

ALASKA LEGISLATURE COMMITTEE BILL FILES - 1987 - 1988 8879

HB 300-S thru HB 308 L. F. 330

HB

300.S

SENATE COMMITTEE REPORT

FURTHER:

5/11/87

DATE TURNED INTO OFFICE 5/16/87

Mr. President:

FINANCE Committee considered HB 300(Title am)

changing certain references in the state corporate income tax statutes to conform to changes in federal law; changing the corporate minimum tax to the definition of the Internal Revenue Code.

and recommended:

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

[ ] attached amendment(s) and

[ ] do pass

[ ] do not pass

[ ] no recommendation

[  ] individual recommendations

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

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

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

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

MEMBERS SIGNING DO PASS

[Signature]  
[Signature]  
[Signature]  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

OTHER RECOMMENDATIONS

[Signature] (No Rec)  
[Signature]  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Signature] No Rec  
Chairman signature and recommendation

[ ] Committee Backup Attached

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

REQUEST \_\_\_\_\_  
Revision Date: May 6, 1978  
Title: Alternative Minimum Tax  
Sponsor: Administration  
Requestor: House Finance

Bill Version: HB 300  
Publish Date: HOUSE 5/11/87  
Agency Affected: Department of Revenue  
BRU: Division of Audit  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
<b>OPERATING</b>						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
<b>TOTAL OPERATING</b>	-	-	-	-	-	-
<b>CAPITAL</b>	-	-	-	-	-	-
<b>REVENUE</b>	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-	-

POSITIONS:

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

ANALYSIS: See attached.

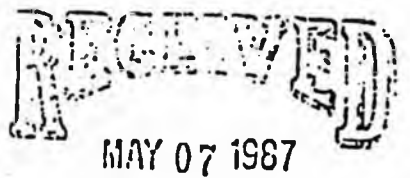
Prepared By: Steven E. Kettel  
Division: Division of Audit

Phone: 465-2320  
Date: May 6, 1987

Approved by Commissioner: \_\_\_\_\_  
Agency: \_\_\_\_\_

Date: 5/6/87

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



No. 1  
HB 300  
5/11/87

### Analysis of the Bill

The objective of a minimum tax is to ensure that no taxpayer with substantial economic income can avoid significant tax liability by using deductions, exclusions, and credits. The Tax Reform Act of 1986 replaced the corporate minimum tax with a more stringent minimum tax.

Taxable income for purposes of the prior and current minimum tax is equal to taxable income increased by certain tax preferences and adjusted in a manner that negates the tax deferral available under the regular tax. The new minimum tax, termed an alternative minimum tax, essentially expands the number of tax preferences. It is not a new tax but rather a fine tuning of the old tax.

The federal minimum tax is statutorily incorporated into Alaska law and the tax rate is 18% of the federal rate. However, the Alaska statute makes specific reference to the IRC provisions existing on the date of enactment. The IRC section numbers have now changed and there could be a question whether a basically procedural federal change results in a substantive change in Alaska law. The amendment to AS 43.20.021(f) clarifies this question and fixes the tax at 18% of the federal tax.

A review of ten of the largest companies filing corporate income tax returns in 1983 and 1984 revealed payment of five million dollars in minimum taxes. This amendment will not only raise an undetermined amount of additional revenue but will also protect the present minimum tax base. No change in current Alaska law is envisioned by the technical amendment.

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 HOUSE BILL NO. 300 (title 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 changing certain references in the state  
7 corporate income tax statutes to conform to changes  
8 in federal law; changing the corporate minimum tax to  
9 the corporate alternative minimum tax; and changing  
10 the definition of the Internal Revenue Code."

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

12 \* Section 1. AS 43.20.021(a) is amended to read:

13 (a) Sections 26 U.S.C. 1 - 1399 and 6001 - 7872 (Internal Reve-  
14  nue Code) [SUBTITLE F AND CHAPTER 1 OF SUBTITLE A OF THE 1954 INTERNAL  
15  REVENUE CODE, PUBLIC LAW 83-591], as amended, are adopted by reference  
16 as a part of this chapter [AS 43.20]. These portions of the Internal  
17 Revenue Code have full force and effect under this chapter [AS 43.20]  
18 unless excepted to or modified by other provisions of this chapter  
19 [AS 43.20].

20 \* Sec. 2. AS 43.20.021(f) is amended to read:

21 (f) For the purpose of calculating the alternative minimum tax  
22 on tax preferences provided for in 26 U.S.C. 55 - 59 [26 U.S.C. 56-58]  
23 (Internal Revenue Code), the tax [RATE] is 18 percent for corporations  
24 of the applicable alternative minimum federal tax [RATE].

25 \* Sec. 3. AS 43.20.036(a) is amended to read:

26 (a) For purposes of calcula'ing the income tax payable under  
27 this chapter, the taxpayer may not apply as a credit against tax  
28 liability the foreign tax credit allowed as to federal taxes under 26  
29 U.S.C. 27 [26 U.S.C. 33] (Internal Revenue Code).

1 \* Sec. 4. AS 43.20.200(b) is amended to read:

2 (b) The same period of limitation upon the assessment and col-  
3 lection of taxes imposed under this chapter and the same exceptions to  
4 it shall apply as provided in 26 U.S.C. 6501 - 6503 (Internal Revenue  
5 Code [OF 1954]). In the case of additional tax due by reason of a  
6 modification, recomputation, or determination of deficiency in a  
7 taxpayer's federal income tax return, the period of limitation on  
8 assessment commences from the date that the notice required in AS 43.-  
9 20.030(d) is filed, and if no notice is filed the tax may be assessed  
10 at any time.

11 \* Sec. 5. AS 43.20.270(m) is amended to read:

12 (m) The period of limitation upon distraint is the same as  
13 provided under 26 U.S.C. 6501(c), 6502(a), and 6503(a) (Internal Reve-  
14 nue Code [OF 1954]). In determining the running of a period of limi-  
15 tation in respect of distraint, the distraint is considered to begin  
16 when the levy upon property is made.

17 \* Sec. 6. AS 43.20.340(6) is amended to read:

18 (6) "Internal Revenue Code" means the Internal Revenue Code  
19 of the United States (26 U.S.C.) [(53 STAT. 1)] as the code exists now  
20 [AMENDED] or as hereafter amended, [INCLUDING ALL AMENDMENTS AFTER  
21 MARCH 29, 1949,] as the code and amendments apply to the normal taxes  
22 and surtax on net incomes, [BUT NOT INCLUDING EXCESS PROFITS TAXES,]  
23 which amendments are operative for the purposes of this chapter as of  
24 the time they became operative or will become operative under federal  
25 law;

26 \* Sec. 7. This Act applies to tax years beginning after December 31,  
27 1986.

beginning with the month in which production from such well begins.

(2) Election. If the taxpayer elects with respect to the intangible drilling and development costs for any well, the term "straight line recovery of intangibles" means any method which would be permitted for purposes of determining cost depletion with respect to such well and which is selected by the taxpayer for purposes of subsection (a)(2).

In '86, PL 99-514, Sec. 701(a), added Code Sec. 57, as part of the amendments to Part VI of subchapter A of chapter 1, effective for tax yrs. begin. after 12/31/86. Sec. 701(f)(4) of this Act provides:

"(4) Exception for charitable contributions before August 16, 1986.—Section 57(a)(6) of the Internal Revenue Code of 1986 (as amended by this section) shall not apply to any deduction attributable to contributions made before August 16, 1986."

Sec. 58. Denial of certain losses.

(a) Denial of farm loss.

(1) In general. For purposes of computing the amount of the alternative minimum taxable income for any taxable year of a taxpayer other than a corporation—

(A) Disallowance of farm loss. No loss of the taxpayer for such taxable year from any tax shelter farm activity shall be allowed.

(B) Deduction in succeeding taxable year. Any loss from a tax shelter farm activity disallowed under subparagraph (A) shall be treated as a deduction allocable to such activity in the 1st succeeding taxable year.

(2) Tax shelter farm activity. For purposes of this subsection, the term "tax shelter farm activity" means—

(A) any farming syndicate as defined in section 464(c) (as modified by section 461(i)(4)(A)), and

(B) any other activity consisting of farming which is a passive activity (within the meaning of section 469(d), without regard to paragraph (1)(B) thereof).

(3) Application to personal service corporations. For purposes of paragraph (1), a personal service corporation (within the meaning of section 469(g)(1)(C)) shall be treated as a taxpayer other than a corporation.

(b) Disallowance of passive activity loss.

In computing the alternative minimum taxable income of the taxpayer for any taxable year, section 469 shall apply, except that in applying section 469—

(1) the adjustments of section 56 shall apply,

(2) any deduction to the extent such deduction is an item of tax preference under section 57(a) shall not be taken into account, and

(3) the provisions of section 469(l) (relating to phase-in of disallowance) shall not apply.

(c) Special rules.

For purposes of this section—

(1) Special rule for insolvent taxpayers.

(A) In general. The amount of losses to which subsection (a) or (b) applies shall be reduced by the amount (if any) by which the taxpayer is insolvent as of the close of the taxable year.

(B) Insolvent. For purposes of this paragraph, the term "insolvent" means the excess of liabilities over the fair market value of assets.

(2) Loss allowed for year of disposition of farm shelter activity. If the taxpayer disposes of his entire interest in any tax shelter farm activity during any taxable year, the amount of the loss attributable to such activity (determined after carryovers under subsection (a)(1)(B)) shall (to the extent otherwise allowable) be allowed for such taxable year in computing alternative minimum taxable income and not treated as a loss from a tax shelter farm activity.

In '86, PL 99-514, Sec. 701(a) added Code Sec. 58 as part of the amendments to Part VI of subchapter A of chapter 1, effective for tax yrs. begin. after 12/31/86.

Sec. 59. Other definitions and special rules.

(a) Alternative minimum tax foreign tax credit.

For purposes of this part—

(1) In general. The alternative minimum tax foreign tax credit for any taxable year shall be the credit which would be determined under section 27(a) for such taxable year if—

(A) the amount determined under section 55(b)(1)(A) were the tax against which such credit was taken for purposes of section 904 for the taxable year and all prior taxable years beginning after December 31, 1986,

(B) section 904 were applied on the basis of alternative minimum taxable income instead of taxable income, and

(C) for purposes of section 904, any increase in alternative minimum taxable income by reason of section 56(c)(1)(A) (relating to adjustment for book income) shall have the same proportionate source (and character) as alternative minimum taxable income determined without regard to such increase.

(2) Limitation to 90 percent of tax.

(A) In General. The alternative minimum tax foreign tax credit for any taxable year shall not exceed the excess (if any) of—

(i) the amount determined under section 55(b)(1)(A) for the taxable year, over

(ii) 10 percent of the amount which would be determined under section 55(b)(1)(A) without regard to the alternative tax net operating loss deduction.

(B) Carryback and carryforward. If the alternative minimum tax foreign tax credit exceeds the amount determined under subparagraph (A), such excess shall, for purposes of this part, be treated as an amount to which section 904(c) applies.

(b) Minimum tax not to apply to income eligible for Section 936 credit.

In the case of any corporation for which a credit is allowable for the taxable year under section 936, alternative minimum taxable income shall not include any amount with respect to which the requirements of subparagraph (A) or (B) of section 936(a)(1) are met.

(c) Treatment of estates and trusts.

In the case of any estate or trust, the alternative minimum taxable income of such estate or trust and any beneficiary thereof shall be determined by applying part I of subchapter J with the adjustments provided in this part.

(d) Apportionment of differently treated items in case of certain entities.

## Code Sec. 59

(1) In general. The differently treated items for the taxable year shall be apportioned (in accordance with regulations prescribed by the Secretary)—

(A) Regulated investment companies and real estate investment trusts. In the case of a regulated investment company to which part I of subchapter M applies or a real estate investment company to which part II of subchapter M applies, between such company or trust and shareholders and holders of beneficial interest in such company or trust.

(B) Common trust funds. In the case of a common trust fund (as defined in section 584(a)), pro rata among the participants of such fund.

(2) Differently treated items. For purposes of this section, the term "differently treated item" means any item of tax preference or any other item which is treated differently for purposes of this part than for purposes of computing the regular tax.

(e) Optional 10-year writeoff of certain tax preferences.

(1) In general. For purposes of this title, any qualified expenditure to which an election under this paragraph applies shall be allowed as a deduction ratably over the 10-year period (3-year period in the case of circulation expenditures described in section 173) beginning with the taxable year in which such expenditure was made.

(2) Qualified expenditure. For purposes of this subsection, the term "qualified expenditure" means any amount which, but for an election under this subsection, would have been allowable as a deduction for the taxable year in which paid or incurred under—

(A) section 173 (relating to circulation expenditures),

(B) section 174(a) (relating to research and experimental expenditures),

(C) section 263(c) (relating to intangible drilling and development expenditures),

(D) section 616(a) (relating to development expenditures), or

(E) section 617(a) (relating to mining exploration expenditures).

(3) Other sections not applicable. Except as provided in this subsection, no deduction shall be allowed under any other section for any qualified expenditure to which an election under this subsection applies.

(4) Election.

(A) In general. An election may be made under paragraph (1) with respect to any portion of any qualified expenditure.

(B) Revocable only with consent. Any election under this subsection may be revoked only with the consent of the Secretary.

(C) Partners and shareholders of S corporations. In the case of a partnership, any election under paragraph (1) shall be made separately by each partner with respect to the partner's allocable share of any qualified expenditure. A similar rule shall apply in the case of an S corporation and its shareholders.

(5) Dispositions.

(A) Application of section 1254. In the case of any disposition of property to which section 1254 applies (determined without regard to this section), any deduction under paragraph (1) with respect to amounts which are allocable to such property shall, for pur-

poses of section 1254, be treated as a deduction allowable under section 263(c), 616(a), or 617(a), whichever is appropriate.

(B) Application of Section 617(d). In the case of any disposition of mining property to which section 617(d) applies (determined without regard to this subsection), any deduction under paragraph (1) with respect to amounts which are allocable to such property shall, for purposes of section 617(d), be treated as a deduction allowable under section 617(a).

(6) Amounts to which election apply not treated as tax preference. Any portion of any qualified expenditure to which an election under paragraph (1) applies shall not be treated as an item of tax preference under section 57(a) and section 56 shall not apply to such expenditure.

(f) Coordination with section 291.

Except as otherwise provided in this part, section 291 (relating to cutback of corporate preferences) shall apply before the application of this part.

(g) Tax benefit rule.

The Secretary may prescribe regulations under which differently treated items shall be properly adjusted where the tax treatment giving rise to such items will not result in the reduction of the taxpayer's regular tax for any taxable year.

(h) Coordination with certain limitations.

The limitations of sections 704(d), 465, and 1366(d) (and such other provisions as may be specified in regulations) shall be applied for purposes of computing the alternative minimum taxable income of the taxpayer for the taxable year—

(1) with the adjustments of section 56, and

(2) by not taking into account any deduction to the extent such deduction is an item of tax preference under section 57(a).

(i) Special rule for interest treated as tax preference.

For purposes of this subtitle, interest shall not fail to be treated as wholly exempt from tax imposed by this title solely by reason of being included in alternative minimum taxable income.

In '86, PL 99-514, Sec. 701(a), added Code Sec. 59, as part of the amendments to Part VI of subchapter A of chapter 1, effective for tax. yrs. begin. after 12/31/86.

### SEC. 55. ALTERNATIVE MINIMUM TAX FOR TAXPAYERS OTHER THAN CORPORATIONS.

"(a) Tax imposed.

"In the case of a taxpayer other than a corporation, there is imposed (in addition to any other tax imposed by this subtitle) a tax equal to the excess (if any) of—

"(1) an amount equal to 20 percent of so much of the alternative minimum taxable income as exceeds the exemption amount, over

"(2) the regular tax for the taxable year.

"(b) Alternative minimum taxable income.

"For purposes of this title, the term "alternative minimum taxable income" means the adjusted gross income (determined without regard to the deduction allowed by section 172) of the taxpayer for the taxable year—

"(1) reduced by the sum of—

"(A) the alternative tax net operating loss deduction, plus

"(B) the alternative tax itemized deductions, plus

"(C) any amount included in income under section 87 or 667, and

"(2) increased by the amount of items of tax preference.

"(c) Credits.

(II) paragraph (4) shall apply only to taxable years beginning after December 31, 1989,

(III) paragraph (5) shall apply only to installment sales in taxable years beginning after December 31, 1989,

(IV) paragraph (6) shall apply only to contracts entered into on or after March 1, 1986, and

(V) paragraphs (7) and (8) shall not apply.

(ii) Special rule for intangible drilling costs and mineral exploration and development costs. If—

(I) the present value of the deductions provided under subparagraph (A)(ii) or (B)(ii) of section 312(n)(2) with respect to amounts paid or incurred in taxable years beginning after December 31, 1989, exceeds

(II) the present value of the deductions for such amounts under the method used for book purposes,

such amounts shall be deductible under the method used for book purposes in lieu of that provided in such subparagraph.

(E) Disallowance of loss on exchange of debt pools. No loss shall be recognized on the exchange of any pool of debt obligations for another pool of debt obligations having substantially the same effective interest rates and maturities.

(F) Acquisition expenses of life insurance companies. Acquisition expenses of life insurance companies shall be capitalized and amortized in accordance with the treatment generally required under generally accepted accounting principles as if this subparagraph applied to all taxable years.

(G) Depletion. The allowances for depletion with respect to any property placed in service in a taxable year beginning after 1989, shall be determined under whichever of the following methods yields deductions with a smaller present value:

(i) cost depletion determined under section 611, or

(ii) the method used for book purposes.

(H) Treatment of certain ownership changes. If—

(i) there is an ownership change (within the meaning of section 382) after the date of the enactment of the Tax Reform Act of 1986 with respect to any corporation, and

(ii)(I) the aggregate adjusted bases of the assets of such corporation (immediately after the change), exceed

(II) the value of the stock of such corporation (as determined for purposes of section 382), properly adjusted for liabilities and other relevant items,

then the adjusted basis of each asset of such corporation (as of such time) shall be its proportionate share (determined on the basis of respective fair market values) of the amount referred to in clause (ii)(I).

(5) Other definitions. For purposes of paragraph (4)—

(A) Book purposes. The term "book purposes" means the treatment for purposes of preparing the applicable financial statement referred to in subsection (f).

(B) Earnings and profits. The term "earnings and profits" means earnings and profits computed for purposes of subchapter C.

(C) Present value. Present value shall be determined as

of the time the property is placed in service (or, if later, as of the beginning of the first taxable year beginning after 1989) and under regulations prescribed by the Secretary.

(D) Treatment of alternative minimum taxable income. The treatment of any item for purposes of computing alternative minimum taxable income shall be determined without regard to this subsection.

(6) Exception for certain corporations. This subsection shall not apply to any S corporation, regulated investment company, real estate investment trust, or REMIC.

In '86, P.L. 99-514, Sec. 701(a), added Code Sec. 56, as part of the amendments to Part VI of subchapter A of chapter 1, effective for tax yrs. begin. after 12/31/86. Sec. 701(f)(2), (3) and (5) of this Act provides:

"(2) Adjustment of net operating loss.

"(A) Individuals.—In the case of a net operating loss of an individual for a taxable year beginning after December 31, 1982, and before January 1, 1987, for purposes of determining the amount of such loss which may be carried to a taxable year beginning after December 31, 1986, for purposes of the minimum tax, such loss shall be adjusted in the manner provided in section 53(d)(2) of the Internal Revenue Code of 1954 as in effect on the day before the date of the enactment of this Act.

"(B) Corporations.—If the minimum tax of a corporation was deferred under section 56(b) of the Internal Revenue Code of 1954 (as in effect on the day before the date of the enactment of this Act) for any taxable year beginning before January 1, 1987, and the amount of such tax has not been paid for any taxable year beginning before January 1, 1987, the amount of the net operating loss carryovers of such corporation which may be carried to taxable years beginning after December 31, 1986, for purposes of the minimum tax shall be reduced by the amount of tax preferences a tax on which was so deferred.

"(3) Installment sales.—Section 56(a)(6) of the Internal Revenue Code of 1986 (as amended by this section) shall not apply to any disposition to which the amendments made by section 811 of this Act (relating to allocation of dealer's indebtedness to installment obligations) do not apply by reason of section 811(c)(2) of this Act."

"(5) Book income.

"(A) In general.—In the case of a corporation to which this paragraph applies, the amount of any increase for any taxable year under section 56(c)(1)(A) of the Internal Revenue Code of 1986 (as added by this section) shall be reduced (but not below zero) by the excess (if any) of—

"(i) 50 percent of the excess of taxable income for the 5-taxable year period ending with the taxable year preceding the 1st taxable year to which such section applies over the adjusted net book income for such period, over

"(ii) the aggregate amounts taken into account under this paragraph for preceding taxable years.

"(B) Taxpayer to whom paragraph applies.—This paragraph applies to a taxpayer which was incorporated in Delaware on May 31, 1912.

"(C) Terms.—Any term used in this paragraph which is used in section 56 of such Code (as so added) shall have the same meaning as when used in such section."

## Sec. 57. Items of tax preference.

### (a) General rule.

For purposes of this part, the items of tax preference determined under this section are—

(1) Depletion. With respect to each property (as defined in section 614), the excess of the deduction for depletion allowable under section 611 for the taxable year over the adjusted basis of the property at the end of the taxable year (determined without regard to the depletion deduction for the taxable year).

(2) Intangible drilling costs.

(A) In general. With respect to all oil, gas, and geothermal properties of the taxpayer, the amount (if any) by which the amount of the excess intangible

Code Sec. 57

drilling costs arising in the taxable year is greater than 65 percent of the net income of the taxpayer from oil, gas, and geothermal properties for the taxable year.

(B) Excess intangible drilling costs. For purposes of subparagraph (A), the amount of the excess intangible drilling costs arising in the taxable year is the excess of—

(i) the intangible drilling and development costs paid or incurred in connection with oil, gas, and geothermal wells (other than costs incurred in drilling a nonproductive well) allowable under section 263(c) or 291(b) for the taxable year, over

(ii) the amount which would have been allowable for the taxable year if such costs had been capitalized and straight line recovery of intangibles (as defined in subsection (b)) had been used with respect to such costs.

(C) Net income from oil, gas, and geothermal properties. For purposes of subparagraph (A), the amount of the net income of the taxpayer from oil, gas, and geothermal properties for the taxable year is the excess of—

(i) the aggregate amount of gross income (within the meaning of section 613(a)) from all oil, gas, and geothermal properties of the taxpayer received or accrued by the taxpayer during the taxable year, over

(ii) the amount of any deductions allocable to such properties reduced by the excess described in subparagraph (B) for such taxable year.

(D) Paragraph applied separately with respect to geothermal properties and oil and gas properties. This paragraph shall be applied separately with respect to—

(i) all oil and gas properties which are not described in clause (ii), and

(ii) all properties which are geothermal deposits (as defined in section 613(e)(3)).

(3) Incentive stock options.

(A) In general. With respect to the transfer of a share of stock pursuant to the exercise of an incentive stock option (as defined in section 422A), the amount by which the fair market value of the share at the time of exercise exceeds the option price. For purposes of this paragraph, the fair market value of a share of stock shall be determined without regard to any restriction other than a restriction which, by its terms, will never lapse.

(B) Basis adjustment. In determining the amount of gain or loss recognized for purposes of this part on any disposition of a share of stock acquired pursuant to an exercise (in a taxable year beginning after December 31, 1986) of an incentive stock option, the basis of such stock shall be increased by the amount of the excess referred to in subparagraph (A).

(4) Reserves for losses on bad debts of financial institutions. In the case of a financial institution to which section 585 or 593 applies, the amount by which the deduction allowable for the taxable year for a reasonable addition to a reserve for bad debts exceeds the amount that would have been allowable had the institution maintained its bad debt reserve for all taxable years on the basis of actual experience.

(5) Tax-exempt interest.

(A) In general. Interest on specified private activity

bonds reduced by any deduction (not allowable in computing the regular tax) which would have been allowable if such interest were includible in gross income.

(B) Treatment of exempt-interest dividends. Under regulations prescribed by the Secretary, any exempt-interest dividend (as defined in section 852(b)(5)(A)) shall be treated as interest on a specified private activity bond to the extent of its proportionate share of the interest on such bonds received by the company paying such dividend.

(C) Specified private activity bonds.

(i) In general. For purposes of this part, the term "specified private activity bonds" means any private activity bond (as defined in section 141) issued after August 7, 1986.

(ii) Exception for qualified 501(c)(3) bonds.—For purposes of clause (i), the term "private activity bond" shall not include any qualified 501(c)(3) bond (as defined in section 145).

(iii) Exception for refundings. For purposes of clause (i), the term "private activity bond" shall not include any refunding bond if the refunded bond (or in the case of a series of refundings, the original bond) was issued before August 8, 1986.

(iv) Certain bonds issued before September 1, 1986. For purposes of this subparagraph, a bond issued before September 1, 1986, shall be treated as issued before August 8, 1986, unless such bond would be a private activity bond if—

(I) paragraphs (1) and (2) of section 141(b) were applied by substituting "25 percent" for "10 percent" each place it appears,

(II) paragraphs (3), (4), and (5) of section 141(b) did not apply, and

(III) subparagraph (B) of section 141(c)(1) did not apply.

(6) Appreciated property charitable deduction.

(A) In general. The amount by which the deduction allowable under section 170 would be reduced if all capital gain property were taken into account at its adjusted basis.

(B) Capital gain property. For purposes of subparagraph (A), the term "capital gain property" has the meaning given to such term by section 170(b)(1)(C)(iv). Such term shall not include any property to which an election under section 170(b)(1)(C)(iii) applies.

(7) Accelerated depreciation or amortization on certain property placed in service before January 1, 1987. The amounts which would be treated as items of tax preference with respect to the taxpayer under paragraphs (2), (3), (4), and (12) of this subsection (as in effect on the day before the date of the enactment of the Tax Reform Act of 1986). The preceding sentence shall not apply to any property to which section 56(a)(1) or (5) applies.

(b) Straight line recovery of intangibles defined.

For purposes of paragraph (2) of subsection (a)—

(1) In general. The term "straight line recovery of intangibles", when used with respect to intangible drilling and development costs for any well, means (except in the case of an election under paragraph (2)) ratable amortization of such costs over the 120-month period

## Code Sec. 56

the alternative minimum taxable income for the taxable year—

(A) determined with the adjustments provided in paragraph (4), and

(B) determined without regard to this subsection and the alternative tax net operating loss deduction.

(4) Adjustments. In determining adjusted current earnings, the following adjustments shall apply:

(A) Depreciation.

(i) Property placed in service after 1989. The depreciation deduction with respect to any property placed in service in a taxable year beginning after 1989 shall be determined under whichever of the following methods yields deductions with a smaller present value:

(I) The alternative system of section 168(g), or

(II) The method used for book purposes.

(ii) Property to which new ACRS system applies. In the case of any property to which the amendments made by section 201 of the Tax Reform Act of 1986 apply and which is placed in service in a taxable year beginning before 1990, the depreciation deduction shall be determined—

(I) by taking into account the adjusted basis of such property (as determined for purposes of computing alternative minimum taxable income) as of the close of the last taxable year beginning before January 1, 1990, and

(II) by using the straight-line method over the remainder of the recovery period applicable to such property under the alternative system of section 168(g).

(iii) Property to which original ACRS system applies. In the case of any property to which section 168 (as in effect on the day before the date of the enactment of the Tax Reform Act of 1986 and without regard to subsection (d)(1)(A)(ii) thereof) applies, the depreciation deduction shall be determined—

(I) by taking into account the adjusted basis of such property (as determined for purposes of computing the regular tax) as of the close of the last taxable year beginning before January 1, 1990, and

(II) by using the straight line method over the remainder of the recovery period which would apply to such property under the alternative system of section 168(g).

(iv) Property placed in service before 1981. In the case of any property not described in clause (i), (ii), or (iii), the amount allowable as depreciation or amortization with respect to such property shall be determined in the same manner as for purposes of computing taxable income.

(v) Slower method used if used for book purposes. In the case of any property to which clause (ii), (iii), or (iv) applies, if the depreciation method used for book purposes yields deductions for taxable years beginning after 1989 with a smaller present value than the method which would otherwise be used under such clause, the method used for book purposes shall be used in lieu of the method which would otherwise be used under such clause.

(B) Inclusion of items included for purposes of computing earnings and profits.

(i) In general. In the case of any amount which is excluded from gross income for purposes of computing alternative minimum taxable income but is taken into account in determining the amount of earnings and profits—

(I) such amount shall be included in income in the same manner as if such amount were includible in gross income for purposes of computing alternative minimum taxable income, and

(II) the amount of such income shall be reduced by any deduction which would have been allowable in computing alternative minimum taxable income if such amount were includible in gross income.

(ii) Inclusion of buildup in life insurance contracts. In the case of any life insurance contract—

(I) the income on such contract (as determined under section 7702(g)) for any taxable year shall be treated as includible in gross income for such year, and

(II) there shall be allowed as a deduction that portion of any premium which is attributable to insurance coverage.

(iii) Inclusion of income on annuity contract. In the case of any annuity contract, the income on such contract (as determined under section 72(u)(2)) shall be treated as includible in gross income for such year.

(C) Disallowance of items not deductible in computing earnings and profits.

(i) In general. A deduction shall not be allowed for any item if such item would not be deductible for any taxable year for purposes of computing earnings and profits.

(ii) Special rule for 100-percent dividends. Clause (i) shall not apply to any deduction allowable under section 243 or 245 for a 100-percent dividend—

(I) if the corporation receiving such dividend and the corporation paying such dividend could not be members of the same affiliated group under section 1504 by reason of section 1504(b),

(II) but only to the extent such dividend is attributable to income of the paying corporation which is subject to tax under this chapter (determined after the application of sections 936 and 921).

For purposes of the preceding sentence, the term "100 percent dividend" means any dividend if the percentage used for purposes of determining the amount allowable as a deduction under section 243 or 245 with respect to such dividend is 100 percent.

(iii) Special rule for dividends from section 936 companies. In the case of any dividend received from a corporation eligible for the credit provided by section 936, rules similar to the rules of subparagraph (F) of subsection (f)(1) shall apply, except that "75 percent" shall be substituted for "50 percent" in clause (ii)(I) thereof.

(D) Certain other earnings and profits adjustments.

(i) In general. The adjustments provided in section 312(n) shall apply; except that—

(I) paragraphs (1), (2), and (3) shall apply only to amounts paid or incurred in taxable years beginning after December 31, 1989,

(E) Special rule for cooperatives. In the case of a cooperative to which section 1381 applies, the amount determined under subparagraph (A) shall be reduced by the amounts referred to in section 1382(b) (relating to patronage dividends and per-unit retain allocations) to the extent such amounts were not otherwise taken into account in determining adjusted net book income.

(F) Treatment of dividends from 936 corporations.

(i) In general. In determining the amount of adjusted net book income, any dividend received from a corporation eligible for the credit provided by section 936 shall be increased by the amount of any withholding tax paid to a possession of the United States with respect to such dividend.

(ii) Treatment as foreign taxes.

(I) In general. 50 percent of any withholding tax paid to a possession of the United States with respect to dividends referred to in clause (i) (to the extent such dividends do not exceed the excess referred to in paragraph (1), determined without regard to clause (i)) shall, for purposes of this part, be treated as a tax paid by the corporation receiving the dividend to a foreign country.

(II) Treatment of taxes imposed on 936 corporation. For purposes of this subparagraph, taxes paid by any corporation eligible for the credit provided by section 936 to a possession of the United States, shall be treated as a withholding tax paid with respect to any dividend paid by such corporation to the extent such taxes would be treated as paid by the corporation receiving the dividend under rules similar to the rules of section 902.

(G) Rules for Alaska native corporations. The amount determined under subparagraph (A) shall be appropriately adjusted to allow:

(i) cost recovery and depletion attributable to property the basis of which is determined under section 21(c) of the Alaska Native Claims Settlement Act (43 U.S.C. 1620(c)), and

(ii) deductions for amounts payable made pursuant to section 7(i) or section 7(j) of such Act (43 U.S.C. 1606(i) and 1606(j)) only at such time as the deductions are allowed for tax purposes.

(H) Secretarial authority to adjust items. Under regulations, adjusted net book income shall be properly adjusted to prevent the omission or duplication of any item.

(3) Applicable financial statement. For purposes of this subsection—

(A) In general. The term "applicable financial statement" means, with respect to any taxable year, any statement covering such taxable year—

(i) which is required to be filed with the Securities and Exchange Commission,

(ii) which is a certified audited income statement to be used for the purposes of a statement or report—

(I) for credit purposes,

(II) to shareholders, or

(III) for any other substantial nontax purpose,

(iii) which is an income statement required to be provided to—

(I) the Federal Government or any agency thereof,

(II) a State government or any agency thereof, or  
(III) a political subdivision of a State or any agency thereof, or

(iv) which is an income statement to be used for the purposes of a statement or report—

(I) for credit purposes,

(II) to shareholders, or

(III) for any other substantial nontax purpose.

(B) Earnings and profits used in certain cases. If—

(i) a taxpayer has no applicable financial statement, or

(ii) a taxpayer has only a statement described in subparagraph (A)(iv) and the taxpayer elects the application of this subparagraph,

the net income or loss set forth on the taxpayer's applicable financial statement shall, for purposes of paragraph (3)(A), be treated as being equal to the taxpayer's earnings and profits for the taxable year (without diminution by reason of distributions during the tax year). Such election, once made, shall remain in effect for any taxable year for which the taxpayer is described in this subparagraph unless revoked with the consent of the Secretary.

(C) Special rule where more than 1 statement. For purposes of subparagraph (A), if a taxpayer has a statement described in more than 1 clause or subclause, the applicable financial statement shall be the statement described in the clause or subclause with the lowest number designation.

(4) Exception for certain corporations. This subsection shall not apply to any S corporation, regulated investment company, real estate investment trust, or REMIC.

(g) Adjustments based on adjusted current earnings.

(1) In general. The alternative minimum taxable income of any corporation for any taxable year beginning after 1989 shall be increased by 75 percent of the excess (if any) of—

(A) the adjusted current earnings of the corporation, over

(B) the alternative minimum taxable income (determined without regard to this subsection and the alternative tax net operating loss deduction).

(2) Allowance of negative adjustments.

(A) In general. The alternative minimum taxable income for any corporation of any taxable year beginning after 1989, shall be reduced by 75 percent of the excess (if any) of—

(i) the amount referred to in subparagraph (B) of paragraph (1), over

(ii) the amount referred to in subparagraph (A) of paragraph (1).

(B) Limitation. The reduction under subparagraph (A) for any taxable year shall not exceed the excess (if any) of—

(i) the aggregate increases in alternative minimum taxable income under paragraph (1) for prior taxable years, over

(ii) the aggregate reductions under subparagraph (A) of this paragraph for prior taxable years.

(3) Adjusted current earnings. For purposes of this subsection, the term "adjusted current earnings" means

tion 169 (without regard to section 291) shall be determined under the alternative system of section 168(g).

(6) **Installment sales of certain property.** In the case of any—

(A) disposition after March 1, 1986, of property described in section 1221(1), or

(B) other disposition if an obligation arising from such disposition would be an applicable installment obligation (as defined in section 453C(e)) to which section 453C applies,

income from such disposition shall be determined without regard to the installment method under section 453 or 453A and all payments to be received for the disposition shall be deemed received in the taxable year of the disposition. This paragraph shall not apply to any disposition with respect to which an election is in effect under section 453C(e)(4).

(7) **Adjusted basis.** The adjusted basis of any property to which paragraph (1) or (5) applies (or with respect to which there are any expenditures to which paragraph (2) or subsection (b)(2) applies) shall be determined on the basis of the treatment prescribed in paragraph (1), (2), or (5), or subsection (b)(2), whichever applies.

(b) **Adjustments applicable to individuals.**

In determining the amount of the alternative minimum taxable income of any taxpayer (other than a corporation), the following treatment shall apply (in lieu of the treatment applicable for purposes of computing the regular tax):

(1) **Limitation on itemized deductions.**

(A) In general. No deduction shall be allowed—

(i) for any miscellaneous itemized deduction (as defined in section 67(b)), or

(ii) for any taxes described in paragraph (1), (2), or (3) of section 164(a). Clause (ii) shall not apply to any amount allowable in computing adjusted gross income.

(B) **Medical expenses.** In determining the amount allowable as a deduction under section 213, subsection (a) of section 213 shall be applied by substituting "10 percent" for "7.5 percent".

(C) **Interest.** In determining the amount allowable as a deduction for interest, subsections (d) and (h) of section 163 shall apply, except that—

(i) in lieu of the exception under section 163(h)(2)(D), the term "personal interest" shall not include any qualified housing interest (as defined in subsection (e)),

(ii) sections 163(d)(6) and 163(h)(6) (relating to phase-ins) shall not apply, and

(iii) interest on any specified private activity bond (and any amount treated as interest on a specified activity bond under section 56(a)(5)(B)), and any deduction referred to in section 57(a)(5)(A), shall be treated as includible in gross income (or as deductible) for purposes of applying section 163(d).

(D) **Treatment of certain recoveries.** No recovery of any tax to which subparagraph (A)(ii) applied shall be included in gross income for purposes of determining alternative minimum taxable income.

(E) **Standard deduction not allowed.** The standard deduction provided in section 63(c) shall not be allowed.

(2) **Circulation and research and experimental expenditures.**

(A) In general. The amount allowable as a deduction under section 173 or 174(a) in computing the regular tax for amounts paid or incurred after December 31, 1986, shall be capitalized and—

(i) in the case of circulation expenditures described in section 173, shall be amortized ratably over the 3-year period beginning with the taxable year in which the expenditures were made, or

(ii) in the case of research and experimental expenditures described in section 174(a), shall be amortized ratably over the 10-year period beginning with the taxable year in which the expenditures were made.

(B) **Loss allowed.** If a loss is sustained with respect to any property described in subparagraph (A), a deduction shall be allowed for the expenditures described in subparagraph (A) for the taxable year in which such loss is sustained in an amount equal to the lesser of—

(i) the amount allowable under section 165(a) for the expenditures if they had remained capitalized, or

(ii) the amount of such expenditures which have not previously been amortized under subparagraph (A).

(C) **Special rule for personal holding companies.** In the case of circulation expenditures described in section 173, the adjustments provided in this paragraph shall apply also to a personal holding company (as defined in section 542).

(c) **Adjustments applicable to corporations.**

In determining the amount of the alternative minimum taxable income of a corporation, the following treatment shall apply:

(1) **Adjustment for book income or adjusted earnings and profits.**

(A) **Book income adjustment.** For taxable years beginning in 1987, 1988, and 1989, alternative minimum taxable income shall be adjusted as provided under subsection (f).

(B) **Adjusted earnings and profits.** For taxable years beginning after 1989, alternative minimum taxable income shall be adjusted as provided under subsection (g).

(2) **Merchant marine capital construction funds.** In the case of a capital construction fund established under section 607 of the Merchant Marine Act, 1936 (46 U.S.C. 1177)—

(A) subparagraphs (A), (B), and (C) of section 7518(c)(1) (and the corresponding provisions of such section 607) shall not apply to—

(i) any amount deposited in such fund after December 31, 1986, or

(ii) any earnings (including gains and losses) after December 31, 1986, on amounts in such fund, and

(B) no reduction in basis shall be made under section 7518(f) (or the corresponding provisions of such section 607) with respect to the withdrawal from the fund of any amount to which subparagraph (A) applies.

For purposes of this paragraph, any withdrawal of deposits or earnings from the fund shall be treated as allocable first to deposits made before (and earnings received or accrued before) January 1, 1987.

(3) **Special deduction for certain organizations not al-**

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lowed. The deduction determined under section 833(b) shall not be allowed.

### (d) Alternative tax net operating loss deduction defined.

(1) In general. For purposes of subsection (a)(4), the term "alternative tax net operating loss deduction" means the net operating loss deduction allowable for the taxable year under section 172, except that—

(A) the amount of such deduction shall not exceed 90 percent of alternative minimum taxable income determined without regard to such deduction, and

(B) in determining the amount of such deduction—

(i) the net operating loss (within the meaning of section 172(c)) for any loss year shall be adjusted as provided in paragraph (2), and

(ii) in the case of taxable years beginning after December 31, 1986, section 172(b)(2) shall be applied by substituting '90 percent of alternative minimum taxable income determined without regard to the alternative tax net operating loss deduction' for 'taxable income' each place it appears.

### (2) Adjustments to net operating loss computation.

(A) Post-1986 loss years. In the case of a loss year beginning after December 31, 1986, the net operating loss for such year under section 172(c) shall—

(i) be determined with the adjustments provided in this section and section 58, and

(ii) be reduced by the items of tax preference determined under section 57 for such year (other than subsection (a)(6) thereof).

(B) Pre-1987 years. In the case of loss years beginning before January 1, 1987, the amount of the net operating loss which may be carried over to taxable years beginning after December 31, 1986, for purposes of paragraph (2), shall be equal to the amount which may be carried from the loss year to the first taxable year of the taxpayer beginning after December 31, 1986.

### (e) Qualified housing interest.

For purposes of this part—

(1) In general. The term "qualified housing interest" means interest which is paid or accrued during the taxable year on indebtedness which is incurred in acquiring, constructing, or substantially rehabilitating any property which—

(A) is the principal residence (within the meaning of section 1034) of the taxpayer at the time such interest accrues or is paid, or

(B) is a qualified dwelling which is a qualified residence (within the meaning of section 163(h)(3)).

Such term also includes interest on any indebtedness resulting from the refinancing of indebtedness meeting the requirements of the preceding sentence; but only to the extent that the amount of the indebtedness resulting from such refinancing does not exceed the amount of the refinanced indebtedness immediately before the refinancing.

(2) Qualified dwelling. The term "qualified dwelling" means any—

(A) house,

(B) apartment,

(C) condominium, or

(D) mobile home not used on a transient basis (within the meaning of section 7701(a)(19)(C)(v)), including all structures or other property appurtenant thereto.

(3) Special rule for indebtedness incurred before July 1, 1982. The term "qualified housing interest" includes interest paid or accrued on indebtedness which—

(A) was incurred by the taxpayer before July 1, 1982, and

(B) is secured by property which, at the time such indebtedness was incurred, was—

(i) the principal residence (within the meaning of section 1034) of the taxpayer, or

(ii) a qualified dwelling used by the taxpayer (or any member of his family (within the meaning of section 267(c)(4))).

### (f) Adjustments for book income of corporations.

(1) In general. The alternative minimum taxable income of any corporation for any taxable year beginning in 1987, 1988, or 1989 shall be increased by 50 percent of the amount (if any) by which—

(A) the adjusted net book income of the corporation, exceeds

(B) the alternative minimum taxable income for the taxable year (determined without regard to this subsection and the alternative tax net operating loss deduction).

(2) Adjusted net book income. For purposes of this subsection—

(A) In general. The term "adjusted net book income" means the net income or loss of the taxpayer set forth on the taxpayer's applicable financial statement, adjusted as provided in this paragraph.

(B) Adjustments for certain taxes. The amount determined under subparagraph (A) shall be appropriately adjusted to disregard any Federal income taxes, or income, war profits, or excess profits taxes imposed by any foreign country or possession of the United States, which are directly or indirectly taken into account on the taxpayer's applicable financial statement. The preceding sentence shall not apply to any such taxes imposed by a foreign country or possession of the United States if the taxpayer does not choose to take, to any extent, the benefits of section 901.

(C) Special rules for related corporations.

(i) Consolidated returns. If the taxpayer files a consolidated return for any taxable year, adjusted net book income for such taxable year shall take into account items on the taxpayer's applicable financial statement which are properly allocable to members of such group included on such return.

(ii) Treatment of dividends. In the case of any corporation which is not included on a consolidated return with the taxpayer, adjusted net book income shall take into account the earnings of such other corporation only to the extent of the sum of the dividends received from such other corporation and other amounts required to be included in gross income under this chapter in respect of the earnings of such other corporation.

(D) Statements covering different periods. Appropriate adjustments shall be made in adjusted net book income in any case in which an applicable financial statement covers a period other than the taxable year.

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and shall not include any increase in tax under section 47.

### (2) Cross references.

For provisions providing that certain credits are not allowable against the tax imposed by this section, see sections 26(a), 28(d)(2), 29(b)(5), and 38(c).

### (d) Exemption amount.

For purposes of this section—

(1) Exemption amount for taxpayers other than corporations. In the case of a taxpayer other than a corporation, the term "exemption amount" means—

(A) \$40,000 in the case of—

- (i) a joint return, or
- (ii) a surviving spouse,

(B) \$30,000 in the case of an individual who—

- (i) is not a married individual, and
- (ii) is not a surviving spouse, and

(C) \$20,000 in the case of—

- (i) a married individual who files a separate return, or
- (ii) an estate or trust.

For purposes of this paragraph, the term "surviving spouse" has the meaning given to such term by section 2(a), and marital status shall be determined under section 7703.

(2) Corporations. In the case of a corporation, the term "exemption amount" means \$40,000.

(3) Phase-out of exemption amount. The exemption amount of any taxpayer shall be reduced (but not below zero) by an amount equal to 25 percent of the amount by which the alternative minimum taxable income of the taxpayer exceeds—

(A) \$150,000 in the case of a taxpayer described in paragraph (1)(A) or (2),

(B) \$112,500 in the case of a taxpayer described in paragraph (1)(B), and

(C) \$75,000 in the case of a taxpayer described in paragraph (1)(C).

In '86, P.L. 99-514, Sec. 701(a) added Code Sec. 55 as part of the amendments to Part VI of subchapter A of Chapter 1, effective for tax yrs. begin. after 12/31/86.

## Sec. 56. Adjustments in computing alternative minimum taxable income.

### (a) Adjustments applicable to all taxpayers.

In determining the amount of the alternative minimum taxable income for any taxable year the following treatment shall apply (in lieu of the treatment applicable for purposes of computing the regular tax):

#### (1) Depreciation.

(A) In general.

(i) Property other than certain real property. Except as provided in clause (ii), the depreciation deduction allowable under section 167 with respect to any tangible property placed in service after December 31, 1986, shall be determined under the alternative system of section 168(g).

(ii) 150-percent declining balance method for certain property. The method of depreciation used shall be—

(I) the 150 percent declining balance method,

(II) switching to the straight line method for the 1st taxable year for which using the straight line method with respect to the adjusted basis as of the beginning of the year will yield a higher allowance.

The preceding sentence shall not apply to any section 1250 property (as defined in section 1250(c)) or to any other property if the depreciation deduction determined under section 168 with respect to such other property for purposes of the regular tax is determined by using the straight line method.

(B) Exception for certain property. This paragraph shall not apply to property described in paragraph (1), (2), (3), or (4) of section 168(f).

(C) Coordination with transitional rules.

(i) In general. This paragraph shall not apply to property placed in service after December 31, 1986, to which the amendments made by section 201 of the Tax Reform Act of 1986 do not apply.

(ii) Treatment of certain property placed in service before 1987. This paragraph shall apply to any property to which the amendments made by section 201 of the Tax Reform Act of 1986 apply by reason of an election under section 203(a)(1)(B) of such Act without regard to the requirement of subparagraph (A) that the property be placed in service after December 31, 1986.

(D) Normalization rules. With respect to public utility property described in section 167(1)(3)(A), the Secretary shall prescribe the requirements of a normalization method of accounting for this section.

#### (2) Mining exploration and development costs.

(A) In general. With respect to each mine or other natural deposit (other than an oil, gas, or geothermal well) of the taxpayer, the amount allowable as a deduction under section 616(a) or 617(a) (determined without regard to section 291(b)) in computing the regular tax for costs paid or incurred after December 31, 1986, shall be capitalized and amortized ratably over the 10-year period beginning with the taxable year in which the expenditures were made.

(B) Loss allowed. If a loss is sustained with respect to any property described in subparagraph (A), a deduction shall be allowed for the expenditures described in subparagraph (A) for the taxable year in which such loss is sustained in an amount equal to the lesser of—

- (i) the amount allowable under section 165(a) for the expenditures if they had remained capitalized, or
- (ii) the amount of such expenditures which have not previously been amortized under subparagraph (A).

(3) Treatment of certain long-term contracts. In the case of any long-term contract entered into by the taxpayer on or after March 1, 1986, the taxable income from such contract shall be determined under the percentage of completion method of accounting (as modified by section 460(b)).

(4) Alternative tax net operating loss deduction. The alternative tax net operating loss deduction shall be allowed in lieu of the net operating loss deduction allowed under section 172.

(5) Pollution control facilities. In the case of any certified pollution control facility placed in service after December 31, 1986, the deduction allowable under sec-

"(1) 2 percent of so much of the taxpayer's taxable income for the taxable year as does not exceed \$9,000; or

"(2) \$35 multiplied by each exemption for which the taxpayer is entitled to a deduction for the taxable year under subsection (b) or (c) of section 151."

"(c) Special rule for married individuals filing separate returns.

"(1) In general. Notwithstanding subsection (a), in the case of a married individual who files a separate return for the taxable year, the amount of the credit allowable under subsection (a) for the taxable year shall be equal to either—

"(A) the amount determined under paragraph (1) of subsection (a); or

"(B) if this subparagraph applies to the individual for the taxable year, the amount determined under paragraph (2) of subsection (a).

"For purposes of the preceding sentence, paragraph (1) of subsection (a) shall be applied by substituting "\$4,500" for "\$9,000."

"(2) Application of paragraph (1)(B). Subparagraph (B) of paragraph (1) shall apply to any taxpayer for any taxable year if—

"(A) such taxpayer elects to have such subparagraph apply for such taxable year, and

"(B) the spouse of such taxpayer elects to have such subparagraph apply for any taxable year corresponding, for purposes of section 142(a), to the taxable year of the taxpayer.

"Any such election shall be made at such time, and in such manner, as the Secretary shall by regulations prescribe.

"(3) Marital status. For purposes of this subsection, the determination of marital status shall be made under section 143."

—P.L. 95-30, Secs. 103(a) and 103(c), extended the effective date for general tax credits to include tax yrs. end. after '75 and before '79.

In '76, P.L. 94-455, Sec. 401(a)(2)(B), amended the heading of Code Sec. 42 and amended subsec. (a), effective under Sec. 401(a)(1) of the Act for tax yrs. end. after '75 and before '78. Prior to amendment the heading of Code Sec. 42 and subsec. (a) read as follows:

#### SEC. 42. TAXABLE INCOME CREDIT.

"(a) Allowance of credit.

"(1) In general. In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the greater of—

"(A) 2 percent of so much of the taxpayer's taxable income for the taxable year as does not exceed \$9,000; or

"(B) \$35 multiplied by each exemption for which the taxpayer is entitled to a deduction for the taxable year under subsection (b) or (c) of section 151.

"(2) Application of six-month rule. Notwithstanding the provisions of paragraph (1) of this subsection, the percentage "1 percent" shall be substituted for "2 percent" in subparagraph (A) of such paragraph, and the amount "\$17.50" shall be substituted for the amount "\$35" in subparagraph (B) of such paragraph."

—P.L. 94-455, Sec. 401(a)(2)(B), amended para. (c)(1), for tax yrs. end. after '75. Prior to amendment para. (c)(1) read as follows:

"(1) In general. Notwithstanding subsection (a), in the case of a married individual who files a separate return for the taxable year, the amount of the credit allowable under subsection (a) for the taxable year shall be equal to either—

"(A) the amount determined under paragraph (a)(A) of subsection (a); or

"(B) if this subparagraph applies to the individual for the taxable year, the amount determined under paragraph (1)(B) of subsection (a).

"For purposes of the preceding sentence, paragraph (1) of subsection (a) shall be applied by substituting "\$4,500" for "\$9,000."

—P.L. 94-455, Sec. 503(b)(4), substituted "credit for the elderly" for "retirement income" in para. (b)(2), for tax yrs. begin. after '75.

—P.L. 94-455, Sec. 1906(b)(13)(A), substituted "Secretary" for "Secretary or his delegate" in subsec. (c), for tax yrs. begin. after '76.

In '75, P.L. 94-164, Sec. 3(a)(1), substituted new material for Code Sec. 42, effective under Sec. 3(b) of the Act for tax yrs. end. after '75 and before '77. Prior to amendment, Code Sec. 42 read as follows:

#### SEC. 42. CREDIT FOR PERSONAL EXEMPTIONS.

"(a) General rule.

"In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year \$30,

multiplied by each exemption for which the taxpayer is entitled for the taxable year under subsection (b) or (c) of section 151.

"(b) Application with other credits.

"The credit allowed by subsection (a) shall not exceed the amount of the tax imposed by this chapter for the taxable year. In determining the credits allowed under—

"(1) section 33 (relating to foreign tax credit),

"(2) section 37 (relating to retirement income),

"(3) section 38 (relating to investment in certain depreciable property),

"(4) section 40 (relating to expenses of work incentive programs), and

"(5) section 41 (relating to contributions to candidates for public office),

the tax imposed by this chapter shall (before any other reductions) be reduced by the credit allowed by this section."

—P.L. 94-164, Sec. 2(e), extended the effective date for amendments made by P.L. 94-12, Sec. 203(e), to include tax yrs. end. after 12/31/74 and before 1/1/77.

—P.L. 94-12, Sec. 203(a), redesignated former Code Sec. 42 as Code Sec. 43 and added new Code Sec. 42, effective for tax yrs. end. after 12/31/74 and before 1/1/76.

#### Sec. 46. Amount of credit.

(Reproduced at chapter L)

#### Sec. 47. Certain dispositions, etc., of section 38 property.

(Reproduced at chapter L)

● **Caution:** Code Secs. 55-59, following, are effective for tax yrs. begin. after 12/31/86. Code Secs. 55-58 effective for tax yrs. begin. before 1/1/87 are reproduced following Code Sec. 59.

#### Sec. 55. Alternative minimum tax imposed.

(a) General rule.

There is hereby imposed (in addition to any other tax imposed by this subtitle) a tax equal to the excess (if any) of—

- (1) the tentative minimum tax for the taxable year, over
- (2) the regular tax for the taxable year.

(b) Tentative minimum tax.

For purposes of this part—

(1) In general. The tentative minimum tax for the taxable year is—

- (A) 20 percent (21 percent in the case of a taxpayer other than a corporation) of so much of the alternative minimum taxable income for the taxable year as exceeds the exemption amount, reduced by
- (B) the alternative minimum tax foreign tax credit for the taxable year.

(2) Alternative minimum taxable income. The term "alternative minimum taxable income" means the taxable income of the taxpayer for the taxable year—

- (A) determined with the adjustments provided in section 56 and section 58, and
- (B) increased by the amount of the items of tax preference described in section 57.

(c) Regular Tax.

(1) In general. For purposes of this section, the term "regular tax" means the regular tax liability for the taxable year (as defined in section 26(b)) reduced by the foreign tax credit allowable under section 27(a). Such term shall not include any tax imposed by section 402(e)

HB

305

# HOUSE COMMITTEE REPORT

(11)

Date referred: 3/23/88

FURTHER REFERRALS:

DATE: 4-25-88

The Finance Committee has considered HB 305

"An Act relating to transportation of pupils; and providing for an effective date."

**RECOMMENDS:**

- replace with CS HB 305 (Finance)  the same title
- attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

**ADOPTS:**  \_\_\_\_\_ letter of intent

**ATTACHES NEW FISCAL NOTE(S):**

- fiscal impact  same as previous fiscal note published 3/4/88
- zero fiscal note  same as previous zero fiscal note published 3/4/88 #3,4
- zero with analysis

**SIGNING DO PASS:**

\_\_\_\_\_  
 Birchot [Signature]  
 Larson [Signature]  
 Goll [Signature]  
 Swack [Signature]  
 Boyer [Signature]

**SIGNING OTHER RECOMMENDATIONS:**

\_\_\_\_\_  
 Riener [Signature]  
 Fru. K [Signature]  
 Wallis [Signature]  
 Brown [Signature]  
 Davis [Signature]

\_\_\_\_\_  
[Signature] - vice-chair  
 Chairman's signature

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: CSHB 305 (FIN )

PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: "An act relating to  
transportation of pupils..."  
Sponsor: House Labor & Commerce  
Requestor: House HESS

Agency Affected: Labor  
BRU: Labor Standards & Safety  
Components: Wage & Hour

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	0.0	0.0	0.0

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

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

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						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Tom Stuart, Director *Tom Stuart* Phone: 264-2452  
Division: Labor Standards & Safety Date: 3/18/88

Approved by Commissioner: Jim Sampson *Jim Sampson* Date: 3/18/88  
Agency: Department of Labor

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

MAR 23 1988

LEGISLATIVE FINANCE

HB 305

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Public Safety  
 Title: An Act relating to transportation BRU: Motor Vehicles  
of pupils.  
 Sponsor: House L&C Components: \_\_\_\_\_  
 Requestor: House L&C

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						
---------	--	--	--	--	--	--

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

No fiscal impact on this department.

Prepared by: Bill Brown Phone: 465-4335  
 Division: Motor Vehicles Date: 2-2-88  
 Approved by Commissioner: [Signature] Date: 2-3-88  
 Agency: Public Safety

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

FEB 4 1988

JMR  
2/2/88

505

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: ...transportation of pupils...

Agency Affected: Education  
BRU: K-12

Sponsor: House Labor and Commerce  
Requestor: House Labor and Commerce

Components: Pupil transportation

**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						
CAPITAL						
REVENUE						

**FUNDING: (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

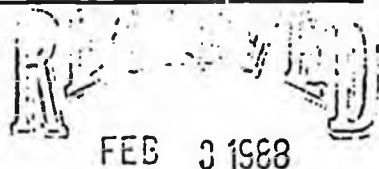
**ANALYSIS : (Attach a separate page if necessary)**

This is not a zero fiscal note. The potential cost of sections 2, 3, and 4 of the bill are indeterminate.

Prepared by: Steve Hole Phone: 465-2800  
Division: Commissioner's Office Date: 2-2-88

Approved by Commissioner: William G. Demmert Date: 2-2-88  
Agency: Education

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



Original sponsor: Labor and Commerce  
Committee

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 305 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to wages and licensing of school bus  
7 drivers; and providing for an effective date."

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

9 \* Section. 1. AS 23.10.055(5) is amended to read:

10 (5) an individual employed by the United States or by the  
11 state or political subdivision of the state, except as provided in  
12 AS 23.10.065(b), including prisoners not on furlough detained or  
13 confined in prison facilities;

14 \* Sec. 2. AS 23.10.065 is amended to read:

15 Sec. 23.10.065. MINIMUM WAGES. Except as provided under (b) of  
16 this section, an [AN] employer shall pay to each employee wages at a  
17 rate of not less than 50 cents an hour greater than the prevailing  
18 Federal Minimum Wage Law or \$2.60 an hour, whichever is greater, for  
19 hours worked in a pay period, whether the work is measured by time,  
20 piece, commission or otherwise. An employer may not apply tips or  
21 gratuities bestowed upon employees as a credit toward payment of the  
22 minimum hourly wage required by this section. Tip credit as defined  
23 by the Fair Labor Standards Act of 1938 as amended does not apply to  
24 the minimum wage established by this section.

25 \* Sec. 3. AS 23.10.065 is amended by adding new subsections to read:

26 (b) Subject to the limitation under (c) of this section, an  
27 employer shall pay to each person employed as a school bus driver  
28 wages at a rate of not less than two times the minimum wage estab-  
29 lished under (a) of this section, for hours worked in a pay period,

1 whether work is measured by time, commission, or otherwise. An em-  
2 ployer may not apply fringe benefits as a credit toward payment of the  
3 minimum wage established under this subsection.

4 (c) Notwithstanding (b) of this section, an employer who con-  
5 tracts with the Department of Education or a school district to pro-  
6 vide school bus transportation services is not required to adjust  
7 school bus driver wages under (b) of this section, except when enter-  
8 ing into or renewing the contract.

9 \* Sec. 4. AS 28.15.046(b) is amended to read:

10 (b) The department may not issue a license under this section  
11 unless the applicant

12 (1) is at least 21 [19] years of age;

13 (2) has had a license to operate a motor vehicle at least  
14 three years [ONE YEAR] before the date of application;

15 (3) has successfully completed all required driving, writ-  
16 ten, and physical examinations;

17 (4) has submitted information sufficient to complete a  
18 background check consisting of a fingerprint check of national crimi-  
19 nal records and state criminal records of the state or states in which  
20 the applicant has resided for the past two years;

21 (5) has completed a state approved school bus driver train-  
22 ing course established under AS 14.07.020(a)(14) or has for the previ-  
23 ous two years been licensed by the state to operate a school bus.

24 \* Sec. 5. This Act takes effect September 1, 1988.

5-0777L  
Ford  
4/11/88

[ ] deleted  
Language

Original sponsor: Labor and Commerce  
Committee

Deleted [LEGISLATIVE FINDINGS]

1 IN THE HOUSE Pg. 1 Lines 9-16 BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 305 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

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6 For an Act entitled: "An Act relating to wages and licensing of school bus  
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13 (2) has had a license, <sup>[issued by the dept.]</sup> to operate a motor vehicle at least  
14 three years [ONE YEAR] before the date of application; <sup>[AND HAS HAD A</sup>

15 <sup>LICENSE TO OPERATE A MOTOR VEHICLE IN LEAST 2 YEARS</sup>  
16 <sup>THE DATE OF APPLICATION]</sup> (3) has successfully completed all required driving, writ-  
17 ten, and physical examinations;

18 (4) has submitted information sufficient to complete a  
19 background check consisting of a fingerprint check of national crimi-  
20 nal records and state criminal records of the state or states in which  
21 the applicant has resided for the past two years;

22 (5) has completed a state approved school bus driver train-  
23 ing course established under AS 14.07.020(a)(14) or has for the previ-  
24 ous two years been licensed by the state to operate a school bus.

25 \* Sec. 5. This Act takes effect September 1, 1988.

5-0777L

Ford  
4/11/88

[ ] Deletas  
Language

Original sponsor: Labor and Commerce  
Committee

Deletas [LEGISLATIVE FINDINGS]

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4 FIFTEENTH LEGISLATURE - SECOND SESSION

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15 <sup>Licenses to operate a motor vehicle for least 2 years</sup>  
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 19 background check consisting of a fingerprint check of national crimi-  
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 24 ous two years been licensed by the state to operate a school bus.

25 \* Sec. 5. This Act takes effect September 1, 1988.

STEVE COWPER, GOVERNOR

**DEPARTMENT OF EDUCATION**

OFFICE OF THE COMMISSIONER

GOLDBELT PLACE  
801 WEST 10th STREET  
POUCH F  
JUNEAU, ALASKA 99811

April 21, 1988

The Honorable Mark Boyer  
Alaska State Legislature  
P. O. Box V  
Mail Stop 3100  
Juneau, Alaska 99811

Dear Representative Boyer:

The Department of Education is supportive of the proposed amendments to HB 305 recommended by the House Finance subcommittee.

Eliminating the one-year Alaska driver's license requirement will give greater flexibility to the bus contractors and school district bus supervisors in obtaining qualified drivers.

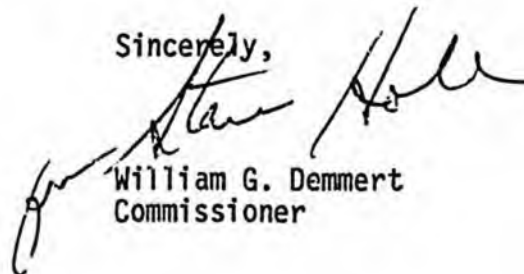
Requiring a driver to have been licensed for three (3) years improves the likelihood of a driver learning from a wide variety of driving experiences.

Increasing the minimum age to 21 years has several advantages:

1. Drivers are likely to have additional driving experience.
2. Statistics indicate that the more mature a driver is, the more safety conscious that driver is likely to be.
3. More mature drivers are likely to command more respect from the students and thereby provide better control.

Thank you for the opportunity to comment on these proposed changes. If I can provide additional information, do not hesitate to contact me at your convenience.

Sincerely,



William G. Demmert  
Commissioner

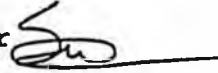
*Alaska*  
**MUNICIPAL**  
*League*

TELEPHONE  
(907) 586-1325

217 SECOND STREET, SUITE 200  
JUNEAU, ALASKA 99801

MEMORANDUM

TO: Al Adams, Chair  
Members of the House Finance Committee

FROM: Scott A. Burgess, Executive Director 

DATE: April 11, 1988

SUBJECT: HB 305 - Transportation of pupils

The Alaska Municipal League opposes HB 305 mandating a minimum wage for school bus drivers.

While the AML supports the concern expressed in the legislation for the safety of children, the Alaska Constitution, Article 10, Section 1, provides for maximum local government. HB 305 infringes upon this power by impairing the obligation of contracting for local services. Provision of services for pupil transportation is a matter of a contractual relationship between a school district and the pupil transportation contractor. The matter of wages should be left to the contractor, who is solely responsible for the hiring of such employees at a certain wage level. The mandatory imposition of any wage level is objectionable.

Again, the AML is opposed to HB 305.

# HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE

P.O. BOX V, JUNEAU 99811

(907) 465-3892



February 3, 1988

To: Representative Bette Cato, Chair  
Members, House Transportation Committee

From: Representative Dave Donley, Chair  
House Labor and Commerce Committee

Re: HB 305 - School Bus Drivers

HB 305, relating to wages and required experience for school bus drivers, was introduced by the House Labor and Commerce Committee and is before the House Transportation today.

I've included a brief sectional analysis of HB 305 to aid in your deliberations today. HB 305 makes three substantial amendments to existing statute: 1) raises the age to obtain a school bus drivers license from 19 to 21, 2) raises the one year requirement for having an Alaska drivers license to two years and, 3) establishes a minimum wage for drivers at no less than two and one half times the federal minimum wage law (\$3.35/hour - \$3.85/hour in Alaska).

The House Labor and Commerce Committee introduced HB 305 in response to concerns about the continuing reduction in wages for school bus drivers and the potential effect on the quality and availability of qualified drivers. Most school bus drivers are employees of contractors who bid for pupil transportation services. Less than twenty percent of school bus drivers in Alaska are paid directly by a school district. Since most pupil transportation costs are fixed (i.e. gas, oil, tires, insurance, heat, lights, license fees, routine maintenance, and the buses themselves), reducing wages paid to drivers may be the only way for a contractor to place the winning bid. The House Labor and Commerce Committee felt that the compensation levels of school bus drivers must not be allowed to deteriorate because wages currently paid are at an absolute minimum to expect qualified and proficient applicants.

Last year, the Committee received the results of a brief telephone survey of wages paid to school bus drivers:

CITY	CONTRACTOR	ENTRY WAGE	TOP WAGE
KENAI	LIDLAW	\$8.10/HR	\$11.45/HR
MATSU/BOROUGH	TUNDRA TOURS	\$8.22/HR	\$10.40/HR
KODIAK	T.M.S.	\$9.50/HR	\$10.00/HR
FAIRBANKS	T.M.S.	\$8.50/HR	\$10.00/HR
ANCHORAGE	T.M.S.	\$7.50/HR	\$ 9.00/HR
ANCHORAGE	LIDLAW	\$8.22/HR	\$ 9.75/HR

Before deciding to introduce HB 305, our Committee heard arguments that there is no correlation between wages paid to school bus drivers and a good safety record. However, the Anchorage School district has suffered three student fatalities in the last four years, in three separate school bus accidents. In each case, the contractor was T.M.S. (Transportation & Marketing Systems).

The operation of a school bus is viewed by many as nothing more difficult than driving the family car. From a mechanical standpoint this may be true. However, from a safety standpoint it is not. A much greater level of proficiency must be required of our school bus drivers than we require from drivers who do not carry passengers, let alone a bus full of children.

In recognition of the greater degree of experience and proficiency required, the legislature recently adopted measures to substantially increase the required experience and training levels for school bus drivers. While this legislation imposed considerable costs on potential drivers, it did nothing to protect their wages and therefore helped to make bus driving a substantially less attractive job. The resulting increase in the turnover rate among drivers means wasted training dollars, potentially unsafe pressure on current employees, and an overall lower level of proficiency.

In order to correct errors in the current version of HB 305, I prepared two amendments for your consideration. The first would correct the effective date so that it reads September 1, 1988 instead of September 1, 1987. The second amendment corrects a drafting oversight so that the minimum wage requirements established under HB 305 apply to all school bus drivers, whether they are paid by a school district or through an independent contractor.

The House Labor and Commerce Committee believes that HB 305 reasonably and fairly addresses an important public safety issue. We support measures to increase the proficiency and experience level for school bus drivers and feel strongly that the best way to accomplish that goal and still maintain a pool of qualified, experienced drivers, is to guarantee that they receive no less than a livable wage.

STEVE COWPER, GOVERNOR

**DEPARTMENT OF LABOR**

BOX 1149  
JUNEAU, ALASKA 99802  
PHONE:  
(907) 465-4856

April 21, 1987

The Honorable Dave Donley  
State Capital  
P.O. Box V  
Juneau, AK 99811

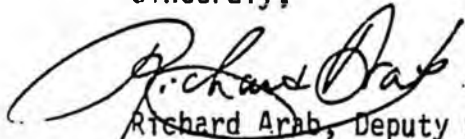
Dear Representative Donley:

I refer to your request of April 14, 1987 concerning statistics or a study which may indicate the relationship between wages paid to a school bus driver and his or her safety record.

The department does not have any information on this subject. I, therefore, called the Department of Education and the Alaska Highway Safety Council but neither of these agencies had any information on the subject. They referred me to the National School Transportation Association, in Springville, Virginia, and to the National Safety Council in Chicago, Illinois. I contacted both these organizations and they also were not aware of any studies in this area.

I am sorry I was not of more help but evidently there are no studies either on a state or national level on this subject.

Sincerely,



Richard Arab, Deputy Director  
Division of Labor Standards  
and Safety

GORDON Epperly : JUNEAU

1. School bus drivers are required to complete first aid and CPR classes, which takes about four hours of personal time and costs \$20 for their certification cards.
2. School bus drivers are required to have physicals, costing \$50 - \$100, on their own time.
3. New drivers are required to attend a two week training program, at their own expense, and complete a "ground check". Certification is \$10.
4. Returning drivers are required to attend eight hours of continued training per year. Own expense.

School bus drivers have been for years trying to become affiliated with a labor union, but because they are hired by a contractor, affiliation attempts have failed.

Other bus and truck drivers are paid Davis Bacon wages.

STATE OF ALASKA  
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH V. STATE CAPITOL  
JUNEAU ALASKA 99811  
707 465 3800

MEMORANDUM

March 2, 1988

SUBJECT:           Durational Residency Requirement  
                  CSHB 305 (Transportation)

TO:                Representative Bette Cato, Chair  
                  House Transportation Committee

FROM:             Michael F. Ford   MFF:ms  
                  Legislative Counsel

This is to bring to your attention a constitutional problem in sec. 5 of CSHB 305 (Transportation) concerning requiring school bus drivers to have an Alaska driver's license for one year. In our opinion such a requirement would be held unconstitutional as it would violate the state equal protection clause.

In Williams v. Zobel, 619 P.2d 422 (AK 1980), the Alaska Supreme Court discussed the test to be used to determine if a durational residency requirement is constitutional. Essentially the court balances the denial of the benefit or right against the government objective involved. The state must show that the residency requirement has a fair and substantial relationship to a legitimate government objective. See also State v. Erickson, 574 P.2d 1, 11-12 (AK 1978). Requiring an Alaska drivers' license for one year prior to being eligible for employment as a school bus driver does not seem to be a legitimate government objective. The argument that familiarity with Alaska driving conditions, or a general safety aspect, fails when you consider that driving conditions vary greatly across Alaska. For example, a person living in Ketchikan is probably no better prepared to drive a school bus in Fairbanks, than a person living in Montana or California.

In short, this type of residency requirement would probably not survive constitutional challenge.

MFF:gc  
WKG1:064

# Alaska Statutes

## Title 14. Education.

### Chapter

- 03. Public Schools Generally (§§ 14.03.010 — 14.03.140)
- 07. Administration of Public Schools (§§ 14.07.010 — 14.07.170)
- 08. Education in the Unorganized Borough (§§ 14.08.011 — 14.08.151)
- 09. Transportation of Pupils (§§ 14.09.010 — 14.09.020)
- 11. Construction, Rehabilitation, and Improvement of Schools and Education-Related Facilities (§§ 14.11.010 — 14.11.135)
- 12. Organization and Government of School System (§§ 14.12.010 — 14.12.180)
- 14. Local Administration of Schools (§§ 14.14.020 — 14.14.310)
- 17. Public School Foundation Program (§§ 14.17.010 — 14.17.250)
- 18. Prohibition Against Discrimination Based on Sex in Public Education (§§ 14.18.010 — 14.18.110)
- 20. Teachers and School Officials (§§ 14.20.010 — 14.20.650)
- 25. Teachers' Retirement (§§ 14.25.010 — 14.25.220)
- 30. Pupils and Educational Programs for Pupils (§§ 14.30.010 — 14.30.660)
- 33. School Safety Patrols (§§ 14.33.010 — 14.33.060)
- 35. Vocational Education (§§ 14.35.010 — 14.35.030)
- 36. Community Schools (§§ 14.36.010 — 14.36.070)
- 40. The University of Alaska and the Community Colleges (§§ 14.40.010 — 14.40.640)
- 42. Postsecondary Education (§§ 14.42.010 — 14.42.390)
- 43. Scholarship, Loan, and Grant Programs for Postsecondary Students (§§ 14.43.010 — 14.43.910)
- 44. Interstate Education Compacts (§§ 14.44.010 — 14.44.060)
- 45. Private and Denominational Schools (§§ 14.45.010 — 14.45.200)
- 48. Regulation of Postsecondary Educational Institutions (§§ 14.48.010 — 14.48.210)
- 50. Federal Aid for Education (§§ 14.50.010 — 14.50.080)
- 56. State Library and Historical Library and State Library Programs (§§ 14.56.010 — 14.56.350)
- 57. The State Museum (§§ 14.57.010 — 14.57.080)
- 60. General Provisions (§ 14.60.010)

Sec. 14.08.170. [Repealed, § 1 ch 124 SLA 1975.]

Chapter 09. Transportation of Pupils.

Section

10. Transportation of pupils

Section

20. Transportation for nonpublic school students

Collateral references. — 68 Am. Jur. 2d Schools, §§ 234-241.

79 C.J.S. Schools and School Districts, §§ 475-482.

One transporting children to or from school as independent contractor. 66 ALR 724.

Risks and causes of loss within liability policy covering transportation of school children. 154 ALR 1102.

Tort liability of public schools and institutions of higher learning for accidents associated with transportation of students. 34 ALR3d 1210.

Relief against school board's "bussing plan" to promote desegregation. 50 ALR3d 1089.

Tort liability for misclassification or wrongful placement of student in special education program. 33 ALR4th 1166.

Personal liability of executive or administrative officer unit for personal injury or death of student. 35 ALR4th 272.

Liability of school employee, other than teacher or administrator, for personal injury or death of student. 35 ALR4th 328.

Sec. 14.09.010. Transportation of pupils. (a) The department may provide for the transportation of pupils who reside a distance from established schools, and in order to accomplish that purpose may

(1) require school districts to enter into contracts with the department for the administration, supervision, operation or subcontracting of the operation of transportation systems for students to and from the schools within their service area;

(2) require all school districts, transportation contractors and other recipients of state transportation funds to submit to the department an annual report, which includes a financial statement and other operational data required by the department;

(3) permit school districts to

(A) establish supplementary systems of student transportation for students ineligible to utilize transportation facilities paid for by the state;

(B) charge fares or fees for the supplementary transportation systems; and

(C) use local tax funds to pay, in whole or in part, the cost of the supplementary system.

(b) Each school district mentioned in (a)(1) of this section is entitled to receive reimbursement from the state for the operation of the transportation system on a unit cost basis determined by the department.

(c) The school board of a district, or the department for areas not within school districts, shall designate as hazardous those routes

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which cannot be safely traveled by children not served by school bus. The designation may recognize hazards that exist only part of the time and in these instances the designation shall be applicable only during the time the hazards are found to exist. The board or the department shall provide for the transportation of pupils on routes designated as hazardous. The additional cost of the transportation in a district shall be shared equally by the district and the department. Eligibility to receive school bus service on routes designated as hazardous shall not be subject to restrictions based on the minimum distance between established schools and the residences of pupils. (§ 1 ch 39 SLA 1966; § 1 ch 98 SLA 1966)

**Revisor's notes.** — Subsection (c) was enacted as AS 14.10.070(c). Renumbered in 1966.

**Opinions of attorney general.** — Until the Alaska Supreme Court issues a decision overruling *Matthews v. Quinton*,

Sup. Ct. Op. No. 31 (File No. 48), 362 P.2d 932 (1961), or modifying it in a significant manner, the law in the state is that public funds may not be used to provide transportation to private school children. 1978 Op. Att'y Gen. No. 23.

#### NOTES TO DECISIONS

**Prior law.** — For cases construing former similar provisions, see *Tapscott v. Page*, 17 Alaska 507 (1958); *Matthews v. Quinton*, Sup. Ct. Op. No. 31 (File No. 48), 362 P.2d 932 (1961), cert. denied, 368 U.S. 517, 82 S. Ct. 530, 7 L. Ed. 2d 522 (1962).

**Borough was not acting as an agent of the state in furnishing transportation of pupils.** *Kenai Peninsula Borough v. State*, Sup. Ct. Op. No. 1124 (File No. 2092), 532 P.2d 1019 (1975).

While the state did supervise the school transportation service insofar as it related to the funding provided by it and also had certain regulations in effect pertaining to the over-all safety of the transportation system, the actual control of the transportation services was undertaken by the borough which, on its own behalf, entered into the contract with a school bus owner to furnish transportation service for specified routes. *Kenai Peninsula Borough v. State*, Sup. Ct. Op. No. 1124 (File No. 2092), 532 P.2d 1019 (1975).

**Department of Education discretion in awarding school busing contracts.** — Although neither the Department of Education nor regional school boards were explicitly given the discretion to decide when a busing contract was to be awarded by bid or by negotiation under former AS 37.05.230(4), the authority granted to the Department of Education under this section compelled the conclusion that the department additionally had been granted the discretion to choose between bid and negotiation in awarding busing contracts. *State v. Northern Bus Co.*, Sup. Ct. Op. No. 2899 (File No. 7079), 693 P.2d 319 (1984).

**Applied in *Girves v. Kenai Peninsula Borough*,** Sup. Ct. Op. No. 1168 (File No. 2016), 536 P.2d 1221 (1975).

**Cited in *Jennings v. State*,** Sup. Ct. Op. No. 1467 (File No. 2658), 566 P.2d 1304 (1977).

**Collateral references.** — Transportation of school pupils at expense of public. 63 ALR 413; 118 ALR 806; 146 ALR 625. Nature and extent of transportation

that must be furnished under statute requiring free transportation of school pupils. 52 ALR3d 1036.

# Alaska Statutes

## Title 23. Labor and Workers' Compensation.

### Chapter

- 05. Department of Labor (§§ 23.05.010 — 23.05.340)
- 10. Employment Practices and Working Conditions (§§ 23.10.015 — 23.10.415)
- 15. Employment Services (§§ 23.15.010 — 23.15.650)
- 20. Alaska Employment Security Act (§§ 23.20.005 — 23.20.535)
- 25. Employer's Liability for Negligence (§§ 23.25.010 — 23.25.040)
- 30. Alaska Workers' Compensation Act (§§ 23.30.005 — 23.30.270)
- 35. Commercial Fishermen's Fund (§§ 23.35.010 — 23.35.150)
- 40. Labor Organizations (§§ 23.40.020 — 23.40.260)
- 45. General Provisions (§ 23.45.010)

**Revisor's notes.** — The provisions of this title were redrafted in 1984 to remove personal pronouns pursuant to § 4, ch. 58, SLA 1982, and to make other minor word changes.

**Cross references.** — For rights of correctional industries workers, see AS 33.32.

## Chapter 05. Department of Labor.

### Article

- 1. Administration (§§ 23.05.010 — 23.05.130)
- 2. Wage Claims (§§ 23.05.140 — 23.05.260)
- 3. General Provisions (§§ 23.05.270 — 23.05.280)
- 4. Reciprocal Agreements (§§ 23.05.320 — 23.05.340)

### Article 1. Administration.

#### Section

- 10. Purpose
- 20. Records of department
- 30. Funds
- 40. Bond of commissioner
- 50. Power to issue subpoenas and take testimony
- 60. Powers of the department

#### Section

- 80. Employer's records
- 90. Employer shall furnish information
- 100. Inspections and examination of records
- 110. Biennial report
- 120. Cooperation with other agencies
- 130. Preference for resident workers

## NOTES TO DECISIONS

Based on Fair Labor Standards Act. — See notes under same catchline under article analysis. Webster v. Bechtel, Inc., Sup. Ct. Op. No. 2245 (File Nos. 3979, 4139), 621 P.2d 890 (1980), Notes to Decisions.

AS 23.10.050 — 23.10.150 are directed toward a situation distinct from that of

the Equal Pay for Women Act. Brown v. Wood, Sup. Ct. Op. No. 1551 (File Nos. 2564, 2565), 575 P.2d 760 (1978), modified on rehearing on other grounds, 592 P.2d 1250 (1979).

Applied in Dresser Indus., Inc v. Alaska Dep't of Labor, Sup. Ct. Op. No. 2415 (File No. 5625), 633 P.2d 998 (1981).

**Sec. 23.10.055. Exemptions.** The provisions of AS 23.10.050 — 23.10.150 do not apply to

- (1) an individual employed in agriculture, which includes farming in all its branches and, among other things, includes the cultivation and tillage of the soil, dairying, the production, cultivation, growing, and harvesting of any agricultural or horticultural commodities, the raising of livestock, bees, fur-bearing animals, or poultry, and any practices, including forestry and lumbering operations, performed by a farmer or on a farm as an incident to or in conjunction with the farming operations, including preparation for market, delivery to storage or to market or to carriers for transportation to market;
- (2) an individual employed in the catching, trapping, cultivating or farming, netting or taking of any kind of fish, shellfish, or other aquatic forms of animal and vegetable life;
- (3) an individual employed in the hand picking of shrimp;
- (4) an individual employed in domestic service, including a baby-sitter, in or about a private home;
- (5) an individual employed by the United States or by the state or political subdivision of the state including prisoners not on furlough detained or confined in prison facilities;
- (6) an individual engaged in the activities of a nonprofit religious, charitable, cemetery or educational organization where the employer-employee relationship does not, in fact, exist, and where services rendered to the organization are on a voluntary basis;
- (7) an employee engaged in the delivery of newspapers to the consumer;
- (8) an individual employed solely as a watchman or caretaker of a plant or property that is not in productive use for a period of four months or more;
- (9) an individual employed in a bona fide executive, administrative or professional capacity or in the capacity of an outside salesman or a salesman who is employed on a straight commission basis;
- (10) an individual employed in the search for placer or hard rock minerals;
- (11) an individual under 18 years of age employed on a part-time basis not more than 30 hours in a week; or

**Sec. 23.10.065. Minimum wages.** An employer shall pay to each employee wages at a rate of not less than 50 cents an hour greater than the prevailing Federal Minimum Wage Law or \$2.60 an hour, whichever is greater, for hours worked in a pay period, whether the work is measured by time, piece, commission or otherwise. An employer may not apply tips or gratuities bestowed upon employees as a credit toward payment of the minimum hourly wage required by this section. Tip credit as defined by the Fair Labor Standards Act of 1938 as amended does not apply to the minimum wage established by this section. (§ 4 ch 171 SLA 1959; am § 2 ch 2 SLA 1962; am § 1 ch 41 SLA 1974)

**Cross references.** — For the Fair Labor Standards Act of 1938, see 29 U.S.C. 201-219.

#### NOTES TO DECISIONS

This section is based on the federal Fair Labor Standards Act of 1938, 29 U.S.C. §§ 201-219, and the terms used in the Alaska Statute are defined in the same way as in the federal act. *McGinnis v. Stevens*, Sup. Ct. Op. No. 1207 (File Nos. 2255, 2312), 543 P.2d 1221 (1975), decided prior to the 1978 amendment to AS 23.10.055(5).

**Prisoners as employees of the state.** — See *McGinnis v. Stevens*, Sup. Ct. Op. No. 1207 (File Nos. 2255, 2312), 543 P.2d 1221 (1975), decided prior to the 1978 amendment to AS 23.10.055(5).

**Article not void.** — The Alaska Wage and Hour Act merely requires higher minimum and overtime pay than the Fair Labor Standards Act, 29 U.S.C. §§ 201-219. Although compliance with both is more expensive than compliance with the federal act, it is not, in any sense, impossible so as to make the Alaska law void. *Webster v. Bechtel, Inc.*, Sup. Ct. Op.

No. 2245 (File Nos. 3979, 4139), 621 P.2d 890 (1980).

**Concurrent coverage of minimum wage claims is not preempted by the Federal Fair Labor Standards Act.** It appears that 29 U.S.C. § 218(a) was intended to allow the recovery of additional amounts under more protective state laws. It is logical that Congress contemplated that the state would allow for an action as to the whole claim, not just the increment, and, further, that Congress intended that the claims would be brought together, where possible, so that enforcement would not be costly. *Webster v. Bechtel, Inc.*, Sup. Ct. Op. No. 2245 (File Nos. 3979, 4139), 621 P.2d 890 (1980).

Applied in *Alaska Int'l Indus., Inc. v. Musarra*, Sup. Ct. Op. No. 1966 (File Nos. 3652, 3676), 602 P.2d 1240 (1979).

Cited in *Dresser Indus., Inc. v. Alaska Dept of Labor*, Sup. Ct. Op. No. 2415 (File No. 5625), 633 P.2d 998 (1981).

**Collateral references.** — Validity of minimum wage statutes relating to private employment, 39 ALR2d 740.

**Sec. 23.10.070. Exemptions from minimum wage.** To the extent necessary to prevent curtailment of opportunities of employment, the commissioner may by regulations or orders provide for the employment at wages lower than the minimum wage prescribed in AS 23.10.050 — 23.10.150 of

# Alaska Statutes

## Title 28. Motor Vehicles.

### Chapter

- 05. Administration (§§ 28.05.021, 28.05.041, 28.05.091, 28.05.141, 28.05.151)
- 10. Vehicle Registration and Title (§§ 28.10.011, 28.10.021, 28.10.041, 28.10.051, 28.10.101 — 28.10.108, 28.10.111, 28.10.121, 28.10.131, 28.10.141, 28.10.151, 28.10.181, 28.10.201, 28.10.321, 28.10.411, 28.10.421, 28.10.423, 28.10.431, 28.10.495, 28.10.502)
- 15. Drivers' Licenses (§§ 28.15.041, 28.15.046, 28.15.051, 28.15.071, 28.15.166, 28.15.171, 28.15.191, 28.15.221, 28.15.231, 28.15.271)
- 17. Commercial Driver Training Schools (§ 28.17.051)
- 20. Motor Vehicle Safety Responsibility Act (§ 28.20.440)
- 22. Motor Vehicle Liability Insurance (§§ 28.22.010, 28.22.100, 28.22.200, 28.22.600)
- 32. Commercial Motor Vehicle Safety Inspections (§§ 28.32.010 — 28.32.900)
- 33. Commercial Motor Vehicle Financial Responsibility (§ 28.33.010)
- 35. Miscellaneous Provisions (§§ 28.35.031 — 28.35.033, 28.35.045, 28.35.145, 28.35.235, 28.35.251 — 28.35.255)
- 37. Driver License Compact (§§ 28.37.010 — 28.37.040, 28.37.110 — 28.37.190)
- 40. General Provisions (§§ 28.40.050, 28.40.100)

### Chapter 05. Administration.

#### Article

- 1. Powers and Duties of Department of Public Safety (§§ 28.05.021, 28.05.041)
- 2. Vehicle Equipment Standards (§ 28.05.091)
- 3. Subpoenas, Notices and Hearings (§ 28.05.141)
- 4. Disposition of Certain Vehicle and Traffic Offenses (§ 28.05.151)

#### Article 1. Powers and Duties of Department of Public Safety.

##### Section

- 21. Commissioner to enter compacts and reciprocal agreements
- 41. Commissioner to prescribe forms, ex-

amine applications, and administer oaths

nor may the department issue the license until proper application has been made and all required driving, written, and physical examinations have been successfully completed. A license issued under this subsection expires on September 1 of the year following issuance. Application for renewal may be made by submitting to the department the results of a current physical examination and paying the required fee.

(c) A person may not drive a commercial motor vehicle until the person applies for and is issued a license for that purpose under (a) of this section. The department may not issue a license under this subsection unless the applicant is at least 19 years of age, has held a valid driver's license at least one year, and has successfully completed all required driving tests and written and physical examinations. In this subsection, "commercial motor vehicle" has the meaning given in AS 28.32.900. (§ 19 ch 178 SLA 1978; am § 2 ch 104 SLA 1985; am § 2 ch 19 SLA 1986)

**Effect of amendments.** — The 1985 amendment added subsection (c).  
 The 1986 amendment deleted "school bus transporting school children, or a bus transporting school-age children or another" preceding "motor vehicle" in the first sentence of subsection (b).

**Sec. 28.15.046. Licensing of school bus drivers.** (a) In addition to the requirements of AS 28.15.041(a), a person may not drive a school bus transporting school children, or a bus transporting schoolage children until the person has applied for and has been issued a license for that purpose under this section.

(b) The department may not issue a license under this section unless the applicant

- (1) is at least 19 years of age;
- (2) has had a license to operate a motor vehicle at least one year before the date of application;
- (3) has successfully completed all required driving, written, and physical examinations;
- (4) has submitted information sufficient to complete a background check consisting of a fingerprint check of national criminal records and state criminal records of the state or states in which the applicant has resided for the past two years;
- (5) has completed a state approved school bus driver training course established under AS 14.07.020(a)(14) or has for the previous two years been licensed by the state to operate a school bus.

(c) The department may not issue a license under this section to an applicant who has been convicted of any of the following offenses within 20 years of the time of application:

- (1) sexual abuse of a minor in any degree (AS 11.41.434 — 11.41.440);
- (2) sexual assault in any degree (AS 11.41.410 or 11.41.420);

- (3) incest (AS 11.41.450);
- (4) unlawful exploitation of a minor (AS 11.41.455);
- (5) contributing to the delinquency of a minor (AS 11.51.130);
- (6) a felony involving possession of a controlled or imitation controlled substance (AS 11.71 or AS 11.73);
- (7) a felony or misdemeanor involving distribution of a controlled or imitation controlled substance (AS 11.71 or AS 11.73);
- (8) promoting prostitution in the first or second degree (AS 11.66.110 or 11.66.120).

(d) The department may not issue a license to an applicant who has been convicted of driving while intoxicated (AS 28.35.030) within two years of the time of application or to an applicant who has two or more convictions for driving while intoxicated within 10 years of the time of application.

(e) For purposes of determining whether an applicant has been convicted of an offense listed under (c) or (d) of this section, a conviction under prior state law or in another jurisdiction of an offense having elements substantially similar to those of the offenses listed in (c) or (d) of this section is considered a conviction.

(f) Costs of conducting the background check required under (b)(4) of this section shall be paid by the applicant. A license issued under this section expires on September 1 of the year following issuance. Application for renewal may be made by submitting to the department the results of a current physical examination and paying the required fee. (§ 3 ch 19 SLA 1986)

**Sec. 28.15.051. Instruction permit, temporary driver's license and special driver's permit.** (a) Except as provided in (b) of this section, a person who is at least 14 years of age may apply to the department for an instruction permit. The department may, after the applicant has successfully passed all parts of the examination under AS 28.15.081 other than the driving test, issue to the applicant an instruction permit. The permit allows a person, while having the permit in the person's immediate possession, to drive a specified type or class of motor vehicle on a highway or vehicular way or area for a period not to exceed two years. The permittee must be accompanied by a person at least 19 years of age who has been licensed at least one year to drive the type or class of vehicle being used, who is capable of exercising control over the vehicle and who occupies a seat beside the driver, or who accompanies and immediately supervises the driver when the permittee drives a motorcycle. An instruction permit may be renewed.

(b) The department, upon receiving proper application, may issue a restricted instruction permit effective for a school year or for a more restricted period to an applicant who is at least 14 years of age and who is enrolled in a driver education program which includes practice

Original sponsor: Labor and Commerce  
Committee

1 IN THE HOUSE BY THE TRANSPORTATION COMMITTEE  
2 CS FOR HOUSE BILL NO. 305 (Transportation)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to transportation of pupils; and  
7 providing for an effective date."

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

9 \* Section 1. LEGISLATIVE FINDINGS. The legislature finds that the  
10 driving conditions existing in this state are unique and require school bus  
11 drivers to have experience in driving a vehicle on the roads and under the  
12 conditions existing in the state in order to ensure that they are adequate-  
13 ly trained. The legislature also finds that in order to properly train  
14 school bus drivers, drivers should be licensed in this state for a minimum  
15 period of one year, as required under AS 28.15.046(b)(2), as amended by  
16 sec. 5 of this Act.

17 \* Sec. 2. AS 23.10.055(5) is amended to read:

18 (5) an individual employed by the United States or by the  
19 state or political subdivision of the state, except as provided in  
20 AS 23.10.065(b), including prisoners not on furlough detained or  
21 confined in prison facilities;

22 \* Sec. 3. AS 23.10.065 is amended to read:

23 Sec. 23.10.065. MINIMUM WAGES. Except as provided under (b) of  
24 this section, an [AN] employer shall pay to each employee wages at a  
25 rate of not less than 50 cents an hour greater than the prevailing  
26 Federal Minimum Wage Law or \$2.60 an hour, whichever is greater, for  
27 hours worked in a pay period, whether the work is measured by time,  
28 piece, commission or otherwise. An employer may not apply tips or  
29 gratuities bestowed upon employees as a credit toward payment of the

1 minimum hourly wage required by this section. Tip credit as defined  
2 by the Fair Labor Standards Act of 1938 as amended does not apply to  
3 the minimum wage established by this section.

4 \* Sec. 4. AS 23.10.065 is amended by adding new subsections to read:

5 (b) Subject to the limitation under (c) of this section, an  
6 employer shall pay to each person employed as a school bus driver  
7 wages at a rate of not less than two times the minimum wage  
8 established under (a) of this section, for hours worked in a pay  
9 period, whether work is measured by time, commission, or otherwise.  
10 An employer may not apply fringe benefits as a credit toward payment  
11 of the minimum wage established under this subsection.

12 (c) Notwithstanding (b) of this section, an employer who con-  
13 tracts with the Department of Education or a school district to pro-  
14 vide school bus transportation services is not required to adjust  
15 school bus driver wages under (b) of this section, except when enter-  
16 ing into or renewing the contract.

17 \* Sec. 5. AS 28.15.046(b) is amended to read:

18 (b) The department may not issue a license under this section  
19 unless the applicant

20 (1) is at least 21 [19] years of age;

21 (2) has had a license issued by the department to operate a  
22 motor vehicle at least one year before the date of application and has  
23 had a license to operate a motor vehicle at least three years before  
24 the date of application;

25 (3) has successfully completed all required driving, writ-  
26 ten, and physical examinations;

27 (4) has submitted information sufficient to complete a  
28 background check consisting of a fingerprint check of national crimi-  
29 nal records and state criminal records of the state or states in which

1 the applicant has resided for the past two years;

2 (5) has completed a state approved school bus driver train-  
3 ing course established under AS 14.07.020(a)(14) or has for the previ-  
4 ous two years been licensed by the state to operate a school bus.

5 \* Sec. 6. This Act takes effect September 1, 1988.

1 IN THE HOUSE

BY THE LABOR AND  
COMMERCE COMMITTEE

2

HOUSE BILL NO. 305

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 transportation of pupils; and  
7 providing for an effective date."

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

9 \* Section 1. LEGISLATIVE FINDINGS. The legislature finds that the  
10 driving conditions existing in this state are unique and require school bus  
11 drivers to have experience in driving a vehicle on the roads and under the  
12 conditions existing in the state in order to ensure that they are adequate-  
13 ly trained. The legislature also finds that in order to properly train  
14 school bus drivers, drivers should be licensed in this state for a minimum  
15 period of two years, as required in sec. 5 of this Act.

16 \* Sec. 2. AS 14.09.010 is amended by adding a new subsection to read:

17 (d) A school district, transportation contractor, or other  
18 recipient of state funds for pupil transportation shall establish two  
19 wage schedules for its employees who provide pupil transportation  
20 services. One wage schedule must include employees, other than driv-  
21 ers, paid on an hourly basis, by classification. The other wage  
22 schedule must include drivers, by classification. After an entity  
23 establishes a wage schedule required by this subsection, an employee  
24 hired by that entity to provide substantially the same pupil transpor-  
25 tation services as an employee compensated according to the estab-  
26 lished wage schedule shall be compensated at a rate not less than that  
27 established by the wage schedule. If wages paid to the employee are  
28 higher than the rate established by the wage schedule, the wage  
29 schedule shall be amended to conform to the higher wage rate.

1 \* Sec. 3. AS 23.10.065 is amended to read:

2           Sec. 23.10.065. MINIMUM WAGES. Except as provided under (b) of  
3 this section, an [AN] employer shall pay to each employee wages at a  
4 rate of not less than 50 cents an hour greater than the prevailing  
5 Federal Minimum Wage Law or \$2.60 an hour, whichever is greater, for  
6 hours worked in a pay period, whether the work is measured by time,  
7 piece, commission or otherwise. An employer may not apply tips or  
8 gratuities bestowed upon employees as a credit toward payment of the  
9 minimum hourly wage required by this section. Tip credit as defined  
10 by the Fair Labor Standards Act of 1938 as amended does not apply to  
11 the minimum wage established by this section.

12 \* Sec. 4. AS 23.10.065 is amended by adding a new subsection to read:

13           (b) An employer shall pay to each person employed as a school  
14 bus driver wages at a rate of not less than two and one-half times the  
15 prevailing Federal Minimum Wage Law, for hours worked in a pay period,  
16 whether work is measured by time, commission, or otherwise. An em-  
17 ployer may not apply fringe benefits as a credit toward payment of the  
18 minimum wage established under this subsection.

19 \* Sec. 5. AS 28.15.046(b) is amended to read:

20           (b) The department may not issue a license under this section  
21 unless the applicant

22                   (1) is at least 21 [19] years of age;

23                   (2) has had a license issued by the department to operate a  
24 motor vehicle at least two years [ONE YEAR] before the date of appli-  
25 cation;

26                   (3) has successfully completed all required driving, writ-  
27 ten, and physical examinations;

28                   (4) has submitted information sufficient to complete a  
29 background check consisting of a fingerprint check of national

1 criminal records and state criminal records of the state or states in  
2 which the applicant has resided for the past two years;

3 (5) has completed a state approved school bus driver train-  
4 ing course established under AS 14.07.020(a)(14) or has for the previ-  
5 ous two years been licensed by the state to operate a school bus.

6 \* Sec. 6. This Act takes effect September 1, 1987.

CSHB

305

SENATE COMMITTEE REPORT

FURTHER

DATE TURNED INTO OFFICE 5/7/88

5/3/88  
Mr. President:

Finance Committee considered CSHB 305 (FIN)

wages and licensing of school bus drivers; 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 3-0 DCLabor  
DPS  
DOE

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature]  
Paul Frick  
[Signature]  
[Signature]

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Rick Halford do pass  
Chairman signature and recommendation

Committee Backup attached

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Public Safety  
 Title: An Act relating to transportation BRU: Motor Vehicles  
of pupils.  
 Sponsor: House L&C Components: \_\_\_\_\_  
 Requestor: House L&C

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						
---------	--	--	--	--	--	--

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

No fiscal impact on this department.

Prepared by: Bill Brown Phone: 465-4335  
 Division: Motor Vehicles Date: 2-2-88  
 Approved by Commissioner: [Signature] Date: 2-3-88  
 Agency: Public Safety

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

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: CSHB 305 (Fin)  
PUBLISH DATE: HOUSE 3/23/88

No. 4

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Labor  
 Title: "An act relating to  
transportation of pupils...." BRU: Labor Standards & Safety  
 Sponsor: House Labor & Commerce Components: Wage & Hour  
 Requestor: House HESS

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	0.0	0.0	0.0

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

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

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						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Tom Stuart, Director *Tom Stuart* Phone: 264-2452  
 Division: Labor Standards & Safety Date: 3/18/88

Approved by Commissioner: Jim Sampson *Jim Sampson* Date: 3/18/88  
 Agency: Department of Labor

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

FISCAL NOTE

No. 1

REQUEST:

Revision Date: \_\_\_\_\_  
Title: ...transportation of pupils...  
Sponsor: House Labor and Commerce  
Requestor: House Labor and Commerce

Agency Affected: Education  
BRU: K-12  
Components: Pupil transportation

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						
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

This is not a zero fiscal note. The potential cost of sections 2, 3, and 4 of the bill are indeterminate.

*Note*  
Prepared by: Steve Hole Phone: 465-2800  
Division: Commissioner's Office Date: 2-2-88

Approved by Commissioner: William G. Demmert Date: 2-2-88  
Agency: Education

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

Original sponsor: Labor and Commerce  
Committee

1 IN THE HOUSE BY THE FINANCE COMMITTEE  
2 CS FOR HOUSE BILL NO. 305 (Finance)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FIFTEENTH LEGISLATURE - SECOND SESSION  
5 A BILL  
6 For an Act entitled: "An Act relating to wages and licensing of school bus  
7 drivers; and providing for an effective date."  
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
9 \* Section. 1. AS 23.10.055(5) is amended to read:  
10 (5) an individual employed by the United States or by the  
11 state or political subdivision of the state, except as provided in  
12 AS 23.10.065(b), including prisoners not on furlough detained or  
13 confined in prison facilities;  
14 \* Sec. 2. AS 23.10.065 is amended to read:  
15 Sec. 23.10.065. MINIMUM WAGES. Except as provided under (b) of  
16 this section, an [AN] employer shall pay to each employee wages at a  
17 rate of not less than 50 cents an hour greater than the prevailing  
18 Federal Minimum Wage Law or \$2.60 an hour, whichever is greater, for  
19 hours worked in a pay period, whether the work is measured by time,  
20 piece, commission or otherwise. An employer may not apply tips or  
21 gratuities bestowed upon employees as a credit toward payment of the  
22 minimum hourly wage required by this section. Tip credit as defined  
23 by the Fair Labor Standards Act of 1938 as amended does not apply to  
24 the minimum wage established by this section.  
25 \* Sec. 3. AS 23.10.065 is amended by adding new subsections to read:  
26 (b) Subject to the limitation under (c) of this section, an  
27 employer shall pay to each person employed as a school bus driver  
28 wages at a rate of not less than two times the minimum wage estab-  
29 lished under (a) of this section, for hours worked in a pay period,

1        whether work is measured by time, commission, or otherwise.        An em-  
2        ployer may not apply fringe benefits as a credit toward payment of the  
3        minimum wage established under this subsection.

4            (c) Notwithstanding (b) of this section, an employer who con-  
5        tracts with the Department of Education or a school district to pro-  
6        vide school bus transportation services is not required to adjust  
7        school bus driver wages under (b) of this section, except when enter-  
8        ing into or renewing the contract.

9        \*Sec. 4. AS 28.15.046(b) is amended to read:

10           (b) The department may not issue a license under this section  
11        unless the applicant

12                (1) is at least 21 [19] years of age;

13                (2) has had a license to operate a motor vehicle at least  
14        three years [ONE YEAR] before the date of application;

15                (3) has successfully completed all required driving, writ-  
16        ten, and physical examinations;

17                (4) has submitted information sufficient to complete a  
18        background check consisting of a fingerprint check of national crimi-  
19        nal records and state criminal records of the state or states in which  
20        the applicant has resided for the past two years;

21                (5) has completed a state approved school bus driver train-  
22        ing course established under AS 14.07.020(a)(14) or has for the previ-  
23        ous two years been licensed by the state to operate a school bus.

24        \* Sec. 5. This Act takes effect September 1, 1988.

HB

308

SENATE COMMITTEE REPORT

FURTHER

3/15/88

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

Mr. President:

\_\_\_\_\_ Finance \_\_\_\_\_ Committee considered CSHB 308 (SA) am  
voter registration

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

DATE TURNED INTO OFFICE 3/19/88

1/14/88

Mr. President:

State Affairs Committee considered CSHB 308 (SA) am

voter registration •

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 ND

zero [ ] fiscal impact

MEMBERS SIGNING DO PASS

Rich Kelly (Do Pass)

OTHER RECOMMENDATIONS

Do Not Pass

Don Mitchell  
Chairman signature and recommendation

[ ] Committee Backup attached

Offered: 5/14/87  
Referred: Rules

5-1196B

Original sponsor: Boucher and  
Gruenberg

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE  
2 CS FOR HOUSE BILL NO. 308 (State Affairs) am  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to voter registration."

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

8 \* Section 1. AS 15.07.070 is amended by adding a new subsection to  
9 read:

10 (g) The director shall provide voter registration forms prepared  
11 under (b) of this section to the Department of Public Safety for  
12 distribution to the public under AS 28.05.045.

13 \* Sec. 2. AS 28.05 is amended by adding a new section to read:

14 Sec. 28.05.045. VOTER REGISTRATION. A person applying for a  
15 driver's license, identification card issued under AS 18.65.310, or  
16 vehicle registration under AS 28.10 in an office of the division of  
17 motor vehicles who is 18 years of age or older, or who will be 18  
18 years of age or older within 90 days, shall at the time of application  
19 be advised by the department that the person may also register to  
20 vote. The department shall use a form for voter registration prepared  
21 by the division of elections and shall forward completed forms to the  
22 division of elections. The department shall prominently display  
23 notice of the right to apply for voter registration at each place that  
24 the public may apply for a driver's license, identification card, or  
25 vehicle registration.

Offered: 5/14/87  
Referred: Rules

5-1196B

Original sponsor: Boucher and  
Gruenberg

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 308 (State Affairs) am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

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11 under (b) of this section to the Department of Public Safety for  
12 distribution to the public under AS 28.05.045.

13 \* Sec. 2. AS 28.05 is amended by adding a new section to read:

14 Sec. 28.05.045. VOTER REGISTRATION. A person applying for a  
15 driver's license, identification card issued under AS 18.65.310, or  
16 vehicle registration under AS 28.10 in an office of the division of  
17 motor vehicles who is 18 years of age or older, or who will be 18  
18 years of age or older within 90 days, shall at the time of application  
19 be advised by the department that the person may also register to  
20 vote. The department shall use a form for voter registration prepared  
21 by the division of elections and shall forward completed forms to the  
22 division of elections. The department shall prominently display  
23 notice of the right to apply for voter registration at each place that  
24 the public may apply for a driver's license, identification card, or  
25 vehicle registration.

*C.C.*

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: CSHB 308(SA)  
PUBLISH DATE: HOUSE 1/13/88

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Elections  
 Title: An Act relating to voter registration. BRU: Elections  
 Sponsor: Boucher Components: I  
 Requestor: Boucher

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

[Empty box for analysis]

Prepared by: Linda Edgeworth Phone: 465-4611  
 Division: Elections Date: 1/8/88

Approved by Commissioner: *Sandra Stewart* Date: 1/8/88  
 Agency: Division of Elections

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

ALASKA STATE LEGISLATURE

15th Legislature SECOND  
FIRST Session

HOUSE BILL NO. 308  
By BOUHER, GRUENBERG

"An Act relating to voters' registration."

CSHB 308(SA) BY STATE AFFAIRS

Offered: 5/14/87  
Referred: Rules

TITLE: Same

Introduced in the House .. 5/8/1987...

HISTORY IN THE HOUSE

19 <sup>87</sup>	Read first time and referred to Committee on STATE AFFAIRS																				
May 8																					
May 14	Reported back with recommendation that <i>State Affairs - CS/SA - bdp, MR. To Rules</i>																				
1988																					
Jan 13	Read second time and <i>amended to do</i>																				
Jan 13	Read third time and																				
Jan 13	<table border="0"> <tr><td>PASSED</td><td>Effective Date</td></tr> <tr><td>Yeas 38</td><td>Yeas</td></tr> <tr><td>Nays 1</td><td>Nays</td></tr> <tr><td>Excused 1</td><td>Excused</td></tr> <tr><td>Absent 0</td><td>Absent</td></tr> </table> <p>Reconsideration Reconsideration not taken up</p> <table border="0"> <tr><td>PASSED</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Excused</td><td>Excused</td></tr> <tr><td>Absent</td><td>Absent</td></tr> </table>	PASSED	Effective Date	Yeas 38	Yeas	Nays 1	Nays	Excused 1	Excused	Absent 0	Absent	PASSED	Effective Date	Yeas	Yeas	Nays	Nays	Excused	Excused	Absent	Absent
PASSED	Effective Date																				
Yeas 38	Yeas																				
Nays 1	Nays																				
Excused 1	Excused																				
Absent 0	Absent																				
PASSED	Effective Date																				
Yeas	Yeas																				
Nays	Nays																				
Excused	Excused																				
Absent	Absent																				
1 1 1	<p>Reported correctly engrossed Signed by Speaker Sent to Senate <i>Gene Pasten</i></p>																				
	CHIEF CLERK OF THE HOUSE																				

HISTORY IN THE SENATE

19 88	Read first time and referred to Committee on SA FIN																				
1 14																					
3 15	Reported back with recommendation that <i>SA 2 do pass, 1 NO, House question to fin</i>																				
	Read second time and																				
	Read third time and																				
	<table border="0"> <tr><td>PASSED</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Excused</td><td>Excused</td></tr> <tr><td>Absent</td><td>Absent</td></tr> </table> <p>Reconsideration Reconsideration not taken up</p> <table border="0"> <tr><td>PASSED</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Excused</td><td>Excused</td></tr> <tr><td>Absent</td><td>Absent</td></tr> </table>	PASSED	Effective Date	Yeas	Yeas	Nays	Nays	Excused	Excused	Absent	Absent	PASSED	Effective Date	Yeas	Yeas	Nays	Nays	Excused	Excused	Absent	Absent
PASSED	Effective Date																				
Yeas	Yeas																				
Nays	Nays																				
Excused	Excused																				
Absent	Absent																				
PASSED	Effective Date																				
Yeas	Yeas																				
Nays	Nays																				
Excused	Excused																				
Absent	Absent																				
	Reported correctly engrossed Signed by President 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. ....

# Alaska State Legislature

POUCH V  
JUNEAU, ALASKA 99811  
(907) 465-4931

DISTRICT 10  
BOX 111038  
ANCHORAGE, ALASKA 99511  
(907) 349-2192



CHAIRMAN  
Special Committee on  
Telecommunications

MEMBER  
Labor and Commerce  
State Affairs  
Finance—Subcommittee Administration

Representative H. A. "Red" Boucher

TO: STATE AFFAIRS COMMITTEE

FROM: H.A. "RED" BOUCHER

DATE: MAY 13, 1987

RE: HB 308 AN ACT RELATING TO VOTER REGISTRATION

-----

The major feature of the "motor voter" bill is to provide additional means for people to register to vote, update their existing registration, or cancel a registration in another state -- while they are applying for a driver's license. Motor Voter legislation has been adopted in Arizona (1983), Colorado (1985) and Michigan (1975) with an increase of 16% to the registered rolls.

The procedure for registering would not consume much time (less than 2% in Arizona) or place an excessive burden on Department of Motor Vehicle (DMV) personnel. Both Division of Elections and DMV require the same information. DMV personnel would post signs, help with the forms, and forward the forms to the Division of Elections for verification.

Currently in Alaska, voter registration forms are available in some DMV offices, but not in Anchorage or Fairbanks. Where the forms are available, DMV does not assist in filling out the forms nor does it forward the forms to Division of Elections. Approximately 60% of Alaskans are registered to vote, although Division of Elections has no firm numbers on this.

BILL NO: CSHB 208 (SA) am

DATE: 3/2/88

TITLE: "An Act relating to voter registration."

CONTACT: Jay N. Dulany  
269-5551

DEPARTMENT OF  
PUBLIC SAFETY

RECEIVED  
MARCH 10 1988

This bill requires the Division of Motor Vehicles (DMV) to offer voter registration to persons applying for a driver's license, identification card issued under AS 18.65.310, or vehicle registration under AS 28.10.

The Division currently registers voters in all field offices but Anchorage without regard to the person's intent to utilize other DMV services. The only possible drawback to the imposition of voter registration in the Anchorage field office may be longer waiting periods for the public, due to the large volume of regular motor vehicle transactions handled daily by that office.

The Department supports this bill.

  
\_\_\_\_\_  
Arthur English  
Commissioner

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
 Title: An Act relating to voter registration.  
 Sponsor: Boucher  
 Requestor: Senate State Affairs

Agency Affected: Public Safety  
 BRU: Motor Vehicles  
 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						
---------	--	--	--	--	--	--

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

No fiscal impact.

Prepared by: Bill Brown Phone: 465-4335  
 Division: Motor Vehicles Date: 1-13-88

Approved by Commissioner: David G. Anderson, Dep. Comm. Date: 1-28-88  
 Agency: Public Safety

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

**OFFICE OF THE GOVERNOR**

DIVISION OF ELECTIONS  
P.O. BOX AF  
JUNEAU, ALASKA 99811-0105  
PHONE (907) 465-4611

CSHB 308 (SA) am

COMMENTS IN SUPPORT OF SB-308

Prepared by  
Division of Elections  
March 3, 1988

The Division of Elections has reviewed Senate Bill 308 and supports its provisions. It should be pointed out that for many years, the Division has enjoyed a cooperative association with the Department of Public Safety through which, most motor vehicle registration outlets already provide voter registration services.

Among the most active outlets are Juneau, Haines, Sitka, Ketchikan, Kodiak, Nome, Fairbanks, Tok and Anchorage. The Nome Election Supervisor has also contacted Barrow, Bethel and Kotzebue to encourage their participation, and the Anchorage motor vehicle office has requested a re-training session which is expected to take place in the near future.

In general, the Division has received positive support from the motor vehicle offices currently providing voter registration services.

Sherry Valentine  
Sherry Valentine  
Deputy Director

3/4/88  
Date