents of the Haines Borough who disapproved the proposal. This proposed annexation was presented to the Legislature, and was disapproved by Legislative Resolve 34, in 1984.

III. LEGISLATIVE HISTORY

HB 163 Materials
Page 3
March 20, 1987

HB 163 was previously before the Legislature as HB 15, during the Fourteenth Legislature. It received thorough scrutiny by the House Committee on Community and Regional Affairs, the House Committee on State Affairs, the House Committee on Finance, and the Committee on Rules. It passed the House on April 7, 1986, by a vote of 39-1.

The bill was referred to the Senate Committees on State Affairs, Community and Regional Affairs, and the Finance Committee. When the Legislature adjourned, the legislation was before the Finance Committee in the form herein presented.

1 IN THE HOUSE

BY GOLL

2

HOUSE BILL NO. 163

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to advisory elections on certain
annexation proposals."

7

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

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