

ALASKA LEGISLATURE COMMITTEE BILL FILES - 1987 - 1988 8879

HB 185 cont. thru HB 187 292

1           (d) [MONEY LOANED SHALL BE DELIVERED TO THE BORROWER IN THE FORM  
2 OF A WARRANT DRAWN ON THE TREASURY, VOUCHERED IN THE MANNER PRESCRIBED  
3 FOR STATE DISBURSING OFFICERS, AND CHARGED AGAINST THE ALASKA WORLD  
4 WAR II VETERANS' REVOLVING FUND. EACH VOUCHER SHALL BE APPROVED BY  
5 THE COMMISSIONER OF COMMERCE AND ECONOMIC DEVELOPMENT OR ANY BONDED  
6 DEPUTY AUTHORIZED TO ACT AS A CERTIFYING OFFICER.] Upon repayment of  
7 loans by installments, or otherwise, in accordance with the prescribed  
8 terms, or upon liquidation by foreclosure or other process, or upon  
9 receipt of interest or other revenue, the money so received must  
10 [SHALL] be turned over to the commissioner of revenue for deposit in  
11 the Alaska World War II veterans' revolving fund.

12 \* Sec. 10. AS 26.15.040(e) is amended to read:

13           (e) If a loan made under the veterans' loan program [(a)(3) OF  
14 THIS SECTION] is assigned by the borrower or if the real property that  
15 secures a loan made under the veterans' loan program [FORMER (a)(2) OR  
16 UNDER (a)(4) OF THIS SECTION] is transferred by the borrower, the  
17 commissioner of commerce and economic development shall allow the  
18 assignee or transferee to assume the outstanding indebtedness on the  
19 loan unless the commissioner determines in writing that the credit of  
20 the assignee or transferee is not satisfactory to assure repayment of  
21 the loan. The assignee or transferee may assume the outstanding  
22 indebtedness on the loan at the existing interest rate on the loan.  
23 An assignee or transferee is eligible for more than one type of loan,  
24 but the total may not exceed \$125,000 at any one time.

25 \* Sec. 11. AS 27.09.010 is amended to read:

26           Sec. 27.09.010. MINING LOAN FUND. (a) There is established in  
27 the Department of Commerce and Economic Development the mining loan  
28 fund. [THE DEPARTMENT MAY MAKE LOANS FROM THE FUND TO UNDERWRITE  
29 ADVANCED MINERAL EXPLORATION, DEVELOPMENT, OR MINING IN THE STATE.]

1 (b) The mining loan fund is a revolving fund [CONSISTING OF  
2 APPROPRIATIONS MADE TO THE FUND BY THE LEGISLATURE AND REPAYMENTS OF  
3 PRINCIPAL AND INTEREST ON LOANS MADE FROM THE FUND. MONEY APPROPRI-  
4 ATED TO OR REPAID INTO THE FUND DOES NOT LAPSE UNDER AS 37.25.010].  
5 Upon repayment of loans by installments, or otherwise, in accordance  
6 with the prescribed terms, or upon liquidation by foreclosure or other  
7 process, or upon receipt of interest or other revenue, the money so  
8 received must be deposited in the mining loan fund.

9 \* Sec. 12. AS 27.09.050 is amended to read:

10 Sec. 27.09.050. REGULATIONS. The department may adopt regu-  
11 lations in accordance with the Administrative Procedure Act (AS 44.62)  
12 to administer this chapter. [REGULATIONS ADOPTED UNDER THIS SECTION  
13 SHALL BE PREPARED AFTER CONSULTATION WITH THE DEPARTMENT OF NATURAL  
14 RESOURCES OR AFTER CONSULTATION WITH A PERSON WHO, IN THE OPINION OF  
15 THE COMMISSIONER OF COMMERCE AND ECONOMIC DEVELOPMENT OR A DESIGNEE,  
16 HAS BROAD EXPERIENCE IN AND IS HIGHLY QUALIFIED IN ADVANCED MINERAL  
17 EXPLORATION, DEVELOPMENT, AND MINING.]

18 \* Sec. 13. AS 41.98.175(a) is amended to read:

19 (a) In addition to uses of fund money authorized in AS 41.98.-  
20 170, money of the fund must [SHALL] be used [UTILIZED] to make grants  
21 to municipalities of up to one-half the nonfederal share of costs of  
22 projects described in AS 41.98.170 which are initiated by a municipal-  
23 ity[, AND LOANS OF AMOUNTS NECESSARY TO ENABLE MUNICIPALITIES TO MAKE  
24 OPTION PAYMENTS ON PARKS AND OPEN SPACE LAND FOR THE ACQUISITION OF  
25 WHICH FEDERAL FUNDS ARE ANTICIPATED].

26 \* Sec. 14. AS 44.33.245(a) is amended to read:

27 (a) The department may  
28 [(1) MAKE LOANS FOR THE CONSTRUCTION, RENOVATION, AND  
29 EQUIPPING OF CHILD CARE FACILITIES, INCLUDING PRIVATE NONPROFIT CHILD

1 CARE FACILITIES;

2 (2)] adopt regulations necessary to carry out the pro-  
3 visions of AS 44.33.240 -- 44.33.275.

4 \* Sec. 15. AS 44.33.255(d) is amended to read:

5 (d) All principal and interest payments, and all money received  
6 upon liquidation by foreclosure or other process, on loans made under  
7 AS 44.33.240 -- 44.33.275 shall be paid into the child care facility  
8 revolving loan fund.

9 \* Sec. 16. AS 45.88.030(d) is amended to read:

10 (d) Upon repayment of loans by installments, or otherwise, in  
11 accordance with the prescribed terms, or upon liquidation by foreclo-  
12 sure or other process, or upon receipt of interest or other revenue,  
13 the money so received must [ALL PRINCIPAL AND INTEREST PAYMENTS ON  
14 LOANS MADE UNDER THIS CHAPTER SHALL] be paid into the alternative  
15 [TECHNOLOGY AND] energy revolving loan fund.

16 \* Sec. 17. AS 45.89.030(h) is amended to read:

17 (h) Upon repayment of loans by installments, or otherwise, in  
18 accordance with the prescribed terms, or upon liquidation by foreclo-  
19 sure or other process, or upon receipt of interest or other revenue,  
20 the money so received must [AMOUNTS REPAID ON A LOAN MADE UNDER THIS  
21 SECTION SHALL] be deposited to the residential energy conservation  
22 fund.

23 \* Sec. 18. AS 45.95.020(d) is amended to read:

24 (d) [MONEY LOANED SHALL BE DELIVERED TO THE BORROWER IN THE FORM  
25 OF A WARRANT DRAWN ON THE TREASURY, VOUCHERED IN THE MANNER PRESCRIBED  
26 FOR STATE DISBURSING OFFICERS, AND CHARGED AGAINST THE SMALL BUSINESS  
27 REVOLVING LOAN FUND. EACH VOUCHER SHALL BE APPROVED BY THE COMMIS-  
28 SIONER OR ANY BONDED DEPUTY AUTHORIZED TO ACT AS A CERTIFYING OFFI-  
29 CER.] Upon repayment of loans by installments, or otherwise, in

1 accordance with the prescribed terms, or upon liquidation by foreclo-  
2 sure or other process, or upon receipt of interest or other revenue,  
3 the money so received must [SHALL] be turned over to the commissioner  
4 of revenue for deposit in the small business revolving loan fund.

5 \* Sec. 19. AS 45.98.010 is amended to read:

6 Sec. 45.98.010. CREATION OF HISTORICAL DISTRICT REVOLVING LOAN  
7 FUND. There is created in the Department of Commerce and Economic  
8 Development a historical district revolving loan fund. Upon repayment  
9 of loans made under this chapter by installments, or otherwise, in  
10 accordance with the prescribed terms, or upon liquidation by foreclo-  
11 sure or other process, or upon receipt of interest or other revenue,  
12 the money so received must be deposited to the historical district  
13 revolving loan fund.

14 \* Sec. 20. AS 45.98.030 is amended to read:

15 Sec. 45.98.030. POWERS AND DUTIES OF THE DEPARTMENT. For pur-  
16 poses of administering this chapter, the Department of Commerce and  
17 Economic Development may

18 (1) [PRESCRIBE THE FORM AND PROCEDURE FOR SUBMITTING LOAN  
19 APPLICATIONS UNDER THIS CHAPTER;]

20 (2) designate agents and delegate powers to them as is  
21 necessary;

22 (3) [IN CONSULTATION WITH THE HISTORIC SITES ADVISORY  
23 COMMITTEE,] adopt regulations necessary to carry out its functions[,  
24 INCLUDING REGULATIONS FOR THE PROCESS OF PLAN APPROVAL BY THE COMMIT-  
25 TEE];

26 (4) establish amortization plans for the repayment of loans  
27 not to exceed 30 years.

28 \* Sec. 21. AS 16.10.320(b), 16.10.520(c) and (e), 16.10.525, 16.10.540;  
29 AS 26.15.010(b) and (c), 26.15.030(c)(6) and (7), 26.15.040(a), (b), and

1 (c), 26.15.050, 26.15.060, 26.15.130, 26.15.140, 26.15.160; AS 27.09.020,  
2 27.09.030, 27.09.040, 27.09.045, 27.09.060(1), (2), (4), and (6); AS 41.30;  
3 AS 41.98.175(b) and (c); AS 44.33.245(b), 44.33.255(a), (b), and (c),  
4 44.33.260; AS 44.62.330(a)(4); AS 45.88.020(a)(1), (b), and (c), 45.-  
5 88.030(a), (b), (c), and (e), 45.88.500; AS 45.89.030(a), (b), (c), (d),  
6 (e), (f), (g), (i), (j), and (k), 45.89.500(3) and (4); AS 45.90.020(a)(1)  
7 and (4), and (b), 45.90.030; AS 45.92; AS 45.94; AS 45.95.010(b) and (c),  
8 45.95.020(a) and (e), 45.95.030, 45.95.070; AS 45.98.020, 45.98.040(1),  
9 (2), (3), and (4); and secs. 3 and 4, ch. 156, SLA 1984 are repealed.  
10 \* Sec. 22. This Act takes effect immediately under AS 01.10.070(c).

CSHB

185

SENATE COMMITTEE REPORT

FURTHER

4/29/88

DATE TURNED INTO OFFICE \_\_\_\_\_

Mr. President:

\_\_\_\_\_ ~~FINANCE~~ Committee considered CSHB 185 (FIN) am

state loans; efd

and recommended

[ ] replace with \_\_\_\_\_ CS \_\_\_\_\_ ) [ ] same title  
[ ] or adopt \_\_\_\_\_ CS \_\_\_\_\_ ) [ ] new title

[ ] attached amendment(s) and

[ ] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] further referral to \_\_\_\_\_

[ ] letter of intent adopted \_\_\_\_\_

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

[ ] new [ ] updated or [ ] previous

[ ] zero [ ] fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

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Chairman signature and recommendation

[ ] Committee Backup attached

SENATE COMMITTEE REPORT

FURTHER

FINANCE

4/29/88

DATE TURNED INTO OFFICE \_\_\_\_\_

Mr. President:

RESOURCES \_\_\_\_\_ Committee considered CSHB 185 (FIN) am  
state loans; efd

and recommended

[ ] replace with \_\_\_\_\_ CS \_\_\_\_\_ ) [ ] same title  
[ ] or adopt \_\_\_\_\_ CS \_\_\_\_\_ ) [ ] new title

[ ] attached amendment(s) and

[ ] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] further referral to \_\_\_\_\_

[ ] letter of intent adopted \_\_\_\_\_

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

[ ] new [ ] updated or [ ] previous

[ ] zero [ ] fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

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Chairman signature and recommendation

[ ] Committee Backup attached

*Waived  
4/29*

SENATE COMMITTEE REPORT

REC'D 3/9/88  
EJK

FURTHER RESOURCES  
FINANCE

3/9/88

DATE TURNED INTO OFFICE \_\_\_\_\_

Mr. President:

Judiciary

Committee considered CSHB 185(Fin) am

state loans; efd

and recommended *adopt*

*the JIC SCS reports it back as follows:*

~~replace~~ with SCS CS HB 185 (L&C)  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

*2* *Bill Johnston*  
*Julius Stangulovich*

\_\_\_\_\_  
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*NO Rec*  
Chairman signature and recommendation

Committee Backup attached

SENATE COMMITTEE REPORT

FURTHER: JUDICIARY  
RESOURCES  
FINANCE

5/13/87

DATE TURNED INTO OFFICE 3/8

Mr. President:

LABOR & COMMERCE Committee considered CSHB 185(Fin) am  
state loans; efd.

*Technical changes  
see memo  
from  
Chairman*

and recommended:

replace with SCS FOR CS HR 185 (L&C)  same title  
 or adopt \_\_\_\_\_ CS FOR \_\_\_\_\_  new title

attached amendment(s) and

*and report it back as follows*

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

letter of intent adopted \_\_\_\_\_

FM

Committee  attached or  adopted fiscal note(s)  
 new  updated or  previous  
 zero  fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

*[Signature]*  
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*[Signature] (No Rec)*  
*[Signature] (No Rec)*  
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*[Signature]*  
*[Signature]*  
Chairman signature and recommendation

Committee Backup Attached

STATE OF ALASKA  
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 4, 1988

SUBJECT: SCS CSHB 185 (L&C)

TO: Senator Tim Kelly, Chairman  
Senate Labor and Commerce Committee  
ATTN: John Ringstad

FROM: Jack Chenoweth  
Legislative Counsel

Article II, section 13 directs that the subject of a bill be expressed in its title. Under Rule 41(b) of the Uniform Rules of the Alaska Legislature, amendment of a bill is not in order if the amendment would require a title change other than a clerical or technical change.

The draft Senate Labor and Commerce Committee Substitute accompanying this memorandum incorporates several amendments, including those that require title changes. The two title changes are, in my judgment, necessary clerical or technical changes that are allowable within the exception specified by Rule 41(b). Specifically --

The bill deletes provisions relating to, and the title deletes reference to, the "small business economic development revolving loan fund." This program was established in legislation adopted during the first session within changes made to the Alaska Industrial Development and Export Authority. As there is no need to carry these provisions as an enactment in this legislation, they may properly be deleted as a technical change.

The title is also revised to refer to the current program as the "fisheries" enhancement loan program, the current correct name, rather than (as introduced and retained in the House-passed version) the "salmon" enhancement loan program, which the bill's provisions would have this program become. Clearly this is a clerical correction.

JBC:bb  
wkb3/076

Offered: 3/9/88  
Referred: Judiciary, Resources and  
Finance

go0737X

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE LABOR AND  
COMMERCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 185 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act repealing certain state loan programs and  
7 provisions of certain state loan programs; creating a  
8 special foreclosure expense account; making miscella-  
9 neous changes to the fisheries enhancement loan  
10 program, the Alaska World War II veterans' loan  
11 program, the mining loan program, the outdoor  
12 recreational, open space, and historic properties  
13 development program, the child care facility loan  
14 program, the alternative energy revolving loan pro-  
15 gram, the residential energy conservation program,  
16 the tourism revolving loan program, the small busi-  
17 ness revolving loan program, and the historical  
18 district revolving loan program; and providing for an  
19 effective date."

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

21 \* Section 1. AS 16.10.500 is amended to read:

22 ARTICLE 9. SALMON [FISHERIES] ENHANCEMENT LOAN PROGRAM.

23 Sec. 16.10.500. DECLARATION OF POLICY. It is the policy of the  
24 state, under AS 16.10.500 - 16.10.560, to promote the enhancement of  
25 the state's salmon fisheries by means of grants for organizational and  
26 planning purposes to regional associations described in AS 16.10.510  
27 which have qualified under AS 16.10.380, and by means of long-term,  
28 low interest loans for hatchery planning, construction, and operation  
29 [AND FOR PLANNING AND IMPLEMENTATION OF ENHANCEMENT AND REHABILITATION  
S

1           ACTIVITIES INCLUDING, BUT NOT LIMITED TO, LAKE FERTILIZATION AND  
2           HABITAT IMPROVEMENT].

3           \* Sec. 2. AS 16.10.505 is amended to read:

4                   Sec. 16.10.505.   SALMON [FISHERIES] ENHANCEMENT REVOLVING LOAN  
5           FUND. There is created within the Department of Commerce and Economic  
6           Development a revolving loan fund to be known as the salmon [FISHER-  
7           IES] enhancement revolving loan fund. The fund shall be used to carry  
8           out the purposes of AS 16.10.500 - 16.10.560 and for no other purpose.  
9           All principal and interest payments and all money chargeable to prin-  
10           cipal or interest that is collected through liquidation by foreclosure  
11           or other process on loans made under AS 16.10.500 - 16.10.620, shall  
12           be paid into the salmon enhancement revolving loan fund.

13           \* Sec. 3. AS 16.10.507(a) is amended to read:

14                   (a) There is established as a special account within the salmon  
15           [FISHERIES] enhancement revolving loan fund the foreclosure expense  
16           account. This account is established as a reserve from fund equity.

17           \* Sec. 4. AS 16.10.510 is repealed and reenacted to read:

18                   Sec. 16.10.510.   POWERS AND DUTIES OF THE DEPARTMENT.   The  
19           department may

20                   (1) make loans to permit holders, qualified under AS 16.-  
21           10.400 - 16.10.475, for the preconstruction activities, construction,  
22           and operation of salmon hatchery facilities;

23                   (2) make loans for preconstruction activities necessary to  
24           obtain a salmon hatchery permit under AS 16.10.400 - 16.10.475;

25                   (3) designate agents and delegate powers to them as neces-  
26           sary;

27                   (4) adopt regulations necessary to carry out its functions;

28                   (5) establish loan terms;

29                   (6) establish regional and local offices and advisory

1 groups to carry out, or assist in carrying out, the duties and author-  
2 ity of the department;

3 (7) make grants for organizational and planning purposes to  
4 qualified regional associations that have formed a nonprofit corpora-  
5 tion, in amounts not exceeding \$100,000 per region;

6 (8) make grants to qualified regional associations that  
7 have formed nonprofit corporations in amounts not exceeding the  
8 amounts appropriated by the legislature from salmon enhancement taxes  
9 collected under AS 43.76.010 and 43.76.011.

10 \* Sec. 5. AS 16.10 is amended by adding new sections to read:

11 Sec. 16.10.515. LOAN ELIGIBILITY. (a) In order to be eligible  
12 for a salmon hatchery preconstruction loan, the applicant must be a  
13 nonprofit corporation whose permit application under AS 16.10.400 -  
14 16.10.475 has been accepted or approved by the Department of Fish and  
15 Game.

16 (b) In order to be eligible for a salmon hatchery construction  
17 or operation loan, the applicant must be a nonprofit corporation and  
18 hold a permit under AS 16.10.400 - 16.10.475 for the project for which  
19 funding is requested.

20 Sec. 16.10.518. LOAN TERMS. (a) All loans shall be secured by  
21 collateral satisfactory to the department, including a first deed of  
22 trust, an assignment of lease and leasehold improvements, an assign-  
23 ment of future revenue from the sale of aquaculture products, or tax  
24 assessments from fishermen collected under AS 43.76.

25 (b) The interest rate on loans made under AS 16.10.500 - 16.-  
26 10.560 is nine and one-half percent a year.

27 (c) The maximum loan term is 30 years.

28 \* Sec. 6. AS 16.10.520(a) is repealed and reenacted to read:

29 (a) The total of all loans for a single salmon hatchery made to

1 a regional aquaculture association or to a nonprofit corporation whose  
2 hatchery project has been approved by a regional aquaculture associa-  
3 tion may not exceed \$10,000,000 in a single fiscal year.

4 \* Sec. 7. AS 16.10.520(b) is repealed and reenacted to read:

5 (b) The total of all loans for a single salmon hatchery made to  
6 a nonprofit corporation not approved by a regional aquaculture asso-  
7 ciation may not exceed \$1,000,000 in a single fiscal year.

8 \* Sec. 8. AS 16.10.560 is amended to read:

9 Sec. 16.10.560. DEFINITIONS. In AS 16.10.500 - 16.10.560

10 (1) "commissioner" means the commissioner of commerce and  
11 economic development;

12 (2) "department" means the Department of Commerce and  
13 Economic Development;

14 (3) "regional aquaculture association" means an association  
15 that has been certified by the commissioner of fish and game as qual-  
16 ified under AS 16.10.380;

17 (4) "salmon hatchery" means a private, nonprofit facility,  
18 holding a permit under AS 16.10.400 - 16.10.475, for the artificial  
19 incubation of salmon eggs, which may include means for the rearing of  
20 juvenile salmon, for release in the natural waters of the state for  
21 common use.

22 \* Sec. 9. AS 26.15.040(d) is amended to read:

23 (d) [MONEY LOANED SHALL BE DELIVERED TO THE BORROWER IN THE FORM  
24 OF A WARRANT DRAWN ON THE TREASURY, VOUCHERED IN THE MANNER PRESCRIBED  
25 FOR STATE DISBURSING OFFICERS, AND CHARGED AGAINST THE ALASKA WORLD  
26 WAR II VETERANS' REVOLVING FUND. EACH VOUCHER SHALL BE APPROVED BY  
27 THE COMMISSIONER OF COMMERCE AND ECONOMIC DEVELOPMENT OR ANY BONDED  
28 DEPUTY AUTHORIZED TO ACT AS A CERTIFYING OFFICER.] Upon repayment of  
29 loans by installments, or otherwise, in accordance with the prescribed

1 terms, or upon liquidation by foreclosure or other process, or upon  
2 receipt of interest [OR OTHER REVENUE], the money so received shall be  
3 turned over to the commissioner of revenue for deposit in the Alaska  
4 World War II veterans' revolving fund.

5 \* Sec. 10. AS 26.15.040(d) is repealed and reenacted to read:

6 (d) Upon repayment of loans by installments, or otherwise, in  
7 accordance with the prescribed terms, or upon liquidation by foreclo-  
8 sure or other process, or upon receipt of interest, the money so  
9 received shall be turned over to the commissioner of revenue for  
10 deposit in the general fund.

11 \* Sec. 11. AS 26.15.040(e) is amended to read:

12 (e) If a loan made under the veterans' loan program [(a)(3) OF  
13 THIS SECTION] is assigned by the borrower or if the real property that  
14 secures a loan made under the veterans' loan program [FORMER (a)(2) OR  
15 UNDER (a)(4) OF THIS SECTION] is transferred by the borrower, the  
16 commissioner of commerce and economic development shall allow the  
17 assignee or transferee to assume the outstanding indebtedness on the  
18 loan unless the commissioner determines in writing that the credit of  
19 the assignee or transferee is not satisfactory to assure repayment of  
20 the loan. The assignee or transferee may assume the outstanding  
21 indebtedness on the loan at the existing interest rate on the loan.  
22 An assignee or transferee is eligible for more than one type of loan,  
23 but the total may not exceed \$125,000 at any one time.

24 \* Sec. 12. AS 27.09.010(b) is repealed and reenacted to read:

25 (b) The mining loan fund is a revolving loan fund. Upon repay-  
26 ment of loans by installments, or otherwise, in accordance with the  
27 prescribed terms, or upon liquidation by foreclosure or other process,  
28 or upon receipt of interest, the money so received shall be deposited  
29 in the mining loan fund.

1 \* Sec. 13. AS 41.98.175(a) is amended to read:

2 (a) In addition to uses of fund money authorized in AS 41.98.-  
3 170, money of the fund shall be used [UTILIZED] to make grants to  
4 municipalities of up to one-half the nonfederal share of costs of  
5 projects described in AS 41.98.170 which are initiated by a municipal-  
6 ity [, AND LOANS OF AMOUNTS NECESSARY TO ENABLE MUNICIPALITIES TO MAKE  
7 OPTION PAYMENTS ON PARKS AND OPEN SPACE LAND FOR THE ACQUISITION OF  
8 WHICH FEDERAL FUNDS ARE ANTICIPATED].

9 \* Sec. 14. AS 44.33 is amended by adding a new section to read:

10 Sec. 44.33.024. SPECIAL ACCOUNT ESTABLISHED. There is estab-  
11 lished as a special account, administered by the Department of Com-  
12 merce and Economic Development, the foreclosure expense account. The  
13 department may expend money appropriated to the foreclosure expense  
14 account when necessary to protect the state's security interest in  
15 collateral on loans made by the department, or to defray expenses  
16 incurred during foreclosure proceedings after a default by an obligor.

17 \* Sec. 15. AS 44.33.245(a) is amended to read:

18 (a) The department may

19 [(1) MAKE LOANS FOR THE CONSTRUCTION, RENOVATION, AND  
20 EQUIPPING OF CHILD CARE FACILITIES, INCLUDING PRIVATE NONPROFIT CHILD  
21 CARE FACILITIES;

22 (2)] adopt regulations necessary to carry out the pro-  
23 visions of AS 44.33.240 - 44.33.275.

24 \* Sec. 16. AS 44.33.255(d) is amended to read:

25 (d) All principal and interest payments, and all money charge-  
26 able to principal or interest that is collected through liquidation by  
27 foreclosure or other process on loans made under AS 44.33.240 - 44.-  
28 33.275, shall be paid into the child care facility revolving loan  
29 fund.

1 \* Sec. 17. AS 44.33.255(d) is repealed and reenacted to read:

2 (d) All principal and interest payments, and all money charge-  
3 able to principal or interest that is collected through liquidation by  
4 foreclosure or other process on loans made under AS 44.33.240 - 44.-  
5 33.275, shall be paid into the general fund.

6 \* Sec. 18. AS 45.88.030(d) is amended to read:

7 (d) Upon repayment of loans by installments, or otherwise, in  
8 accordance with the prescribed terms, or upon liquidation by foreclo-  
9 sure or other process, or upon receipt of interest, the money so  
10 received [ALL PRINCIPAL AND INTEREST PAYMENTS ON LOANS MADE UNDER THIS  
11 CHAPTER] shall be paid into the alternative energy revolving loan  
12 fund.

13 \* Sec. 19. AS 45.88.030(d) is repealed and reenacted to read:

14 (d) Upon repayment of loans by installments, or otherwise, in  
15 accordance with the prescribed terms, or upon liquidation by foreclo-  
16 sure or other process, or upon receipt of interest, the money so  
17 received shall be paid into the general fund.

18 \* Sec. 20. AS 45.89.030(h) is amended to read:

19 (h) Upon repayment of loans by installments, or otherwise, in  
20 accordance with the prescribed terms, or upon liquidation by foreclo-  
21 sure or other process, or upon receipt of interest, the money so  
22 received [AMOUNTS REPAID ON A LOAN MADE UNDER THIS SECTION] shall be  
23 deposited to the residential energy conservation fund.

24 \* Sec. 21. AS 45.89.030(h) is repealed and reenacted to read:

25 (h) Upon repayment of loans by installments, or otherwise, in  
26 accordance with the prescribed terms, or upon liquidation by foreclo-  
27 sure or other process, or upon receipt of interest, the money so  
28 received shall be deposited to the general fund.

29 \* Sec. 22. AS 45.90.010 is amended to read:

1           Sec. 45.90.010. CREATION OF A TOURISM REVOLVING FUND. There is  
2 created in the Department of Commerce and Economic Development a  
3 tourism revolving fund. All principal and interest payments, and all  
4 money chargeable to principal or interest that is collected through  
5 liquidation by foreclosure or other process on loans made under this  
6 chapter, shall be paid into the tourism revolving fund.

7 \* Sec. 23. AS 45.90.010 is repealed and reenacted to read:

8           Sec. 45.90.010. LOAN REPAYMENTS. All principal and interest  
9 payments, and all money chargeable to principal or interest that is  
10 collected through liquidation by foreclosure or other process on loans  
11 made under this chapter, shall be paid into the general fund.

12 \* Sec. 24. AS 45.95.020(d) is amended to read:

13           (d) [MONEY LOANED SHALL BE DELIVERED TO THE BORROWER IN THE FORM  
14 OF A WARRANT DRAWN ON THE TREASURY, VOUCHERED IN THE MANNER PRESCRIBED  
15 FOR STATE DISBURSING OFFICERS, AND CHARGED AGAINST THE SMALL BUSINESS  
16 REVOLVING LOAN FUND. EACH VOUCHER SHALL BE APPROVED BY THE COMMIS-  
17 SIONER OR ANY BONDED DEPUTY AUTHORIZED TO ACT AS A CERTIFYING OFFI-  
18 CER.] Upon repayment of loans by installments, or otherwise, in  
19 accordance with the prescribed terms, or upon liquidation by foreclo-  
20 sure or other process, or upon receipt of interest [OR OTHER REVENUE],  
21 the money so received shall be turned over to the commissioner of  
22 revenue for deposit in the small business revolving loan fund.

23 \* Sec. 25. AS 45.95.020(d) is repealed to reenacted to read:

24           (d) Upon repayment of loans by installments, or otherwise, in  
25 accordance with the prescribed terms, or upon liquidation by foreclo-  
26 sure or other process, or upon receipt of interest, the money so  
27 received shall be turned over to the commissioner of revenue for  
28 deposit in the general fund.

29 \* Sec. 26. AS 45.98.010 is amended to read:

1           Sec. 45.98.010. CREATION OF HISTORICAL DISTRICT REVOLVING LOAN  
2 FUND. There is created in the Department of Commerce and Economic  
3 Development a historical district revolving loan fund. Upon repayment  
4 of loans made under this chapter by installments, or otherwise, in  
5 accordance with the prescribed terms, or upon liquidation by foreclo-  
6 sure or other process, or upon receipt of interest, the money so  
7 received shall be deposited to the historical district revolving loan  
8 fund.

9 \* Sec. 27. AS 45.98.010 is repealed and reenacted to read.

10           Sec. 45.98.010. LOAN REPAYMENTS. Upon repayment of loans made  
11 under this chapter by installments, or otherwise, in accordance with  
12 the prescribed terms, or upon liquidation by foreclosure or other  
13 process, or upon receipt of interest, the money so received shall be  
14 deposited to the general fund.

15 \* Sec. 28. AS 45.98.030 is amended to read:

16           Sec. 45.98.030. POWERS AND DUTIES OF THE DEPARTMENT. For pur-  
17 poses of administering this chapter, the Department of Commerce and  
18 Economic Development may

19           (1) [PRESCRIBE THE FORM AND PROCEDURE FOR SUBMITTING LOAN  
20 APPLICATIONS UNDER THIS CHAPTER;

21           (2)] designate agents and delegate powers to them as is  
22 necessary;

23           (2) [(3) IN CONSULTATION WITH THE HISTORIC SITES ADVISORY  
24 COMMITTEE,] adopt regulations necessary to carry out its functions [,  
25 INCLUDING REGULATIONS FOR THE PROCESS OF PLAN APPROVAL BY THE COMMIT-  
26 TEE];

27           (3) [(4)] establish amortization plans for the repayment of  
28 loans not to exceed 30 years.

29 \* Sec. 29. AS 16.10.320(b), 16.10.520(c), 16.10.520(e), 16.10.540;

1 AS 26.15.010(b), 26.15.010(c), 26.15.030(c)(6), 26.15.030(c)(7), 26.15.-  
2 040(a), 26.15.040(b), 26.15.040(c), 26.15.050, 26.15.060, 26.15.130, 26.-  
3 15.140, 26.15.160; AS 41.30; AS 41.98.175(b), 41.98.175(c); AS 44.33.-  
4 020(5), 44.33.245(b), 44.33.255(a), 44.33.255(b), 44.33.255(c), 44.33.260;  
5 AS 45.88.020(a)(1), 45.88.020(b), 45.88.020(c), 45.88.030(a), 45.88.030(b),  
6 45.88.030(c), 45.88.030(e), 45.88.500; AS 45.89.030(a), 45.89.030(b),  
7 45.89.030(c), 45.89.030(d), 45.89.030(e), 45.89.030(f), 45.89.030(g),  
8 45.89.030(i), 45.89.030(j), 45.89.030(k), 45.89.500(3), 45.89.500(4);  
9 AS 45.90.020(a)(1), 45.90.020(a)(4), 45.90.020(b), 45.90.030; AS 45.92;  
10 AS 45.94; AS 45.95.010(b), 45.95.010(c), 45.95.020(a), 45.95.020(e), 45.-  
11 95.030, 45.95.070; AS 45.98.020, 45.98.040(1), 45.98.040(2), 45.98.040(3),  
12 45.98.040(4); and secs. 3 - 4, ch. 156, SLA 1984, are repealed.

13 \* Sec. 30. AS 26.15.090, 26.15.095; AS 44.33.240, 44.33.242; AS 45.-  
14 88.010, 45.88.015; AS 45.89.010, 45.89.015; AS 45.90.015; AS 45.95.060,  
15 45.95.065; and AS 45.98.015 are repealed.

16 \* Sec. 31. Sections 1 - 9, 11 - 13, 15, 16, 18, 20, 22, 24, 26, 28, and  
17 29 of this Act take effect immediately under AS 01.10.070(c).

18 \* Sec. 32. Sections 10, 14, 17, 19, 21, 23, 25, 27, and 30 of this Act  
19 take effect July 1, 1989.

Offered: 5/11/87  
Referred: Rules

wo0737B

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 185 (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 repealing certain state loan programs and  
7 provisions of certain state loan programs; creating a  
8 small business economic development revolving loan  
9 fund; creating a special foreclosure expense account;  
10 making miscellaneous changes to the salmon enhance-  
11 ment loan program, the Alaska World War 11 veterans'  
12 loan program, the mining loan program, the outdoor  
13 recreational, open space, and historic properties  
14 development program, the child care facility loan  
15 program, the alternative energy revolving loan pro-  
16 gram, the residential energy conservation program.  
17 the tourism revolving loan program, the small  
18 business revolving loan program, and the historical  
19 district revolving loan program; and providing for an  
20 effective date."

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

22 \* Section 1. AS 16.10.500 is amended to read:

23 ARTICLE 9. SALMON [FISHERIES] ENHANCEMENT LOAN PROGRAM.

24 Sec. 16.10.500. DECLARATION OF POLICY. It is the policy of the  
25 state, under AS 16.10.500 - 16.10.560, to promote the enhancement of  
26 the state's salmon fisheries by means of grants for organizational and  
27 planning purposes to regional associations described in AS 16.10.510  
28 which have qualified under AS 16.10.380, and by means of long-term,  
29 low interest loans for hatchery planning, construction, and operation  
H

1 [AND FOR PLANNING AND IMPLEMENTATION OF ENHANCEMENT AND REHABILITATION  
2 ACTIVITIES INCLUDING, BUT NOT LIMITED TO, LAKE FERTILIZATION AND  
3 HABITAT IMPROVEMENT].

4 \* Sec. 2. AS 16.10.505 is amended to read:

5 Sec. 16.10.505. SALMON [FISHERIES] ENHANCEMENT [REVOLVING] LOAN  
6 FUND. There is created within the Department of Commerce and Economic  
7 Development a loan [REVOLVING] fund to be known as the salmon [FISHER-  
8 IES] enhancement [REVOLVING] loan fund. The fund shall be used to  
9 carry out the purposes of AS 16.10.500 - 16.10.560 and for no other  
10 purpose. All principal and interest payments and all money chargeable  
11 to principal or interest that is collected through liquidation by  
12 foreclosure or other process on loans made under AS 16.10.500 - 16.-  
13 10.620, shall be paid into the salmon enhancement revolving loan fund.

14 \* Sec. 3. AS 16.10.507(a) is amended to read:

15 (a) There is established as a special account within the salmon  
16 [FISHERIES] enhancement revolving loan fund the foreclosure expense  
17 account. This account is established as a reserve from fund equity.

18 \* Sec. 4. AS 16.10.510 is amended to read:

19 Sec. 16.10.510. POWERS AND DUTIES OF THE DEPARTMENT [COMMIS-  
20 SIONER]. The department [COMMISSIONER] may

21 (1) make loans to permit holders, qualified under AS 16.-  
22 10.400 - 16.10.475 [AS 16.10.400 - 16.10.470, INCLUDING THOSE HOLDERS  
23 ISSUED PERMITS BEFORE JUNE 24, 1977], for the preconstruction activ-  
24 ities [PLANNING], construction, and operation of salmon hatchery  
25 facilities;

26 (2) make loans [TO QUALIFIED REGIONAL ASSOCIATIONS WHICH  
27 HAVE FORMED A NONPROFIT CORPORATION OR A LOCAL NONPROFIT CORPORATION  
28 APPROVED BY A QUALIFIED REGIONAL ASSOCIATION,] for preconstruction  
29 activities necessary to obtain a salmon hatchery permit under  
H

1 AS 16.10.400 - 16.10.475;

2 (3) designate agents and delegate powers to them as neces-  
3 sary;

4 (4) adopt regulations necessary to carry out its [HIS]  
5 functions;

6 (5) establish loan terms [AMORTIZATION PLANS FOR REPAYMENT  
7 OF LOANS, NOT TO EXCEED 30 YEARS];

8 (6) [ESTABLISH THE RATE OF INTEREST FOR LOANS NOT TO EXCEED  
9 NINE AND ONE-HALF PERCENT A YEAR;

10 (7)] establish regional and local offices and advisory  
11 groups to carry out, or assist in carrying out, the duties and author-  
12 ity of the department [COMMISSIONER];

13 (7) [(8) REPEALED

14 (9)] make grants for organizational and planning purposes to  
15 qualified regional associations that [WHICH] have formed a nonprofit  
16 corporation, in amounts not exceeding \$100,000 per region [AND UP TO  
17 AN ADDITIONAL \$100,000 ON A 50/50 CASH MATCHING BASIS WITH THE REGION-  
18 AL ASSOCIATIONS WHICH HAVE AN AUTHORIZED ROYALTY ASSESSMENT UNDER  
19 AS 16.10.530 OR 16.10.540. THE STATE PORTION OF THE MATCHING SHARE  
20 SHALL BE AVAILABLE WHEN A FINAL VOTE FOR ASSESSMENTS IS MADE UNDER  
21 AS 16.10.530 OR 16.10.540. THIS PROVISION ALSO APPLIES TO QUALIFIED  
22 REGIONAL ASSOCIATIONS WHICH HAVE FORMED A NONPROFIT CORPORATION BEFORE  
23 JUNE 24, 1977;

24 (10) MAKE LOANS TO QUALIFIED REGIONAL ASSOCIATIONS WHICH  
25 HAVE FORMED A NONPROFIT CORPORATION OR TO LOCAL NONPROFIT CORPORATIONS  
26 APPROVED BY QUALIFIED REGIONAL ASSOCIATIONS FOR PLANNING AND IMPLEMEN-  
27 TATION OF FISHERIES ENHANCEMENT AND REHABILITATION ACTIVITIES INCLUD-  
28 ING, BUT NOT LIMITED TO, LAKE FERTILIZATION AND HABITAT IMPROVEMENT].

29 \* Sec. 5. AS 16.10 is amended by adding new sections to read:  
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1           Sec. 16.10.515. LOAN ELIGIBILITY. (a) In order to be eligible  
2 for a salmon hatchery preconstruction loan, the applicant must be a  
3 nonprofit corporation whose permit application under AS 16.10.400 -  
4 16.10.475 has been accepted or approved by the Department of Fish and  
5 Game.

6           (b) In order to be eligible for a salmon hatchery construction  
7 or operation loan, the applicant must be a nonprofit corporation and  
8 hold a permit under AS 16.10.400 - 16.10.475 for the project for which  
9 funding is requested.

10          Sec. 16.10.518. LOAN TERMS. (a) All loans shall be secured by  
11 collateral satisfactory to the department, including a first deed of  
12 trust, an assignment of lease and leasehold improvements, an assign-  
13 ment of future revenue from the sale of aquaculture products, or tax  
14 assessments from fishermen collected under AS 43.76.

15          (b) The interest rate on loans made under AS 16.10.500 - 16.-  
16 10.560 is nine and one-half percent a year.

17          (c) The maximum loan term is 30 years.

18 \* Sec. 6. AS 16.10.520(a) is repealed and reenacted to read:

19          (a) The total of all loans for a single salmon hatchery made to  
20 a regional aquaculture association or to a nonprofit corporation whose  
21 hatchery project has been approved by a regional aquaculture associa-  
22 tion may not exceed \$10,000,000 in a single fiscal year.

23 \* Sec. 7. AS 16.10.520(b) is repealed and reenacted to read:

24          (b) The total of all loans for a single salmon hatchery made to  
25 a nonprofit corporation not approved by a regional aquaculture asso-  
26 ciation may not exceed \$1,000,000 in a single fiscal year.

27 \* Sec. 8. AS 16.10.560 is amended to read:

28          Sec. 16.10.560. DEFINITIONS. In AS 16.10.500 - 16.10.560

29           (1) "commissioner" means the commissioner of commerce and  
H

1 economic development;

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

4 (3) "regional aquaculture association" means an association  
5 that has been certified by the commissioner of fish and game as qual-  
6 ified under AS 16.10.380;

7 (4) "salmon hatchery" means a private, nonprofit facility,  
8 holding a permit under AS 16.10.400 - 16.10.475, for the artificial  
9 incubation of salmon eggs, which may include means for the rearing of  
10 juvenile salmon, for release in the natural waters of the state for  
11 common use.

12 \* Sec. 9. AS 26.15.040(d) is amended to read:

13 (d) [MONEY LOANED SHALL BE DELIVERED TO THE BORROWER IN THE FORM  
14 OF A WARRANT DRAWN ON THE TREASURY, VOUCHERED IN THE MANNER PRESCRIBED  
15 FOR STATE DISBURSING OFFICERS, AND CHARGED AGAINST THE ALASKA WORLD  
16 WAR II VETERANS' REVOLVING FUND. EACH VOUCHER SHALL BE APPROVED BY  
17 THE COMMISSIONER OF COMMERCE AND ECONOMIC DEVELOPMENT OR ANY BONDED  
18 DEPUTY AUTHORIZED TO ACT AS A CERTIFYING OFFICER.] Upon repayment of  
19 loans by installments, or otherwise, in accordance with the prescribed  
20 terms, or upon liquidation by foreclosure or other process, or upon  
21 receipt of interest [OR OTHER REVENUE], the money so received shall be  
22 turned over to the commissioner of revenue for deposit in the Alaska  
23 World War II veterans' revolving fund.

24 \* Sec. 10. AS 26.15.040(d) is amended to read:

25 (d) Upon repayment of loans by installments, or otherwise, in  
26 accordance with the prescribed terms, or upon liquidation by foreclo-  
27 sure or other process, or upon receipt of interest, the money so  
28 received shall be turned over to the commissioner of revenue for  
29 deposit in the general [ALASKA WORLD WAR II VETERANS' REVOLVING] fund.  
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1 \* Sec. 11. AS 26.15.040(e) is amended to read:

2 (e) If a loan made under the veterans' loan program [(a)(3) OF  
3 THIS SECTION] is assigned by the borrower or if the real property that  
4 secures a loan made under the veterans' loan program [FORMER (a)(2) OR  
5 UNDER (a)(4) OF THIS SECTION] is transferred by the borrower, the  
6 commissioner of commerce and economic development shall allow the  
7 assignee or transferee to assume the outstanding indebtedness on the  
8 loan unless the commissioner determines in writing that the credit of  
9 the assignee or transferee is not satisfactory to assure repayment of  
10 the loan. The assignee or transferee may assume the outstanding  
11 indebtedness on the loan at the existing interest rate on the loan.  
12 An assignee or transferee is eligible for more than one type of loan,  
13 but the total may not exceed \$125,000 at any one time.

14 \* Sec. 12. AS 27.09.010(a) is amended to read:

15 (a) There is established in the Department of Commerce and  
16 Economic Development the mining loan fund. [THE DEPARTMENT MAY MAKE  
17 LOANS FROM THE FUND TO UNDERWRITE ADVANCED MINERAL EXPLORATION, DEVEL-  
18 OPMENT, OR MINING IN THE STATE.]

19 \* Sec. 13. AS 27.09.010(b) is repealed and reenacted to read:

20 (b) The mining loan fund is a revolving loan fund. Upon repay-  
21 ment of loans by installments, or otherwise, in accordance with the  
22 prescribed terms, or upon liquidation by foreclosure or other process,  
23 or upon receipt of interest, the money so received shall be deposited  
24 in the mining loan fund.

25 \* Sec. 14. AS 27.09.010(b) is amended to read:

26 (b) [THE MINING LOAN FUND IS A REVOLVING FUND.] Upon repayment  
27 of loans by installments, or otherwise, in accordance with the pre-  
28 scribed terms, or upon liquidation by foreclosure or other process, or  
29 upon receipt of interest, the money so received shall be deposited in  
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1 the general [MINING LOAN] fund.

2 \* Sec. 15. AS 27.09.050 is amended to read:

3 Sec. 27.09.050. REGULATIONS. The department may adopt regu-  
4 lations in accordance with the Administrative Procedure Act (AS 44.62)  
5 to administer this chapter. [REGULATIONS ADOPTED UNDER THIS SECTION  
6 SHALL BE PREPARED AFTER CONSULTATION WITH THE DEPARTMENT OF NATURAL  
7 RESOURCES OR AFTER CONSULTATION WITH A PERSON WHO, IN THE OPINION OF  
8 THE COMMISSIONER OF COMMERCE AND ECONOMIC DEVELOPMENT OR A DESIGNEE,  
9 HAS BROAD EXPERIENCE IN AND IS HIGHLY QUALIFIED IN ADVANCED MINERAL  
10 EXPLORATION, DEVELOPMENT, AND MINING.]

11 \* Sec. 16. AS 41.98.175(a) is amended to read:

12 (a) In addition to uses of fund money authorized in AS 41.98.-  
13 170, money of the fund shall be used [UTILIZED] to make grants to  
14 municipalities of up to one-half the nonfederal share of costs of  
15 projects described in AS 41.98.170 which are initiated by a municipal-  
16 ity [, AND LOANS OF AMOUNTS NECESSARY TO ENABLE MUNICIPALITIES TO MAKE  
17 OPTION PAYMENTS ON PARKS AND OPEN SPACE LAND FOR THE ACQUISITION OF  
18 WHICH FEDERAL FUNDS ARE ANTICIPATED].

19 \* Sec. 17. AS 44.33 is amended by adding a new section to read:

20 Sec. 44.33.024. SPECIAL ACCOUNT ESTABLISHED. There is estab-  
21 lished as a special account, administered by the Department of Com-  
22 merce and Economic Development, the foreclosure expense account. The  
23 department may expend money appropriated to the foreclosure expense  
24 account when necessary to protect the state's security interest in  
25 collateral on loans made by the department, or to defray expenses  
26 incurred during foreclosure proceedings after a default by an obligor.

27 \* Sec. 18. AS 44.33.245(a) is amended to read:

28 (a) The department may

29 [(1) MAKE LOANS FOR THE CONSTRUCTION, RENOVATION, AND  
H

1 EQUIPPING OF CHILD CARE FACILITIES, INCLUDING PRIVATE NONPROFIT CHILD  
2 CARE FACILITIES;

3 (2)] adopt regulations necessary to carry out the pro-  
4 visions of AS 44.33.240 - 44.33.275.

5 \* Sec. 19. AS 44.33.255(d) is amended to read:

6 (d) All principal and interest payments, and all money charge-  
7 able to principal or interest that is collected through liquidation by  
8 foreclosure or other process on loans made under AS 44.33.240 - 44.-  
9 33.275, shall be paid into the child care facility revolving loan  
10 fund.

11 \* Sec. 20. AS 44.33.255(d) is amended to read:

12 (d) All principal and interest payments, and all money charge-  
13 able to principal or interest that is collected through liquidation by  
14 foreclosure or other process on loans made under AS 44.33.240 - 44.-  
15 33.275, shall be paid into the general [CHILD CARE FACILITY REVOLVING  
16 LOAN] fund.

17 \* Sec. 21. AS 45.88.030(d) is amended to read:

18 (d) Upon repayment of loans by installments, or otherwise, in  
19 accordance with the prescribed terms, or upon liquidation by foreclo-  
20 sure or other process, or upon receipt of interest, the money so  
21 received [ALL PRINCIPAL AND INTEREST PAYMENTS ON LOANS MADE UNDER THIS  
22 CHAPTER] shall be paid into the alternative [TECHNOLOGY AND] energy  
23 revolving loan fund.

24 \* Sec. 22. AS 45.88.030(d) is amended to read:

25 (d) Upon repayment of loans by installments, or otherwise, in  
26 accordance with the prescribed terms, or upon liquidation by foreclo-  
27 sure or other process, or upon receipt of interest, the money so  
28 received shall be paid into the general [ALTERNATIVE ENERGY REVOLVING  
29 LOAN] fund.  
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1 \* Sec. 23. AS 45.89.030(h) is amended to read:

2 (h) Upon repayment of loans by installments, or otherwise, in  
3 accordance with the prescribed terms, or upon liquidation by foreclo-  
4 sure or other process, or upon receipt of interest, the money so  
5 received [AMOUNTS REPAID ON A LOAN MADE UNDER THIS SECTION] shall be  
6 deposited to the residential energy conservation fund.

7 \* Sec. 24. AS 45.89.030(h) is amended to read:

8 (h) Upon repayment of loans by installments, or otherwise, in  
9 accordance with the prescribed terms, or upon liquidation by foreclo-  
10 sure or other process, or upon receipt of interest, the money so  
11 received shall be deposited to the general [RESIDENTIAL ENERGY CONSER-  
12 VATION] fund.

13 \* Sec. 25. AS 45.90.010 is amended to read:

14 Sec. 45.90.010. CREATION OF A TOURISM REVOLVING FUND. There is  
15 created in the Department of Commerce and Economic Development a  
16 tourism revolving fund. All principal and interest payments, and all  
17 money chargeable to principal or interest that is collected through  
18 liquidation by foreclosure or other process on loans made under this  
19 chapter, shall be paid into the tourism revolving fund.

20 \* Sec. 26. AS 45.90.010 is amended to read:

21 Sec. 45.90.010. LOAN REPAYMENTS. [CREATION OF A TOURISM REVOLV-  
22 ING FUND. THERE IS CREATED IN THE DEPARTMENT OF COMMERCE AND ECONOMIC  
23 DEVELOPMENT A TOURISM REVOLVING FUND.] All principal and interest  
24 payments, and all money chargeable to principal or interest that is  
25 collected through liquidation by foreclosure or other process on loans  
26 made under this chapter, shall be paid into the general [TOURISM  
27 REVOLVING] fund.

28 \* Sec. 27. AS 45.95.020(d) is amended to read:

29 (d) [MONEY LOANED SHALL BE DELIVERED TO THE BORROWER IN THE FORM  
H

1 OF A WARRANT DRAWN ON THE TREASURY, VOUCHERED IN THE MANNER PRESCRIBED  
2 FOR STATE DISBURSING OFFICERS, AND CHARGED AGAINST THE SMALL BUSINESS  
3 REVOLVING LOAN FUND. EACH VOUCHER SHALL BE APPROVED BY THE COMMIS-  
4 SIONER OR ANY BONDED DEPUTY AUTHORIZED TO ACT AS A CERTIFYING OFFI-  
5 CER.] Upon repayment of loans by installments, or otherwise, in  
6 accordance with the prescribed terms, or upon liquidation by foreclo-  
7 sure or other process, or upon receipt of interest [OR OTHER REVENUE],  
8 the money so received shall be turned over to the commissioner of  
9 revenue for deposit in the small business revolving loan fund.

10 \* Sec. 28. AS 45.95.020(d) is amended to read:

11 (d) Upon repayment of loans by installments, or otherwise, in  
12 accordance with the prescribed terms, or upon liquidation by foreclo-  
13 sure or other process, or upon receipt of interest, the money so  
14 received shall be turned over to the commissioner of revenue for  
15 deposit in the general [SMALL BUSINESS REVOLVING LOAN] fund.

16 \* Sec. 29. AS 45 is amended by adding a new chapter to read:

17 CHAPTER 96. SMALL BUSINESS ECONOMIC DEVELOPMENT REVOLVING LOAN  
18 FUND \*

19 Sec. 45.96.010. CREATION OF A SMALL BUSINESS ECONOMIC DEVELOP-  
20 MENT REVOLVING LOAN FUND. There is created in the department a small  
21 business economic development revolving loan fund to carry out the  
22 purposes of this chapter, including the administration of a revolving  
23 loan fund qualified to receive revolving loan fund grants from the  
24 United States Economic Development Administration (EDA) under Title IX  
25 of the Public Works and Economic Development Act of 1965, as amended  
26 (42 U.S.C. 3121 et seq.). All money granted to the state by the  
27 United States Economic Development Administration, all money appropri-  
28 ated to the fund, all principal and interest payments, and all money  
29 chargeable to principal or interest that is collected through  
H

1 liquidation by foreclosure or other process on loans made under this  
2 chapter, shall be paid into the small business economic development  
3 revolving loan fund.

4 Sec. 45.96.020. SPECIAL ACCOUNT ESTABLISHED. (a) There is  
5 established as a special account within the small business economic  
6 development revolving loan fund the foreclosure expense account. This  
7 account is established as a reserve from fund equity.

8 (b) The commissioner may expend money credited to the foreclo-  
9 sure expense account when necessary to protect the state's security  
10 interest in collateral on loans made under AS 45.96.030 or to defray  
11 expenses incurred during foreclosure proceedings after a default by an  
12 obligor.

13 Sec. 45.96.030. POWERS AND DUTIES OF THE DEPARTMENT. (a) The  
14 department may

15 (1) accept United States Economic Development Administra-  
16 tion revolving fund grants;

17 (2) make loans to eligible applicants under the United  
18 States Economic Development Administration Long-Term Economic Deteri-  
19 oration (LTED) and Sudden and Severe Economic Dislocation (SSED)  
20 programs;

21 (3) designate agents and delegate powers to them as neces-  
22 sary;

23 (4) adopt regulations necessary to carry out its functions  
24 and to administer programs under United States Economic Development  
25 Administration guidelines, including regulations to establish reason-  
26 able fees for services provided;

27 (5) establish amortization plans for the repayment of loans  
28 that may include extensions; and

29 (6) charge and collect the fees established under this  
H

1 subsection.

2 (b) The commissioner of administration shall separately account  
3 for all fees and collection charges that the department deposits in  
4 the general fund. The annual estimated balance in the account may be  
5 used by the legislature to make appropriations to the department to  
6 carry out the purposes of this chapter.

7 Sec. 45.96.040. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR  
8 FORECLOSURE. The department shall dispose of property acquired  
9 through default or foreclosure on a loan made under this chapter.  
10 Disposal shall be made in a manner that serves the best interests of  
11 the state and may include the amortization of payments over a period  
12 of years.

13 Sec. 45.96.500. DEFINITIONS. In this chapter

14 (1) "commissioner" means the commissioner of commerce and  
15 economic development;

16 (2) "department" means the Department of Commerce and  
17 Economic Development.

18 \* Sec. 30. AS 45.98.010 is amended to read:

19 Sec. 45.98.010. CREATION OF HISTORICAL DISTRICT REVOLVING LOAN  
20 FUND. There is created in the Department of Commerce and Economic  
21 Development a historical district revolving loan fund. Upon repayment  
22 of loans made under this chapter by installments, or otherwise, in  
23 accordance with the prescribed terms, or upon liquidation by foreclo-  
24 sure or other process, or upon receipt of interest, the money so  
25 received shall be deposited to the historical district revolving loan  
26 fund.

27 \* Sec. 31. AS 45.98.010 is amended to read:

28 Sec. 45.98.010. LOAN REPAYMENTS. [CREATION OF HISTORICAL DIS-  
29 TRICT REVOLVING LOAN FUND. THERE IS CREATED IN THE DEPARTMENT OF  
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1 COMMERCE AND ECONOMIC DEVELOPMENT A HISTORICAL DISTRICT REVOLVING LOAN  
2 FUND.] Upon repayment of loans made under this chapter by install-  
3 ments, or otherwise, in accordance with the prescribed terms, or upon  
4 liquidation by foreclosure or other process, or upon receipt of inter-  
5 est, the money so received shall be deposited to the general [HISTOR-  
6 ICAL DISTRICT REVOLVING LOAN] fund.

7 \* Sec. 32. AS 45.98.030 is amended to read:

8 Sec. 45.98.030. POWERS AND DUTIES OF THE DEPARTMENT. For pur-  
9 poses of administering this chapter, the Department of Commerce and  
10 Economic Development may

11 (1) [PRESCRIBE THE FORM AND PROCEDURE FOR SUBMITTING LOAN  
12 APPLICATIONS UNDER THIS CHAPTER;

13 (2)] designate agents and delegate powers to them as is  
14 necessary;

15 (2) [(3) IN CONSULTATION WITH THE HISTORIC SITES ADVISORY  
16 COMMITTEE,] adopt regulations necessary to carry out its functions [,  
17 INCLUDING REGULATIONS FOR THE PROCESS OF PLAN APPROVAL BY THE COMMIT-  
18 TEE];

19 (3) [(4)] establish amortization plans for the repayment of  
20 loans not to exceed 30 years.

21 \* Sec. 33. AS 16.10.320(b), 16.10.520(c), 16.10.520(e), 16.10.540;  
22 AS 26.15.010(b), 26.15.010(c), 26.15.030(c)(6), 26.15.030(c)(7), 26.15.-  
23 040(a), 26.15.040(b), 26.15.040(c), 26.15.050, 26.15.060, 26.15.130,  
24 26.15.140, 26.15.160; AS 27.09.020, 27.09.030, 27.09.040, 27.09.045,  
25 27.09.060(1), 27.09.060(2), 27.09.060(4), 27.09.060(6); AS 41.30; AS 41.-  
26 98.175(b), 41.98.175(c); AS 44.33.020(5), 44.33.245(b), 44.33.255(a),  
27 44.33.255(b), 44.33.255(c), 44.33.260; AS 44.62.330(a)(46); AS 45.88.-  
28 020(a)(1), 45.88.020(b), 45.88.020(c), 45.88.030(a), 45.88.030(b), 45.88.-  
29 030(c), 45.88.030(e), 45.88.500; AS 45.89.030(a), 45.89.030(b),  
H

1 45.89.030(c), 45.89.030(d), 45.89.030(e), 45.89.030(f), 45.89.030(g),  
2 45.89.030(i), 45.89.030(j), 45.89.030(k), 45.89.500(3), 45.89.500(4);  
3 AS 45.90.020(a)(1), 45.90.020(a)(4), 45.90.020(b), 45.90.030; AS 45.92;  
4 AS 45.94; AS 45.95.010(b), 45.95.010(c), 45.95.020(a), 45.95.020(e),  
5 45.95.030, 45.95.070; AS 45.98.020, 45.98.040(1), 45.98.040(2),  
6 45.98.040(3), 45.98.040(4); and secs. 3 and 4, ch. 156, SLA 1984, are re-  
7 pealed.

8 \* Sec. 34. AS 26.15.090, 26.15.095; AS 27.09.010(a), 27.09.015, 27.09.-  
9 060(5); AS 44.33.240, 44.33.242; AS 45.88.010, 45.88.015; AS 45.89.010,  
10 45.89.015; AS 45.90.015; AS 45.95.060, 45.95.065; and AS 45.98.015 are  
11 repealed.

12 \* Sec. 35. Sections 1 - 9, 11 - 13, 15, 16, 18, 19, 21, 23, 25, 27, 29,  
13 30, 32, and 33 of this Act take effect immediately under AS 01.10.070(c).

14 \* Sec. 36. Sections 10, 14, 17, 20, 22, 24, 26, 28, 31, and 34 of this  
15 Act take effect July 1, 1988.

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STATE OF ALASKA  
1988 LEGISLATIVE SESSION

Senate CS for  
CS HB 185 (REV) ~~am~~  
BILL VERSION: Senate (LFC)  
PUBLISH DATE: 3/9/88

FISCAL NOTE

REQUEST:

Revision Date: March 7, 1988  
Title: State Loan Programs: Changes/  
Eliminations  
Sponsor: Rules Committee  
Requestor: Governor  
Agency Affected: Commerce & Econ. Devel.  
BRU: Investments  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	LOAN FUNDS	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
		-0-	3,453.3	(3,280.0)	(3,096.9)	(2,918.3)	(2,772.4)

REVENUE - GEN. FUND -0- -0- 3,280.0 3,096.9 2,918.3 2,772.4  
FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

This bill eliminates seven revolving loan funds on July 1, 1989 and requires that all principal, interest and fee payments be deposited in the general fund after that date.

Prepared by: Martin J. Richard, Director Phone: 465-2510  
Division: Investments Date: March 7, 1988

Approved by Commissioner: J. Anthony Smith Date: 3/7/88  
Agency: Department of Commerce & Economic Development

Distribution (by preparer):

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

STATE OF ALASKA 1987 LEGISLATIVE SESSION No. 2  
FISCAL NOTE

REQUEST: \_\_\_\_\_

Bill Version CSHB 185(Fin)  
Publish Date: HOUSE 5/11/87

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

Agency Affected: Commerce & Econ. Dev.

Title: Repealing inactive loan programs  
& making miscellaneous changes to loan programs

BRU: Investments

Sponsor: Rules Committee

Components: Economic Development

Requestor: Governor

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	0.0	0.0	0.0

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
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REVENUE	0.0	0.0	0.0	0.0	0.0	0.0
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See Attached

Prepared by: Paul B. Arnoldt, Director  
Division: Investments

Phone: 465-2510  
Date: \_\_\_\_\_

Approved by Commissioner: J. Anthony Smith  
Agency: Commerce and Economic Development

Date: 2/26/87

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary
- 5403W22387a

Attachment to Fiscal Note for

Section 5 of this bill would repeal the mandatory six to ten year forgiveness of interest contained in AS 16.10.525.

The assumptions used in developing this fiscal note are as follows:

1. An effective date of July 1, 1987.
2. \$3.1 million will be loaned out in FY 88 as proposed in the budget submitted to the Legislature.

While this fiscal note depicts no additional income during FY's 87-92, a significant increase in revenues to the Fisheries Enhancement Revolving Loan Fund will be realized in subsequent years.

Under the current law, interest is forgiven for at least the first six years, and as much as ten years. Under this bill, interest could be deferred up to ten years but not forgiven. If \$3.1 million in loans are made in FY 88 as anticipated, an additional \$2.2 million in interest would be collected over the life of those loans that would not have been collected under current statutes. (As a reference, \$1 million in loans would result in an additional \$723,000 in interest being collected.)

If this bill had been in effect since the inception of the Fisheries Enhancement Loan Fund, the State of Alaska would have received an additional \$38.1 million in interest over the life of the \$52.7 million already loaned out.

It is important to note that our analysis of fisheries enhancement portfolios indicates that our borrowers are financially strong and could have made the additional interest payments required under this bill.



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

9/13/85

cc

March 16, 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 repealing five active and various inactive state loan programs and making miscellaneous changes in other state loan programs. The programs affected are:

1. Commercial Fishing Loan Program
2. Fisheries Enhancement Loan Program
3. Veterans' Revolving Loan Program
4. Mining Loans
5. Area Redevelopment
6. Outdoor Recreational, Open Space, and Historic Properties Development Fund
7. Child Care Facility Revolving Loan Fund
8. Alternative Energy Revolving Loan Fund
9. Residential Energy Conservation Fund
10. Tourism Revolving Fund
11. Fishery Product Revolving Loan Guarantee Fund
12. Forest Products Business Loan Guarantee Program
13. Small Business Loans
14. Historical District Revolving Loan Fund

Each affected loan program will be discussed in turn. A section-by-section description of those loan programs administered by the Department of Commerce and Economic Development, prepared by that department, is also being made available to the legislature.

1. Commercial Fishing Loan Program. This bill repeals AS 16.10.320(b) (sec. 21 of the bill), a subsection that is now obsolete due to changes in federal law.

2. Fisheries Enhancement Loan Program. This bill makes numerous changes to the fisheries enhancement loan program, AS 16.10.500 -- 16.10.560. First, it changes the title of the loan fund to the "Salmon Enhancement Revolving Loan Fund" (secs. 1, 2, and 3 of the bill), and reorganizes the

statutes for clarity. It also amends the statutes to make it clear that they apply only to salmon hatchery projects. Sections 1 and 4 of the bill.

The bill repeals the mandatory six-year deferral on interest and principal contained in AS 16.10.525 (sec. 21 of the bill), but retains the authority to defer interest and principal for up to 10 years. Section 5 of the bill. This will allow earlier repayment requirements if they are considered financially feasible. This will also cure a problem that exists when the department grants a preconstruction loan to assess a proposed project, but the project is then considered unfeasible. Despite the fact that no project ever is built in such a case, the state currently cannot collect on its preconstruction loan, nor charge interest, for at least six years.

The bill also changes the statutory loan limits. At present, these limits are ambiguous. See 1986 Inf. Op. Att'y Gen. (Aug. 13; 663-87-0020). This bill sets loan limits in terms of the total amount that may be loaned for a single project. Sections 6 and 7 of the bill. Also, the bill repeals AS 16.10.540 (sec. 21 of the bill), which specifically authorizes voluntary assessments by fishermen as collateral to repay loans. First, such voluntary assessments represent no real collateral because of their voluntary nature. Second, if the department were to change its position and consider a voluntary assessment as sufficient collateral, proposed AS 16.10.518(a) would permit the use of a voluntary assessment as collateral. Third, current practice is for these organizations to assess fishermen through salmon enhancement taxes under AS 43.76, and the bill approves this practice and recognizes these assessments as valid collateral. Section 5 of the bill.

Finally, the hearing procedure provisions of the Administrative Procedure Act (APA), AS 44.62.330 -- 44.62.630, currently apply to the fisheries enhancement loan program (AS 16.10.500 -- 16.10.620). The reason for this application is unclear, since the 10 other loan programs administered by the Department of Commerce and Economic Development, division of investments and division of accounting and collections, are not subject to the APA. The department has adopted regulations providing for administrative adjudication of loan issues for all of its loan programs, and there is no apparent reason for this particular program to be subject to different rules. This bill amends the APA, by repealing AS 44.62.330(a)(46), to remove that part of the

APA's applicability to the fisheries enhancement loan program. Section 21 of the bill.

3. Veterans' Revolving Loan Program. AS 26.15 establishes the Alaska veterans' loan program. Originally, the Department of Commerce and Economic Development was authorized to make four types of veterans' loans: personal loans, housing loans, business loans, and multiple dwelling (condominium) loans. AS 26.15.040(a). The authority to make housing loans was repealed in 1980 (sec. 77, ch. 106, SLA 1980), and the same legislation provided that no business loans could be made after July 1, 1981. Sec. 71, ch. 106, SLA 1980. Although the authority to make personal and multiple dwelling loans still exists, neither type of loan has been made since 1982.

At present, there is no money available in the veterans' revolving fund for any additional loans. Only a small amount of money still comes into the fund, since most loans have been transferred to the Alaska Industrial Development Authority (AIDA) or recently sold to the Alaska Housing Finance Corporation (AHFC). Sec. 102, ch. 138, SLA 1986. The money in the revolving fund, in turn, has been reappropriated to the general fund. Sec. 118, ch. 105, SLA 1985; secs. 18 and 23, ch. 129, SLA 1986; secs. 39, 427, and 645, ch. 130, SLA 1986.

This bill repeals all lending authority under the veterans' loan program, but leaves intact those statutes dealing with management and collections (secs. 9, 10 and 21 of the bill). The sentence added to AS 26.15.040(e), limiting the total amount that an assignee of a loan can assume, is taken from AS 26.15.040(c), which is repealed in sec. 21 of the bill.

These repealers and amendments do not affect AHFC veterans' mortgages under AS 18.56.

4. Mining Loans. This bill repeals all lending authority under the mining loan program, but leaves intact those statutes dealing with management and collections (secs. 11, 12, and 21 of the bill). This program has historically had a very high loan default rate and has consequently cost the state a great deal of money. With revenues declining, I do not believe that this program should be continued.

5. Area Redevelopment. AS 41.30 sets up a program for redevelopment loans administered by the Alaska State Development Corporation. This program, and the corporation, are both currently inactive, and there are no outstanding loans.

The entire program is repealed under this bill. Section 21 of the bill.

6. Outdoor Recreational, Open Space, and Historic Properties Development Fund. AS 41.98.170 establishes an outdoor recreational, open space, and historic properties development fund administered by the Department of Natural Resources, division of parks and outdoor recreation. The fund may be used by the state to develop recreational sites and to acquire and preserve historic sites, buildings, and monuments (AS 41.98.170), and for grants and loans to municipalities for similar purposes. AS 41.98.175(a). However, there has been no loan made under this program, and none is anticipated. This bill repeals the lending authority under the program, but leaves the remainder of the program intact. Sections 13 and 21 of the bill.

7. Child Care Facility Revolving Loan Fund. This bill repeals the lending authority for the child care facility program, AS 44.33.240 -- 44.33.275, but still retains the necessary collection statutes. Sections 14, 15, and 21 of the bill.

8. Alternative Energy Revolving Loan Fund. This bill also repeals the lending authority for the alternative energy loan program, AS 45.88. The bill leaves intact those statutes dealing with management and collections. The bill also makes a technical amendment of AS 45.88.030(d), removing reference to "technology" in this subsection consistent with a 1979 amendment to the program (ch. 56, SLA 1979). Sections 16 and 21 of the bill.

9. Residential Energy Conservation Fund. This bill also repeals the lending authority for the residential energy conservation fund, AS 45.89, but leaves intact the statutes dealing with management and collection of existing loans. Sections 17 and 21 of the bill.

10. Tourism Revolving Fund. AS 45.90 provides a statutory scheme for tourism loans. However, in 1980 a session law was enacted to provide that no further loans would be made under the program after July 1, 1981. Sec. 71, ch. 106, SLA 1980. This bill repeals the lending authority statutes of the tourism revolving fund, but leaves intact those provisions of the statutes dealing with on-going management of the loan portfolio. Section 21 of the bill.

11. Fishery Product Revolving Loan Guarantee Fund. AS 45.-92 establishes a fishery product revolving loan guarantee

fund in the Department of Revenue. There is no outstanding loan under this program, and there is no money currently in the fund. This program is inactive, and this bill repeals it. Section 21 of the bill.

12. Forest Products Business Loan Guarantee Program. AS 45.94 establishes a forest products business loan guarantee fund in the Department of Revenue, under a statutory scheme similar to that of the fishery product revolving loan guarantee fund. No money has ever been appropriated to this fund, and it is therefore inactive. This bill repeals this program. Section 21 of the bill.

13. Small Business Loans. AS 45.95 establishes a small business loan program in the Department of Commerce and Economic Development. However, as with the tourism revolving fund, the legislature has prohibited making any further loans under this program. Sec. 71, ch. 106, SLA 1980. This bill repeals the statutory lending authority under this program, but leaves intact the loan management and collection statutes. Sections 18 and 21 of the bill.

14. Historical District Revolving Loan Fund. Finally, the bill repeals the lending authority under the historical district revolving loan fund. Sections 19, 20, and 21 of the bill.

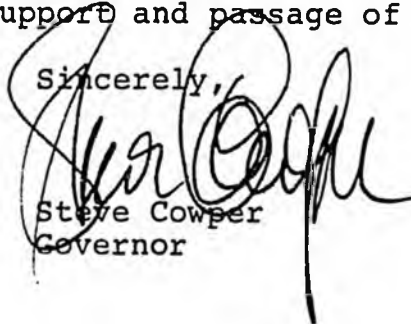
The bill also repeals secs. 3 and 4, ch. 156, SLA 1984, which provide that the balances in the tourism and small business revolving loan funds are appropriated annually to the general fund. Recent court decisions have called into question the validity of continuing appropriations such as these. Therefore, to avoid that question, and because I believe that annual appropriation of these balances would be a better approach, I am recommending the repeal of these continuing appropriations and the substitution of annual appropriations from the revolving funds. Thus, if this bill passes, the following language should be added to the budget bill, HB 75:

\* Sec. \_\_. The cash balances of the Alaska World War II veterans' revolving fund (AS 26.15.090), the mining loan fund (AS 27.-09.010), the child care facility revolving loan fund (AS 44.33.240), the alternative energy revolving loan fund (AS 45.88.010), the residential energy conservation fund (AS 45.89.010), the tourism revolving fund (AS 45.90.010), the small business revolving

loan fund (AS 45.95.060), and the historical district revolving loan fund (AS 45.98.010), attributable to loans owned by those funds as of June 30 of the fiscal year, after any appropriations from the funds to the Department of Commerce and Economic Development for operating expenses, are appropriated from those funds to the general fund.

This bill cleans up the state loan statutes. It eliminates defunct loan programs that need not and should not remain in the statutes. I urge your support and passage of this bill.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Steve Cowper". The signature is written over the typed name and title.

Steve Cowper  
Governor

zero fund rate  
5/11/87

FV

ALASKA STATE LEGISLATURE

.15th. .Legislature **REPT.** Session

HOUSE..BILL..... NO...185

By **THE RULES COMMITTEE** BY..  
REQUEST OF THE GOVERNOR

"An Act repealing certain state loan programs and making miscellaneous changes to other state loan programs; and providing for an effective date."

CS185 (Fin) BY FINANCE

Offered: 5/11/87  
Referred: Rules

TITLE: "An Act repealing certain state loan programs; creating an economic development revolving loan fund; and making miscellaneous changes to other state loan programs; and providing for an effective date."

TITLE AMENDED: See Bill

Introduced in the House ...3/18 19 87..

HISTORY IN THE HOUSE

19 87	Read first time and referred to Committee on
Mar 18	<b>FINANCE</b>
May 11	Reported back with recommendation that <i>Finance - CS/Fin</i> <i>5 dopan, 6 No Rec 320</i> <i>To Rules</i>
May 13	Read second time and <i>CS/Fin adopted</i> <i>amended to do</i>
May 13	Read third time and <i>Secs 35+36</i>
May 13	<i>Secs 35+36</i> PASSED Effective Date Yeas 36 Yeas Nays 3 Nays <i>(Same)</i> Excused 1 Excused Absent 0 Absent
	Reconsideration Reconsideration not taken up
	PASSED Effective Date Yeas Yeas Nays Nays Excused Excused Absent Absent
5 13	Reported correctly engrossed
5 13	Signed by Speaker
5 13	Sent to Senate
	<i>Doreen Ashen</i> CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19 87	Read first time and referred to Committee on
5 13	<b>LC and Res FIN</b>
19 88	Reported back with recommendation that <i>L+C</i> <i>w/SCS - new title, taken</i> <i>Change 2 dopan, 3 no rec</i> <i>FIN to just do part of SCS</i> <i>no rec, previous FIN to Fin</i>
3 9	<i>Resources waived to FIN</i>
4 29	
4 29	
	Read second time and
	Read third time and
	PASSED Effective Date Yeas Yeas Nays Nays Excused Excused Absent Absent
	Reconsideration Reconsideration not taken up
	PASSED Effective Date Yeas Yeas Nays Nays Excused Excused Absent Absent
	Reported correctly engrossed Signed by President Returned to House
	SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19	Received from Senate
	Concurred in Senate amendment thus adopting: VOTE
	Failed to concur in Senate amendment; asked Senate to recede VOTE
	Senate receded from amendment VOTE
	Senate failed to recede from amendment VOTE
	CC appointed by House
	CC appointed by Senate
	CC adopted by House VOTE
	CC adopted by Senate VOTE
	To enrolling Reported correctly enrolled Sent to Governor
	..... by Governor
	Filed with Lt. Governor
	Chapter No. ....

SECTIONAL ANALYSIS  
HB 185

"AN ACT REPEALING CERTAIN STATE LOAN PROGRAMS AND MAKING MISCELLANEOUS CHANGES TO OTHER STATE LOAN PROGRAMS; AND PROVIDING FOR AN EFFECTIVE DATE."

PREPARED BY  
DIVISION OF INVESTMENTS  
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

Salmon Enhancement Loans

Sec. 1. Article 9. Housekeeping: The title is amended for clarity and consistency.

AS 16.10.500. Housekeeping: The word salmon is being added for clarity and consistency.

AS 16.10.500. Program Amendment: Eliminates enhancement and rehabilitation activities as they are not prudent to lend on since they do not produce revenue for debt service or operating costs. These activities can be funded by the regional's enhancement tax or surplus fish revenues.

Sec. 2. AS 16.10.505. Housekeeping: The word salmon is being added for consistency.

Sec. 3. AS 16.10.507(a). Housekeeping: The word salmon is being added for consistency.

Sec. 4. AS 16.10.510. Housekeeping: The powers and duties of the section were given to the department, rather than the commissioner, to be consistent with other loan programs.

AS 16.10.510(1). Housekeeping: This section adds clarifying language consistent with the rest of the chapter and removes obsolete references.

AS 16.10.510(2). Housekeeping: This section removes qualifying language which is moved to AS 16.10.515 under Section 5.

AS 16.10.510(2). Program amendment: Removes the requirement that a nonprofit corporation must be approved by a regional aquaculture association in order to be eligible to receive a preconstruction loan.

AS 16.10.510(4). Housekeeping: Updates reference to previously changed item.

AS 16.10.510(5). Housekeeping: This section adds updated language and removes specific loan term language which is moved to AS 16.10.518(c) under Section 5.

AS 16.10.510(6). Housekeeping: This section removes specific interest rate language which is moved to AS 16.10.518(b) under Section 5.

AS 16.10.510(7). Housekeeping: Removes reference to previously changed item.

AS 16.10.510(9). Housekeeping: Removes language for 50/50 matching grant, as royalty assessments are unconstitutional and no longer contained in the chapter.

AS 16.10.510(10). Program Amendment: Eliminates enhancement and rehabilitation activities as they are not prudent to lend on since they do not produce revenue for debt service or operating costs. These activities can be funded by the regional's enhancement tax or surplus fish revenues.

Sec. 5. AS 16.10.515. Housekeeping: The LOAN ELIGIBILITY section was created to consolidate all eligibility requirements.

AS 16.10.518. Housekeeping: The LOAN TERMS section was created to consolidate all loan terms.

AS 16.10.518(d) Program Amendment: This section has two changes:

1. Principal: Current law mandates a six to ten year principal deferment for each loan during which no payments can be collected. The new language allows, but does not require, deferment of principal up to ten years. An example of no deferment could be a shortfall in revenues that requires an operating loan that could be paid back from the following year's revenue. Having to wait a minimum of six years for such a repayment is an unnecessary subsidy.
2. Interest: Current law requires interest forgiveness during the initial six to ten year period of each loan. The new language allows, but does not require,

a deferment of interest up to ten years, with the deferred interest being collected over the remaining term of the loan. Hatchery pro formas show that successful facilities will have more than adequate cash flow at full production to recapture deferred interest. This would eliminate the major subsidy now required under this program.

Sec. 6. AS 16.10.520(a). Housekeeping: This section puts a \$10,000,000 limit on the total capital loans made to a regional, or to a nonregional approved by a regional, for a single salmon hatchery. This limit was not previously clear due to ambiguous language.

Sec. 7. AS 16.10.520(b). Housekeeping: This section puts a \$2,000,000 limit on the total capital loans made to a nonregional not approved by a regional for a single salmon hatchery. This limit was not previously clear due to ambiguous language.

Sec. 8. AS 16.10.560. Housekeeping: The words "department" and "regional aquaculture association" and their definitions have been added and the definition of "salmon hatchery" has been clarified.

#### Veterans' Loans

Sec. 9. AS 26.15.040(d). Housekeeping: This section repeals language relating to the procedures to be followed in disbursing loan funds. As the department has not made loans under this program since 1980, this procedural language is now obsolete and unnecessary. Also, if the department were making new loans, the procedures outlined would not necessarily be the appropriate ones to follow.

Sec. 10. AS 26.15.040(e). Housekeeping: This section removes a specific statutory cite reference which is being repealed (Sec. 21) and replaces it with a more general reference to "the veterans' loan program." Language setting out certain eligibility criteria under the program is also being relocated here due to the repeal (Sec. 21) of the statute containing this language.

#### Mining Loans

Sec. 11. AS 27.09.010. Program Amendment: This section removes the authority of the department to make mining loans.

AS 27.09.010. Housekeeping: This section clarifies language related to the establishment of the revolving loan fund and deposits into the fund.

Sec. 12. AS 27.09.050. Program Amendment: This section removes the requirement that the department consult with the Department of Natural Resources or other highly qualified person when regulations are prepared.

Outdoor Recreational, Open Space,  
and Historic Properties

Sec. 13. AS 41.98.175(a). This section does not affect the Department of Commerce and Economic Development.

Child Care Facility Loans

Sec. 14. AS 44.33.245(a). Program Amendment: This section removes authority for the department to make child care facility loans.

Sec. 15. AS 44.33.255(d). Housekeeping: This section adds the requirement that all monies received through liquidation of child care facility loans be deposited into the child care facility revolving loan fund.

Alternative Energy Loans

Sec. 16. AS 45.88.030(d). Housekeeping: This section adds the requirement that all monies received through liquidation of alternative energy loans be deposited into the alternative energy revolving loan fund. The section also removes reference to the Alternative Technology loan program which was sunsetted in 1984.

Residential Energy Conservation Loans

Sec. 17. AS 45.89.030(h). Housekeeping: This section adds the requirement that all monies received through liquidation of residential energy conservation loans be deposited in the residential energy conservation revolving loan fund.

### Small Business Loans

Sec. 18. AS 45.95.020(d). Housekeeping: This section repeals language relating to the procedures to be followed in disbursing loan funds. As the department has not made loans under this program since 1980, this procedural language is now obsolete and unnecessary. Also, if the department were making new loans, the procedures outlined would not necessarily be the appropriate ones to follow.

### Historical District Loans

Sec. 19. AS 45.98.010. Housekeeping: This section adds the requirement that all monies received through liquidation of historical district loans be deposited in the historical district revolving loan fund.

Sec. 20. AS 45.98.030. Housekeeping: This section removes language referencing the form and procedure for submitting loan applications and consulting with the Historic Sites Advisory Committee.

### Repealed Statutes

Sec. 21. AS 16.10.320(b). Commercial Fishing. Housekeeping: This section repeals requirements which are now obsolete due to changes in federal laws.

AS 16.10.520(c). Salmon Enhancement. Housekeeping: Repeals collateral requirements; this section was modified for clarity and added to Section 5.

AS 16.10.520(e). Salmon Enhancement. Housekeeping: Repeals the section that ties the amount that can be lent to an annual appropriation. Loan limits are already established in the chapter (secs. 6 and 7) and are further limited by the amount of money available in the revolving loan fund.

AS 16.10.525. Salmon Enhancement. Program Amendment: Repeals the section dealing with the initial period of a loan; see Section 5.

AS 16.10.540. Salmon Enhancement. Housekeeping: Repeals the requirements for taking an assignment of voluntary tax assessments; this authority has been added under Section 5.

AS 26.15. Veterans'. Housekeeping: All repealed statutes for this program are obsolete and unnecessary due to the inactive status of the program. These include those referring to eligibility, the various types of loans originally authorized, and certain administrative procedures.

AS 27.09. Mining. Program Amendment: All repealed 27.09 statutes are those referring to loan eligibility, terms and definitions which are no longer necessary because the authority to make mining loans is removed in Sec. 11.

AS 41.30. Area Redevelopment. These sections do not affect the Department of Commerce and Economic Development.

AS 41.98.175(b) and (c). Outdoor Recreational, Open Space and Historic Properties. These sections do not affect the Department of Commerce and Economic Development.

AS 44.33. Child Care Facility. Program Amendment: All repealed 44.33 statutes are those referring to loan eligibility and terms which are no longer necessary because the authority to make child care facility loans is removed in Sec. 14.

AS 44.62.330(a)(46). Fisheries Enhancement. Program Amendment: This is the only loan program subject to the appeal requirements of the Administrative Procedure Act. The department currently has regulations establishing an appeal process for all its loan programs, including Fisheries Enhancement. This process has been successful in all other loan programs administered by the department.

AS 45.88. Alternative Energy. Program Amendment: These repeal the lending authority of the department for this program.

AS 45.89. Residential Energy Conservation. Program Amendment: These repeal the lending authority of the department for this program.

AS 45.90.020(a)(1) and (4), and (b); and AS 45.90.030. Tourism. Housekeeping: These statutes, relating to eligibility and various loan limitations such as the maximum loan amounts, collateral requirements, interest rate, etc., are obsolete and unnecessary due to the inactive status of the program.

AS 45.92. Fishery Product Guarantee. These sections do not affect the Department of Commerce and Economic Development.

AS 45.94. Forest Product Guarantee. These sections do not affect the Department of Commerce and Economic Development.

AS 45.95. Small Business. Housekeeping. All repealed 45.95 statutes relating to eligibility, loan limitations, etc. are obsolete and unnecessary due to the inactive status of the program.

AS 45.98. Historical District. Program Amendment. These repeal the lending authority of the department for this program.

Secs. 3 and 4, ch. 156 SLA 1984. Tourism and Small Business. Program Amendment: These sections require the cash balance of these revolving loan funds to be transferred annually to the general fund. As continuing appropriations, these sections are arguably illegal under recent court decisions. If this bill passes, it is recommended that similar language for all repealed loan funds be inserted into the budget bill each year. This recommendation is set out and explained in the Governor's transmittal letter.

DM/ss0514Z  
032787g

HB

187

# HOUSE COMMITTEE REPORT

(11)

Date referred: 4/1/87

FURTHER REFERRALS:

DATE: 5-14-87

The Finance Committee has considered HB 187

"An Act relating to geographic pay differentials; and providing for an effective date."

**RECOMMENDS:**

- replace with CS HB 187 (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:**  FINANCE 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:**

Al Adams

Ray Wells

Steve Rieger

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**SIGNING OTHER RECOMMENDATIONS:**

No Rec Chaswell

Mark Beyer NR

Ronald J. Lamm No Rec

Jay Brown No Rec

Mike W. NO REC

Shad No Rec.

Al Adams  
Chairman's signature

HOUSE FINANCE COMMITTEE  
LETTER OF INTENT  
FOR  
CS HB 187 (FINANCE)

Historically, salaries of executive branch state employees classified, partially exempt or exempt and not in a collective bargaining unit, legislative branch employees and employees of the judicial branch have been paid in accordance with a salary schedule based on the basic monthly salaries paid to members of the general government collective bargaining unit. In enacting CS HB 187 (Finance) it is the intent of the legislature that this practice continue. It is further the intent of the legislature that in the event that the product of collective bargaining negotiations results in a requirement for additional personal services funds for employee groups covered by CS HB 187 (Finance) above what is included in the FY 88 operating budget approved by the legislature and signed into law by the governor, the Office of the Governor shall present a supplemental appropriation request to the Second Session of the Fifteenth Alaska Legislature for consideration.



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Representative Al Adams, Chair  
House Finance Committee

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTEBill Version: CS HB 187 (FIN)  
Publish Date: HOUSE 3/18/87REQUEST Law Log 773-87-0077

Revision Date: \_\_\_\_\_ Agency Affected: All  
 Title: Relating to Geographic Pay BRU: \_\_\_\_\_  
Differentials Effective Date  
 Sponsor: Governor Cowper Components: \_\_\_\_\_  
 Requestor: \_\_\_\_\_

## EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
<b>OPERATING</b>						
PERSONAL SERVICES	0.0	(3.0)	(49.8)	(89.6)	(123.4)	(152.1)
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	392.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>(3.0)</b>	<b>(49.8)</b>	<b>302.4</b>	<b>(123.4)</b>	<b>(152.1)</b>
<b>CAPITAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>REVENUE</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## FUNDING: (Thousands of Dollars)

GENERAL FUND	0.0	(3.0)	(49.8)	302.4	(123.4)	(152.1)
FEDERAL FUNDS	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS: Attach a separate page if necessary See attached.

Prepared By: Diana DeSimone, Director  
 Division: Personnel

Phone: 465-4430

Date: 2/17/87

Approved by Commissioner: Garrey Peska  
 Agency: Department of Administration

Date: 3/11/87

## Distribution (by preparer):

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

FISCAL NOTE ANALYSIS

For Law Log \_\_\_\_\_

SUBJECT OF PROPOSED BILL:

Relating to geographic pay differentials; effective date.

SUMMARY/EXPLANATION OF INTENT:

Section 1 of this bill amends the geographic pay differentials paid to State employees under AS 39.27 to match those in effect for members of the Alaska Public Employees Association (APEA) bargaining units. Only employees in the partially exempt service and employees in the classified service not covered by a collective bargaining agreement are subject to the proposed changes. This fiscal note is further limited to currently filled, full-time positions. The bill has a similar effect on hourly employees in the partially exempt service.

The proposed change in geographic pay differentials does not affect employees in Ketchikan, Juneau or Anchorage (1961 Election Districts 1, 4 and 8). There is no geographic pay differential currently provided to these employees, and none will be provided under this bill. There are currently 77 full-time, filled positions in the balance of the state which are affected by this bill. The geographic pay differential for 15 of these positions will increase. The geographic pay differential for the remaining 62 will decrease.

Section 3 of the bill provides that the pay rate of current employees will not be reduced by enactment of the new differentials. Savings are realized upon turnover. The salary of current employees is frozen until other personnel actions would cause an employee's salary to exceed the frozen level (increases in the pay table, merit increases, promotions, etc.).

This analysis assumes:

- No general pay increases during the period covered by this fiscal note.
- The overall turnover rate of 15% applies equally to this group.
- Average benefits are 30%.

ESTIMATED FISCAL IMPACT:

The current annual Personal Services cost for the 77 positions is \$6,141.6 thousand. The added first year (FY 88) cost of the 15 employees whose differential will be increased is \$52.0 thousand. When all employees are on the new differential schedule, the annual Personal Services cost will be \$5,826.8 thousand. Each year, beginning with FY 88, the cost of these positions will be reduced by 15% of the remaining difference between the first year cost and the long-term costs. First year savings are \$55.0 thousand. Second year savings are an additional \$46.8 thousand. Third year savings are an additional \$39.8 thousand, etc. These costs and savings are summarized below:

CONTINUATION OF FISCAL NOTE ANALYSIS

For Law Log \_\_\_\_\_

Current Annual Personal Services Costs	\$6,141.6
Added Costs FY 88	52.0
	<u>6,193.6</u>
Less Ultimate Long-Range Annual Personal Services Costs	(5,826.8)
Ultimate Annual Savings	<u><u>\$ ( 366.8)</u></u>

	<u>Additional Savings (15% of Remaining Annual Savings)</u>	<u>Cost</u>	<u>Net Annual Savings</u>
FY 88 (First Year)	\$55.0	\$52.0	\$ 3.0
FY 89 (Second Year)	46.8		49.8
FY 90 (Third Year)	39.8		89.6
FY 91 (Fourth Year)	33.8		123.4
FY 92 (Fifth Year)	28.7		152.1
o			o
o			o
o			o
(Thirty-third Year)			366.8

Section 2 of the bill provides that studies of the geographic differentials be conducted at five-year intervals, subject to funding. The most recent study was conducted in FY 85. The fiscal note shows \$392.0 in Contractual Services in FY 90 for the next study, which was the actual cost of the FY 85 study.

Because the proposed effective date is July 16, 1987, there is no need for an appropriation adjustment to Personal Services. The changes will be incorporated in future budget submissions.

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 187 (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 sick leave and medical leave,  
7 salaries, and geographic pay differentials of certain  
8 state employees who are not members of collective  
9 bargaining units; relating to salary surveys; repeal-  
10 ing a requirement that the director of personnel  
11 prepare an annual pay schedule; and providing for an  
12 effective date."

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

14 \* Section 1. AS 39.20.256(a) is amended to read:

15 Sec. 39.20.256. TRANSFER OF ACCRUED MEDICAL OR SICK LEAVE. (a)  
16 When an [AN] officer or employee who has accrued medical or sick leave  
17 transfers from a position in which the officer or employee accrued  
18 sick or medical leave to a position that accrues personal leave under  
19 AS 39.20.200, the officer or employee shall have up to 15 days [40 PER  
20 CENT] of that medical or sick leave transferred to the officer's or  
21 employee's personal leave account and the remainder [60 PER CENT OF  
22 THAT MEDICAL LEAVE] transferred to a medical leave bank. Banked  
23 medical leave may be taken only in accordance with this section.

24 \* Sec. 2. AS 39.20.256(b) is amended to read:

25 (b) An officer or employee may use the lesser of 15 days or the  
26 remaining balance from the banked medical leave for a medical reason  
27 under AS 39.20.225(b). In addition, the [AN] officer or employee may  
28 [NOT] take [ANY] banked medical leave in excess of the 15-day limit if  
29 [UNLESS] the officer or employee

- 1                   (1) has no accrued personal leave; and  
 2                   (2) has a medical disability exceeding 10 consecutive  
 3 working days in duration; or  
 4                   (3) has a medical disability exceeding 30 consecutive  
 5 working days in duration.

6 \* Sec. 3. AS 39.20.256 is amended by adding a new subsection to read:

7           (g) This section applies to a state officer or employee who  
 8 becomes eligible to accrue personal leave under AS 39.20.200 while  
 9 holding accrued sick or medical leave.

10 \* Sec. 4. AS 39.27.020(a) is repealed and reenacted to read:

11           (a) The following pay differentials are approved as an amendment  
 12 to the basic salary schedule in AS 39.27.011:

Percentage Pay	Geographic Areas
Differential	(Election Districts)
0	1, 2, 3, 4, 7, 8, 9, and 10
4	16 South of the Arctic Circle except the duty stations of Tok and Delta Junction
5	5
9	11
11	6
16	The duty stations of Tok and Delta Junction
20	The duty station of Nenana
27	12 and 13
30	15 except the duty station of Nenana, and 19
34	18
38	14
42	16 North of the Arctic Circle, and 17
-13	In other states

29 \* Sec. 5. AS 39.27.020(c) is repealed and reenacted to read:

1 (c) The director may establish salary differentials for posi-  
2 tions in foreign countries. Following a survey conducted under  
3 AS 39.27.030, the differentials must be adjusted as necessary to  
4 maintain equitable relationships between salaries for positions in  
5 foreign countries and salaries for positions in Alaska.

6 \* Sec. 6. AS 39.27.020 is amended by adding a new subsection to read:

7 (d) The geographic pay differentials in (a) of this section may  
8 not be used as a basis for evaluating cost-of-living or program cost  
9 differentials related to the funding of a state program.

10 \* Sec. 7. AS 39.27.030 is repealed and reenacted to read:

11 Sec. 39.27.030. COST-OF-LIVING SURVEY. Subject to available  
12 funding, the director shall conduct a survey at five-year intervals to  
13 review the geographic pay differentials provided under AS 39.27.020.  
14 The survey may address factors, as determined by the director, that  
15 are also relevant in review of state salary schedules.

16 \* Sec. 8. (a) If the salary an employee is receiving on July 15, 1987,  
17 would be reduced by application of the pay differential, as amended in sec.  
18 4 of this Act, the following applies if the employee remains in the same  
19 geographic area, as described in AS 39.27.020:

20 (1) the employee's salary may not be reduced as a result of  
21 application of the pay differential; and

22 (2) the employee's salary remains at its July 15, 1987, level  
23 until, under the pay differential as amended in sec. 4 of this Act, the  
24 employee's salary would exceed that level because of

25 (A) a change in the state salary schedule (AS 39.27.011);

26 (B) a change in the employee's pay range or step; or

27 (C) application of a longevity pay increment.

28 (b) If an employee moves to another geographic area after July 15,  
29 1987, the pay differential, as amended in sec. 4 of this Act, applies to

1 that employee's salary on the effective date of the move.

2 (c) This section does not prohibit a reduction in an employee's  
3 salary as a result of a voluntary or involuntary demotion.

4 \* Sec. 9. SALARIES OF CLASSIFIED AND PARTIALLY EXEMPT EXECUTIVE-BRANCH  
5 EMPLOYEES NOT IN A COLLECTIVE BARGAINING UNIT. Notwithstanding AS 39.27.-  
6 011(a), the basic monthly salaries of classified and partially exempt  
7 employees who are not members of a collective bargaining unit established  
8 under AS 23.40 shall be adjusted by the same percentage of adjustments in  
9 the basic monthly salaries paid to members of the general government col-  
10 lective bargaining unit, for any period beginning after June 30, 1987. The  
11 adjustments for the classified and partially exempt employees not in a  
12 collective bargaining unit shall be made in the same pay period that a new  
13 pay plan is implemented for the general government unit by the state. If  
14 the state has not implemented a new pay plan for the general government  
15 unit by July 1, 1987, the classified and partially exempt employees who are  
16 not in a collective bargaining unit shall be paid according to AS 39.27.-  
17 011(a) from July 1, 1987, until the first pay period of implementation of a  
18 new pay plan for the general government unit.

19 \* Sec. 10. SALARIES OF EMPLOYEES OF THE JUDICIAL AND LEGISLATIVE  
20 BRANCHES AND EXEMPT EMPLOYEES OF THE EXECUTIVE BRANCH. Salary adjustments  
21 comparable to those received by the classified and partially exempt employ-  
22 ees of the executive branch, under sec. 9 of this Act, shall be made for  
23 the following employees:

24 (1) permanent and temporary employees of the judicial branch;

25 (2) permanent employees of the legislative branch, the chief  
26 clerk of the house of representatives and employees of the office of the  
27 chief clerk, and the senate secretary and employees of the office of the  
28 senate secretary;

29 (3) permanent and temporary employees of the executive branch

1 who are in the exempt service under AS 39.25.110, who are not members of a  
2 collective bargaining unit established under the Public Employment Rela-  
3 tions Act (AS 23.40), and who are not otherwise statutorily covered by  
4 AS 39.27.011(a).

5 \* Sec. 11. SALARIES OF EMPLOYEES OF THE UNIVERSITY OF ALASKA. Notwith-  
6 standing sec. 10(3) of this Act, the salaries of employees of the  
7 University of Alaska who are not members of a collective bargaining unit  
8 shall be adjusted in accordance with the compensation policy of the board  
9 of regents of the University of Alaska.

10 \* Sec. 12. AS 39.27.035 and 39.27.040 are repealed.

11 \* Sec. 13. Sections 4 - 8 and 12 of this Act take effect July 16, 1987.

12 \* Sec. 14. Sections 1 - 3 and 9 - 11 of this Act take effect immedi-  
13 ately under AS 01.10.070(c).

wo0977hB  
Cramer  
5/13/87

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 187 (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 sick leave and medical leave,  
7 salaries, and geographic pay differentials of certain  
8 state employees who are not members of collective  
9 bargaining units; relating to salary surveys; repeal-  
10 ing a requirement that the director of personnel  
11 prepare an annual pay schedule; and providing for an  
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13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

14 \* Section 1. AS 39.20.256(a) is amended to read:

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16 When an [AN] officer or employee who has accrued medical or sick leave  
17 transfers from a position in which the officer or employee accrued  
18 sick or medical leave to a position that accrues personal leave under  
19 AS 39.20.200, the officer or employee shall have up to 15 days [40 PER  
20 CENT] of that medical or sick leave transferred to the officer's or  
21 employee's personal leave account and the remainder [60 PER CENT OF  
22 THAT MEDICAL LEAVE] transferred to a medical leave bank. Banked  
23 medical leave may be taken only in accordance with this section.

24 \* Sec. 2. AS 39.20.256(b) is amended to read:

25 (b) An officer or employee may use the lesser of 15 days or the  
26 remaining balance from the banked medical leave for a medical reason  
27 under AS 39.20.225(b). In addition, the [AN] officer or employee may  
28 [NOT] take [ANY] banked medical leave in excess of the 15-day limit if  
29 [UNLESS] the officer or employee

(1) has no accrued personal leave; and

(2) has a medical disability exceeding 10 consecutive working days in duration; or

(3) has a medical disability exceeding 30 consecutive working days in duration.

\* Sec. 3. AS 39.20.256 is amended by adding a new subsection to read:

(g) This section applies to a state officer or employee who becomes eligible to accrue personal leave under AS 39.20.200 while holding accrued sick or medical leave.

\* Sec. 4. AS 39.27.020(a) is repealed and reenacted to read:

(a) The following pay differentials are approved as an amendment to the basic salary schedule in AS 39.27.011:

Percentage Pay Differential	Geographic Areas (Election Districts)
0	1, 2, 3, 4, 7, 8, 9, and 10
4	16 South of the Arctic Circle except the duty stations of Tok and Delta Junction
5	5
9	11
11	6
16	The duty stations of Tok and Delta Junction
20	The duty station of Nenana
27	12 and 13
30	15 except the duty station of Nenana, and 19
34	18
38	14
42	16 North of the Arctic Circle, and 17
-13	In other states

\* Sec. 5. AS 39.27.020(c) is repealed and reenacted to read:

1 (c) The director may establish salary differentials for posi-  
2 tions in foreign countries. Following a survey conducted under  
3 AS 39.27.030, the differentials must be adjusted as necessary to  
4 maintain equitable relationships between salaries for positions in  
5 foreign countries and salaries for positions in Alaska.

6 \* Sec. 6. AS 39.27.020 is amended by adding a new subsection to read:

7 (d) The geographic pay differentials in (a) of this section may  
8 not be used as a basis for evaluating cost-of-living or program cost  
9 differentials related to the funding of a state program.

10 \* Sec. 7. AS 39.27.030 is repealed and reenacted to read:

11 Sec. 39.27.030. COST-OF-LIVING SURVEY. Subject to available  
12 funding, the director shall conduct a survey at five-year intervals to  
13 review the geographic pay differentials provided under AS 39.27.020.  
14 The survey may address factors, as determined by the director, that  
15 are also relevant in review of state salary schedules.

16 \* Sec. 8. (a) If the salary an employee is receiving on July 15, 1987,  
17 would be reduced by application of the pay differential, as amended in sec.  
18 4 of this Act, the following applies if the employee remains in the same  
19 geographic area, as described in AS 39.27.020:

20 (1) the employee's salary may not be reduced as a result of  
21 application of the pay differential; and

22 (2) the employee's salary remains at its July 15, 1987, level  
23 until, under the pay differential as amended in sec. 4 of this Act, the  
24 employee's salary would exceed that level because of

25 (A) a change in the state salary schedule (AS 39.27.011);

26 (B) a change in the employee's pay range or step; or

27 (C) application of a longevity pay increment.

28 (b) If an employee moves to another geographic area after July 15,  
29 1987, the pay differential, as amended in sec. 4 of this Act, applies to

1 that employee's salary on the effective date of the move.

2 (c) This section does not prohibit a reduction in an employee's  
3 salary as a result of a voluntary or involuntary demotion.

4 \* Sec. 9. SALARIES OF CLASSIFIED AND PARTIALLY EXEMPT EXECUTIVE-BRANCH  
5 EMPLOYEES NOT IN A COLLECTIVE BARGAINING UNIT. Notwithstanding AS 39.27.-  
6 011(a), the basic monthly salaries of classified and partially exempt  
7 employees who are not members of a collective bargaining unit established  
8 under AS 23.40 shall be adjusted by the same percentage of adjustments in  
9 the basic monthly salaries paid to members of the general government col-  
10 lective bargaining unit, for any period beginning after June 30, 1987. The  
11 adjustments for the classified and partially exempt employees not in a  
12 collective bargaining unit shall be made in the same pay period that a new  
13 pay plan is implemented for the general government unit by the state. If  
14 the state has not implemented a new pay plan for the general government  
15 unit by July 1, 1987, the classified and partially exempt employees who are  
16 not in a collective bargaining unit shall be paid according to AS 39.27.-  
17 011(a) from July 1, 1987, until the first pay period of implementation of a  
18 new pay plan for the general government unit.

19 \* Sec. 10. SALARIES OF EMPLOYEES OF THE JUDICIAL AND LEGISLATIVE  
20 BRANCHES AND EXEMPT EMPLOYEES OF THE EXECUTIVE BRANCH. Salary adjustments  
21 comparable to those received by the classified and partially exempt employ-  
22 ees of the executive branch, under sec. 9 of this Act, shall be made for  
23 the following employees:

24 (1) permanent and temporary employees of the judicial branch;

25 (2) permanent employees of the legislative branch, the chief  
26 clerk of the house of representatives and employees of the office of the  
27 chief clerk, and the senate secretary and employees of the office of the  
28 senate secretary;

29 (3) permanent and temporary employees of the executive branch

1 who are in the exempt service under AS 39.25.110, who are not members of a  
2 collective bargaining unit established under the Public Employment Rela-  
3 tions Act (AS 23.40), and who are not otherwise statutorily covered by  
4 AS 39.27.011(a).

5 \* Sec. 11. SALARIES OF EMPLOYEES OF THE UNIVERSITY OF ALASKA. Notwith-  
6 standing sec. 10(3) of this Act, the salaries of employees of the  
7 University of Alaska who are not members of a collective bargaining unit  
8 shall be adjusted in accordance with the compensation policy of the board  
9 of regents of the University of Alaska.

10 \* Sec. 12. AS 39.27.035 and 39.27.040 are repealed.

11 \* Sec. 13. Sections 4 - 8 and 12 of this Act take effect July 16, 1987.

12 \* Sec. 14. Sections 1 - 3 and 9 - 11 of this Act take effect immedi-  
13 ately under AS 01.10.070(c).

STATE OF ALASKA  
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 30, 1987

SUBJECT: CSHB 187 (Finance)  
(Compensation and benefits of state employees)

TO: Representative Al Adams  
Chairman, Finance Committee

FROM: Teresa B. Cramer *TBC*  
Legislative Counsel

Enclosed is the draft committee substitute you requested. Please note that the sections relating to salaries do not, as drafted, apply to officers and employees whose salaries are established by statute. These include judges and justices (AS 22.05.140(a), AS 22.07.090(a), AS 22.10.190(a), and AS 22.15.220(a)); legislators (AS 24.10.100); and the governor, lieutenant governor, and commissioners and deputy commissioners of the principal departments (AS 39.20.010, 39.20.020, and 39.20.080(a) and (b)). There may be other positions whose salaries are established at a particular range and step that are not included in this list. If you wish to have the salary adjustments apply to some or all of these positions, please let me know.

Temporary legislative employees other than those listed in section 9, paragraph (2) are also not covered by the salary adjustment. These employees were not included in the legislation that granted the most recent salary increase, ch. 87, SLA 1985.

If I may be of further assistance, please advise.

TC:mkr  
m11/100

Enclosure

wo0977hB  
Cramer  
4/30/87

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 187 (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 compensation and benefits of cer-  
7 tain state employees; and providing for an effective  
8 date."

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

10 \* Section 1. AS 39.20.256(a) is amended to read:

11 Sec. 39.20.256. TRANSFER OF ACCRUED MEDICAL OR SICK LEAVE. (a)  
12 When an [AN] officer or employee who has accrued medical or sick leave  
13 transfers from a position in which the officer or employee accrued  
14 sick or medical leave to a position that accrues personal leave under  
15 AS 39.20.200, the officer or employee shall have up to 15 days [40 PER  
16 CENT] of that medical or sick leave transferred to the officer's or  
17 employee's personal leave account and the remainder [60 PER CENT OF  
18 THAT MEDICAL LEAVE] transferred to a medical leave bank. Banked  
19 medical leave may be taken only in accordance with this section.

20 \* Sec. 2. AS 39.20.256(b) is amended to read:

21 (b) An officer or employee may use the lesser of 15 days or the  
22 remaining balance from the banked medical leave for a medical reason  
23 under AS 39.20.225(b). In addition, the [AN] officer or employee may  
24 [NOT] take [ANY] banked medical leave in excess of the 15-day limit if  
25 [UNLESS] the officer or employee

26 (1) has no accrued personal leave; and

27 (2) has a medical disability exceeding 10 consecutive  
28 working days in duration; or

29 (3) has a medical disability exceeding 30 consecutive

1 working days in duration.

2 \* Sec. 3. AS 39.20.256 is amended by adding a new subsection to read:

3 (g) This section applies to a state officer or employee who  
4 becomes eligible to accrue personal leave under AS 39.20.200 while  
5 holding accrued sick or medical leave.

6 \* Sec. 4. AS 39.27.020(a) is repealed and reenacted to read:

7 (a) The following pay differentials are approved as an amendment  
8 to the basic salary schedule in AS 39.27.011:

Percentage Pay	Geographic Areas
Differential	(Election Districts)
0	1, 2, 3, 4, 7, 8, 9, and 10
4	.16 South of the Arctic Circle except the duty stations of Tok and Delta Junction
5	5
9	11
11	6
16	The duty stations of Tok and Delta Junction
20	The duty station of Nenana
27	12 and 13
30	15 except the duty station of Nenana, and 19
34	18
38	14
42	16 North of the Arctic Circle, and 17
-13	In other states

25 \* Sec. 5. AS 39.27.020(c) is repealed and reenacted to read:

26 (c) The director may establish salary differentials for posi-  
27 tions in foreign countries. Following a survey conducted under  
28 AS 39.27.030, the differentials must be adjusted as necessary to  
29 maintain equitable relationships between salaries for positions in

1 foreign countries and salaries for positions in Alaska.

2 \* Sec. 6. AS 39.27.030 is repealed and reenacted to read:

3 Sec. 39.27.030. COST-OF-LIVING SURVEY. Subject to available  
4 funding, the director shall conduct a survey at five-year intervals to  
5 review the geographic pay differentials provided under AS 39.27.020.  
6 The survey may address factors, as determined by the director, that  
7 are also relevant in review of state salary schedules.

8 \* Sec. 7. (a) If the salary an employee is receiving on July 15, 1987,  
9 would be reduced by application of the pay differential, as amended in sec.  
10 4 of this Act, the following applies if the employee remains in the same  
11 geographic area, as described in AS 39.27.020:

12 (1) the employee's salary may not be reduced as a result of  
13 application of the pay differential; and

14 (2) the employee's salary remains at its July 15, 1987, level  
15 until, under the pay differential as amended in sec. 4 of this Act, the  
16 employee's salary would exceed that level because of

17 (A) a change in the state salary schedule (AS 39.27.011);

18 (B) a change in the employee's pay range or step; or

19 (C) application of a longevity pay increment.

20 (b) If an employee moves to another geographic area after July 15,  
21 1987, the pay differential, as amended in sec. 4 of this Act, applies to  
22 that employee's salary on the effective date of the move.

23 (c) This section does not prohibit a reduction in an employee's  
24 salary as a result of a voluntary or involuntary demotion.

25 \* Sec. 8. SALARIES OF CLASSIFIED AND PARTIALLY EXEMPT EXECUTIVE-BRANCH  
26 EMPLOYEES NOT IN A COLLECTIVE BARGAINING UNIT. Notwithstanding AS 39.27.-  
27 011(a), the basic monthly salaries of classified and partially exempt  
28 employees who are not members of a collective bargaining unit established  
29 under AS 23.40 shall be adjusted by the same percentage of adjustments in

1 the basic monthly salaries paid to members of the general government col-  
2 lective bargaining unit, for any period beginning after June 30, 1987. The  
3 adjustments for the classified and partially exempt employees not in a  
4 collective bargaining unit shall be made in the same pay period that a new  
5 pay plan is implemented for the general government unit by the state. If  
6 the state has not implemented a new pay plan for the general government  
7 unit by July 1, 1987, the classified and partially exempt employees who are  
8 not in a collective bargaining unit shall be paid according to AS 39.27.-  
9 011(a) from July 1, 1987, until the first pay period of implementation of a  
10 new pay plan for the general government unit.

11 \* Sec. 9. SALARIES OF EMPLOYEES OF THE JUDICIAL AND LEGISLATIVE  
12 BRANCHES AND EXEMPT EMPLOYEES OF THE EXECUTIVE BRANCH. Salary adjustments  
13 comparable to those received by the classified and partially exempt employ-  
14 ees of the executive branch, under sec. 8 of this Act, shall be made for  
15 the following employees:

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18 clerk of the house of representatives and employees of the office of the  
19 chief clerk, and the senate secretary and employees of the office of the  
20 senate secretary;

21 (3) permanent and temporary employees of the executive branch  
22 who are in the exempt service under AS 39.25.110, who are not members of a  
23 collective bargaining unit established under the Public Employment Rela-  
24 tions Act (AS 23.40), and who are not otherwise statutorily covered by  
25 AS 39.27.011(a).

26 \* Sec. 10. SALARIES OF EMPLOYEES OF THE UNIVERSITY OF ALASKA. Notwith-  
27 standing sec. 9(3) of this Act, the salaries of employees of the University  
28 of Alaska who are not members of a collective bargaining unit shall be  
29 adjusted in accordance with the compensation policy of the board of regents

1 of the University of Alaska.

2 \* Sec. 11. AS 39.27.035 and 39.27.040 are repealed.

3 \* Sec. 12. Sections 4 - 7 and 11 of this Act take effect July 16, 1987.

4 \* Sec. 13. Sections 1 - 3 and 8 - 10 of this Act take effect immedi-  
5 ately under AS 01.10.070(c).

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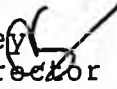


Alaska Public  
Employees Association **APEA**

State Headquarters: 340 N. Franklin, Juneau, AK 99801 (907) 586-2334

MEMORANDUM

TO: House Finance Committee

FROM: Cherie Shelley   
Executive Director

SUBJECT: CSHB 187

DATE: May 6, 1987

APEA has had an opportunity to review CSHB 187 (Finance) and has attached seven amendments for your consideration.

Section 8 has been reviewed and is acceptable to APEA as drafted.

In reference to Representative Frank's concerns regarding retaining frozen pay status for employees affected by the geographic differential study, additional language would not be appropriate in this legislation as it is a matter to be resolved at the bargaining table. One of APEA's highest priorities is to maintain frozen pay for existing employees. Two of the six members of APEA's bargaining teams reside in Fairbanks.

APEA would certainly support a letter of intent or a resolution on the issue of geographic differential.

Fairbanks Field Office  
825 College Road  
Fairbanks, AK 99701  
Telephone: (907) 458-5412

Anchorage Field Office  
833 Gambell Street, Suite A  
Anchorage, AK 99501  
Telephone: (907) 274-1688

Juneau Field Office  
227 4th Street  
Juneau, AK 99801  
Telephone: (907) 586-6305

Amendment 1

Page 1 line 6

Amend the title to read as follows:

"An Act relating to compensation and benefits of state employees not covered by a collective bargaining agreement and providing for an effective date."

Amendment 2

Page 1 Section 1 Line 15:

Change 15 days to 30 days

Justification: Currently employees have 40 percent of their medical or sick leave converted to personal leave. Under the proposed amendment employees could convert a maximum of 225 hours (30 days) to personal leave. Many of the employees moving from the classified service to the exempt service are career employees and have several hundred hours of sick or medical leave on the book.

An average member of the Supervisory Bargaining Unit has 613 hours of medical leave accrued. In the General Government Unit and the Supervisory Unit, APEA has the following employees with over 1000 hours of accrued medical leave.

<u>Accrued Hours of Medical Leave</u>	<u>Number of Employees</u>
Over 2000	18 SU Employees 12 GGU Employees
1500-1999	66 SU Employees 48 GGU Employees
1000-1499	118 SU Employees 178 GGU Employees

The highest number of hours of accrued medical leave for an APEA member is 2675 hours.

The change from 15 to 30 days seems fair to the employee, yet provides the state a considerable savings.

For example:

<u>Accrued Sick Leave</u>	<u>40 percent Conversion</u>	<u>Maximum of 30 days</u>
600 hours	240 hours	225 hours
1000 hours	400 hours	225 hours
1500 hours	600 hours	225 hours
2000 hours	800 hours	225 hours

Amendment 3

Page 1 Section 2 Line 21

Change 15 to 30 days.

Justification: This amendment would allow employees to use 30 days of the remaining sick leave balance rather than 15 days of the remaining sick leave balance for medical reasons without exhausting all accrued personal leave. This would also include a medical disability of 10 consecutive working days or a medical disability of 30 consecutive working days.

Employees use sick or medical leave not only for personal illnesses, but also use medical leave under AS 39.20.220 for:

1. Medical disability and dental appointments of a member's immediate family including children and parents.
2. Pregnancy and childbirth.
3. Death in a member's immediate family.

Given the above uses the change from 15 to 30 day seems reasonable.

Amendment 4

Page 2

Insert a new section 4 and renumber accordingly

\*Section 4 AS 39.27 is amended by adding a new section to read:

Sec. 39.27.013. STARTING SALARIES OF EXECUTIVE BRANCH EMPLOYEES NOT COVERED BY COLLECTIVE BARGAINING. (a) Upon appointment, executive branch employees not covered by collective bargaining shall be paid at the entry level salary step of the applicable salary range under AS 39.27.011(a), and shall remain at that step for at least one year from the date of appointment.

(b) The salaries of executive branch employees not covered by collective bargaining appointed on or after December 7, 1986, at a salary level higher than the entry level step of the applicable range number shall immediately be reduced to the Step A salary level of the applicable salary range, and shall remain at that step for at least one year from the date of appointment.

(c) This act does not apply to exempt employees whose salary is required by law to be set at a step level other than Step A.

\*Section 14. This act takes effect immediately under AS 01.10.070(c).

Justification:

The practice of previous administrations has been to increase the compensation of employees not covered by collective bargaining by what is known as an "advance step hire". Rather than hiring new employees at A step, new employees are hired at F step, a difference of approximately 14 percent, for example. This practice has continued and increased with the current administration.

The governor prides himself on his hiring practices. Almost all of his new hires above Range 16 are hired on the 90 percent salary schedule. However, all are also hired at advance steps. While the salaries of none of those employees not covered by a collective bargaining agreement exceed Step A of the regular salary schedule except Mr. Jeans and Mr. Evans; neither do they reflect a 10% reduction in salary.

Thus, if the GGU salary schedule was reduced 10 percent (90 percent schedule), a GGU employee hired December 15, 1986 at Step A would receive a full 10 percent reduction, while an exempt employee hired on the same date at Step C would receive only a 3 percent reduction.

Example of positions at advance step hire are shown on the attached chart.

Department of Labor is also making every effort to "atone" for the 10% reduction for its new partially exempt employees. Every