

ALASKA LEGISLATURE COMMITTEE BILL FILES - 1987 - 1988 8879

HB 368 thru HE 369-S 347

H B

3 6 8

**HOUSE COMMITTEE REPORT**

(11)

Date referred: 4/21/88

FURTHER REFERRALS:

DATE: 4/26/88

The Finance Committee has considered HB 368

"An Act exempting certain persons from the requirement to be licensed as an occupational therapist or occupational therapy assistant; and providing for an effective date."

**RECOMMENDS:**

replace with CS HB 368 (HESS)  the same title  
 attached amendment(s)  a new title

do pass  
 do not pass  
 no recommendation  
 individual recommendations  
 additional referral to the \_\_\_\_\_ Committee

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

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

fiscal impact  same as previous fiscal note published \_\_\_\_\_  
 zero fiscal note  same as previous zero fiscal note published 4/21/88  
 zero with analysis

**SIGNING DO PASS:**

ADAMS [Signature]  
BOURCHOFF [Signature]  
LARSON [Signature]  
GOLL [Signature]  
BOYER [Signature]  
PLEGER [Signature]

**SIGNING OTHER RECOMMENDATIONS:**

SWACK [Signature] No Rec  
BROWN [Signature] No Rec  
DAMS [Signature]

[Signature]  
Chairman's signature

370

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: CSHB 368 (HESS)  
PUBLISH DATE: HOUSE 4/21/88

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: "An Act exempting certain persons  
. . . occupational therapist . . ."  
Sponsor: Rules  
Requestor: Governor

Agency Affected: Health & Social Services  
BRU: Institutions and Administration  
Components: API, Harborview

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

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

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

The enactment of HB 368 would have no direct fiscal impact on the Department of Health and Social Services.

Prepared by: Mel Henry, Director  
Division: Mental Health & Developmental Disabilities

Phone: 465-3370  
Date: 1/21/88

Approved by Commissioner: Myra M. Munson  
Agency: Health & Social Services

Date: 2-9-88

Distribution (by preparer):

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

2

POSITION PAPER  
HOUSE BILL NO. 368

"An Act exempting certain persons from the requirement to be licensed as an occupational therapist or occupational therapy assistant; and providing for an effective date."

EFFECT OF BILL


This bill would exempt government employees and educational institution employees who provide occupational therapy services from the licensing requirement in Chapter 2, FSSLA 1987.

DISCUSSION

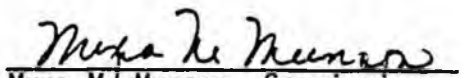
Such an exemption is necessary because many activities falling under the overly broad definition of "occupational therapy" in Chapter 2 are performed by personnel who have no formal occupational therapy training. If licensed personnel were required for these activities, many of the services would not be performed. Occupational therapists with formal training are in short supply. The most efficient way to provide the services is to use other personnel for provision of the less complex activities falling under the definition of "occupational therapy" in Chapter 2, FSSLA 1987. Without the exemption contained in this bill, that would not be possible.

RECOMMENDATION

The Department of Health and Social Services supports the passage of HB 368.

Recommended by:   
Mel Henry, Director

Date: 20<sup>th</sup> January, 1988

Approved by:   
Myra M. Munson, Commissioner

Date: Feb 9, 1988

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: Occupational Therapist  
Sponsor: Rules Committee  
Requestor: Governor

Agency Affected: Education  
BRU: \_\_\_\_\_  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

The bill has no fiscal impact on the department. It will, however, save school districts a significant amount of money.

Prepared by: Steve Hole Phone: 465-2800  
Division: Commissioner's Office Date: 01-04-88  
Approved by Commissioner: [Signature] Date: 01-04-88  
Agency: Education

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

STEVE COWPER  
GOVERNOR

ce



JMB 368

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 18, 1988

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

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the licensing of occupational therapists and occupational therapy assistants. It would exempt certain persons from the new occupational therapist licensing requirements of AS 08.84.150. It would also exempt those same persons from the penalties applicable to those "holding out" as occupational therapists or occupational therapy assistants.

Sections 1 and 2 of the bill exclude those who are exempt from the occupational therapist licensing requirements under sec. 3 of the bill from the misdemeanor penalties otherwise applicable under AS 08.84.130(c) and (d) to persons holding themselves out or practicing as occupational therapists and occupational therapy assistants. These specific exclusions from the "holding out" penalty provisions of AS 08.84.130(c) and (d), are needed because those provisions are aimed at any unlicensed person who "directly or by implication" holds out as a licensee. A person practicing occupational therapy in a school setting could possibly be said to be "holding out by implication" as a licensed therapist or therapy assistant even though the person is exempted from the licensing requirement under sec. 3 of the bill. The exemptions are not broad enough, however, to exempt a person who "holds out" to the public as a licensed occupational therapist or therapy assistant for compensation in addition to the salary the person receives from his or her state or school district employer.

Section 3 of the bill adds to the list of those who are exempt from the licensing requirements of AS 08.84.150, a person employed by a governmental unit or an educational institution who is required to engage in some phase of occupational therapy work, so long as the person does not offer to render occupational therapy services to the public for compensation in addition to the salary received from his or her employer.

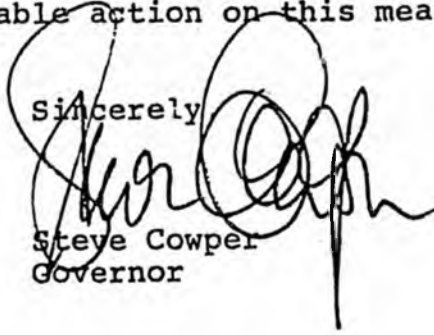
The Honorable Ben Grussendorf

Page 2

Section 4 of the bill provides for an immediate effective date in order to provide relief as soon as possible to school districts and others that are now required under ch. 2, FSSLA 1987, to hire licensed occupational therapists and therapy assistants to perform work that was formerly performed by unlicensed personnel.

I urge your prompt and favorable action on this measure.

Sincerely



Steve Cowper  
Governor



# NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

## ANCHORAGE REGIONAL OFFICE

1411 W. 33RD AVENUE  
ANCHORAGE, ALASKA 99503  
(907) 274-0536

## JUNEAU OFFICE

105 MUNICIPAL WAY, SUITE 302  
JUNEAU, ALASKA 99801  
(907) 586-3090

## FAIRBANKS REGIONAL OFFICE

2118 CUSHMAN STREET  
FAIRBANKS, ALASKA 99701  
(907) 456-4435

April 22, 1988

To: Rep. Al Adams, Chair  
Members, House Finance Committee

Re: CS for HB 368 (HESS)

"An Act exempting certain persons from the requirement to be licensed as an occupational therapist or occupational therapy assistant; and providing for an effective date."

NEA-Alaska supports this legislation and encourages that the Committee give it favorable and expeditious attention.

This bill provides that teachers and teachers' aides may provide occupational therapy services under the direct supervision of a licensed occupational therapist in a program approved by the school district.

This legislation is necessary because there are not enough occupational therapists available to meet the program needs of school districts.

The result is that essential student service needs are not being met. Further, when program requirements under statute such as Public Law 94-142 are not met as a result of the absence of necessary occupational therapist services, the potential for school district liability and litigation is increased significantly.

We urge your favorable consideration of this legislation.

Thank you for your consideration of our concerns.

Respectfully submitted,

Bob Manners  
Executive Secretary

cc: Governor Cowper

POSITION PAPER  
HOUSE BILL NO. 368

"An Act exempting certain persons from the requirement to be licensed as an occupational therapist or occupational therapy assistant; and providing for an effective date."

EFFECT OF BILL

This bill would exempt government employees and educational institution employees who provide occupational therapy services from the licensing requirement in Chapter 2, FSSLA 1987.

DISCUSSION

Such an exemption is necessary because many activities falling under the overly broad definition of "occupational therapy" in Chapter 2 are performed by personnel who have no formal occupational therapy training. If licensed personnel were required for these activities, many of the services would not be performed. Occupational therapists with formal training are in short supply. The most efficient way to provide the services is to use other personnel for provision of the less complex activities falling under the definition of "occupational therapy" in Chapter 2, FSSLA 1987. Without the exemption contained in this bill, that would not be possible.

RECOMMENDATION

The Department of Health and Social Services supports the passage of HB 368.

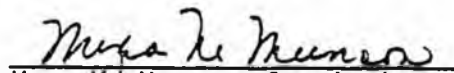
Recommended by:

  
Mel Henry, Director

Date:

20<sup>th</sup> January, 1988

Approved by:

  
Myra M. Munson, Commissioner

Date:

Feb 4, 1988

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: "An Act exempting certain persons  
. . . occupational therapist . . ."  
Sponsor: Rules  
Requestor: Governor

Agency Affected: Health & Social Services  
BRU: Institutions and Administration  
Components: API, Harborview

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LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

The enactment of HB 368 would have no direct fiscal impact on the Department of Health and Social Services.

Prepared by: Mel Henry, Director  
Division: Mental Health & Developmental Disabilities

Phone: 465-3370  
Date: 1/21/88

Approved by Commissioner: Myra M. Munson  
Agency: Health & Social Services

Date: 2-9-88

Distribution (by preparer):

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

G

**PHYSICAL  
THERAPY  
CENTER**

Beth Hansen, LPT

Denice A.B. McPherson, LPT

789-4880

February 15, 1988

RECEIVED  
FEB 22 1988

Rep. Dave Donley, Chairman  
House Commerce Committee  
R. M. Room 1  
Juneau, Alaska 99801

Dear Representative Donley,

I would like to express my concern regarding HB 668. This bill proposes that occupational therapy done in the school system be done by a non-licensed person. The requirements of licensing are not at all exclusive; so there is no rational reason why any Occupational Therapist would avoid the process. Therefore, the intent of this legislation is to allow untrained persons to perform therapy skills. There is only one reason to explain this move: saving money by having therapy performed by nonqualified persons.

The duties required of the Physical Therapists and Occupational Therapists in the school system often involve severely handicapped children. The skills used in this type of treatment are now being recognized as a sub-speciality in both professions.

I am an orthopedically oriented Physical Therapist and have practiced therapy in the hospital and clinical setting for 12 years. To convert to the practice of neurologically involved pediatrics would involve at least a year of education to upgrade my skills in that area.

I would hate to think of these special children being given less than adequate treatment by an unskilled person. I am concerned for the parents who will think that their children are being treated by a professional.

I also recommend that the legislature be sure that this would not be a violation of the Federal government requirement in public law 94-142.

Sincerely,

*Beth Hansen*  
Beth Hansen, LPT

BHS:W

6



# AKOTA Alaska Occupational Therapy Association

3605 Arctic Blvd. #1616, Anchorage, Alaska 99503  
(907) 345-0034

February 2, 1988

Representative Dave Donley, Chairman  
Labor and Commerce Committee  
House of Representatives  
P.O. Box V  
Juneau, Ak 99801

RECEIVED  
FEB 9 1988

Dear Representative Donley:

The Alaska Occupational Therapy Association is strongly opposed to passage of HB 368. This bill would allow schools and governmental units, to employ persons to perform occupational therapy services without meeting qualifications for the practice of occupational therapy as defined in Alaska statutes.

Passage of this bill would allow consumers to receive treatment which is substandard and harmful. Consumers, including handicapped students, psychiatric patients, and developmentally disabled persons, in Alaska do not deserve less than qualified service providers.

To allow untrained, unqualified persons to say they are delivering occupational therapy services is certainly not in the best interest of the State of Alaska.

Please, consider the effect the passage of this bill would have on the health care consumers in Alaska.

The Alaska Occupational Therapy Association is eager to assist the Labor and Commerce Committee, the Department of Education or the Office of the Governor in understanding the potential effect of this bill. We are also willing to assist with any potential difficulties in the practice of occupational therapy. House Bill 368 must not be supported because it would allow unqualified persons to deliver occupational therapy services.

Sincerely,

Mary Melissa Robinson, OTR  
President, Ak.O.T.A.

CAROL J. LAURION - - - - - 5632 E 40th #E301  
Anchorage, AK 99504

February 9, 1988

RECEIVED  
FEB 16 1988

Labor & Commerce Committee Members  
PO Box V  
Juneau, AK 99811

Dear Labor & Commerce Committee Members:

I am writing to you for my concerns of HB 368 introduced by Governor Cowper to exempt government units and educational institutions from occupational therapy licensure. Passage of this bill would mean occupational therapists and certified occupational therapy assistants working for school districts and state agencies would not have to be qualified or meet the qualifications for licensure.

I work at Alaska Psychiatric Institute with many chronic and acutely ill schizophrenic patients. These patients don't usually have the abilities to distinguish whether a therapist is qualified or not. Even if they did several are committed and they don't usually have a choice of leaving API to seek a more qualified therapist.

Before API, I worked at Hope Cottages with the same children who receive occupational therapy in the schools. I was often called upon to consult and teach caregivers on how to feed a profoundly retarded, multiply handicapped child who couldn't swallow properly and choked on each bite of food that was given him. I ask you - can this child distinguish between a qualified and unqualified occupational therapist? Can he choose who will give advice on how he's to be fed? Passage of HB 368 would allow consumers of governmental and educational units to receive substandard service. Is this the pride we take in our State services?

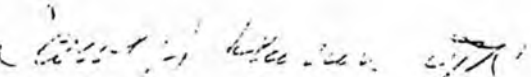
The Department of Education has voiced many concerns that the occupational therapy licensure law prohibits any person who may be involved in any aspect of the occupational therapy definition from performing their work. The Alaska Occupational Therapy Association believes the purpose of the law is not to limit qualified professionals from practicing what they are qualified to practice as long as it is not represented as occupational therapy. Any clarification of this law could have been appropriately handled with regulations. There are several alternatives that could have handled the Department of Education's concerns. Yet, Governor Cowper chose to introduce HB 368 and attach governmental units to the Educational Department's concerns for no apparent reason. I ask you who must know him better than I... I ask you - Why? Why would he choose to introduce a bill that would be so detrimental to the needy people of this State? Why?

The Alaska Occupational Therapy Association has chosen to take a stance of proposing alternative language to HB 368 that will allow teachers and teacher aides to develop daily living, play, leisure, social, and developmental skills as long as such a person does not represent themselves as an occupational therapist.

Page 2  
Carol J. Laurion  
HB 368

I ask you to send a message to the needy people of this State and send a message to Governor Cowper by adopting the Alaska Occupational Therapy Association's language to HB 368 and encouraging your colleagues to do the same.

Sincerely,



Carol J. Laurion, OTR  
Occupational Therapist Registered

cc: Alaska Occupational Therapy Association  
ASK  
Mental Health Consumers of Alaska  
Alliance for the Mentally Ill



## AKOTA Alaska Occupational Therapy Association

3605 Arctic Blvd. #1616, Anchorage, Alaska 99503  
(907) 345-0034

March 24, 1988

Labor & Commerce Committee  
Dave Donley, Chair  
House of Representatives  
Room 17, Capitol  
Juneau, Alaska 99811

Members of the Labor & Commerce Committee:

The Alaska Occupational Therapy Association will favor passage of CS HB 368 only if there is an amendment to page 2 lines 9 and 10. The amendment would be practice occupational therapy (provide independent or unsupervised occupational therapy services.)

It is essential that the statute be clear and that the public not be misled about services which are called occupational therapy.

The Association believes that if CS HB 368 is amended as indicated, the two areas of concern about the occupational therapy licensing act will be covered. It will clarify that schools can continue to utilize programs written by licensed occupational therapists and carried out by teachers and aides; it will clarify the use of activities within the definition of occupational therapy when carried out by other professionals as within the law; and it will continue to protect the Alaskan public by identifying those qualified to practice occupational therapy.

Thank you for your concern and interest in providing Alaskans with services by qualified occupational therapists.

A handwritten signature in cursive script that reads "Mary Melissa Robinson".

Mary Melissa Robinson, OTR/L  
President, Ak.O.T.A.

# STATE OF ALASKA

## DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

STEVE COWPER, GOVERNOR

P.O. BOX K—STATE CAPITOL  
JUNEAU, ALASKA 99811-0300  
PHONE: (907) 465-3600

June 16, 1987

Honorable Steve Cowper  
Governor  
State of Alaska  
P.O. Box A  
Juneau, AK 99811

Re: CSHB 205(HESS) am -- occupational  
therapists and naturopaths  
Our file: 883-87-0080

Dear Governor Cowper:

At Bob Evans' request on your behalf, we have reviewed this bill, which establishes two new licensed occupations in AS 08.54, "occupational therapists" and "occupational therapy assistants," and requires insurance companies to pay for the services of not only the newly licensed occupational therapists but also physical therapists, who have been licensed under AS 08.54 since 1957, and naturopaths, who have been licensed under AS 08.-45 only since 1986.

Primarily because of the serious overbreadth of one of the central provisions of the bill, the definition of "occupational therapy" itself, we must urge to you to veto this bill. We believe that the extremely broad definition makes the new licensing systems created by this bill not only inappropriate but also practically unenforceable. If the bill becomes law it would be likely to create new costs for school districts, the Department of Education, the Department of Health and Social Services, and indirectly, for this department. It would also create the possibility of higher disability and workers' compensation insurance premiums.

This bill is an example of much that is wrong with the worst of our occupational licensing statutes. It was for the most part drafted by, and was introduced at the request of, the private association of the only people who stand to benefit for certain from its enactment -- the occupational therapists themselves. There was no outcry from consumers for protection against incompetent or unscrupulous practitioners. The bill is simply a self-serving solution without a problem.

Most of the bill (13 of its 17 pages and 25 of its 31

sections subject to codification) makes additions or changes to AS 08.84 that are mostly parallel to existing provisions on licensure of physical therapists. The best we can say about this part of the bill is that it does not create a new licensing board, even though it creates two new licensed occupations. Rather, it simply adds to the duties, membership, and name of the existing Physical Therapy Board.

The biggest problem with the occupational licensing part of the bill involves secs. 20 and 24 of the bill. Section 20 would add new AS 08.84.150(b), which prohibits a person from practicing occupational therapy without being licensed unless the person is a supervised student or foreign graduate, a federal employee, or the holder of a 120-day limited permit under new AS 08.84.075 that would be added by sec. 13 of this bill. Violations of this prohibition could result in issuance of a citation under new AS 08.01.102 -- 08.01.104, added this year by sec. 11 of CSHB 222(Fin) am S (our file no. 883-87-0082).

The root of the problem created by this new prohibition is that the definition of "occupational therapy" in new AS 08.-84.190(6) that would be added by sec. 24 of this bill is so extremely broad that it includes almost anything that anyone does for someone else who, for whatever reason, needs help to cope with daily life. This definition, which is almost a full page in the bill, is so sweeping that we set out just the first part of it for emphasis:

(6) "occupational therapy" means the use of purposeful activity, evaluation, treatment, and consultation with human beings whose ability to cope with the tasks of daily living are [sic] threatened with, or impaired by developmental deficits, learning disabilities, aging, poverty, cultural differences, physical injury or illness, or psychological and social disabilities to maximize independence, prevent disability, and maintain health; "occupational therapy" includes

(A) developing daily living, play, leisure, social, and developmental skills;

\* \* \* \*

(F) . . . .

The further examples listed in (B) -- (F), unfortunately, do little to help narrow the scope of the practice of occupational

Hon. Steve Cowper, Governor  
Our file: 883-87-0080

June 16, 1987  
Page 3

therapy. Curiously, the definition does not seem to specifically include anything directly related to helping people learn an occupation or how to earn their own living.

The result of the blanket prohibition against practicing occupational therapy without a license combined with the extremely overbroad definition of occupational therapy itself is that a license would be required under this bill for much of what teachers, teacher-aides, licensed health care practitioners, and even parents, various public employees, and volunteers do for people, old or young, who, for whatever reason, need help "to cope with the tasks of daily living." Because they are not included in the list of exemptions in new AS 08.54.150(b)(1) -- (4) added by sec. 20 of the bill, these people will be subject to citation for continuing their productive activities.

This obviously unacceptable result was apparently incorrectly explained away by proponents of the bill during House committee hearings by the allegation that this bill was only a "title bill" not a "practice bill." An occupational licensing "title bill" prohibits unlicensed people only from using the title of a licensee, but a "practice bill" also prohibits unlicensed people from doing anything included in the definition of the licensed occupation. This bill has a title use prohibition in sec. 18, adding new AS 08.84.130(c) and (d), but it unfortunately also has the above-mentioned unlicensed practice prohibition in sec. 20, adding new AS 08.84.150(b). We have discussed this problem with the Washington, D.C. attorney for the American Occupational Therapy Association and he agrees with our interpretation of the bill, but expresses vague confidence that "any problems can be worked out" after the bill becomes law.

However, this severe overbreadth problem should, in our view, be fatal to this bill. The problem could have been avoided in any of several ways, but it was not. Section 20 could have been omitted, leaving the bill a true title bill as we understand its proponents claimed. The definition of occupational therapy could have been narrower and more precise, or the short list of exemptions from the license requirement could have been expanded to include volunteers and school and other public employees. Because not one of these steps was taken, we believe that your veto is advisable.

There are several reasons why this bill passed the legislature despite all of its defects. These reasons have little to do with the substance of the bill, but you should be aware of them as you consider whether to veto it. The bill was not introduced until the end of March, and it was referred to three

House committees, so it seemed likely that the most that could happen was that the bill could be pushed through the House by its sponsor, House Rules Committee Chairman Navarre. This estimation seemed to be reinforced, albeit in retrospect mistakenly, when the bill did not reach the House floor until the last week of the session, and then was further burdened by a floor amendment offered by Representative Walt Furnace. The floor amendment added sec. 28 of the bill which prohibits insurance companies from discriminating against (i.e., refusing to cover services provided by) occupational therapists and physical therapists and naturopaths. Although we have not had time to fully evaluate the likely effect of this floor amendment, we believe it could cause an increase in insurance premiums and a decrease in availability of insurance, especially in the areas of disability and workers' compensation coverage. It appears that this amendment may have resulted in added support for the bill, especially from naturopaths, to help it through the Senate so quickly.

The substance of the House floor amendment has never had the benefit of any public hearing, just as the entire bill has never had the benefit of a Senate committee hearing. The bill, as amended on the House floor made it through four Senate committee referrals in six days without a public hearing and ended up being passed by the Senate late in the evening of Tuesday, May 19 -- the last day of the session. Two of the committee referrals were ultimately waived by the committee chairs.

.. . This leaves those who have problems with this bill in the somewhat embarrassing position of having now to express the concerns being saved for Senate committee hearings next year. It also leaves some serious question whether the Senate committees that so quickly considered this bill complied with the reasonable notice requirement of AS 44.62.310(e). Of course, the applicability of that provision, along with our entire "Open Meeting Act," to the legislature and its committees currently is at issue in Adams v. League of Women Voters, Alaska Supreme Court No. S-1831 (1986).

No one is currently being injured or victimized under the status quo without the new licensing systems for occupational therapists and their assistants that this bill would create. So, there is really no one to be protected by the bill. It would do nothing whatsoever to improve the quality of service provided by our currently unlicensed occupational therapists because, under sec. 33 of the bill, they would all be automatically licensed without examination regardless of education or experience, if they belong to the American Occupational Therapist Association.

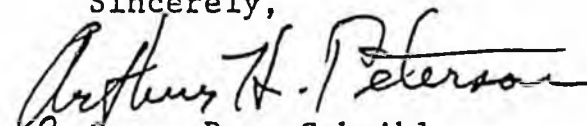
Hon. Steve Cowper, Governor  
Our file: 883-87-0080

June 16, 1987  
Page 5

A veto would deprive the Department of Commerce and Economic Development of the estimated \$13,000 in license fees that would be generated by the new licensing system, but it would more importantly avoid the burden of implementing an unenforceable system on that agency, on the Departments of Education, Health and Social Services, and Law, and on our school systems. Most of the bill would not take effect until January 1, 1988 so little real time would be lost if it were somehow determined during the interim and next session that there really is a problem with occupational therapy in Alaska that our state government should address by imposing more new licensing systems. If such a determination is made, any new licensing system should maximize public, not occupational, protection and minimize disruption to schools, governmental and private service delivery programs, and insurance rates.

A draft veto letter is attached for your convenience.

Sincerely,

  
for Grace Berg Schaible  
Attorney General

GBS:PBF:md



ALASKA ASSOCIATION OF ELEMENTARY SCHOOL PRINCIPALS  
ALASKA ASSOCIATION OF SECONDARY SCHOOL PRINCIPALS  
ALASKA ASSOCIATION OF SCHOOL ADMINISTRATORS

• ALASKA COUNCIL OF SCHOOL ADMINISTRATORS •  
326 Fourth St., Suite #211 Juneau, Alaska 99801 586-9702

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MEMORANDUM

TO: Representative Al Adams, Chairman  
& Members of House Finance Committee  
FROM: Stephen T. McPhetres, Executive Director *Stephen T. McPhetres*  
DATE: April 22, 1988  
SUBJECT: HB 368 - ACT EXEMPTING CERTAIN PERSONS FROM THE REQUIREMENT  
TO BE LICENSED AS AN OCCUPATIONAL THERAPIST

We urge your speedy passage of this bill. There exists in rural Alaska the need to provide ongoing and consistent therapy for handicapped children. The fact is there are not enough therapists available to service these children on a regular basis. Therefore, to address an urgent need and meet the requirement of PL 94-142 which requires special ed service to all children in the least restrictive environment, we must have the authority to use school personnel conduct limited therapy as outlined under the language of this bill.

Again, we urge you to pass this bill immediately to insure its total passage by the legislation this session. Handicapped children will be better served.

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2

CS FOR HOUSE BILL NO. 368 (HESS)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act exempting certain persons from the require-  
ment to be licensed as an occupational therapist or  
occupational therapy assistant; and providing for an  
effective date."

7

8

9

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

11

\* Section 1. AS 08.84.150(b) is amended to read:

12

(b) A person may not provide services that the person describes  
as [PRACTICE] occupational therapy without being licensed unless the  
person is

13

14

15

(1) a student in an accredited occupational therapy program  
or in a supervised field work program;

16

17

(2) a graduate of a foreign school of occupational therapy  
fulfilling the internship requirement of AS 08.84.032, and then only  
unless under the continuous direction and immediate supervision of an  
occupational therapist;

18

19

20

21

(3) an occupational therapist or occupational therapy  
assistant employed by the United States Government while in the dis-  
charge of official duties; [OR]

22

23

24

(4) granted a limited permit under AS 08.84.075;

25

(5) licensed under this title and uses occupational therapy  
skills in the practice of the profession for which the license is  
issued; or

26

27

28

(6) employed as a teacher or teacher's aide by an educa-  
tional institution and is required to use occupational therapy skills

29

1 during the course of employment, if

2 (A) the occupational therapy skills are used under a  
3 program implemented by the employer and developed by a licensed  
4 occupational therapist;

5 (B) the employer maintains direct supervision of the  
6 person's use of occupational therapy skills; and

7 (C) the person does not represent to

8 (i) be an occupational therapist or occupational  
9 therapy assistant; and

10 (ii) practice occupational therapy.

11 \* Sec. 2. AS 08.84.190(3) is amended to read:

12 (3) "occupational therapy" means, for compensation, the use  
13 of purposeful activity, evaluation, treatment, and consultation with  
14 human beings whose ability to cope with the tasks of daily living are  
15 threatened with, or impaired by developmental deficits, learning  
16 disabilities, aging, poverty, cultural differences, physical injury or  
17 illness, or psychological and social disabilities to maximize indepen-  
18 dence, prevent disability, and maintain health; "occupational therapy"  
19 includes

20 (A) developing daily living, play, leisure, social,  
21 and developmental skills;

22 (B) facilitating perceptual-motor and sensory inte-  
23 grative functioning;

24 (C) enhancing functional performance, prevocational  
25 skills, and work capabilities using specifically designed exer-  
26 cises, therapeutic activities and measure, manual intervention,  
27 and appliances;

28 (D) design, fabrication, and application of splints or  
29 selective adaptive equipment;

1                   (E) administering and interpreting standardized and  
2 nonstandardized assessments, including sensory, manual muscle,  
3 and range of motion assessments, necessary for planning effective  
4 treatment; and

5                   (F) adapting environments for the disabled;

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

Original sponsor: Rules /Governor

1 IN THE HOUSE BY THE LASOR AND  
COMMERCE COMMITTEE  
2 CS FOR HOUSE BILL NO. 368 (L&C)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FIFTEENTH LEGISLATURE - SECOND SESSION  
5 A BILL  
6 For an Act entitled: "An Act exempting certain persons from the require-  
7 ment to be licensed as an occupational therapist or  
8 occupational therapy assistant; and providing for an  
9 effective date."  
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
11 \* Section 1. AS 08.84.150(b) is amended to read:  
12 (b) A person may not practice occupational therapy without being  
13 licensed unless the person is  
14 (1) a student in an accredited occupational therapy program  
15 or in a supervised field work program;  
16 (2) a graduate of a foreign school of occupational therapy  
17 fulfilling the internship requirement of AS 08.84.032, and then only  
18 unless under the continuous direction and immediate supervision of an  
19 occupational therapist;  
20 (3) an occupational therapist or occupational therapy  
21 assistant employed by the United States Government while in the dis-  
22 charge of official duties; [OR]  
23 (4) granted a limited permit under AS 08.84.075;  
24 (5) licensed under this title and uses occupational therapy  
25 skills in the practice of the profession for which the license is  
26 issued; or  
27 (6) employed as a teacher or teacher's aide by an educa-  
28 tional institution and is required to use occupational therapy skills  
29 during the course of employment, if

1                   (A) the occupational therapy skills are used under a  
2                   program implemented by the employer and developed by a licensed  
3                   occupational therapist;

4                   (B) the employer maintains direct supervision of the  
5                   person's use of occupational therapy skills; and

6                   (C) the person does not represent to

7                             (i) be an occupational therapist or occupational  
8                             therapy assistant; and

9                             (ii) practice occupational therapy.

10 \* Sec. 2. AS 08.84.190(3) is amended to read:

11                   (3) "occupational therapy" means, for compensation, the use  
12                   of purposeful activity, evaluation, treatment, and consultation with  
13                   human beings whose ability to cope with the tasks of daily living are  
14                   threatened with, or impaired by developmental deficits, learning  
15                   disabilities, aging, poverty, cultural differences, physical injury or  
16                   illness, or psychological and social disabilities to maximize indepen-  
17                   dence, prevent disability, and maintain health; "occupational therapy"  
18                   includes

19                             (A) developing daily living, play, leisure, social,  
20                             and developmental skills;

21                             (B) facilitating perceptual-motor and sensory inte-  
22                             grative functioning;

23                             (C) enhancing functional performance, prevocational  
24                             skills, and work capabilities using specifically designed exer-  
25                             cises, therapeutic activities and measure, manual intervention,  
26                             and appliances;

27                             (D) design, fabrication, and application of splints or  
28                             selective adaptive equipment;

29                             (E) administering and interpreting standardized and

1 nonstandardized assessments, including sensory, manual muscle,  
2 and range of motion assessments, necessary for planning effective  
3 treatment; and

4 (F) adapting environments for the disabled;

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

Introduced: 1/18/88  
Referred: Labor & Commerce,  
Health, Education & Social  
Services and Finance

go00068h

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2

HOUSE BILL NO. 368

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act exempting certain persons from the require-  
7 ment to be licensed as an occupational therapist or  
8 occupational therapy assistant; and providing for an  
9 effective date."

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

11 \* Section 1. AS 08.84.130(c) is amended to read:

12 (c) A person not licensed as an occupational therapist, or whose  
13 license is suspended or revoked, or whose license is lapsed, who uses  
14 in connection with the person's name the words "Licensed Occupational  
15 Therapist," or other letters, words, or insignia indicating or imply-  
16 ing that the person is a licensed occupational therapist, or who  
17 orally or in writing, directly or by implication, holds out as a  
18 licensed occupational therapist is guilty of a class B misdemeanor.  
19 This subsection does not apply to a person who is exempt from licen-  
20 sure as an occupational therapist under AS 08.84.150(b)(5) and who is  
21 acting within the scope of that exemption.

22 \* Sec. 2. AS 08.84.130(d) is amended to read:

23 (d) A person not licensed as an occupational therapy assistant  
24 or whose license is suspended or revoked, or whose license is lapsed,  
25 who orally or in writing, directly or by implication, holds out as a  
26 licensed occupational therapy assistant is guilty of a class B misde-  
27 meanor. This subsection does not apply to a person who is exempt from  
28 licensure as an occupational therapist under AS 08.84.150(b)(5) and  
29 who is acting within the scope of that exemption.

1 \* Sec. 3. AS 08.84.150(b) is amended to read:

2 (b) A person may not practice occupational therapy without being  
3 licensed unless the person is

4 (1) a student in an accredited occupational therapy program  
5 or in a supervised field work program;

6 (2) a graduate of a foreign school of occupational therapy  
7 fulfilling the internship requirement of AS 08.84.032, and then only  
8 unless under the continuous direction and immediate supervision of an  
9 occupational therapist;

10 (3) an occupational therapist or occupational therapy  
11 assistant employed by the United States Government while in the dis-  
12 charge of official duties; [OR]

13 (4) granted a limited permit under AS 08.84.075; or

14 (5) employed by a governmental unit or an educational  
15 institution and is required to engage in some phase of work of an  
16 occupational therapy nature in the course of the person's employment,  
17 and does not render or offer to render occupational therapy services  
18 to the public for compensation in addition to the salary the person  
19 receives from that employment.

20 \* Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

HB

369

**HOUSE COMMITTEE REPORT**

(11)

Date referred: 2/3/88

FURTHER REFERRALS:

DATE: 3-21-88

The Finance Committee has considered HB 369

"An Act relating to veterans."

**RECOMMENDS:**

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

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

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

- fiscal impact *indeterminate*  same as previous fiscal note published \_\_\_\_\_
- zero fiscal note *2/18/88 AHFC*  same as previous zero fiscal note published *1/18/88 & 2/3/88*
- zero with analysis *2/18/88 Rev*

**SIGNING DO PASS:**

Adams *Al Adams*

Pourchet *Pat Pourchet*

Larson *Ronald C. Larson*

Goll *Tom Goll*

SWICK *Cliff Swick*

Boyer *Mark Boyer*

Rieger *Steve Rieger*

Wallis *Kay Wallis*

Brown *Tay Brown*

Davis *Mike Davis*

FRANK *Frank*

**SIGNING OTHER RECOMMENDATIONS:**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

*Al Adams*

Chairman's signature

FISCAL NOTE

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

Revision Date: \_\_\_\_\_  
Title: An Act Relating to Veterans

Agency Affected: Revenue  
BRU: Alaska Housing Finance Corporation

Sponsor: Rules Committee/Governor  
Requestor: \_\_\_\_\_

Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
<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	-	-	-	-	-	-

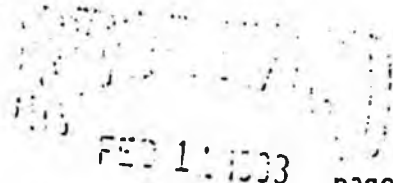
ANALYSIS: (Attach a separate page if necessary)

Please see Bill Analysis as previously prepared.

Prepared By: Dr. Ronald Lehr Phone: (907) 276-5599  
Division: Alaska Housing Finance Corporation Date: February 8, 1988

Approved by Commissioner: Hugh Malone Date: February 8, 1988  
Agency: Department of Revenue

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



It is difficult to determine how much this measure would cost AHFC since it is difficult to estimate how many former and current Public Health Service (PHS) employees will take advantage of this program. Currently there are 250 PHS commissioned officers working in Anchorage. (Statewide figures were not immediately available.) If all took advantage of the program and qualified, at an average loan amount of \$110,000, a 1 percent subsidy would cost AHFC \$1.5 million.

If the bill was amended to extend the 1 percent preference interest rate to all active military with at least five years of service, again AHFC finds it difficult to determine just how much it would cost. However, the following is an estimate.

As of September 1986, there were 25,906 active military personnel -including Navy, Army, Air Force, Marines and Coast Guard - serving in Alaska. If one-third of those personnel, applied for, were qualified and received the subsidy, based on an average loan of \$116,000, the 1 percent subsidy would cost AHFC \$64 million.

It should be noted that the Fiscal Note columns all show zeros. The impact of this proposal would be on AHFC's Revolving Loan Fund.

Additional background and historical information is contained in the attached letter to the bill's sponsor, Representative Barnes.



FISCAL NOTE

REQUEST:

Revision Date: January 19, 1988  
Title: An Act relating to veterans  
Sponsor: Rules Committee  
Requestor: Governor

Agency Affected: Military & Veterans Affairs  
BRU: Veterans Services  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary) Passage of this bill will have no fiscal impact. The bill amends the definition of veteran for the purposes of: 1) granting employment preference rights for applicants for positions in the classified service of the State of Alaska; and 2) clarifying in statute that active numbers of the National Guard qualify to receive AHFC veterans interest rates.

Prepared by: Jeff Morrison Phone: 465-4600  
Division: Administrative & Support Services, DMVA Date: 1/19/88

Approved by Commissioner: MG John Schaeffer Date: 1/19/88  
Agency: Department of Military & Veterans Affairs

Distribution (by preparer) :

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

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: HB 369  
PUBLISH DATE: HOUSE 1-18-88

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: An Act Relating to  
Veterans  
Sponsor: Rules Committee  
Requestor: Governor  
Agency Affected: Administration  
BRU: Personnel  
Components: Personnel

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

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

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Publicizing of any changes created by this legislation and revision of application form in order to note changes can be accomplished within existing operating budget.

Prepared by: Diana DeSimone Phone: 465-4430  
Division: Personnel Date: 12/18/87

Approved by Commissioner: John Andrews Date: 1/15/88  
Agency: Department of Administration

Distribution (by preparer):

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

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2

HOUSE BILL NO. 369

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 veterans."

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

8 \* Section 1. AS 18.56.101 is amended to read:

9           Sec. 18.56.101. ELIGIBILITY FOR VETERANS' INTEREST RATES. The  
10 following persons are eligible veterans for the purposes of AS 18.56.-  
11 098(g) and (h):

12           (1) a person who served in the armed forces of the United  
13 States for 90 days or more, or whose service was for less than 90 days  
14 because of injury or disability incurred in the line of duty, after  
15 April 6, 1917, whose discharge was under honorable conditions;

16           (2) the widow or widower of a member of the armed forces or  
17 an eligible veteran if the member or veteran served in the armed  
18 forces for at least 90 days after April 6, 1917 and the veteran's  
19 discharge was under honorable conditions;

20           (3) a person who has served for not less than five years in  
21 the Alaska Army National Guard, or the Alaska Air National Guard, or a  
22 reserve unit of the United States armed forces if the reserve unit  
23 required, as a minimum, one weekend each month of duty and 15 consecu-  
24 tive days of active duty training each year and

25                   (A) whose discharge was under honorable conditions; or  
26                   (B) who is currently in an active status in the guard  
27                   or a reserve unit and whose service is characterized as  
28                   honorable.

29 \* Sec. 2. AS 39.25.150(19) is amended to read:

1           (19) the granting of employment preference rights to a vet-  
2           eran not within the area of promotion, when the veteran possesses the  
3           necessary qualifications in the job classification applied for under  
4           this chapter; in an examination to determine the qualification of  
5           applicants for entrance into the classified service under merit system  
6           examination, five additional points shall be added to the passing  
7           grade of a veteran and 10 additional points shall be added to the  
8           passing grade of a disabled veteran, but the additional points may be  
9           used only the first time the veteran obtains a position in the classi-  
10          fied service; if a position in the classified service is eliminated,  
11          employees shall be released in accordance with rules which give due  
12          effect to all factors; if all job qualifications are equal, the veter-  
13          an shall be given preference over the nonveteran and the veteran shall  
14          be kept on the job; this paragraph may not be interpreted to amend the  
15          terms of a collective bargaining agreement; in this paragraph

16                 (A) "veteran" means a person with 181 days or more  
17                 active service in the armed forces of the United States who has  
18                 been honorably discharged after having served during any period

19                         (i) between April 6, 1917, and December 1, 1919,  
20                         between September 16, 1940, and December 31, 1947, or be-  
21                         tween June 27, 1950, and October 14, 1976; or

22                         (ii) in which the person was awarded a campaign  
23                         badge or expedition medal, or The Purple Heart or other  
24                         award or decoration for heroism or gallantry in action;

25                 (B) "disabled veteran" means a veteran who is entitled  
26                 to compensation under laws administered by the United States Vet-  
27                 erans' Administration, or a person who was honorably discharged  
28                 or released from active duty because of a service-connected dis-  
29                 ability;



Official Business

# Alaska State Legislature

## House

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

### M E M O R A N D U M

TO: Members, House Finance Committee

FROM: Representative F. Kay Wallis *Kay KB JK*

DATE: March 11, 1988

SUBJECT: House Bill 369--Subcommittee Report

HB369, submitted by the Governor, "An act relating to veterans," was referred to a subcommittee of the House Finance Committee consisting of Representative Wallis (Chair), Representative Kay Brown and Representative Steve Rieger. It is the recommendation of this subcommittee that HB369 be passed out of committee with no changes.

Section 1 of the bill basically ratifies in the law the existing practice of AHFC concerning eligibility of active National Guard members to receive AHFC veterans' interest rates. Section 2 extends the veterans preference for state employment and job retention to former armed service members who served in peacetime but were exposed to the dangers of combat or armed hostilities.

There were two specific suggestions raised in the committee hearing to be considered as changes to the bill:

1. Representative Goll had suggested that the bill be changed to make active duty military personnel also eligible for the AHFC program, and then withdrew his suggestion. Margaret Nelson of AHFC has met with DMVA staff and indicated there are a number of existing programs administered by AHFC which provide housing loans to active duty "veterans." There does not appear to be a need to consider this subject further.

2. Representative Pourchot questioned the drafting of the bill on page 2, line 23, regarding whether or not a comma should be inserted after "Purple Heart." The bill drafter has indicated the intent of the language would be the same with or without the comma. We therefore do not believe it is necessary to make a change to the original bill.

**ALASKA MORTGAGE BANKERS ASSOCIATION**

P.O. BOX 9-2691 / ANCHORAGE, ALASKA 99509-2691

*Martin*  
*FYI*  
*A*

February 24, 1988

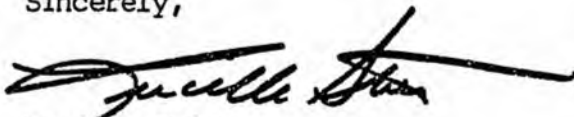
Representative Al Adams, Chairman  
House Finance Committee  
Alaska State Legislature  
Pouch V-(MS3100)  
Juneau, AK 99811

Re: House Bill 369

Dear Representative Adams:

The Alaska Mortgage Bankers Association supports passage of House Bill 369; we are, however, opposed to any amendments which would increase costs to the State by expanding the definition of veteran to include non-veterans such as Public Health Service personnel.

Sincerely,



Lucille Stietz  
Chairman, Legislative Affairs Committee

# STATE OF ALASKA

STEVE COWPER, GOVERNOR

## DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

OFFICE OF THE ADJUTANT GENERAL

FRONTIER BUILDING  
SUITE 620  
3601 C STREET  
ANCHORAGE, ALASKA 99503-5989  
PHONE (907) 243 0656  
AUTOVON 626-1444

Administrative & Support  
Services Division

P.O. Box L  
Juneau, AK 99811

February 18, 1988

Representative Pat Pourchot  
P.O. Box V  
Juneau, AK 99811

Dear Representative Pourchot,

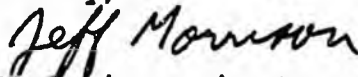
At the House Finance Committee hearing on HB369 held on February 17, you raised an issue concerning the qualifications for recipients of the Purple Heart Award.

The Purple Heart is currently awarded for "wounds or death as a result of an act of any opposing armed force," according to the latest information we have. The example you cited in the committee hearing seems unusual, and the standards may have changed since then.

I checked with the bill drafter in the Department of Law concerning the insertion of a comma after "Purple Heart," and she said that either way the intent would remain the same. If the committee desires to make this change, we would have no objection to it.

Please contact me if you have any additional questions about this bill. Thank you for your interest.

Sincerely,



Jeff Morrison, Director  
Division of Administrative  
and Support Services

cc: Representative Kay Wallis

Alaska HOUSING FINANCE CORPORATION



3

May 13, 1987

The Honorable Ramona Barnes  
Representative, State of Alaska  
Post Office Box V  
Juneau, Alaska 99811  
ATTENTION: PATTY SWENSON

SUBJECT: PROPOSED LEGISLATION HB 269

Dear Representative Barnes:

You have asked AHFC to provide information regarding the possible fiscal impact to the Corporation should HB 269 be enacted.

As HB 269 was introduced and currently reads, AHFC's State Veterans Interest Rate Preference would be expanded to include Public Health Service commissioned officers. All PHS officers regardless of the amount of time they served, would be eligible under this proposal.

It is difficult to determine how much this would cost AHFC since we have no historical data which tells us how many PHS borrowers we have. However, according to the Anchorage PHS office, there are currently 250 PHS commissioned officers living in Anchorage.

The number of PHS officers located in Alaska, outside of Anchorage, was not immediately available. However most PHS employees working in rural areas live in federal government-provided housing.

AHFC estimates that on an average loan of \$110,000, a one-percent interest rate subsidy costs AHFC approximately \$6,000. Therefore, if 250 PHS officers were qualified to buy homes and sought financing through AHFC, the one-percent subsidy would cost approximately \$1.5 million.

Also, AHFC has no way of predicting how much it would cost AHFC if HB 269 should be amended to allow active military with at least 5 years of service to participate in the State Veterans Interest Program. However, from 1982 to present, AHFC has loaned to 3,605 active duty military borrowers. About half, or 1,874, have loans made under the federal Veteran's Mortgage Program (tax-exempt).

If we assume that the remaining borrowers would have been eligible for the State Veterans Interest Rate, which would have cost AHFC \$12 million.



Official Business

# Alaska State Legislature

House of Representatives

REPRESENTATIVE  
RAMONA L. BARNES  
DISTRICT 14

ANCHORAGE 5  
2230 PAXSON  
ANCHORAGE, ALASKA 99504  
(907) 337-7904  
BOX V  
JUNEAU, ALASKA 99811  
(907) 465-3438

## THE INTENT OF HB 269

The intent of HB 269 is to allow Public Health Service Officers to become eligible as veterans for the purpose of the Alaska Housing Finance Corp. State Veterans Interest Rate Preference program.

Public Health Service Officers are eligible for federal VA housing loans, and Alaska's Veteran Mortgage Program (VMP). They are eligible for most VA benefits under federal law, therefore, to exclude these "Veterans" from this interest preference program offered by the state is inconsistent with other aspects of veterans benefits.

The AHFC/ Fed VA program can be combined with the State Veterans Interest Rate Preference program to produce an extremely attractive interest rate for those purchasing or refinancing a home. Under the current statute (AS.56.101), Public Health Service Officers are not eligible for this combination. It is the intent of this bill to add these "Veterans" to this statute.

The foreclosure rate of AHFC has increased significantly over the past year. It is the intent of this legislation that this group of veterans should be eligible for the benefit this preference provides. In Alaska's current poor economy, anything that will help people keep their homes or buy a home helps our state.

Public Health Service Officers currently number 250 in the Anchorage area. The number living outside of this area is not available at this time. It is difficult to say how many people will make use of this program, therefore, the cost is not known. (See fiscal note and letter).

Favorable consideration of this bill would be appreciated by its sponsors.

Thank you for your time.

Code Cong. Service, p. 1211. See, also, Act of Oct. 28, 1948, 1948 U.S. Code Cong. Service, 103; Act Oct. 12, 1949, 1949 U.S. Code Cong. Service, p. 2089; Act Apr. 27, 1956, 1956 U.S. Code Cong. and Adm. News, p. 4613; Pub. L. 84-15, 1960 U.S. Code Cong. and Adm. News, p. 1834; Pub. L. 91-253, 1970 U.S. Code Cong. and Adm. News, p. 3041; Pub. L. 96-6, 1979 U.S. Code Cong. and Adm. News, 254; Pub. L. 96-342, 1980 U.S. Code Cong. and Adm. News, p. 2612; Pub. L. 97-25, 1981 U.S. Code Cong. and Adm. News, p. 396.

Nov. 16, 1973, 87 Stat. 604, provided for the retirement of certain officers of the Reserve Corps of the Public Health Service for disability.

§ 212b. Repealed. Apr. 27, 1956, c. 211, § 5(d), 70 Stat. 117

Historical Note

Section, Act July 31, 1953, c. 296, Title II, § 201, 67 Stat. 254, authorized the recall of retired officers of the Service, and is now covered by section 212(c) of this title.

§ 213. Military benefits

Rights, privileges, immunities, and benefits accorded to commissioned officers or their survivors

(a) Except as provided in subsection (b) of this section, commissioned officers of the Service and their surviving beneficiaries shall, with respect to active service performed by such officers—

(1) in time of war;

(2) on detail for duty with the Army, Navy, Air Force, Marine Corps, or Coast Guard; or

(3) while the Service is part of the military forces of the United States pursuant to Executive order of the President;

be entitled to all rights, privileges, immunities, and benefits now or hereafter provided under any law of the United States in the case of commissioned officers of the Army or their surviving beneficiaries on account of active military service, except retired pay and uniform allowances.

Award of decorations

(b) The President may prescribe the conditions under which commissioned officers of the Service may be awarded military ribbons, medals, and decorations.

Authority of Surgeon General

(c) The authority vested by law in the Department of the Army, the Secretary of the Army, or other officers of the Department of the Army with respect to rights, privileges, immunities, and benefits referred to in subsection (a) of this section shall be exercised, with respect to commissioned officers of the Service, by the Surgeon General.

★ Active service deemed active military service with respect to laws administered by Veterans' Administration

(d) Active service of commissioned officers of the Service shall be deemed to be active military service in the Armed Forces of the United States for the purposes of all laws administered by the Veterans' Administration (except the Servicemen's Indemnity Act of 1951) and section 417 of this title.

es  
o government agencies, see section 801  
ted Services.  
to are retired under subsec. (a) of this  
rees.

es  
United States § 44.

ns  
mpensable periods  
tiff was entitled to include the period  
by him as Assistant to the Surgeon  
l as well as the three years and two  
served as Deputy Surgeon General in  
ing the four years required by former  
(b)(2) of this section. Draper v. U.  
l, 121 Cl. Cl. 625.

out of recovery allowed  
e plaintiff sued for the difference be-  
retirement pay he received for the  
rom Sept. 1, 1947, to Oct. 1, 1949,  
the rank of brigadier general and the  
nt pay he should have received for  
od based on the rank of major gener-  
plaintiff was entitled to recover.  
U. S., 1952, 121 Cl. Cl. 625.

§ 7(b), Dec. 29, 1973, 87

e X, § 1012, by Pub. L. 89-2: § 3  
6, 1965, 79 Stat. 931, renumbered  
§ 1112 by Pub. L. 91-572, § 6(b),  
970, 84 Stat. 1506, renumbered Ti-  
1212, by Pub. L. 92-294, § 3(b),  
972, 86 Stat. 137, renumbered Title  
112, by Pub. L. 93-154, § 2(b)(2).

# What's Available To The Veteran



**There are three basic options available to the veteran through AHFC:**

- 1. An AHFC Loan combined with a Federal Veterans Administration Loan;**
- 2. The Veterans Mortgage Program; and**
- 3. The State Veterans Interest Rate Preference.**

## 1. AHFC/Federal VA

**Benefit:**

The major benefit of combining an AHFC loan with a Federal VA guaranteed loan is the lower down payment.

**Maximum Loan Amount: \$135,000**

**Minimum Down Payment:**

Up to \$110,000	Zero down
\$110,000-\$135,000	25% on the amount over \$110,000

**\*Qualification:**

Eligibility for the Veteran benefit is determined by the Federal Veterans Administration. This program may be combined with AHFC's Regular Program, the Veterans Mortgage Program, Tax-Exempt Program, HOF Program and Mobile Home Program.

## 2. Veteran's Mortgage Program (VMP)

**Benefit:**

A lower interest rate than under AHFC's other programs, on the entire loan amount.

**Maximum Loan Amount:**

Single Family Residence	.....	\$199,850
Duplex	.....	\$255,650
Triplex	.....	\$308,900
Four-plex	.....	\$384,000

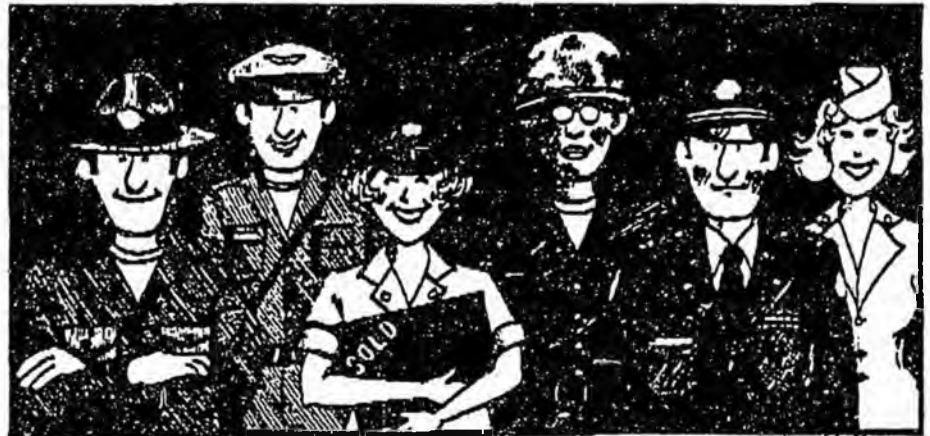
If the residence is a multi-family dwelling (duplex - four-plex) then all units must have been occupied as such for at least 5 years.

**Minimum Down:**

Single-Family and Duplex	
Triplex and Four-plex	

**\*Qualification:**

Federal restrictions require that in-



dividuals applying under this program be "qualified veterans" as defined under Title 38, United States Code 101(2) and have been on active duty prior to January 1, 1977, and cannot have been out of the service for more than 30 years.

Documentation that is accepted by AHFC as evidence of meeting the code is the Veterans Certificate of Eligibility, or a letter from the Federal Veterans Administration and a DD-214, or, for Commissioned Officers, a letter from Personnel stating the entry date of service. Basically, an individual must have served in the Armed Forces and have been discharged other than dishonorably. In addition, active military who have completed their initial period of duty may qualify. The code also includes certain individuals in the Public Health Service but severely limits National Guard and Reservist. You may combine this program with Number 1 to receive the benefit of both the lower interest rate and the down payment.

## 3. State Veterans Interest Rate Preference

**Benefit:**

The State Veteran receives a 1 percent lower interest rate on the first \$90,000 of the loan. The important thing to remember is that this is not a program but an interest rate differential that must be applied to a program. It may be applied to all of the programs offered by AHFC but it may not be combined with Number 2, the Veterans Mortgage Program.

**\*Qualification:**

Determination for the State Veterans Interest Rate preference is made by AHFC. To qualify for the lower rate, the borrower may not currently be on active duty. An individual must have served in the Armed Forces for 90 days or more (unless discharged due to a service connected injury) and have been discharged other than dishonorably. Active duty for the purpose of training will not be counted toward the 90 day requirement. Members of

STEVE COWPER  
GOVERNOR

*ce*



*HB 369*

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 18, 1988

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

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to veterans.

Section 1 of the bill amends AS 18.56.101 to clarify that current members of the Alaska National Guard and of reserve units of the United States armed forces are eligible for the interest rate available to other veterans on Alaska Housing Finance Corporation loans.

Section 2 of the bill amends AS 39.25.150(19) to extend the veterans' preference for state employment and job retention to former armed service members who served during peacetime but who were exposed to the dangers of combat or armed hostilities in areas or conflicts such as Grenada or the Persian Gulf.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper", written over the typed name.

Steve Cowper  
Governor

HB

369.5

SENATE COMMITTEE REPORT

FURTHER

DATE TURNED INTO OFFICE 5/7/88

4/14/88  
Mr. President:

FINANCE Committee considered HB 369 (title am)  
extending eligibility for certain interest rates to certain members of  
the national guard or a reserve unit of the U.S. armed forces; and granting  
certain persons who have served in the armed forces of the U.S. an  
employment preference in the state service  
and recommended

[ ] replace with \_\_\_\_\_ CS \_\_\_\_\_ ) [x] same title  
[x] or adopt 5 CS CS HB 369 (SA) ) [ ] new title

[ ] attached amendment(s) and

[x] 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 [x] previous

[x] zero [ ] fiscal impact

<sup>3 AMFC  
203 MA</sup>  
~~MEMBERS SIGNING DO PASS~~

OTHER RECOMMENDATIONS

*[Handwritten signatures: Paul G. Griffin, J. H. ...]*

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

*Rick Halford do pass*  
Chairman signature and recommendation

[ ] Committee Backup attached

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: An Act Relating to Veterans  
Sponsor: Rules Committee/Governor  
Requestor: \_\_\_\_\_

Agency Affected: Revenue  
BRU: Alaska Housing Finance Corporation  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & 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)

Please see Bill Analysis as previously prepared.

Prepared By: Dr. Ronald Lehr Phone: (907) 276-5559  
Division: Alaska Housing Finance Corporation Date: February 6, 1988  
Approved by Commissioner: Hugh Malone Date: February 8, 1988  
Agency: Department of Revenue

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

FEB 11 1988

(Same fiscal note for original bill)

It is difficult to determine how much this measure would cost AHFC since it is difficult to estimate how many former and current Public Health Service (PHS) employees will take advantage of this program. Currently there are 250 PHS commissioned officers working in Anchorage. (Statewide figures were not immediately available.) If all took advantage of the program and qualified, at an average loan amount of \$110,000, a 1 percent subsidy would cost AHFC \$1.5 million.

If the bill was amended to extend the 1 percent preference interest rate to all active military with at least five years of service, again AHFC finds it difficult to determine just how much it would cost. However, the following is an estimate.

As of September 1986, there were 25,906 active military personnel -including Navy, Army, Air Force, Marines and Coast Guard - serving in Alaska. If one-third of those personnel, applied for, were qualified and received the subsidy, based on an average loan of \$116,000, the 1 percent subsidy would cost AHFC \$64 million.

It should be noted that the Fiscal Note columns all show zeros. The impact of this proposal would be on AHFC's Revolving Loan Fund.

Additional background and historical information is contained in the attached letter to the bill's sponsor, Representative Barnes.

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: An Act Relating to  
Veterans  
Sponsor: Rules Committee  
Requestor: Governor

Agency Affected: Administration  
BRU: Personnel  
Components: Personnel

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

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

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

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Publicizing of any changes created by this legislation and revision of application form in order to note changes can be accomplished within existing operating budget.

Prepared by: Diana DeSimone  
Division: Personnel

Phone: 465-4430  
Date: 12/18/87

Approved by Commissioner: John Andrews  
Agency: Department of Administration

Date: 1/15/88

Distribution (by preparer):

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

(Same fiscal note for original bill)

FISCAL NOTE

REQUEST:

Revision Date: January 19, 1988  
Title: An Act relating to veterans  
Sponsor: Rules Committee  
Requestor: Governor

Agency Affected: Military & Veterans Affairs  
BRU: Veterans Services  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary) Passage of this bill will have no fiscal impact. The bill amends the definition of veteran for the purposes of: 1) granting employment preference rights for applicants for positions in the classified service of the State of Alaska; and 2) clarifying in statute that active numbers of the National Guard qualify to receive AHFC veterans interest rates.

Prepared by: Jeff Morrison *J Morrison* Phone: 465-4600  
Division: Administrative & Support Services, DMVA Date: 1/19/88

Approved by Commissioner: MG John Schaeffer *by Morrison* Date: 1/19/88  
Agency: Department of Military & Veterans Affairs

Distribution (by preparer):

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

(Same fiscal note for original bill)

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE  
2 SENATE CS FOR HOUSE BILL NO. 369 (State Affairs)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act extending eligibility for certain interest  
7 rates to certain members of the national guard or a  
8 reserve unit of the United States armed forces; and  
9 granting certain persons who have served in the armed  
10 forces of the United States an employment preference  
11 in the state service."

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

13 \* Section 1. AS 18.56.101 is amended to read:

14 Sec. 18.56.101. ELIGIBILITY FOR VETERANS' INTEREST RATES. The  
15 following persons are eligible veterans for the purposes of AS 18.56.-  
16 098(g) and (h):

17 (1) a person who served in the armed forces of the United  
18 States for 90 days or more, or whose service was for less than 90 days  
19 because of injury or disability incurred in the line of duty, after  
20 April 6, 1917, whose discharge was under honorable conditions;

21 (2) the widow or widower of a member of the armed forces or  
22 an eligible veteran if the member or veteran served in the armed  
23 forces for at least 90 days after April 6, 1917, and the veteran's  
24 discharge was under honorable conditions;

25 (3) a person who has served for not less than five years in  
26 the Alaska Army National Guard, or the Alaska Air National Guard, or a  
27 reserve unit of the United States armed forces if the reserve unit  
28 required, as a minimum, one weekend each month of duty and 15 consecu-  
29 tive days of active duty training each year and

- 1                   (A) whose discharge was under honorable conditions; or  
2                   (B) who is currently in an active status in the guard  
3                   or a reserve unit.

4 \* Sec. 2. AS 39.25.150(19) is amended to read:

5                   (19) the granting of employment preference rights to a vet-  
6                   eran not within the area of promotion, when the veteran possesses the  
7                   necessary qualifications in the job classification applied for under  
8                   this chapter; in an examination to determine the qualification of  
9                   applicants for entrance into the classified service under merit system  
10                  examination, five additional points shall be added to the passing  
11                  grade of a veteran and 10 additional points shall be added to the  
12                  passing grade of a disabled veteran, but the additional points may be  
13                  used only the first time the veteran obtains a position in the classi-  
14                  fied service; if a position in the classified service is eliminated,  
15                  employees shall be released in accordance with rules which give due  
16                  effect to all factors; if all job qualifications are equal, the veter-  
17                  an shall be given preference over the nonveteran and the veteran shall  
18                  be kept on the job; this paragraph may not be interpreted to amend the  
19                  terms of a collective bargaining agreement; in this paragraph

20                  (A) "veteran" means a person with 181 days or more  
21                  active service in the armed forces of the United States who has  
22                  been honorably discharged after having served during any period

23                         (i) between April 6, 1917, and December 1, 1919,  
24                         between September 16, 1940, and December 31, 1947, or be-  
25                         tween June 27, 1950, and October 14, 1976; or

26                         (ii) in which the person was awarded a campaign  
27                         badge or expedition medal, or the Purple Heart or other  
28                         award or decoration for heroism or gallantry in action;

29                  (B) "disabled veteran" means a veteran who is entitled

1           to compensation under laws administered by the United States Vet-  
2           erans' Administration, or a person who was honorably discharged  
3           or released from active duty because of a service-connected dis-  
4           ability;

# STATE OF ALASKA

## DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

OFFICE OF THE ADJUTANT GENERAL

STEVE COWPER, GOVERNOR

COMMUNICATIONS SECTION  
STATE OF ALASKA  
MILITARY AND VETERANS AFFAIRS  
P.O. BOX 10000, JUNEAU, AK 99801  
PHONE: 907-586-1111  
FACSIMILE: 907-586-1111

15 April 1988

Senator Rick Halford  
Co-Chairman, Senate Finance Committee  
P.O. Box V  
Juneau, AK 99811

Dear Senator Halford:

This letter is to request you schedule two bills currently in the Senate Finance Committee for a hearing. The two bills are HB369 and HB416, both of which are sponsored by Governor Cowper.

HB369 accomplishes two desirable objectives: 1) it ratifies in the law the existing practice of AHFC concerning eligibility of active National Guard members to receive AHFC veterans' interest rates, and; 2) it extends the veterans preference for state employment to former armed service members who served in peacetime but were exposed to the dangers or combat or armed hostilities. This bill was passed without opposition in the House, and has received a favorable recommendation from the Senate State Affairs committee. It has a zero fiscal note.

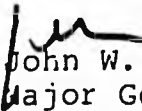
HB416 adds two payout options to the recipients of National Guard Retirement System benefits. The bill file contains a detailed explanation of the purpose of the legislation, in a letter to the Chairman of the House State Affairs Committee, dated March 1, 1988. This bill was also passed without opposition in the House and has received a favorable recommendation from the Senate State Affairs Committee. It has a zero fiscal note and an immediate effective date.

Our department's legislative liaison in Juneau is Jeff Morrison, Director, Administrative and Support Services. He will testify on both bills on behalf of the department and is available to meet with the committee at your convenience.

Page 2

We appreciate the Finance Committee's consideration of these bills and look forward to having them on your hearing schedule in the near future.

Sincerely,

  
John W. Schaeffer  
Major General  
Alaska National Guard  
The Adjutant General

# What's Available To The Veteran



There are three basic options available to the veteran through AHFC:

1. An AHFC Loan combined with a Federal Veterans Administration Loan;
2. The Veterans Mortgage Program; and
3. The State Veterans Interest Rate Preference.

## 1. AHFC/Federal VA

### Benefit:

The major benefit of combining an AHFC loan with a Federal VA guaranteed loan is the lower down payment.

Maximum Loan Amount: \$135,000

### Minimum Down Payment:

Up to \$110,000	Zero down
\$110,000-\$135,000	25% on the amount over \$110,000

### \*Qualification:

Eligibility for the Veteran benefit is determined by the Federal Veterans Administration. This program may be combined with AHFC's Regular Program, the Veterans Mortgage Program, Tax-Exempt Program, HOF Program and Mobile Home Program.

## 2. Veteran's Mortgage Program (VMP)

### Benefit:

A lower interest rate than under AHFC's other programs, on the entire loan amount.

### Maximum Loan Amount:

Single Family	
Residence	\$199,850
Duplex	\$255,850
Triplex	\$308,900
Four-plex	\$384,000

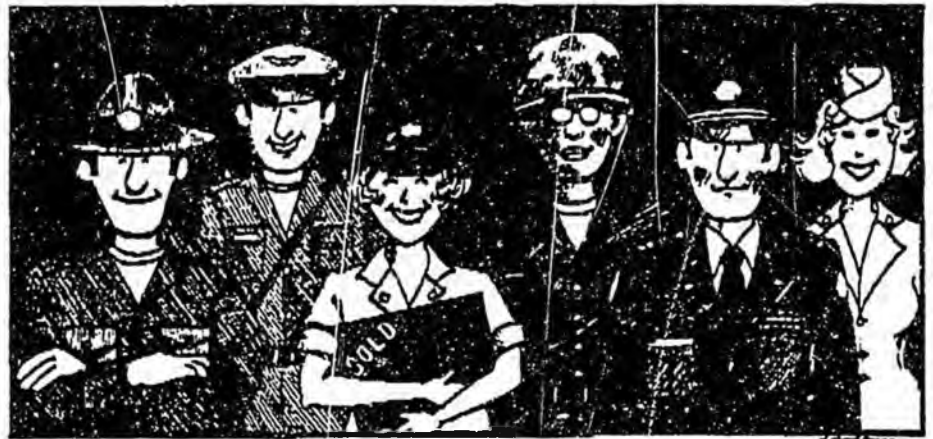
If the residence is a multi-family dwelling (duplex - four-plex) then all units must have been occupied as such for at least 5 years.

### Minimum Down:

Single-Family and Duplex	
Triplex and Four-plex	

### \*Qualification:

Federal restrictions require that in-



dividuals applying under this program be "qualified veterans" as defined under Title 38, United States Code 101(2) and have been on active duty prior to January 1, 1977, and cannot have been out of the service for more than 30 years.

Documentation that is accepted by AHFC as evidence of meeting the code is the Veterans Certificate of Eligibility, or a letter from the Federal Veterans Administration and a DD-214, or, for Commissioned Officers, a letter from Personnel stating the entry date of service. Basically, an individual must have served in the Armed Forces and have been discharged other than dishonorably. In addition, active military who have completed their initial period of duty may qualify. The code also includes certain individuals in the Public Health Service but severely limits National Guard and Reservist. You may combine this program with Number 1 to receive the benefit of both the lower interest rate and the down payment.

## 3. State Veterans Interest Rate Preference

### Benefit:

The State Veteran receives a 1 percent lower interest rate on the first \$90,000 of the loan. The important thing to remember is that this is not a program but an interest rate differential that must be applied to a program. It may be applied to all of the programs offered by AHFC but it may not be combined with Number 2, the Veterans Mortgage Program.

### \*Qualification:

Determination for the State Veterans Interest Rate preference is made by AHFC. To qualify for the lower rate, the borrower may not currently be on active duty. An individual must have served in the Armed Forces for 90 days or more (unless discharged due to a service connected injury) and have been discharged other than dishonorably. Active duty for the purpose of training will not be counted toward the 90 day requirement. Members of



Official Business

# Alaska State Legislature

House of Representatives

REPRESENTATIVE  
RAMONA L. BARNES  
DISTRICT 14

HB 369 5  
ANCHORAGE  
2230 PAXSON  
ANCHORAGE, ALASKA 99504  
(907) 337-7904  
BOX V  
JUNEAU, ALASKA 99811  
(907) 485-3438

## THE INTENT OF HB 269

The intent of HB 269 is to allow Public Health Service Officers to become eligible as veterans for the purpose of the Alaska Housing Finance Corp. State Veterans Interest Rate Preference program.

Public Health Service Officers are eligible for federal VA housing loans, and Alaska's Veteran Mortgage Program (VMP). They are eligible for most VA benefits under federal law, therefore, to exclude these "Veterans" from this interest preference program offered by the state is inconsistent with other aspects of veterans benefits.

The AHFC/ Fed VA program can be combined with the State Veterans Interest Rate Preference program to produce an extremely attractive interest rate for those purchasing or refinancing a home. Under the current statute (AS.56.101), Public Health Service Officers are not eligible for this combination. It is the intent of this bill to add these "Veterans" to this statute.

The foreclosure rate of AHFC has increased significantly over the past year. It is the intent of this legislation that this group of veterans should be eligible for the benefit this preference provides. In Alaska's current poor economy, anything that will help people keep their homes or buy a home helps our state.

Public Health Service Officers currently number 250 in the Anchorage area. The number living outside of this area is not available at this time. It is difficult to say how many people will make use of this program, therefore, the cost is not known. (See fiscal note and letter).

Favorable consideration of this bill would be appreciated by its sponsors.

Thank you for your time.

HB 369  
3

*Alaska* HOUSING  FINANCE CORPORATION

May 13, 1987

The Honorable Ramona Barnes  
Representative, State of Alaska  
Post Office Box V  
Juneau, Alaska 99811  
ATTENTION: PATTY SWENSON

SUBJECT: PROPOSED LEGISLATION HB 269

Dear Representative Barnes:

You have asked AHFC to provide information regarding the possible fiscal impact to the Corporation should HB 269 be enacted.

As HB 269 was introduced and currently reads, AHFC's State Veterans Interest Rate Preference would be expanded to include Public Health Service commissioned officers. All PHS officers regardless of the amount of time they served, would be eligible under this proposal.

It is difficult to determine how much this would cost AHFC since we have no historical data which tells us how many PHS borrowers we have. However, according to the Anchorage PHS office, there are currently 250 PHS commissioned officers living in Anchorage.

The number of PHS officers located in Alaska, outside of Anchorage, was not immediately available. However most PHS employees working in rural areas live in federal government-provided housing.

AHFC estimates that on an average loan of \$110,000, a one-percent interest rate subsidy costs AHFC approximately \$6,000. Therefore, if 250 PHS officers were qualified to buy homes and sought financing through AHFC, the one-percent subsidy would cost approximately \$1.5 million.

Also, AHFC has no way of predicting how much it would cost AHFC if HB 269 should be amended to allow active military with at least 5 years of service to participate in the State Veterans Interest Program. However, from 1982 to present, AHFC has loaned to 3,605 active duty military borrowers. About half, or 1,874, have loans made under the federal Veteran's Mortgage Program (tax-exempt).

If we assume that the remaining borrowers would have been eligible for the State Veterans Interest Rate, which would have cost AHFC \$12 million.

**ALASKA MORTGAGE BANKERS ASSOCIATION**

P.O. BOX 9-2691 / ANCHORAGE, ALASKA 99509-2691

*Mortgage  
FYI  
A*

February 24, 1988

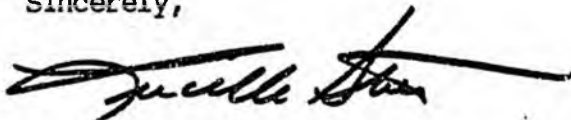
Representative Al Adams, Chairman  
House Finance Committee  
Alaska State Legislature  
Pouch V-(MS3100)  
Juneau, AK 99811

Re: House Bill 369

Dear Representative Adams:

The Alaska Mortgage Bankers Association supports passage of House Bill 369; we are, however, opposed to any amendments which would increase costs to the State by expanding the definition of veteran to include non-veterans such as Public Health Service personnel.

Sincerely,



Lucille Stietz  
Chairman, Legislative Affairs Committee

# STATE OF ALASKA

## DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

OFFICE OF THE ADJUTANT GENERAL

HB 369

STEVE COWPER, GOVERNOR

FRONTIER BUILDING  
SUITE 620  
3601 C STREET  
ANCHORAGE, ALASKA 99503-5989  
PHONE: (907) 243-0656  
AUTOVON: 626-1444

Administrative & Support  
Services Division

P.O. Box L  
Juneau, AK 99811

February 18, 1988

Representative Pat Fouchot  
P.O. Box V  
Juneau, AK 99811

Dear Representative Fouchot,

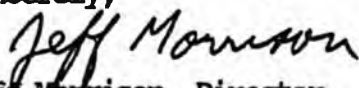
At the House Finance Committee hearing on HB369 held on February 17, you raised an issue concerning the qualifications for recipients of the Purple Heart Award.

The Purple Heart is currently awarded for "wounds or death as a result of an act of any opposing armed force," according to the latest information we have. The example you cited in the committee hearing seems unusual, and the standards may have changed since then.

I checked with the bill drafter in the Department of Law concerning the insertion of a comma after "Purple Heart," and she said that either way the intent would remain the same. If the committee desires to make this change, we would have no objection to it.

Please contact me if you have any additional questions about this bill. Thank you for your interest.

Sincerely,



Jeff Morrison, Director  
Division of Administrative  
and Support Services

cc: Representative Kay Wallis

PUBLIC HEALTH AND WELFARE

de Cong. Service, p. 1211. See, also, Act 28, 1948, 1948 U.S. Code Cong. Service, 103; Act Oct. 12, 1949, 1949 U.S. Code Cong. Service, p. 2089; Act Apr. 27, 1956, U.S. Code Cong. and Adm. News, p. 4613; Act Aug. 10, 1956, 1956 U.S. Code Cong. and Adm. News, p. 4613; Pub. L. 85, 1960 U.S. Code Cong. and Adm. News, p. 1834; Pub. L. 91-253, 1970 U.S. Code Cong. and Adm. News, p. 3041; Pub. L. 96, 1979 U.S. Code Cong. and Adm. News, p. 254; Pub. L. 96-342, 1980 U.S. Code Cong. and Adm. News, p. 2612; Pub. L. 97-25, 1981 U.S. Code Cong. and Adm. News, p. 74; Pub. L. 97-35, 1981 U.S. Code Cong. and Adm. News, p. 396.

es

to government agencies, see section 801 and Services.

to be retired under subsec. (a) of this section.

es

United States § 44.

is

measurable periods

plaintiff was entitled to include the period by him as Assistant to the Surgeon General as well as the three years and two years served as Deputy Surgeon General in the four years required by former section (b)(2) of this section. Draper v. U.S., 121 Ct.Cl. 625.

amount of recovery allowed

a plaintiff sued for the difference between retirement pay he received for the term Sept. 1, 1947, to Oct. 1, 1949, and the rank of brigadier general and the amount pay he should have received for that period based on the rank of major general. Plaintiff was entitled to recover. U.S., 1952, 121 Ct.Cl. 625.

§ 7(b), Dec. 29, 1973, 87

Section X, § 1012, by Pub. L. 89-239, § 3, 1965, 79 Stat. 931, renumbered § 1112 by Pub. L. 91-572, § 6(b), 1970, 84 Stat. 1506, renumbered Title 38, § 1212, by Pub. L. 92-294, § 3(b), 1972, 86 Stat. 137, renumbered Title 38, § 112, by Pub. L. 93-154, § 2(b)(2).

HB 369

CH. 6A PUBLIC HEALTH SERVICE

42 § 213

Nov. 16, 1973, 87 Stat. 604, provided for the retirement of certain officers of the Reserve Corps of the Public Health Service for disability.

§ 212b. Repealed. Apr. 27, 1956, c. 211, § 5(d), 70 Stat. 117

Historical Note

Section, Act July 31, 1953, c. 296, Title II, § 201, 67 Stat. 254, authorized the recall of retired officers of the Service, and is now covered by section 212(c) of this title.

§ 213. Military benefits

Rights, privileges, immunities, and benefits accorded to commissioned officers or their survivors

(a) Except as provided in subsection (b) of this section, commissioned officers of the Service and their surviving beneficiaries shall, with respect to active service performed by such officers—

(1) in time of war;

(2) on detail for duty with the Army, Navy, Air Force, Marine Corps, or Coast Guard; or

(3) while the Service is part of the military forces of the United States pursuant to Executive order of the President;

be entitled to all rights, privileges, immunities, and benefits now or hereafter provided under any law of the United States in the case of commissioned officers of the Army or their surviving beneficiaries on account of active military service, except retired pay and uniform allowances.

Award of decorations

(b) The President may prescribe the conditions under which commissioned officers of the Service may be awarded military ribbons, medals, and decorations.

Authority of Surgeon General

(c) The authority vested by law in the Department of the Army, the Secretary of the Army, or other officers of the Department of the Army with respect to rights, privileges, immunities, and benefits referred to in subsection (a) of this section shall be exercised, with respect to commissioned officers of the Service, by the Surgeon General.



Active service deemed active military service with respect to laws administered by Veterans' Administration

(d) Active service of commissioned officers of the Service shall be deemed to be active military service in the Armed Forces of the United States for the purposes of all laws administered by the Veterans' Administration (except the Servicemen's Indemnity Act of 1951) and section 417 of this title.

HB 3

# SUPPLEMENT

§ 18.56.098

HEALTH AND SAFETY

§ 18.56.098

pregnancy, parenthood, race, religion, color, national origin, or status as a student;

(6) a first mortgage loan if the borrower has an outstanding first mortgage housing loan under this chapter or an outstanding first mortgage loan for owner-occupied housing under AS 44.47; or

(7) a loan to a person who has a past due child support obligation established by court order or by the child support enforcement division under AS 47.23.160 — 47.23.220 at the time of application.

(b) The loan-to-value limitation established in (a)(4) of this section does not apply to a mortgage loan that is federally insured or guaranteed. The loan-to-value limitations established in (a)(1) and (4) of this section do not apply to a mortgage loan that is a refinancing mortgage loan under AS 18.56.102. (§ 27 ch 106 SLA 1980; am § 3 ch 115 SLA 1981; am § 18 ch 113 SLA 1982; am §§ 4-6 ch 112 SLA 1983; am § 4 ch 128 SLA 1984; am § 5 ch 116 SLA 1986; am § 2 ch 41 SLA 1987)

Effect of amendments. — The 1987 amendment, effective June 9, 1987, in subsection (b) substituted "mortgage" for "qualified" in the first sentence and added the second sentence.

**Sec. 18.56.098. Special mortgage loan purchase program.** (a) The corporation shall establish a special mortgage loan purchase program. Under the special mortgage loan purchase program, the corporation may purchase first or second mortgage loans. A first or second mortgage loan purchased under this subsection must be made for the purchase, improvement, or rehabilitation of a residence or must be a refinancing loan. First or second mortgage loans purchased under this subsection may include graduated payment mortgage loans and adjustable rate mortgage loans.

(b) The corporation shall adopt regulations under AS 18.56.088 to establish minimum construction standards that a residence must meet before the corporation may purchase a mortgage loan on the residence under (a) of this section. The minimum construction standards shall include standard deviations from the minimum construction standards to allow the corporation to purchase loans on residences that do not meet the minimum construction standards but that are certified by an engineer to be within the standard deviations. The standard deviations shall include, but are not limited to, provisions relating to water holding tanks, on-site water and sewer systems, and foundations.

(c) The corporation may pledge mortgage loans purchased by the corporation under (a) of this section, mortgage loans assigned to the corporation for the special mortgage loan purchase program, and mortgage loans purchased with amounts appropriated to the corporation for the special mortgage loan purchase program to pay the principal, interest, and redemption premium, if any, on bonds or bond antic-

ipation notes issued by the corporation for the special mortgage loan purchase program and may expend amounts appropriated to the special mortgage loan purchase program for mortgage loan subsidies or other purposes of the program as necessary to cause the interest rate on mortgage loans purchased under the special mortgage loan purchase program and retained by the corporation or sold under AS 18.56.099 to equal the rates specified in this section.

(d) *[Repealed, § 51 ch 115 SLA 1981.]*

(e) The corporation shall adopt regulations under AS 18.56.088 to implement the special mortgage loan purchase program. The regulations shall include provisions allowing, prohibiting, or restricting the right to assume or the right to provide for the payment of mortgage loans purchased under (a) of this section by a person other than the mortgagor. A provision in a mortgage loan purchased by the corporation after June 30, 1981, that prohibits or restricts the right to assume or the right to provide for the payment of mortgage loans is enforceable. The corporation shall enforce the regulations adopted under this subsection.

(f) In this section and in AS 18.56.099

(1) "graduated payment mortgage loan" means a mortgage loan the terms of which provide for monthly principal and interest payments that

(A) during the first year of the mortgage loan are lower than the monthly principal and interest payments that would be required under the terms of a level payment mortgage loan made at the same interest rate; and

(B) during subsequent years of the mortgage loan are graduated to provide for the same return over the term of the loan that would have been provided by a level payment mortgage loan made at the same interest rate;

(2) "mortgage loan" includes a beneficial interest or participation in a mortgage loan;

(3) *[Repealed, § 51 ch 115 SLA 1981.]*

(4) "residence" means an owner-occupied, single-family residence, including a mobile home, or an owner-occupied duplex, triplex or fourplex.

(g) The corporation shall establish the interest rate on a first mortgage loan purchased under (a) of this section in accordance with the following:

(1) The interest rate on the first \$90,000 of a mortgage loan purchased with the proceeds of an issue of taxable bonds of the corporation is three percent less than the cost of funds of that issue, except that

(A) if the cost of funds of that issue is less than 10 percent, the interest rate is equal to the cost of funds; and

(B) if the cost of funds of that issue is more than 10 percent, the interest rate may not be less than 10 percent.

(2) An interest rate determined under this subsection on the first \$90,000 of a mortgage loan that is not purchased from the proceeds of bonds that are qualified veterans' mortgage bonds under 26 U.S.C. 103A (Mortgage Subsidy Bond Tax Act of 1980), as amended, shall be reduced by one percentage point if the loan is made to an eligible veteran under AS 18.56.101.

(3) The interest rate for the amount of a mortgage loan purchased under (a) of this section that exceeds \$90,000 is equal to the cost of funds to the corporation attributable to that part of the loan.

(4) The interest rate on the first \$90,000 of a mortgage loan purchased with money that is not the proceeds of either taxable or tax-exempt bonds is the rate the corporation determines is appropriate by application of the provision of (1) of this subsection.

(5) The interest rate on the first \$90,000 of a mortgage loan purchased from the proceeds of bonds that are exempt from taxation other than bonds that constitute qualified veterans' bonds under (i) of this section, is equal to the interest rate determined under (1) and (2) of this subsection on a loan purchased under (a) of this section from the proceeds of the most recent applicable issue of taxable bonds sold by the corporation. A higher or lower interest rate shall be established on the entire loan amount if required to ensure the tax-exempt status of the bonds.

(6) The corporation shall determine the interest rate on a mortgage loan that is an adjustable rate mortgage loan as provided in the is subsection. The corporation shall recalculate the interest rate from time to time based on changes in the cost to the corporation of the funds used to purchase the adjustable rate mortgage loan. However, the corporation may establish a minimum interest rate applicable to an adjustable rate mortgage loan, and the interest rate on the adjustable rate mortgage loan may not be less than the minimum interest rate so established regardless of the cost of funds to the corporation.

(7) In this subsection

(A) "cost of funds" means the true interest cost expressed as a rate on bonds of the corporation plus an additional percentage as determined by the corporation to represent the allocable expenses of operation, costs of issuance, and mortgage servicing;

(B) "taxable bonds" means bonds bearing interest that is taxable under 26 U.S.C. 103A (Mortgage Subsidy Bond Tax Act of 1980) issued to finance the purchase of first mortgage loans.

(h) The corporation shall establish the interest rate on a second mortgage loan purchased under (a) of this section in the manner established for computing the interest rates on a first mortgage loan under (g) of this section except that, in the case of a second mortgage loan, if the first mortgage loan made to the same borrower is held by

the corporation and was purchased under the special mortgage loan purchase program, the outstanding principal balance of the existing first mortgage loan is subtracted from \$90,000 to determine the amount of the loan that is eligible for an interest rate on a second mortgage loan determined by reference to (g) of this section.

(i) The interest rate on the first \$90,000 of a mortgage loan purchased from the proceeds of bonds that constitute qualified veterans' mortgage bonds under 26 U.S.C. 103A (Mortgage Subsidy Bond Tax Act of 1980) as amended, is the greater of (1) four percent less than the cost of funds or (2) the rate for other loans to veterans under AS 18.56.098(g)(3). A higher or lower interest rate shall be established on the entire loan amount if required under 26 U.S.C. 103A.

(j) If the money used to purchase a mortgage loan made to a veteran under this section comes from an issue of bonds of the corporation guaranteed by the state, each bond must be issued as part of an issue substantially all of the proceeds of which are used to provide residences for qualifying veterans. In this subsection a qualifying veteran is a person who is a "qualified veteran" as the term is defined or may subsequently be defined under 26 U.S.C. 103A (Mortgage Subsidy Bond Tax Act of 1980), as amended.

(k) The interest rate limitations of AS 45.45.010 do not apply to loans purchased under this section or to loans that the corporation has, in any manner, committed itself to purchase. (§ 27 ch 106 SLA 1980; am §§ 4 — 7, 51 ch 115 SLA 1981; am § 1 ch 35 SLA 1982; am §§ 19 — 24 ch 113 SLA 1982; am §§ 7, 8, 27 ch 102 SLA 1983; am § 5 ch 128 SLA 1984; am §§ 1, 2 ch 9 SLA 1986; am §§ 3, 4 ch 41 SLA 1987)

**Effect of amendments.** — The 1987 amendment, effective June 9, 1987, re-wrote subsection (a) and added subsection (g)(6).

**Sec. 18.56.102. Simplified refinancing mortgage loan purchase program.** [Repealed effective December 10, 1988]. (a) The corporation shall establish a simplified refinancing mortgage loan purchase program. Under the simplified refinancing mortgage loan purchase program, the corporation may purchase refinancing mortgage loans to provide relief to borrowers under circumstances described by regulations adopted by the corporation.

(b) AS 18.56.098(c), (e), and (k) apply to refinancing mortgage loans purchased under (a) of this section.

(c) Subject to (d) of this section, the interest rate on a refinancing mortgage loan purchased under (a) of this section is three percent less than the cost to the corporation of the money used to purchase the refinancing mortgage loan, except that if the cost of money

(1) is 10 percent or less, the interest rate is equal to the cost of money; and

(7) a loan to a person who has a past due child support obligation established by court order or by the child support enforcement division under AS 47.23.160 — 47.23.220 at the time of application.

(b) The loan-to-value limitation established in (a)(4) of this section does not apply to a qualified loan that is federally insured or guaranteed. (§ 27 ch 106 SLA 1980; am § 3 ch 115 SLA 1981; am § 18 ch 113 SLA 1982; am §§ 4-6 ch 112 SLA 1983; am § 4 ch 128 SLA 1984; am § 5 ch 116 SLA 1986)

**Effect of amendments.** — The 1982 amendment added paragraph (3).

The 1983 amendment inserted "for a duplex, triplex, or four-plex" and "for similar housing" in paragraph (1), deleted "or" from the end of paragraph 1, inserted "for a duplex, triplex, or four-plex" in paragraph (2), and added paragraphs (4) and (5).

The 1984 amendment designated the previously undesignated introductory language as subsection (a), added subsection (b), and, in subsection (a), added paragraph (6) and made a series of internal reference and technical changes in paragraphs (2), (4), and (5).

The 1986 amendment added paragraph (7) of subsection (a).

**Sec. 18.56.097. Collateral for loans.** Under procedures established by regulations of the corporation adopted in accordance with AS 18.56.088 a person may pledge as security for the repayment of a loan made, purchased or insured by the corporation under this chapter a preference right the person holds to receive title to land the person occupies as a primary place of residence, primary place of business, subsistence campsite, or as headquarters for reindeer husbandry. The preference right must be conveyed to the person by the Native corporation to which the land was granted under section 14 of the Alaska Native Claims Settlement Act (85 Stat. 688, 43 U.S.C. secs. 1601 — 1626, as amended by P.L. 94-204) before it may be pledged as security under this section. The Department of Community and Regional Affairs shall prescribe procedures and standard forms for establishing and appraising the value of a preference right held by a person to secure the repayment of a loan made, purchased or insured by the corporation under this chapter. (§ 27 ch 106 SLA 1980)

**Sec. 18.56.098. Special mortgage loan purchase program.** (a) The corporation shall establish a special mortgage loan purchase program. Under the special mortgage loan purchase program, the corporation may purchase refinancing loans or first or second mortgage loans, including graduated payment mortgage loans, made for the purchase, improvement, or rehabilitation of residences.

(b) The corporation shall adopt regulations under AS 18.56.088 to establish minimum construction standards that a residence must meet before the corporation may purchase a mortgage loan on the residence under (a) of this section. The minimum construction standards shall include standard deviations from the minimum construc-

tion standards to allow the corporation to purchase loans on residences that do not meet the minimum construction standards but that are certified by an engineer to be within the standard deviations. The standard deviations shall include, but are not limited to, provisions relating to water holding tanks, on-site water and sewer systems, and foundations.

(c) The corporation may pledge mortgage loans purchased by the corporation under (a) of this section, mortgage loans assigned to the corporation for the special mortgage loan purchase program, and mortgage loans purchased with amounts appropriated to the corporation for the special mortgage loan purchase program to pay the principal, interest, and redemption premium, if any, on bonds or bond anticipation notes issued by the corporation for the special mortgage loan purchase program and may expend amounts appropriated to the special mortgage loan purchase program for mortgage loan subsidies or other purposes of the program as necessary to cause the interest rate on mortgage loans purchased under the special mortgage loan purchase program and retained by the corporation or sold under AS 18.56.099 to equal the rates specified in this section.

(d) *[Repealed, § 51 ch 115 SLA 1981.]*

(e) The corporation shall establish regulations in accordance with AS 18.56.088 to implement the special mortgage loan purchase program. The regulations shall include provisions allowing, prohibiting, or restricting the right to assume or the right to provide for the payment of mortgage loans purchased under (a) of this section by a person other than the mortgagor. A provision in a mortgage loan purchased by the corporation after June 30, 1981, that prohibits or restricts the right to assume or the right to provide for the payment of mortgage loans is enforceable. The corporation shall enforce the regulations adopted under this subsection.

(f) In this section and in AS 18.56.099,

(1) "graduated payment mortgage loan" means a mortgage loan the terms of which provide for monthly principal and interest payments that

(A) during the first year of the mortgage loan are lower than the monthly principal and interest payments that would be required under the terms of a level payment mortgage loan made at the same interest rate; and

(B) during subsequent years of the mortgage loan are graduated to provide for the same return over the term of the loan that would have been provided by a level payment mortgage loan made at the same interest rate;

(2) "mortgage loan" includes a beneficial interest or participation in a mortgage loan;

~~(3) "refinancing loan" means a loan refinancing one of the following loans through another mortgage loan the amount of which may not~~

exceed the unpaid balance of the loan being refinanced plus closing costs:

(A) a first or second mortgage loan purchased under (a) of this section;

(B) a loan for which the interest rate is established under AS 44.47.410(a); or

(C) a loan for which the interest rate is established under AS 44.47.410(b) other than a nonconforming housing loan or a nonowner occupied housing loan;

(4) "residence" means an owner-occupied, single-family residence, including a mobile home, or an owner-occupied duplex, triplex or fourplex.

(g) The corporation shall establish the interest rate on a first mortgage loan purchased under (a) of this section in accordance with the following:

(1) The interest rate on the first \$90,000 of a mortgage loan purchased with the proceeds of an issue of taxable bonds of the corporation is three percent less than the cost of funds of that issue, except that

(A) if the cost of funds of that issue is less than 10 percent, the interest rate is equal to the cost of funds; and

(B) if the cost of funds of that issue is more than 10 percent, the interest rate may not be less than 10 percent.

(2) An interest rate determined under this subsection on the first \$90,000 of a mortgage loan that is not purchased from the proceeds of bonds that are qualified veterans' mortgage bonds under 26 U.S.C. 103A (Mortgage Subsidy Bond Tax Act of 1980), as amended, shall be reduced by one percentage point if the loan is made to an eligible veteran under AS 18.56.101.

(3) The interest rate for the amount of a mortgage loan purchased under (a) of this section that exceeds \$90,000 is equal to the cost of funds to the corporation attributable to that part of the loan.

(4) The interest rate on the first \$90,000 of a mortgage loan purchased with money that is not the proceeds of either taxable or tax-exempt bonds is the rate the corporation determines is appropriate by application of the provision of (1) of this subsection.

(5) The interest rate on the first \$90,000 of a mortgage loan purchased from the proceeds of bonds that are exempt from taxation other than bonds that constitute qualified veterans' bonds under (i) of this section, is equal to the interest rate determined under (1) and (2) of this subsection on a loan purchased under (a) of this section from the proceeds of the most recent applicable issue of taxable bonds sold by the corporation. A higher or lower interest rate shall be established on the entire loan amount if required to ensure the tax-exempt status of the bonds.

(6) In this subsection

(A) "cost of funds" means the true interest cost expressed as a rate on bonds of the corporation plus an additional percentage as determined by the corporation to represent the allocable expenses of operation, costs of issuance, and mortgage servicing;

(B) "taxable bonds" means bonds bearing interest that is taxable under 26 U.S.C. 103A (Mortgage Subsidy Bond Tax Act of 1980) issued to finance the purchase of first mortgage loans.

(h) The corporation shall establish the interest rate on a second mortgage loan purchased under (a) of this section in the manner established for computing the interest rates on a first mortgage loan under (g) of this section except that, in the case of a second mortgage loan, if the first mortgage loan made to the same borrower is held by the corporation and was purchased under the special mortgage loan purchase program, the outstanding principal balance of the existing first mortgage loan is subtracted from \$90,000 to determine the amount of the loan that is eligible for an interest rate on a second mortgage loan determined by reference to (g) of this section.

(i) The interest rate on the first \$90,000 of a mortgage loan purchased from the proceeds of bonds that constitute qualified veterans' mortgage bonds under 26 U.S.C. 103A (Mortgage Subsidy Bond Tax Act of 1980) as amended, is the greater of (1) four percent less than the cost of funds or (2) the rate for other loans to veterans under AS 18.56.098(g)(3). A higher or lower interest rate shall be established on the entire loan amount if required under 26 U.S.C. 103A.

(j) If the money used to purchase a mortgage loan made to a veteran under this section comes from an issue of bonds of the corporation guaranteed by the state, each bond must be issued as part of an issue substantially all of the proceeds of which are used to provide residences for qualifying veterans. In this subsection a qualifying veteran is a person who is a "qualified veteran" as the term is defined or may subsequently be defined under 26 U.S.C. 103A (Mortgage Subsidy Bond Tax Act of 1980), as amended.

(k) The interest rate limitations of AS 45.45.010 do not apply to loans purchased under this section or to loans that the corporation has, in any manner, committed itself to purchase. (§ 27 ch 106 SLA 1980; am §§ 4 — 7, 51 ch 115 SLA 1981; am § 1 ch 35 SLA 1982; am §§ 19 — 24 ch 113 SLA 1982; am §§ 7, 8, 27 ch 102 SLA 1983; am § 5 ch 128 SLA 1984; am §§ 1, 2 ch 9 SLA 1986)

**Cross references.** — For interest rate applicable to certain newly constructed owner-occupied triplexes and fourplexes completed between June 25, 1982 and October 1, 1984, see § 68, ch. 113, SLA 1982.

**Effect of amendments.** — The first 1982 amendment, in subsection (h), in-

serted "in the case of a second mortgage loan, if the first mortgage loan made to the same borrower is held by the corporation and was purchased under the special mortgage loan purchase program."

The second 1982 amendment added "triplex or fourplex" to the end of paragraph

(4) of subsection (f), added former subparagraph (2)(E) to subsection (g), and added subsection (k). The amendment also inserted the language beginning "that is not purchased from the proceeds of bonds" and ending "as amended" in present paragraph (2) of subsection (g), inserted "as amended, other than bonds that constitute qualified veterans' bonds under (i) of this section" in paragraph (5) of subsection (g), and added subsections (i) and (j).

The 1983 amendment, in paragraph (g)(1), substituted "an issue" for "the first issue," "three percent less than" for "10 percent or," and the language beginning "of that issue, except that" for "whichever is less"; in paragraph (g)(4), substituted the language beginning "the first \$90,000" and ending "either taxable or tax-exempt bonds" for "a mortgage loan purchased from money appropriated to the corporation" and "(1) of this subsection" for "(1)-(4) of this subsection," and deleted the former second sentence; and repealed paragraph (g)(2).

The 1984 amendment, in subsection (g), redesignated former paragraphs (3)-(7) as present paragraphs (2)-(6) and, in paragraph (5), deleted "under the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103A), as amended" following "taxation" in the first sentence and substituted "equal to the interest rate determined under (1) and (2) of this subsection on a loan purchased under (a) of this section from the proceeds of the most recent applicable issue of taxable bonds, sold by the corporation" for "10 percent or the cost of the funds, whichever is less" in the first sentence and "to ensure the tax-exempt status of the bonds" for "under the Mortgage Subsidy Bond Tax Act" in the second sentence.

The 1986 amendment in the second sentence of subsection (a) inserted "refinancing loans or" and in subsection (f) added paragraph (3).

**Sec. 18.56.099. Powers of corporation to deal in mortgage loans.** The corporation may purchase, sell, hold, or otherwise deal in mortgage loans. In connection with the purchase or sale of a beneficial interest or participation in a mortgage loan, the corporation may enter into a trust agreement providing for the custody, control, and administration of the mortgage loan. The trust agreement may provide that the corporation or a bank or trust company shall act as trustor or trustee under the trust and that title to the mortgage loans subject to the trust shall be considered to have passed as provided in the trust agreement. To the extent provided in the trust agreement, the effect of a sale of a beneficial interest or participation in a mortgage loan is the same as the sale of the mortgage loan subject to the trust. (§ 27 ch 106 SLA 1980)

**Cross references.** — For certain definitions applicable to this section, see AS 18.56.098(f).

**Sec. 18.56.100. Housing development fund.** (a) There is created a housing development fund to be administered by the corporation as a trust fund separate and distinct from any other money or funds administered by the corporation.

(b) Consistent with AS 18.56.090, the corporation may make temporary and permanent loans from the housing development fund, at an interest rate or rates determined by the corporation, and with the security for repayment that is necessary and practicable, to purchase,

make, or participate in the making of mortgage loans that are not federally insured or guaranteed for residential housing, if the corporation determines that the loans are not otherwise available, wholly or in part, from private lenders upon reasonably equivalent terms and conditions.

(c) To the credit of the housing development fund shall be deposited

(1) grants and contributions to the fund; and

(2) all receipts of the corporation on account of repayment of or sale or other disposition of the security for any loans made under (b) of this section.

(d) The corporation may receive and accept from any source whatever any grants or contributions for the housing development fund.

(e) [Repealed, § 72 ch 113 SLA 1982.]

(f) [Repealed, § 72 ch 113 SLA 1982.]

(g) [Repealed, § 72 ch 113 SLA 1982.]

(h) [Repealed, § 72 ch 113 SLA 1982.]

(i) [Repealed, § 72 ch 113 SLA 1982.]

(j) [Repealed, § 72 ch 113 SLA 1982.]

(k) [Repealed, § 72 ch 113 SLA 1982.] (§ 1 ch 107 SLA 1971; am § 4 ch 81 SLA 1972; am § 28 ch 106 SLA 1980; am §§ 25 — 27, 72 ch 113 SLA 1982)

**Effect of amendments.** — The 1982 amendment in subsection (a), substituted "housing development fund" for "special revolving loan fund to be known as the 'housing development fund'"; in subsection (b), deleted the paragraph designations, deleted the provisions of former paragraphs (1) and (2), which read, respectively, "defray development costs of sponsors, builders, and developers of residential housing" and "provide to persons of lower and moderate income who are applying for mortgages, the amounts required to make down payments and pay closing costs and to housing owners the amounts applied for partial rental payments and mortgage interest payments

under AS 18.56.090(4); or", and substituted "loans which are not federally insured or guaranteed for" for "and construction loans which are not federally insured or guaranteed to sponsors, builders, purchasers and developers of land development or"; and in subsection (c), deleted "and the proceeds of sale of fund notes" following "to the fund" in paragraph (1). The amendment also repealed subsections (e)-(k).

**Editor's notes.** — Section 74, ch. 113, SLA 1982, provides: "The repeal of AS 18.56.100(e)-(k) in sec. 72 of this Act does not invalidate housing development fund notes issued under AS 18.56.100(e)-(k) before June 25, 1982."

**Sec. 18.56.101. Eligibility for veterans' interest rates.** The following persons are eligible veterans for the purposes of AS 18.56.098(g) and (h):

(1) a person who served in the armed forces of the United States for 90 days or more, or whose service was for less than 90 days because of injury or disability incurred in the line of duty, after April 6, 1917, whose discharge was under honorable conditions;

(2) the widow or widower of a member of the armed forces or an eligible veteran if the member or veteran served in the armed forces

for at least 90 days after April 6, 1917 and the veteran's discharge was under honorable conditions;

(3) a person who has served for not less than five years in the Alaska Army National Guard, or the Alaska Air National Guard, or a reserve unit of the United States armed forces if the reserve unit required, as a minimum, one weekend each month of duty and 15 consecutive days of active duty training each year and whose discharge was under honorable conditions. (§ 29 ch 106 SLA 1980; am § 8 ch 115 SLA 1981; am § 9 ch 102 SLA 1983; am § 12 ch 67 SLA 1983)

**Effect of amendments.** — The first 1983 amendment rewrote this section.

The second 1983 amendment made the same changes as the first 1983 amend-

ment and also deleted "the Alaska Naval Militia" following "Alaska Air National Guard" in paragraph (3).

**Sec. 18.56.103. Federal taxation of interest on bonds and bond anticipation notes.** If the interest on bonds or bond anticipation notes of the corporation issued after June 1, 1980, becomes taxable under the income tax laws of the United States, the legislature may appropriate an amount sufficient to pay the outstanding principal and interest on the bonds or bond anticipation notes. Nothing in this section creates a debt or liability of the State of Alaska. (§ 29 ch 106 SLA 1980)

**Sec. 18.56.104. Allocation of tax-exempt bonds.** (a) Pursuant to sec. 103A(g)(6) of the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103A) the amount of mortgage revenue bonds that may be issued in the state under sec. 103A(g)(4) of that Act is allocated solely to the corporation. A municipality may not issue mortgage revenue bonds under sec. 103A(g)(4) of the Mortgage Subsidy Bond Tax Act of 1980 unless permitted to do so by the corporation. The amount of mortgage revenue bonds issued by a municipality under sec. 103A(g)(4) of the Mortgage Subsidy Bond Tax Act of 1980 with the permission of the corporation shall be deducted from the total amount permitted by that Act.

(b) The provisions of this section apply to home rule municipalities. (§ 9 ch 115 SLA 1981)

**Sec. 18.56.105. Allocation of lending activities.** The corporation shall designate regions within the state which in the aggregate, encompass the entire state. In participating in the making or purchasing of loans under AS 18.56.090(2) and (3) or under AS 18.56.100, the corporation shall make its money available through the private financial institutions in the state within each region designated by the corporation under this section. The corporation shall allocate its

Op. No. 705 (File Nos. 1255, 1256), 486 P.2d 906 (1971).

Op. No. 918 (File No. 1665), 513 P.2d 13 (1973).

Cited in *State v. Bogenrife*, Sup. Ct.

**Sec. 39.25.150. Scope of the rules.** The personnel rules shall provide for

(1) the preparation, maintenance, and revision by the director of personnel, subject to approval of the commissioner of administration and the personnel board, of a position classification plan for all positions in the classified and partially exempt services; the position classification plan shall include

(A) a grouping together of all positions into classes on the basis of duties and responsibilities;

(B) an appropriate title, a description of the duties and responsibilities, training and experience qualifications, and other necessary specifications for each class of positions;

(2) the preparation, maintenance, revision and administration by the director of personnel of a pay plan for all positions in the classified and partially exempt services; the pay plan (A) shall be based upon the position classification plan; (B) shall provide for fair and reasonable compensation for services rendered, and reflect the principle of like pay for like work; (C) may be amended, approved, or disapproved by the legislature in regular or special session; after the pay plan is in effect, a salary or wage payment may not be made to a state employee covered by the plan unless the payment is in accordance with this chapter and the rules adopted under this chapter or unless the payment is in accordance with a valid agreement entered into in accordance with AS 23.40;

(3) the use of employee selection methods, including open competitive examinations, when appropriate, that will fairly test the capacity and fitness of the person examined to discharge the duties of the class in which employment is sought;

(4) the establishment and maintenance of eligible lists for appointment and promotion providing the names of eligible candidates in order of their relative performance in the examinations;

(5) the procedure for certifying eligible candidates; the rule adopted under this paragraph may include procedures providing a preference for certifying local residents when appropriate;

(6) promotions from within the state service when there are qualified candidates in the state service; vacancies shall be filled by promotion whenever practicable and in the best interest of the state service and promotion shall be by competitive examination whenever possible; in considering promotions, the applicants' qualifications, performance records, seniority, and conduct shall be evaluated;

(7) a period of probation not to exceed one year before an appointment to a position becomes permanent, except that a permanent em-

ployee receiving a promotional appointment retains permanent status in the service and job class from which appointed for the duration of the probationary period and may be demoted to a former class without right of appeal, notwithstanding AS 39.25.170, but if the employee is dismissed from the service the appeal rights under AS 39.25.170 apply;

(8) nonpermanent and emergency appointments to positions in the state service in accordance with AS 39.25.195 — 39.25.200;

(9) provisional appointment without competitive examination when appropriate eligible lists are not available;

(10) transfers from one department to another and from another merit system jurisdiction to the state service;

(11) transfers from one area of the state to another;

(12) the reinstatement of a person who resigns in good standing;

(13) layoffs for reason of lack of money or work, abolition of positions, or material changes in duties or organization; both performance and seniority records shall be considered in the development of layoff orders;

(14) the development, maintenance, and use of employee performance records;

(15) the establishment of disciplinary measures which may include disciplinary suspension without pay;

(16) the procedures for review of disputed personnel actions, for resolving employee and interagency grievances, and for resolving grievances of the general public concerning the operation of the state personnel system;

(17) hours of work for all employees in the state service;

(18) methods and procedures covering overtime work and pay;

(19) the granting of employment preference rights to a veteran not within the area of promotion, when the veteran possesses the necessary qualifications in the job classification applied for under this chapter; in an examination to determine the qualification of applicants for entrance into the classified service under merit system examination, five additional points shall be added to the passing grade of a veteran and ten additional points shall be added to the passing grade of a disabled veteran, but the additional points may be used only the first time the veteran obtains a position in the classified service; if a position in the classified service is eliminated, employees shall be released in accordance with rules which give due effect to all factors; if all job qualifications are equal, the veteran shall be given preference over the nonveteran and the veteran shall be kept on the job; this paragraph may not be interpreted to amend the terms of a collective bargaining agreement; in this paragraph

(A) "veteran" means a person with 181 days or more active service in the armed forces of the United States who has been honorably discharged after having served during any period between April 6,

1917, and December 1, 1919, between September 16, 1940, and December 31, 1947, or between June 27, 1950, and October 14, 1976;

(B) "disabled veteran" means a veteran who is entitled to compensation under laws administered by the United States Veterans' Administration, or a person who was honorably discharged or released from active duty because of a service-connected disability;

(20) the employment of persons in permanent positions on a part-time basis of 15 hours or more a week, including the employment of two persons to fill one permanent full-time position; these employees shall be designated as permanent part-time employees;

(21) the granting of employment preference to severely handicapped persons; this includes the right to provisional appointment without competitive examination for periods up to four months and the granting of eligibility to a severely handicapped person provisionally appointed under the rules who demonstrates ability to perform the job for permanent appointment without competitive examination; provisional employment under this paragraph may not exceed four months during a 12-month period; "severely handicapped" as used in this paragraph means persons certified by the director of the division of vocational rehabilitation to be severely handicapped;

(22) the establishment of programs facilitating the employment of disadvantaged persons;

(23) the delegation, when feasible, of personnel responsibilities and duties to the principal departments of the executive branch;

(24) the establishment of a transition period of up to 12 months for an employee to be reappointed to a classified position if the employee's position is withdrawn from the partially exempt or exempt service and placed in the classified service;

(25) other rules and administrative regulations, not inconsistent with this chapter, that are necessary for its enforcement. (§ 13 ch 144 SLA 1960; am § 1 ch 130 SLA 1961; am § 1 ch 147 SLA 1962; am § 1 ch 117 SLA 1966; am § 1 ch 33 SLA 1967; am § 3 ch 226 SLA 1970; am § 1 ch 39 SLA 1971; am § 3 ch 42 SLA 1971; am § 1 ch 21 SLA 1973; am § 1 ch 27 SLA 1976; am § 1 ch 4 SLA 1978; am § 2 ch 67 SLA 1979; am § 38 ch 94 SLA 1980; am §§ 1, 2 ch 89 SLA 1982; am § 14 ch 112 SLA 1982; am § 1 ch 7 SLA 1987)

**Cross references.** — For the pay plan prepared under (2) of this section, see AS 39.27.011.

**Effect of amendments.** — The 1987

amendment substituted "October 14, 1976" for "November 7, 1975" at the end of paragraph (19)(A).

**NOTES TO DECISIONS**

The scope of rules prepared pursuant to AS 39.25.050 is limited severely in this section, leaving the director of personnel very little discretion and virtu-

ally no policy-making power. Kelly v. Zamurello, Sup. Ct. Op. No. 705 (File Nos. 1255, 1256), 486 P.2d 906 (1971).

Chapter attempts to ensure most ef-

efficient expenditure of public funds. — This chapter and the personnel rules attempt to ensure the state and its taxpayers that public funds will be spent in their most efficient manner. *State v. Bogenrife*, Sup. Ct. Op. No. 918 (File No. 1665), 513 P.2d 13 (1973).

This section and personnel rule 7 05 prescribe the only manner in which the state may become obligated to pay for overtime performed by a classified service employee. *State v. Bogenrife*, Sup. Ct. Op. No. 918 (File No. 1665), 513 P.2d 13 (1973).

A public employee is not entitled to payment for overtime in the absence of a valid contract executed pursuant to statutes or regulations specifically authorizing such compensation in addition to the employee's fixed monthly salary. *State v. Bogenrife*, Sup. Ct. Op. No. 918 (File No. 1665), 513 P.2d 13 (1973).

When employee entitled to compensation for overtime. — This chapter and the applicable regulations adopted thereunder do not entitle an employee in the classified service, who is paid a fixed monthly salary, to receive any compensation for overtime, either in the form of cash or compensatory leave time unless: He is a member of the class eligible to receive overtime payment under personnel rule 7 05.2; he has worked hours in excess of his scheduled hours; and his appointing authority has authorized in writing payment for such overtime work. Even if these conditions are satisfied, personnel rule 9 04 stipulates that the employee is entitled to overtime pay only at his hourly rate. *State v. Bogenrife*, Sup. Ct. Op. No. 918 (File No. 1665), 513 P.2d 13 (1973).

The establishment of normal working hours and provision for compensatory time off for work beyond those hours do not, of themselves, give the employee a right to payment for overtime. *State v. Bogenrife*, Sup. Ct. Op. No. 918 (File No. 1665), 513 P.2d 13 (1973).

Requirement of an express written authorization for payment for overtime cannot be circumvented by the implied contract theory. *State v. Bogenrife*, Sup. Ct. Op. No. 918 (File No. 1665), 513 P.2d 13 (1973).

A public employee undertakes to perform the duties of his position, whether these duties, or the hours necessary to perform them, are increased or decreased. *State v. Bogenrife*, Sup. Ct. Op. No. 918 (File No. 1665), 513 P.2d 13 (1973).

When a public servant is paid by time, for example by the month, rather than by the quantity of work performed, he is expected to perform his duties without extra compensation for overtime or holiday hours worked. This chapter and the personnel regulations are reflective of this widely accepted policy. *State v. Bogenrife*, Sup. Ct. Op. No. 918 (File No. 1665), 513 P.2d 13 (1973).

The regulatory scheme under this section and personnel rule 7 05 centralizes decision-making power with respect to overtime in the appointing authority who presumably has a broad view of the department's needs and is shielded from dangers of favoritism by his distance from the particular employee. *State v. Bogenrife*, Sup. Ct. Op. No. 918 (File No. 1665), 513 P.2d 13 (1973).

Right of probationary employee to appeal dismissal. — The intended scope of AS 39.25.170(a) and its relation to paragraph (7) of this section is of sufficient importance to warrant legislative review in order that any potential ambiguity in the Personnel Act, in regard to the question of whether a probationary employee in the classified service has the right to appeal his dismissal to the personnel board, may be obviated. *Mueller v. Alaska State Bd. of Personnel*, Sup. Ct. Op. No. 396 (File No. 738), 425 P.2d 145 (1967), decided prior to the first 1971 amendment to this section.

Any ambiguity in personnel rule in regard to the right to appeal a dismissal to the personnel board should be resolved in favor of an employee who was promoted from a position in which he had (or subsequently attained) permanent status. *Mueller v. Alaska State Bd. of Personnel*, Sup. Ct. Op. No. 396 (File No. 738), 425 P.2d 145 (1967), decided prior to the first 1971 amendment to this section.

Applied in *Kaiser v. Sundberg*, Sup. Ct. Op. No. 3166 (File No. S-834), P.2d (1987).

**Collateral references.** — Power to suspend or lay off public officers for a temporary period without pay as an economy and not as a disciplinary measure. 11 ALR 432.

**Sec. 39.25.153. Departmental personnel officers.** (a) If a principal department of the executive branch has a personnel officer, the personnel officer shall be employed by and located within that department.

(b) Subject to the provisions of (d) of this section, the personnel officers for the Departments of Transportation and Public Facilities, Fish and Game, Education, Labor, and Health and Social Services, have the following powers with respect to the classes of positions unique to their departments:

(1) to assign positions to an existing class in the state classification plan and to the salary range for that class as established by the state pay plan or by a valid agreement entered into in accordance with AS 23.40;

(2) to administer and score examinations and to place successful applicants on departmental eligible lists;

(3) to certify those eligible to the appointing authorities.

(c) The initial determination of classes of positions unique to the departments listed in (b) of this section shall be made by the personnel officer of the department in consultation with the commissioner of the department subject to the approval of the director of personnel in the Department of Administration.

(d) The assumption of a power set out in (b) of this section must be approved by the commissioner of administration and must be in harmony with the merit principle of personnel administration (AS 39.25.010). (§ 14 ch 207 SLA 1975; am § 15 ch 112 SLA 1982)

**Sec. 39.25.155. Vocational substitution program.** (a) It is the purpose of this section to establish a liberal system under which Alaskan residents not employed by the state who do not meet the minimum educational or experience criteria for state employment may demonstrate their abilities and achieve temporary or permanent state employee status. This program is intended for use primarily in remote or underemployed areas where the opportunity to gain required hiring qualifications does not exist, but where there is a local need for employees with certain vocational skills. The provisions of this section apply notwithstanding the provisions of AS 39.25.150(3).

(b) The director of personnel shall establish vocational standards as alternatives for educational or experience levels now required for non-professional occupational areas under the state personnel system and incorporate these alternatives into the state classification plan.

(c) Applicants shall be placed on eligible lists for the vocational classification indicated in their applications submitted to the division

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2

HOUSE BILL NO. 369 (title 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 extending eligibility for certain interest  
7 rates to certain members of the national guard or a  
8 reserve unit of the United States armed forces; and  
9 granting certain persons who have served in the armed  
10 forces of the United States an employment preference  
11 in the state service."

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

13 \* Section 1. AS 18.56.101 is amended to read:

14 Sec. 18.56.101. ELIGIBILITY FOR VETERANS' INTEREST RATES. The  
15 following persons are eligible veterans for the purposes of AS 18.56.-  
16 098(g) and (h):

17 (1) a person who served in the armed forces of the United  
18 States for 90 days or more, or whose service was for less than 90 days  
19 because of injury or disability incurred in the line of duty, after  
20 April 6, 1917, whose discharge was under honorable conditions;

21 (2) the widow or widower of a member of the armed forces or  
22 an eligible veteran if the member or veteran served in the armed  
23 forces for at least 90 days after April 6, 1917 and the veteran's  
24 discharge was under honorable conditions;

25 (3) a person who has served for not less than five years in  
26 the Alaska Army National Guard, or the Alaska Air National Guard, or a  
27 reserve unit of the United States armed forces if the reserve unit  
28 required, as a minimum, one weekend each month of duty and 15 consecu-  
29 tive days of active duty training each year and

1                   (A) whose discharge was under honorable conditions; or  
2                   (B) who is currently in an active status in the guard  
3                   or a reserve unit and whose service is characterized as honor-  
4                   able.

5 \* Sec. 2. AS 39.25.150(19) is amended to read:

6                   (19) the granting of employment preference rights to a vet-  
7                   eran not within the area of promotion, when the veteran possesses the  
8                   necessary qualifications in the job classification applied for under  
9                   this chapter; in an examination to determine the qualification of  
10                   applicants for entrance into the classified service under merit system  
11                   examination, five additional points shall be added to the passing  
12                   grade of a veteran and 10 additional points shall be added to the  
13                   passing grade of a disabled veteran, but the additional points may be  
14                   used only the first time the veteran obtains a position in the classi-  
15                   fied service; if a position in the classified service is eliminated,  
16                   employees shall be released in accordance with rules which give due  
17                   effect to all factors; if all job qualifications are equal, the veter-  
18                   an shall be given preference over the nonveteran and the veteran shall  
19                   be kept on the job; this paragraph may not be interpreted to amend the  
20                   terms of a collective bargaining agreement; in this paragraph

21                   (A) "veteran" means a person with 181 days or more  
22                   active service in the armed forces of the United States who has  
23                   been honorably discharged after having served during any period

24                   (i) between April 6, 1917, and December 1, 1919,  
25                   between September 16, 1940, and December 31, 1947, or be-  
26                   tween June 27, 1950, and October 14, 1976; or

27                   (ii) in which the person was awarded a campaign  
28                   badge or expedition medal, or The Purple Heart or other  
29                   award or decoration for heroism or gallantry in action;

1                    (B) "disabled veteran" means a veteran who is entitled  
2                    to compensation under laws administered by the United States Vet-  
3                    erans' Administration, or a person who was honorably discharged  
4                    or released from active duty because of a service-connected dis-  
5                    ability;

STEVE COWPER  
GOVERNOR



7HB 369

cc

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 18, 1988

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

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to veterans.

Section 1 of the bill amends AS 18.56.101 to clarify that current members of the Alaska National Guard and of reserve units of the United States armed forces are eligible for the interest rate available to other veterans on Alaska Housing Finance Corporation loans.

Section 2 of the bill amends AS 39.25.150(19) to extend the veterans' preference for state employment and job retention to former armed service members who served during peacetime but who were exposed to the dangers of combat or armed hostilities in areas or conflicts such as Grenada or the Persian Gulf.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper", written over the typed name.

Steve Cowper  
Governor

SENATE COMMITTEE REPORT

FURTHER

FINANCE

DATE TURNED INTO OFFICE 4-14-88

3/25/88  
Mr. President:

State Affairs Committee considered HB 369 (title am)

extending eligibility for certain interest rates to certain members of the national guard or a reserve unit of the U. S. armed forces; and granting certain persons who have served in the armed forces of the U. S. an and recommended employment preference in the state service

*majority*

replace with SCS HB 369 (SA) )  same title  
 or adopt CS )  new title

attached amendment(s) and

*& do pass*

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

*4-14-88*

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

*Rich [Signature]*  
*W. Kennedy*  
*Joe Josephson*

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

*[Signature]*  
Chairman signature and recommendation

Committee Backup attached