

ALASKA LEGISLATURE COMMITTEE BILL FILES - 1987 - 1988 8879

CSHB 380, HB 384 351

C S H B

3 8 0

SENATE COMMITTEE REPORT

FURTHER

3/25/88

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

Mr. President:

\_\_\_\_\_ Finance \_\_\_\_\_ Committee considered \_\_\_\_\_ CSHR 380 (FIN) \_\_\_\_\_

state aid for school construction; establishing a school construction policy task force; efd

and recommended

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

[ ] attached amendment(s) and

[ ] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

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

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

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

[ ] new [ ] updated or [ ] previous

[ ] zero [ ] fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

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

\_\_\_\_\_  
Chairman signature and recommendation

[ ] Committee Backup attached

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y STATE CAPITOL  
JUNEAU, ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 24, 1988

SUBJECT: State aid for school construction  
SCS CSHB 380(HESS)

TO: Senator Paul Fischer, Chairman  
Health, Education, and Social Services  
Committee

FROM: Michael F. Ford *M.F.*  
Legislative Counsel

The following is a sectional analysis of SCS CSHB 380(HESS):

Section 1 - Adds a new section to limit appropriation of school construction grant funds, unless funds sufficient to provide bond debt reimbursement under AS 14.11.100 are appropriated. This section does not limit the power of the legislature to appropriate money, granted under Article IX, section 13 of the Alaska Constitution.

Section 2 - Requires the Governor to include funds for bond debt retirement in the general appropriation bill submitted to the legislature under AS 37.07.020.

Section 3 - Requires that the local vote on bonding for a school construction project occur before July 1, 1987 or after June 30, 1989, in order to qualify for state reimbursement of school construction debt.

Section 4 - Creates a task force to recommend options for school construction planning and financing.

Section 5 - Repeals the school construction task force.

Section 6 - Effective date.

MFF:gc  
WKG2:072

SENATE COMMITTEE REPORT

FURTHER

FINANCE

DATE TURNED INTO OFFICE ~~3/24/88~~ 3/25/89 8:27 a.m.

3/17/88  
Mr. President:

HESS Committee considered CSHB 380 (FIN)

state aid for school construction; establishing a school construction policy task force; efd

and recommended

*Mazouj*  
 replace with SCS CS HB 380 (HESS)  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

*2*  zero  fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

*3* [Signatures]

*1* [Signature]  
[Signature]  
[Signature]  
[Signature]  
[Signature]

1 Paul Frick (No Rec)  
Chairman signature and recommendation

Committee Backup attached?

Original sponsors: Swackhammer and Navarre

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

1 IN THE HOUSE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 380 (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 relating to state aid for school construc-  
7 tion; establishing a school construction policy task  
8 force; and providing for an effective date."

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

10 \* Section 1. AS 14.11 is amended by adding a new section to read:

11 Sec. 14.11.025. SCHOOL CONSTRUCTION GRANT APPROPRIATIONS. Funds  
12 may not be appropriated for school construction grants if the amount  
13 appropriated to the school construction account under AS 14.11.100(c)  
14 is insufficient to provide the share to which a borough or city is  
15 entitled to receive under AS 14.11.100.

16 \* Sec. 2. AS 14.11.100(c) is amended to read:

17 (c) The school construction account is established. Funds to  
18 carry out the provisions of this section shall be included within the  
19 general appropriation bill submitted to the legislature under AS 37.-  
20 07.020 and may be appropriated annually by the legislature to the  
21 account. If amounts in the account are insufficient for the purpose  
22 of providing the share to which a borough or city is entitled under  
23 this section, those funds that are available shall be distributed pro  
24 rata among the eligible local governments except that the legislature  
25 may direct that additional debt service on refunding bonds that ex-  
26 ceeds the total debt service on the refunded bonds be disregarded in  
27 whole or in part.

28 \* Sec. 3. AS 14.11.100(j) is amended to read:

29 (j) Except as provided in (1) of this section, the state may not  
S

1 allocate money to a municipality for a school construction project  
2 under (a)(5) of this section unless the municipality complies with the  
3 requirements of (1) - (4) of this subsection, the project is approved  
4 by the commissioner before the local vote on the bond issue for the  
5 project, and the local vote occurs before July 1, 1987, or after  
6 June 30, 1989 [1988]. In approving a project under this subsection,  
7 the commissioner shall require

8 (1) the municipality to include on the ballot for the bond  
9 issue the estimated total cost of each project including estimated  
10 total interest, estimated annual operation and maintenance costs, the  
11 estimated amounts that will be paid by the state and by the municipal-  
12 ity, and the approximate amount that would be due in annual taxes on  
13 \$100,000 in assessed value to retire the debt;

14 (2) that the bonds may not be refunded unless the annual  
15 debt service on the refunding issue is not greater than the annual  
16 debt service on the original issue;

17 (3) that the bonds must be repaid in approximately equal  
18 annual principal payments or approximate equal debt service payments  
19 over a period of at least 10 years;

20 (4) the municipality to demonstrate need for the project by  
21 establishing that the school district has

22 (A) projected long-term student enrollment that indi-  
23 cates the district has inadequate facilities to meet present or  
24 projected enrollment; or

25 (B) facilities that require repair or replacement in  
26 order to meet health and safety laws or regulations or building  
27 codes.

28 \* Sec. 4. TASK FORCE CREATED. (a) The school construction policy task  
29 force is established by the legislature to recommend options for planning,

1 financing, and constructing public elementary and secondary schools in the  
2 state. Members of the task force serve without compensation, but the  
3 public member is entitled to per diem and travel expenses authorized by law  
4 for state boards under AS 39.20.180.

5 (b) Membership on the task force consists of

6 (1) the governor or a designee of the governor;

7 (2) one public member appointed by the governor;

8 (3) two senators appointed by the president of the senate, one  
9 of whom shall co-chair the task force;

10 (4) two members appointed by the speaker of the house, one of  
11 whom shall co-chair the task force;

12 (5) one representative of the State Board of Education;

13 (6) one representative of local government or school district  
14 interests from each judicial district, appointed by the governor; and

15 (7) one representative of rural educational attendance areas,  
16 appointed by the governor.

17 (c) By January 15, 1989, the task force shall report its rec-  
18 ommendations to the legislature.

19 \* Sec. 5. Section 4 of this Act is repealed June 30, 1989.

20 \* Sec. 6. This Act takes effect July 1, 1988.

Offered: 3/16/88  
For Today's Calendar

Original sponsors: Swackhammer and Navarre

*Zero/A*

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 380 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state aid for school construc-  
7 tion; establishing a school construction policy task  
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13 general appropriation bill submitted to the legislature under AS 37.-  
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18 rata among the eligible local governments except that the legislature  
19 may direct that additional debt service on refunding bonds that ex-  
20 ceeds the total debt service on the refunded bonds be disregarded in  
21 whole or in part.

22 \* Sec. 2. AS 14.11.100(j) is amended to read:

23 (j) Except as provided in (l) of this section, the state may not  
24 allocate money to a municipality for a school construction project  
25 under (a)(5) of this section unless the municipality complies with the  
26 requirements of (l) - (4) of this subsection, the project is approved  
27 by the commissioner before the local vote on the bond issue for the  
28 project, and the local vote occurs before July 1, 1987, or after  
29 June 30, 1990 [1988]. In approving a project under this subsection,

1 the commissioner shall require

2 (1) the municipality to include on the ballot for the bond  
3 issue the estimated total cost of each project including estimated  
4 total interest, estimated annual operation and maintenance costs, the  
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17 cates the district has inadequate facilities to meet present or  
18 projected enrollment; or

19 (B) facilities that require repair or replacement in  
20 order to meet health and safety laws or regulations or building  
21 codes.

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23 force is established by the legislature to recommend options for planning,  
24 financing, and constructing public elementary and secondary schools in the  
25 state. Members of the task force serve without compensation, but the  
26 public member is entitled to per diem and travel expenses authorized by law  
27 for state boards under AS 39.20.180.

28 (b) Membership on the task force consists of

29 (1) the governor or a designee of the governor;

- 1 (2) one public member appointed by the governor;  
2 (3) two senators appointed by the president of the senate,  
3 one of whom shall co-chair the task force;  
4 (4) two members appointed by the speaker of the house, one  
5 of whom shall co-chair the task force;  
6 (5) one representative of the State Board of Education;  
7 (6) one representative of local government or school dis-  
8 trict interests from each judicial district, appointed by the gover-  
9 nor; and  
10 (7) one representative of rural educational attendance  
11 areas, appointed by the governor.

12 (c) By November 15, 1989, the task force shall report its rec-  
13 ommendations to the legislature.

14 \* Sec. 4. Section 3 of this Act is repealed June 30, 1990.<sup>87</sup>

15 \* Sec. 5. This Act takes effect July 1, 1988.

FISCAL NOTE

REQUEST:

Revision Date: 3-24  
Title: ... School construction ... policy task force ...  
Sponsor: Swackhammer  
Requestor: Senate Hess

Agency Affected: Education  
BRU: Education Finance and Support Services  
Components: FACILITIES

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Steve Hole Phone: 2800  
Division: Commissioner's office Date: 3-24-88  
Approved by Commissioner: William G. Demmert Date: 3-24-88  
Agency: Education

Distribution (by preparer):

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

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: SCS CS HB 380 Head  
PUBLISH DATE: Senate 3/25/88

FISCAL NOTE

REQUEST:

Revision Date: March 15, 1988  
Title: An Act relating to state aid for school construction....  
Sponsor: Swackhammer  
Requestor: House Finance

Agency Affected: Legislature  
BRU: Legislative Council on Subcommittees  
Components: \_\_\_\_\_

231

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

|         |   |   |   |   |   |   |
|---------|---|---|---|---|---|---|
| CAPITAL | 0 | 0 | 0 | 0 | 0 | 0 |
|---------|---|---|---|---|---|---|

|         |   |   |   |   |   |   |
|---------|---|---|---|---|---|---|
| REVENUE | 0 | 0 | 0 | 0 | 0 | 0 |
|---------|---|---|---|---|---|---|

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

The public member under section three of CSHB 380 (Fin) will be paid per diem under AS 39.20.180 and will be paid through the Legislative Council on Subcommittees.

Prepared by: Al Adams, Chairman <sup>ADA</sup> Phone: 465-3706  
Division: House Finance Date: March 15, 1988

Approved by Commissioner: Al Adams Date: March 15, 1988  
Agency: House Finance Committee

Distribution (by preparer):

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

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: CSHB 380 (Fin)  
PUBLISH DATE: HOUSE 3/16/88

FISCAL NOTE

REQUEST:

Revision Date: March 15, 1988  
Title: An Act relating to state aid for school construction....  
Sponsor: Swackhammer  
Requestor: House Finance

Agency Affected: Legislature  
BRU: Legislative Council on Subcommittees  
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         | 0 | 0 | 0 | 0 | 0 | 0 |

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

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Prepared by: Al Adams, Chairman <sup>APA</sup> Phone: 465-3706  
Division: House Finance Date: March 15, 1988

Approved by Commissioner: Al Adams Date: March 15, 1988  
Agency: House Finance Committee

Distribution (by preparer):

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

Zero based note/w analysis  
3/16/88

ØPN

**ALASKA STATE LEGISLATURE**

.15th. .Legislature **SECOND** . .Session

HOUSE... **BILL** ..... NO. **380** ..

By **SWACKHAMMER** .....

*Novarre*

"An Act relating to state aid for school construction; and providing for an effective date."

**CSHB 380(Fin) BY FINANCE**

Offered: 3/15/88  
For Today's Calendar

"An Act relating to state aid for school construction; establishing a school construction policy task force; and providing for an effective date."

Introduced in the House **Jan. 20 19 88.**

**HISTORY IN THE HOUSE**

|               |  |                                                                                                                                             |
|---------------|--|---------------------------------------------------------------------------------------------------------------------------------------------|
| 1988          |  | Read first time and referred to Committee on                                                                                                |
| <b>JAN 20</b> |  | <b>HESS, FINANCE</b>                                                                                                                        |
| <i>mar 4</i>  |  | Reported back with recommendation that<br><i>then - CS/Fin - 2 do pass, 5 no Rec 3/17/88</i>                                                |
| <i>mar 16</i> |  | <i>Fin - CS/Fin - 8 do pass - 2 no Rec For Today's Calendar</i>                                                                             |
| <i>mar 16</i> |  | Read second time and<br><i>CS/Fin adopted today</i>                                                                                         |
| <i>mar 16</i> |  | Read third time and                                                                                                                         |
| <i>mar 16</i> |  | <b>PASSED</b> Effective Date<br>Yeas <i>75</i> Yeas<br>Nays <i>4</i> Nays <i>Game</i><br>Excused <i>1</i> Excused<br>Absent <i>0</i> Absent |
| <i>mar 16</i> |  | Reconsideration <i>30wachi</i><br>Reconsideration <del>not</del> taken up                                                                   |
| <i>mar 16</i> |  | <b>PASSED</b> Effective Date<br>Yeas <i>36</i> Yeas<br>Nays <i>2</i> Nays <i>Game</i><br>Excused <i>1</i> Excused<br>Absent <i>1</i> Absent |
| <i>3/16</i>   |  | Reported correctly engrossed                                                                                                                |
| <i>3/16</i>   |  | Signed by Speaker                                                                                                                           |
| <i>3/16</i>   |  | Sent to Senate<br><i>Ernest Ashen</i>                                                                                                       |
|               |  | CHIEF CLERK OF THE HOUSE                                                                                                                    |

**HISTORY IN THE SENATE**

|             |  |                                                                                                                              |
|-------------|--|------------------------------------------------------------------------------------------------------------------------------|
| 1988        |  | Read first time and referred to Committee on                                                                                 |
| <i>3/17</i> |  | <i>HESS - Fin</i>                                                                                                            |
| <i>3/25</i> |  | Reported back with recommendation that<br><i>HESS replace w/SCS</i><br><i>3 do pass, 2 no rec</i><br><i>2 fin to finance</i> |
|             |  | Read second time and                                                                                                         |
|             |  | Read third time and                                                                                                          |
|             |  | <b>PASSED</b> Effective Date<br>Yeas Yeas<br>Nays Nays<br>Excused Excused<br>Absent Absent                                   |
|             |  | Reconsideration<br>Reconsideration not taken up                                                                              |
|             |  | <b>PASSED</b> Effective Date<br>Yeas Yeas<br>Nays Nays<br>Excused Excused<br>Absent Absent                                   |
|             |  | Reported correctly engrossed                                                                                                 |
|             |  | Signed by President                                                                                                          |
|             |  | Returned to House                                                                                                            |
|             |  | SECRETARY OF THE SENATE                                                                                                      |

**HISTORY IN THE HOUSE**

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

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y STATE CAPITOL  
JUNEAU ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 24, 1988

SUBJECT: State aid for school construction  
SCS CSHB 380(HESS)

TO: Senator Paul Fischer, Chairman  
Health, Education, and Social Services  
Committee

FROM: Michael F. Ford *M.F.*  
Legislative Counsel

The following is a sectional analysis of SCS CSHB 380(HESS):

Section 1 - Adds a new section to limit appropriation of school construction grant funds, unless funds sufficient to provide bond debt reimbursement under AS 14.11.100 are appropriated. This section does not limit the power of the legislature to appropriate money, granted under Article IX, section 13 of the Alaska Constitution.

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Section 4 - Creates a task force to recommend options for school construction planning and financing.

Section 5 - Repeals the school construction task force.

Section 6 - Effective date.

MFF:gc  
WKG2:072

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: . . state aid for school construction. . .  
Sponsor: Swackhammer  
Requestor: Senate HESS

Agency Affected: Education  
BRU: Debt Retirement  
Components: Debt Retirement

**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)

Prepared by: Steve Hole  
Division: Commissioner's Office

Phone: 465-2800  
Date: 3-25-88

Approved by Commissioner: William G. Demmert  
Agency: Department of Education

Date: 3-25-88

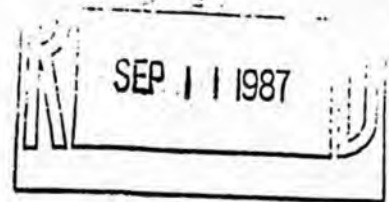
**Distribution (by preparer):**

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

STEVE COWPER  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU



HB380

May 12, 1987

The Honorable Al Adams, Chairman  
House Finance Committee  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Representative Adams:

SUBJECT: SB 150-Relating to bonds issued for school construction.

Many municipal and borough officials have met with me and my staff to express concern over the proposed level of funding for school debt retirement. To mitigate the impact of reduced revenues, they have requested legislation to allow restructuring of their current debt, extending the term for repayment. While restructuring will lower the present payments on the debt, it will obligate the state to reimbursement for school construction debt for years beyond the revenue curve generated by Prudhoe Bay.

The State can no longer afford to continue the existing and ever increasing obligation for debt reimbursement under school construction debt retirement program. It is my intent to work during the interim with municipal and borough officials, school district personnel, legislators, and members of my administration to develop a new proposal for school construction finance for introduction next legislative session. It is imperative that a program be developed which adequately addresses the needs for school construction and major renovations statewide, while maintaining the proper checks and balances to assure fiscal prudence.

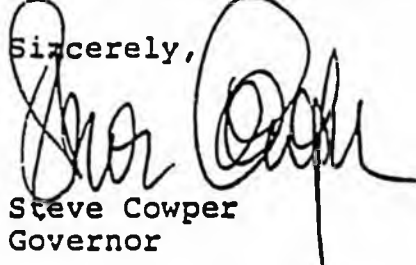
I have agreed to support SB 150 with the proposed amendments to allow for restructuring of existing debt. However, my support is contingent on maintaining in this legislation the cutoff date for the existing school debt reimbursement program. Those bonds which have been

May 12, 1987

authorized but unissued under this program would continue to be eligible for reimbursement, but the state would incur no additional obligation until a new program is in place.

I am confident that together we will be able to develop a new program for school construction which will adequately provide for the many needs of school districts around the state while increasing public confidence in our ability to effectively manage the limited resources available.

Sincerely,



Steve Cowper  
Governor

cc: The Honorable C.E. Swackhammer  
Alaska State Legislature

The Honorable Paul Fischer  
Alaska State Legislature

Hugh Malone, Commissioner  
Department of Revenue

Bill Demmert, Commissioner  
Department of Education

## SUMMARY -- METHODS OF FUNDING SCHOOL CONSTRUCTION

| <u>STATE</u>  | <u>METHOD OF FUNDING</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <u>EQUITY</u>                  |
|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| Alabama       | Mostly local taxes - \$60/Classroom Unit per year State funded.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | No                             |
| Arkansas      | 84 Million in FY87 - All local taxes - No State contribution.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | No<br>1 mil = \$2500 to \$7500 |
| Hawaii        | 25 million in FY87 - Direct appropriation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Yes - Single School District   |
| Florida       | Plan 8.8 billion in construction in 10 years - need 573 elem., 174 middle, 94 H.S. facilities - State Board issues bonds - Board allocates funds based on enrollment growth compared to base years, and requires plant survey - Local levy limit of 10 mils for schools.                                                                                                                                                                                                                                                                               | "Yes - substantially equal"    |
| Indiana       | State provides a \$250,000 advance to school districts with less than \$8400 AV/Pupil (ADA).                                                                                                                                                                                                                                                                                                                                                                                                                                                           | No                             |
| Kentucky      | Foundation program includes \$1,800 per classroom per year "capital funds". Facilities needs established by State DOE - but largest part of project locally funded.                                                                                                                                                                                                                                                                                                                                                                                    | "No Answer"                    |
| Georgia       | Required local effort of 10 - 25% of project based on wealth. State effort limited by statute to total of 100 million --- Each LEA entitled to a portion of total authorizations set by State Board based on ratio of LEAs need to total of all system needs. Program excludes: pools, tanks, stadiums, athletic facilities, and central administrative offices. Requires annual 5 year forecast and survey every five years. DOE sets qualifying standards and reviews and certifies surveys. State Board approves or rejects survey recommendations. | Yes                            |
| Massachusetts | 120 million in grants - distributed by AV/P equalized funding pays interest only up to 50% of project cost.                                                                                                                                                                                                                                                                                                                                                                                                                                            | No                             |

|                |                                                                                                                                                                                                                                                                        |                                                                              |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| Nebraska       | 31 million FY86 from local bond issues - minimal State funds.                                                                                                                                                                                                          | No                                                                           |
| New York       | \$400 million/year - principal and interest reimbursed up to 51% of project.                                                                                                                                                                                           | Yes: For wealthy districts State % is less. For poorer districts it is more. |
| North Carolina | State Board issues capital money on per student basis (ADM) to districts - 25% local funds required. Commission on School Facility Needs - is studying ways to reduce incentive to delay maintenance.                                                                  | No                                                                           |
| Ohio           | 10 million in grants per year. Debt retirement assistance must be paid back to the State.                                                                                                                                                                              | No                                                                           |
| Texas          | \$1 billion/year - local bonds and taxes - State guarantees bonds to raise ratings and save interest cost.                                                                                                                                                             | No                                                                           |
| Virginia       | \$81 million new - \$80 million additions and alterations - local funds - VPSA purchases general obligations bonds from localities - LEAs do not need voter approval for bonds sold to VPSA - VPSA sells <u>bonds to finance purchase</u> - <u>VPSA</u> bonds rank Aa. | No                                                                           |
| Wisconsin      | 98.4 million P & I - State pays minor share of P & I - districts that spend at the same level per student will tax at the same rate.                                                                                                                                   | "Yes - some"                                                                 |
| Oklahoma       | All local funds.                                                                                                                                                                                                                                                       | No                                                                           |
| South Carolina | Total expenditures \$136 mill in FY87 - State provides only \$30/student/year from 10% sales tax for capital needs. Most construction funds are locally generated.                                                                                                     | No                                                                           |
| West Virginia  | All local funds.                                                                                                                                                                                                                                                       | No                                                                           |
| Wyoming        | Local funding mostly. Since 1976 State grants up to 20% of some projects - 7 million this year to 25 qualifying districts (out of 49). No State standards for school buildings or sites.                                                                               | No                                                                           |



ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES  
RESEARCH AGENCY

Pouch Y. State Capitol  
Juneau, Alaska 99811  
(907) 465-3991

- Are there states which fund school construction through direct capital appropriation?
- Are there states which fund school construction through an administrative process?

In the case of states which use an administrative process to fund local school construction, we were also asked to provide examples of statutes used to authorize these programs.

We contacted the Education Commission of the States and obtained survey and descriptive information on the methods used by states to fund school construction. In addition, we contacted state education agencies in Alabama, Illinois, Indiana, Minnesota, Missouri, Nevada, Pennsylvania, South Carolina, Vermont, Washington, and Wisconsin to obtain specific information on school construction aid programs in these states.

Direct Legislative Appropriations

We have found only one example of a state other than Alaska which funds school construction through direct capital appropriation. Hawaii has only one school district, a statewide district, through which all school construction is funded. The Hawaii Legislature funds this construction on a project by project basis. According to Kay Jones of the Hawaii Department of Education, a statewide list of priorities is developed by the Department of Education; instructional space needs and facility rehabilitation are given top priority. Ms. Jones stated

provided as Attachment A. In addition, we have provided an appendix which contains authorizing statutes from other states for each type of program.

Full State Support. Under full state support programs, the state undertakes to fund all capital and debt service expenditures associated with the construction of local schools. Full support programs do not always pay for the entire cost of school construction. If the amount of funds available from the state is less than the cost of all planned construction, local districts may have to supplement state funding or cancel projects. In the case of Hawaii, with a single, statewide school district, local governments may supplement school construction funds by donating equipment or locating recreational facilities adjacent to schools. The source of state funding may be legislative appropriation, as in the case of Hawaii, the sale of bonds, a dedicated fund, or from some combination of all three.

States with full support programs generally have a mechanism for determining the capital needs of local districts. As noted earlier, Hawaii develops a priority list giving first preference to instructional space needs, with needs such as recreational facilities given less weight. Florida develops an annual allocation for each school district based on projection of school facility needs, the district's school bond debt, and the district's ability to obtain funding from other sources.

In the appendix, we have included the statutes from Florida authorizing its full state support program.

Advantages:       there is a high degree of fiscal equalization among districts;

                      the local districts avoid over-taxing a single revenue source by using the state's greater access to revenue source;

                      the state can develop an allotment mechanism based on need;

                      there are savings in the bond market resulting from consolidation of bond issues into a single state issuance; and

                      the long delays and costs that may be incurred by local bond referendums are avoided.

school districts without significant facility needs would not benefit from state assistance.

Flat-Rates. Some states reimburse local school districts for school construction costs based on a fixed amount per unit. This unit may be the average attendance of the district, the rated capacity of the facility, or the square footage of the project. The significant feature of a flat-rate support program is that it does not take into account the revenue capacity of the district, the level of local expenditure, or the need for the capital project.

In South Carolina, the Department of Public Instruction provides each district with \$30 per year for every student enrolled in the district. According to Dr. Henry Hollingsworth, with the Department of Public Instruction, South Carolina pays approximately \$18 million per year for school construction to the local district. This covers about 20 percent of the cost of school construction in the state. There is currently a proposal in the South Carolina Legislature to increase the amount per student to \$127 annually next year, with the amount to fluctuate over the next several years, leveling off at \$80 per year.

In Indiana, every district receives a grant of \$40 per registered student each year. The school district must apply this money to any debt service obligations; if there is a remainder, it may be transferred to the district's general fund. We have included the Indiana statute authorizing this program in the appendix.

**Advantages:** the control of school building programs remains at the local level;  
  
some measure of equalization is provided since money is provided irrespective of the local contribution;  
  
the flat-rate grants reduce the school district's dependency on local revenue sources; and  
  
the program is easily administered, as it has a simple allocation formula.

**Disadvantages:** programs may not provide sufficient funds to finance projects; and  
  
programs may not take into account the building needs of each district.

Representative Pestinger  
January 26, 1984  
Page Seven

Loans. In addition to providing grants to local school districts for school construction, states may also provide low-interest loans. Loans may be funded through direct appropriation, or the state may establish a revolving loan fund. State loans are generally not charged against the local school district's debt limit for bonding purposes. Some states may make loans available to any district, while some states may have provisions which favor needier districts. The amount of funds available to districts through state loans is usually modest.

Minnesota has a low-interest loan program established to assist newly emerging school districts and districts in areas of rapid population growth. According to Ron Laliberte, with the Minnesota Department of Education, these districts may be faced with a substantial school population before the local tax base has developed sufficiently to support the district's construction needs. Eligibility is determined by computing the taxable property valuation of the district per student. He noted that very few districts qualify for the program because their property valuation is too high.

In Minnesota, the loan program is funded by legislative appropriation. According to Mr. Laliberte, there have been no loans given out in the last two years due to a lack of appropriations from the legislature. There are currently no plans to reactivate the program.

Arkansas has a revolving loan program which makes approximately \$350,000 available annually for loans to local school districts at 6 percent interest. The loans are generally for six years, and the district is required to levy taxes to pay off the principal and interest in this period. Indiana has one loan program which makes a total of \$1.5 million available annually to school districts for school construction loans at an interest rate one percent below the current bond market rate. It also has a Veterans' Memorial School Construction Fund which makes a small amount of loans available at one percent interest rates.

We have included the statutes authorizing school construction loan programs from Indiana and Minnesota in the appendix.

Advantages:      loan programs provide an economical way for local districts to borrow funds;

                    loans from the state are not generally charged against the district's debt limit;

                    the time required to obtain loans is generally less than for bonding; and

Representative Pestinger  
January 26, 1984  
Page Nine

Disadvantages: the creation of building authorities ignores the real problems of funding schools by circumventing tax and debt limitations;

building authorities generally use revenues bonds to finance school construction; these bonds have higher interest rates than general obligation bonds; and

the public's right to voter approval of school construction is circumvented by authorities.

In addition to the statutes included in the appendix and the article on school construction financing that is Attachment A, we have also attached to this memorandum a matrix chart prepared by the Education Commission of the States (Attachment B) which shows the operating and capital funding methods for the fifty states. For your purposes, the headings which run horizontally across the page are the pertinent categories; the vertical axis pertains to methods of funding operational expenditures. Unfortunately, the chart does not include information on states which permit building authorities.

There is a table in Attachment A which does show methods of capital funding by states and does include information on authorities; however, our telephone interviews have indicated that there are several inaccuracies in this table. It should be noted that we obtained information in our conversations with school officials in other states that was not in agreement with either chart. Therefore, while these summary tables provide somewhat useful indicators of the degree to which various types of programs are used, it appears likely that both contain at least some errors with regard to specific programs in individual states.

If you have any questions, or if we can provide further assistance, please do not hesitate to contact us.

JS

Attachments



# NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

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8208 E. 34th Avenue  
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Carolyn Tolson  
Region VII Director  
Box 873933  
Wasilla, Alaska 99687

Roxy McDonagh  
Region R Director  
402 E. 23rd Avenue  
Anchorage, Alaska 99503

### 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

March 3, 1988

TO: Representative Al Adams, Chairman  
House Finance Committee members

FROM: Judy Salo *Jes*

RE: CSHB 380

NEA-Alaska supports and encourages the passage of Committee Substitute for House Bill 380. The amendment made in HESS was minor in our opinion and we support HB 380 with or without that amendment.

We submitted written testimony in February regarding our support of this bill and I am reiterating that support for the following reasons:

- A. The passage of this legislation would institute a very sound public policy relative to construction of Alaska school facilities.
- B. School needs in the state should be prioritized and met based on a standardized criteria.
- C. Especially with the changing economic climate in our state we must undertake school construction in the most responsible manner.

Representative Hanley raised some interesting points regarding the submission of a six year plan during the HESS Committee hearing. The fact is that the process will always be somewhat politicized, but the changes this legislation propose would move us toward a better planned approach to construction and the considerable monetary investment it represents.

Thank you for the opportunity to contribute renewed support of this important legislation.


JS/HB380/dl

# Alaska MUNICIPAL League

TELEPHONE  
(907) 586-1325

105 MUNICIPAL WAY, SUITE 301  
JUNEAU, ALASKA 99801

TO: Representative Niilo Koponen, Co-Chair  
Representative Johnny Ellis, Co-Chair  
Members of House Health, Education and Social Services  
Committee

FROM: Scott A. Burgess, Executive Director 

DATE: February 17, 1988

SUBJECT: HB 380 - State Aid for School Construction

The Alaska Municipal League supports the concept of HB 380 to address school construction costs past, present and future. The legislation would provide a mechanism for the State to meet its obligation to reimburse municipalities for school construction debt at statutory levels and to more effectively control the State's future capital cost in meeting its Constitutional responsibility for education. While the AML generally supports the direction of the bill, specific problems with HB 380 may arise during the hearings that must be addressed in order to implement the program.

HB 380 would continue the school debt reimbursement program for debt incurred prior to July 1, 1988. All school construction after that date would be financed by grants awarded on a state-wide priority basis. The bill reflects the efforts of the Department of Education and municipal and school officials who met during the interim as the School Construction Funding Review Committee to address the school construction program and the needs of municipalities and the State. The bill also responds to the moratorium on new school construction debt imposed as a part of SB 150 which passed the Legislature last year allowing municipalities to refinance existing debt. Governor Cowper had asked for the moratorium to give the State time to develop a mechanism to control future debt and state cost for school construction. The bill provides for that certainty for the Administration. HB 380 also maintains the Legislature prerogative to review priorities and determine the appropriation level on an annual basis. Presumably the new grant program will still retain local control over design and construction under state guidelines and the ability of municipalities and districts to pay for new facilities outside the grant program and to add to approved facilities beyond the "basics" at their cost.

House HESS Re: HB 380  
February 17, 1988  
Page 2

The shortcoming of the bill is the lack of guarantee that future appropriations will fully fund statutory obligations for debt reimbursement. While that guarantee does not exist now, i.e. it is subject to legislative appropriation, and cannot be given without a constitutional amendment or a ballot measure to authorize a state general obligation bond, the acceptance by municipalities of a grant process for future school construction is offered as a compromise in exchange for full funding of existing debt. Some commitment to this compromise by the Governor and the Legislature is needed.

The AML supports the concept of HB 380 and looks forward to working with the sponsor and Legislature to crafting a bill that meets existing state obligations, the desire of the State to more effectively control future costs, and to meet the education needs of our children.

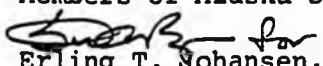
cc: Representative Swackhammer

# ALASKA CONFERENCE OF MAYORS

HB 880

105 Municipal Way, Suite 301  
Juneau, Alaska 99801  
907 - 586-1325

TO: Governor Steve Cowper  
Members of Alaska State Legislature

FROM:   
Erling T. Johansen, President

DATE: February 15, 1988

SUBJECT: Positions on Legislation

The Alaska Conference of Mayors met in Juneau, February 9-10, 1988 and discussed a variety of legislative issues. With this letter and the enclosed resolutions, I am asking you to note the positions taken on several issues and consider them in your deliberations during the Second Session of the 15th Alaska State Legislature. State and local government leaders must work together in a partnership to address the problems facing Alaska so that the actions taken by the State do not restrict or burden the municipalities at the local level.

Enclosed are Alaska Conference of Mayors Resolutions Nos. 88-15, 17, 18 and 19, passed February 9, 1988 by the Alaska Conference of Mayors.

Resolution 88-15: Opposing reductions in U.S. Coast Guard budget  
Resolution 88-17: Supporting the Trans-Alaska Gas System  
Resolution 88-18: Supporting the school account legislation  
Resolution 88-19: Supporting the establishment of the Alaska Science Foundation

In addition to passing the above resolutions, the Alaska Conference of Mayors took action on several current and prospective legislative items:

Education funding: The ACoM passed a motion to support House CS for CS for Senate Bill 330 (HESS).

Tourism tax: The ACoM passed, unanimously, a motion endorsing the concept of a uniform state system of tourism taxation with the net receipts of those taxes to be distributed to tourism-impacted communities.

Alaska Railroad Corporation Board makeup: The ACoM passed a motion to support legislation increasing the Alaska Corporation Board from 7 to 9 members and that at least one member should be from Fairbanks, Seward and Anchorage (see HB 349).

School construction: The ACoM passed a motion to support the concept of funding current school construction debt at statutory levels and providing for all future school construction through a grant process as recommended in HB 380 introduced by Representative Swackhammer.

I hope you will consider the positions of the Alaska Conference of Mayors and that they will be helpful in guiding your action. If you have any questions, you can contact me in Cordova at 424-6200.

Enclosures

HB 380



# Matanuska-Susitna Borough

BOX B, PALMER, ALASKA 99645 • PHONE 745-4801

BOROUGH ASSEMBLY

February 18, 1988

Co-Chairman Niilo E. Koponen  
Co-Chairman Johnny Ellis  
Health, Education and Social Services Committee  
House of Representatives  
State of Alaska  
Box B  
Juneau, AK 99811

and

Representative C.E. Swackhammer  
House of Representatives  
State of Alaska  
P.O. Box V  
Juneau, AK 99811

RE: House Bill 380

Dear Committee Members:

I am pleased to present Resolution Serial No. 88-025 supporting House Bill 380. The Assembly supports House Bill 380 since it establishes a needs-based program for school construction in the state of Alaska. The Bill establishes for a priority list of projects to be reviewed by the Department of Education based upon objective needs-based criteria. The affect of this bill, in the Borough's opinion, removes the decision to construct schools from the political process and provides for an objective needs-based approach to school construction. This approach should ensure that only those school projects that are truly required are constructed. House Bill 380 should also insure that unnecessary items such as saunas are not included in the cost of school construction.

Very truly yours,

*Dorothy A. Jones*  
Dorothy A. Jones, Mayor

DAJ:mlm

Encl:

(mlm1:10001)

cc: Representatives Gruenberg, Donley, Hudson, Phillips and Hanley

Representative Curt Menard

Representative Ben Jensen

HB 380

Requested By: Assemblyman Cypra

MATANUSKA SUSITNA BOROUGH

Resolution No. 88- 025

A RESOLUTION OF THE ASSEMBLY OF THE MATANUSKA-SUSITNA BOROUGH, ALASKA, SUPPORTING HOUSE BILL 380 ENTITLED "AN ACT RELATING TO STATE AID FOR SCHOOL CONSTRUCTION; AND PROVIDING FOR AN EFFECTIVE DATE"

WHEREAS, the Matanuska-Susitna Borough has outstanding debt service obligations for school construction projects, and;

WHEREAS, the ability of the Matanuska-Susitna Borough to service its debt obligation is directly related to the percentage of debt reimbursement the state of Alaska appropriates for any given year, and

WHEREAS, Article VII, Sec. 1, of the Alaska State Constitution requires the state of Alaska to establish and maintain a system of public schools open to all children of the state of Alaska, and

WHEREAS, the definition of basic educational need has never been established in the state of Alaska, and

WHEREAS, basic educational need consists of programmatic needs for grades K through 12, collateral programs such as community schools, etc., pupil transportation and school debt reimbursement for capital construction costs incurred by municipalities, and

WHEREAS, the right to education in Article VII, Sec. 1, of the Alaska State Constitution requires the state to fully fund debt reimbursement programs for municipalities throughout the state, and

WHEREAS, House Bill 380 establishes a school construction grant account and a review procedure which sets forth objective standards for construction of public schools on a "needs" basis, and

WHEREAS, the state of Alaska Department Review of Grant Applications provides objective criteria to analyze the necessity for a school construction project in the state of Alaska, and

WHEREAS, House Bill 380 authorizes the state of Alaska to disapprove a project if it is not in the best interest of the state, and

NOW, THEREFORE, BE IT RESOLVED THAT THE ASSEMBLY OF THE MATANUSKA-SUSITNA BOROUGH, ALASKA:

Supports House Bill 380.

PASSED AND APPROVED by the Assembly of the Matanuska-Susitna Borough, Alaska, this 1 day of March, 1988.

Dorothy A. Jones  
Dorothy A. Jones, Mayor

ATTEST:

Linda Dahl  
Linda Dahl, Clerk

(SEAL)

(mlml:r0003)

SECTIONAL ANALYSIS CSHB 380 (FIN)

- SECTION 1: FUNDS MAY NOT BE APPROPRIATED FOR NEW SCHOOL CONSTRUCTION GRANTS IF THE FULL ENTITLEMENT FOR THE REIMBURSEMENT TO MUNICIPALITIES FOR SCHOOL BOND DEBT IS NOT FULFILLED.
- SECTION 2: LEGISLATURE SHALL INCLUDE FUNDS FOR THE SCHOOL CONSTRUCTION ACCOUNT WITHIN THE GENERAL APPROPRIATION BILL. REQUESTS FULL ENTITLEMENT FOR REIMBURSEMENT OF EXISTING BONDS ISSUED BY LOCAL MUNICIPALITIES OR BOROUGHES.
- SECTION 3: EXTENDS THE MORATORIUM FOR THE ISSUANCE OF NEW BOND ISSUES BY LOCAL GOVERNMENTS FROM JUNE 30, 1988, TO JUNE 30, 1990.
- SECTION 4: CREATES A 12 MEMBER SCHOOL CONSTRUCTION POLICY TASK FORCE. THE TASK FORCE IS TO BE COMPRISED OF THE GOVERNOR OR HIS DESIGNEE, ONE PUBLIC MEMBER APPOINTED BY THE GOVERNOR, TWO SENATORS APPOINTED BY THE PRESIDENT OF THE SENATE, TWO REPRESENTATIVES APPOINTED BY THE SPEAKER, ONE REPRESENTATIVE FROM THE STATE BOARD OF EDUCATION, ONE REPRESENTATIVE FROM EACH JUDICIAL DISTRICT REPRESENTING LOCAL GOVERNMENT OR SCHOOL DISTRICT INTERESTS AND ONE REPRESENTATIVE OF THE RURAL EDUCATIONAL ATTENDANCE AREA APPOINTED BY THE GOVERNOR. THE CO-CHAIRS OF THE TASK FORCE WILL BE A SENATOR AND REPRESENTATIVE. THE TASK FORCE IS TO REPORT ITS RECOMMENDATIONS NO LATER THAN NOVEMBER 15, 1989.
- SECTION 4: REPEALS SECTION THREE OF THIS ACT ON JUNE 30, 1990.
- SECTION 5: EFFECTIVE DATE OF JULY 1, 1988.

# **CORRECTION**

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

Requested By: Assemblyman Cypra

MATANUSKA SUSITNA BOROUGH

Resolution No. 88- 025

A RESOLUTION OF THE ASSEMBLY OF THE MATANUSKA-SUSITNA BOROUGH, ALASKA, SUPPORTING HOUSE BILL 380 ENTITLED "AN ACT RELATING TO STATE AID FOR SCHOOL CONSTRUCTION; AND PROVIDING FOR AN EFFECTIVE DATE"

WHEREAS, the Matanuska-Susitna Borough has outstanding debt service obligations for school construction projects, and;

WHEREAS, the ability of the Matanuska-Susitna Borough to service its debt obligation is directly related to the percentage of debt reimbursement the state of Alaska appropriates for any given year, and

WHEREAS, Article VII, Sec. 1, of the Alaska State Constitution requires the state of Alaska to establish and maintain a system of public schools open to all children of the state of Alaska, and

WHEREAS, the definition of basic educational need has never been established in the state of Alaska, and

WHEREAS, basic educational need consists of programmatic needs for grades K through 12, collateral programs such as community schools, etc., pupil transportation and school debt reimbursement for capital construction costs incurred by municipalities, and

WHEREAS, the right to education in Article VII, Sec. 1, of the Alaska State Constitution requires the state to fully fund debt reimbursement programs for municipalities throughout the state, and

WHEREAS, House Bill 380 establishes a school construction grant account and a review procedure which sets forth objective standards for construction of public schools on a "needs" basis, and

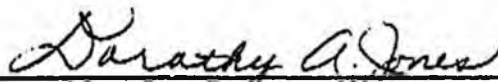
WHEREAS, the state of Alaska Department Review of Grant Applications provides objective criteria to analyze the necessity for a school construction project in the state of Alaska, and

WHEREAS, House Bill 380 authorizes the state of Alaska to disapprove a project if it is not in the best interest of the state, and

NOW, THEREFORE, BE IT RESOLVED THAT THE ASSEMBLY OF THE MATANUSKA-SUSITNA BOROUGH, ALASKA:

Supports House Bill 380.

PASSED AND APPROVED by the Assembly of the Matanuska-Susitna Borough, Alaska, this 1 day of March, 1988.

  
Dorothy A. Jones, Mayor

ATTEST:

  
Linda Dahl, Clerk

(SEAL)

(mlml:r0003)

SECTIONAL ANALYSIS CSHE 380 (FIN)

- SECTION 1: FUNDS MAY NOT BE APPROPRIATED FOR NEW SCHOOL CONSTRUCTION GRANTS IF THE FULL ENTITLEMENT FOR THE REIMBURSEMENT TO MUNICIPALITIES FOR SCHOOL BOND DEBT IS NOT FULFILLED.
- SECTION 2: LEGISLATURE SHALL INCLUDE FUNDS FOR THE SCHOOL CONSTRUCTION ACCOUNT WITHIN THE GENERAL APPROPRIATION BILL. REQUESTS FULL ENTITLEMENT FOR REIMBURSEMENT OF EXISTING BONDS ISSUED BY LOCAL MUNICIPALITIES OR BOROUGHES.
- SECTION 3: EXTENDS THE MORATORIUM FOR THE ISSUANCE OF NEW BOND ISSUES BY LOCAL GOVERNMENTS FROM JUNE 30, 1988, TO JUNE 30, 1990.
- SECTION 4: CREATES A 12 MEMBER SCHOOL CONSTRUCTION POLICY TASK FORCE. THE TASK FORCE IS TO BE COMPRISED OF THE GOVERNOR OR HIS DESIGNEE, ONE PUBLIC MEMBER APPOINTED BY THE GOVERNOR, TWO SENATORS APPOINTED BY THE PRESIDENT OF THE SENATE, TWO REPRESENTATIVES APPOINTED BY THE SPEAKER, ONE REPRESENTATIVE FROM THE STATE BOARD OF EDUCATION, ONE REPRESENTATIVE FROM EACH JUDICIAL DISTRICT REPRESENTING LOCAL GOVERNMENT OR SCHOOL DISTRICT INTERESTS AND ONE REPRESENTATIVE OF THE RURAL EDUCATIONAL ATTENDANCE AREA APPOINTED BY THE GOVERNOR. THE CO-CHAIRS OF THE TASK FORCE WILL BE A SENATOR AND REPRESENTATIVE. THE TASK FORCE IS TO REPORT ITS RECOMMENDATIONS NO LATER THAN NOVEMBER 15, 1989.
- SECTION 4: REPEALS SECTION THREE OF THIS ACT ON JUNE 30, 1990.
- SECTION 5: EFFECTIVE DATE OF JULY 1, 1988.

H B

3 8 4



FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: "An Act relating to  
Unemployment Insurance..."  
Sponsor: Governor  
Requestor: House Labor and Commerce

Agency Affected: Labor  
BRU: Employment Security  
Components: Unemployment Insurance

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 | 0 | 97.0 | 97.0 | 97.0 | 97.0 | 97.0 |
|---------|---|------|------|------|------|------|

FUNDING: (Thousands of Dollars)

|               |  |  |  |  |  |  |
|---------------|--|--|--|--|--|--|
| GENERAL FUND  |  |  |  |  |  |  |
| FEDERAL FUNDS |  |  |  |  |  |  |
| OTHER         |  |  |  |  |  |  |
| TOTAL         |  |  |  |  |  |  |

POSITIONS:

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

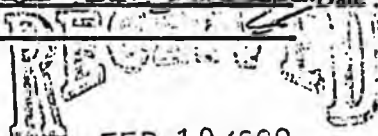
ANALYSIS : (Attach a separate page if necessary)

See Attached

Prepared by: Joe Sitton, Director *JS* Phone: 465-2712  
Division: Employment Security Division Date: 1/28/88

Approved by Commissioner: Jim Sampson *JS* Date: 1/28/88  
Agency: Labor

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



FEB 19 1988

LEGISLATIVE FINANCE

hb 384

ANALYSIS OF FISCAL NOTE FOR

"An Act relating to Unemployment Insurance"

Section 9 of this bill provides for a penalty to be assessed claimants who are disqualified for the fraudulent receipt of unemployment insurance benefits. The penalty will be 50% of the benefits that were obtained fraudulently, and the penalties will be deposited in the general fund as unrestricted revenues. Calculations to arrived at estimated anticipated revenues are as follows:

|                                                    |                |                  |
|----------------------------------------------------|----------------|------------------|
| Total detected fraudulent payments made per year   | -              | \$260,000        |
| 50% penalty on detected fraudulent payments        | -              | \$130,000        |
| A 75% collection rate on the established penalties | -              | \$ 97,500        |
|                                                    |                |                  |
|                                                    | Rounded off to | - \$ 97,000/year |

Assumptions:

1. An effective date of July 1, 1988.
2. Detected fraudulent payments will remain at about \$260,000/year thru 1992.
3. A 75% collection rate will be maintained. The other 25% are uncollectible because of people leaving the state, or otherwise not being able to pay back the funds.

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2

HOUSE BILL NO. 384

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 unemployment insurance; and  
7 providing for an effective date."

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

9 \* Section 1. AS 16.10.290(a) is amended to read:

10 (a) A person applying for a license as a fish processor or  
11 primary fish buyer shall file with the commissioner of labor a surety  
12 bond running to the State of Alaska conditioned upon the promise to  
13 pay, in the following order of priority, (1) all persons furnishing  
14 labor to a fish processor or primary fish buyer, including contractual  
15 employee benefits; [AND] (2) independent registered commercial fisher-  
16 men for the price of the raw fishery resource purchased from them; and  
17 (3) unemployment insurance contributions. The surety or sureties must  
18 [SHALL] be satisfactory, in the determination of the commissioner.

19 \* Sec. 2. AS 23.20.195(a) is amended to read:

20 (a) If the contributions are unpaid after 30 days from the date  
21 of mailing or personal delivery of a written demand for payment, the  
22 department may [SHALL] assess and collect in the same manner as con-  
23 tributions a penalty equal to 10 percent of the contributions due. In  
24 no event may the penalty be less than \$10 [\$1].

25 \* Sec. 3. AS 23.20.205(c) is amended to read:

26 (c) If the amount assessed is not paid, or an appeal with the  
27 required security is not filed as required in AS 23.20.220, within 30  
28 days after [PERSONAL] service or mailing of the notice, the department  
29 may[, SUBJECT TO AS 23.20.220,] collect the amount stated in the

1 assessment by the distraint, seizure and sale of the property, goods,  
2 chattels and effects of the delinquent employer. Goods and property  
3 exempt from execution under the laws of this state are exempt from  
4 distraint and sale under this section.

5 \* Sec. 4. AS 23.20.220(a) is amended to read:

6 Sec. 23.20.220. APPEAL OF ASSESSMENT [PETITION FOR HEARING AND  
7 SUMMARY JUDGMENT]. (a) When a notice of assessment is delivered or  
8 mailed to a delinquent employer, the employer may within 30 days file  
9 an appeal [A PETITION] in writing, with the department, stating that  
10 the assessment is unjust or incorrect and requesting a hearing on it.  
11 The period for filing an appeal may be extended for a reasonable  
12 period if the employer shows that the appeal was delayed as a result  
13 of circumstances beyond the employer's control. The appeal [PETITION]  
14 shall set out the reasons the assessment is objected to and the amount  
15 of contributions which the employer admits is due, and must be  
16 accompanied by a bond or deposit of other security in the amount of  
17 the assessment to insure collection. The department may waive the  
18 security requirement if the employer submits proof of solvency or  
19 reasonable assurance, as prescribed by regulations, that the  
20 contributions, interest and penalties due are not in jeopardy. If the  
21 employer fails to provide the required security, the collection under  
22 AS 23.20.205(c) is not stayed and [IF NO PETITION IS FILED WITHIN THE  
23 TIME PRESCRIBED, OR IF THE EMPLOYER FAILS TO PROVIDE THE REQUIRED  
24 SECURITY,] the assessment is prima facie correct. The procedures in  
25 AS 23.20.415 apply to an appeal under this subsection. [HOWEVER, THE  
26 DEPARTMENT MAY ENTERTAIN A SUBSEQUENT APPLICATION FOR REFUND, AND, IF  
27 DENIED A REFUND, A HEARING ON THE APPLICATION IN ACCORDANCE WITH  
28 AS 23.20.225.]

29 \* Sec. 5. AS 23.20.277(b) is amended to read:

1           (b) At the end of each calendar quarter, or at the end of any  
2 other period as determined by the department, the department shall  
3 bill each government entity, nonprofit organization, or group of  
4 nonprofit organizations, that [WHICH] has elected to make payments in  
5 place of contributions for benefits paid during the quarter or other  
6 prescribed period that is attributable to service in the employ of the  
7 government entity or nonprofit organization. In the case of nonprofit  
8 organizations, the amount billed is an amount equal to the full amount  
9 of regular benefits plus [ONE-HALF OF] the state share [AMOUNT] of  
10 extended benefits and in the case of a government entity the amount  
11 billed is [WHICH HAS ELECTED TO MAKE PAYMENTS UNDER THIS SECTION] an  
12 amount equal to the full amount of the regular benefits plus the full  
13 amount of the extended benefits paid [DURING THE QUARTER OR OTHER  
14 PRESCRIBED PERIOD THAT IS ATTRIBUTABLE TO SERVICE IN THE EMPLOY OF THE  
15 NONPROFIT ORGANIZATION].

16 \* Sec. 6. AS 23.20.277(e) is amended to read:

17           (e) At the end of each taxable year, the department shall deter-  
18 mine whether the total of payments for the year made by a nonprofit  
19 organization is less than, or in excess of, the total amount of  
20 regular benefits plus the state share [ONE-HALF OF THE AMOUNT] of  
21 extended benefits paid to individuals during the taxable year based on  
22 wages attributable to service in the employ of the nonprofit  
23 organization; and in the case of a government entity that has elected  
24 to make payments under this section, whether the total of payments for  
25 the year is less than, or in excess of, the total amount of regular  
26 benefits plus the total amount of extended benefits as determined in  
27 this subsection. Each organization whose total payments for the  
28 taxable year are less than the amount so determined is liable for  
29 payment of the unpaid balance to the fund in accordance with (f) of

1 this section. If the total payments exceed the amount so determined  
2 for the taxable year, all or part of the excess may, at the discretion  
3 of the department, be refunded from the fund or retained in the fund  
4 as part of the payments that [WHICH] may be required for the next  
5 taxable year.

6 \* Sec. 7. AS 23.20.277(1) is amended to read:

7 (1) Each employer that is liable for payments in place of  
8 contributions shall pay to the department for the fund the amount of  
9 regular benefits plus the state share [AMOUNT OF ONE-HALF] of extended  
10 benefits paid that are attributable to service in the employ of that  
11 employer. However, a government entity that [WHICH] has elected to  
12 make payments under this section is liable for the amount of regular  
13 benefits plus the full amount of extended benefits which are  
14 attributable to service in the employ of that entity. If benefits  
15 paid to an individual are based on wages paid by more than one  
16 employer and one or more of these employers are liable for payments in  
17 place of contributions, the amount payable to the fund by each  
18 employer that is liable for payments shall be determined by the  
19 department in accordance with regulations adopted by the department.

20 \* Sec. 8. AS 23.20.290(d) is amended to read:

21 (d) Beginning January 1, 1981, and for each succeeding year  
22 thereafter, the rate of contributions payable by each employee of an  
23 employer who is subject to AS 23.20.165 is 18 percent of the average  
24 benefit cost rate as determined in (e) of this section rounded to the  
25 nearest one-hundredth [ONE-TENTH] of one percent. However, the rate  
26 of contributions for an employee may not be less than one-half percent  
27 or more than one percent.

28 \* Sec. 9. AS 23.20.390 is amended by adding a new subsection to read:

29 (f) In addition to the liability under (a) of this section for

1 the amount of benefits improperly paid, an individual who is disqual-  
2 ified from receipt of benefits under AS 23.20.387 is liable to the  
3 department for a penalty in an amount equal to 50 percent of the  
4 benefits that were obtained by knowingly making a false statement or  
5 misrepresenting a material fact, or knowingly failing to report a  
6 material fact, with the intent to obtain or increase benefits under  
7 this chapter. The department may, in accordance with regulations  
8 adopted under this chapter, waive the collection of a penalty under  
9 this section. The department shall deposit into the general fund the  
10 penalty that it collects.

11 \* Sec. 10. AS 23.20 is amended by adding new sections to read:

12 Sec. 23.20.391. LIEN. (a) A claim under AS 23.20.390 for  
13 benefits that have been improperly paid as a result of a false  
14 statement, misrepresentation, or omission, including a penalty as  
15 described in AS 23.20.390(f), is a lien in favor of the state against  
16 all of the real and personal property of the individual.

17 (b) The claim becomes a lien when the department files a notice  
18 of the lien with the recording officer of the recording district in  
19 which the property is located. The claim becomes a lien on a motor  
20 vehicle when the department files a notice of the lien in the office  
21 of the commissioner of public safety. Filing of the notice of lien is  
22 constructive notice to creditors of the owner, and to subsequent  
23 purchasers and encumbrancers, of the lien against the property de-  
24 scribed in the notice.

25 (c) The department may release a notice of lien by filing a  
26 certificate of release in the manner prescribed for the filing of a  
27 notice of lien. The department may not file a certificate of release  
28 until the amount of the claim, including a penalty, if any, is paid,  
29 or until it receives assurance of payment which it considers adequate,

1 or until the individual is absolved from liability under AS 23.20.-  
2 390(b).

3 Sec. 23.20.393. NOTICE OF ASSESSMENT; DISTRAINT AND SEIZURE.

4 (a) If the department's determination of liability under AS 23.20.390  
5 is final and the individual has not made repayment within 90 days, the  
6 department may issue a notice of assessment, specifying the amount  
7 due, and may serve it on the individual. A peace officer or an  
8 authorized representative of the department may serve the notice  
9 personally or the department may mail the notice by certified or  
10 registered mail with return receipt requested.

11 (b) If the notice is served by mail, the notice must be de-  
12 posited in the post office, postage paid, and addressed to the indi-  
13 vidual at the individual's last address of record. The date of ser-  
14 vice is the date of delivery shown on the delivery receipt. However,  
15 if the department determines that the addressee is deliberately  
16 avoiding service, then the date of service is the day of mailing.

17 (c) If the amount assessed is not paid within 30 days after  
18 personal service or mailing of the notice, the department may collect  
19 the amount stated in the assessment by the distraint or seizure of the  
20 property, assets, goods, and effects of the individual. Goods and  
21 property exempt from execution under the laws of this state are exempt  
22 from distraint under this section.

23 Sec. 23.20.394. NOTICE AND ORDER TO WITHHOLD AND DELIVER. (a)

24 The department may issue to a person or to a political subdivision or  
25 department of the state a notice and order to withhold and deliver  
26 property of any kind if (1) the department has reason to believe that  
27 the person, political subdivision, or department possesses property  
28 that is due or owing, or is the property of another person; and (2)  
29 notice of assessment has been served at least 30 days before the

1 issuance of the notice and order to withhold and deliver.

2 (b) A peace officer or an authorized representative of the  
3 department may serve the notice and order to withhold and deliver.  
4 The person, political subdivision, or department upon whom service is  
5 made shall answer the notice within 10 days.

6 (c) If the person, political subdivision, or department pos-  
7 sesses property, credits, or money subject to the claim of the depart-  
8 ment, it shall deliver the property to the department immediately upon  
9 demand.

10 (d) If a person fails to answer the notice and order to withhold  
11 and deliver within the time prescribed, the superior court in the  
12 judicial district in which the order is served may enter a judgment by  
13 default against the person for the full amount claimed by the depart-  
14 ment in the notice to withhold and deliver, together with costs.

15 \* Sec. 11. AS 23.20.530(a) is amended to read:

16 (a) In this chapter, "wages" means all remuneration for service  
17 from whatever source, including, but not limited to, insured work,  
18 noninsured work, or self-employment; commissions, bonuses, back pay  
19 and the cash value of all remuneration in a medium other than cash  
20 shall be treated as wages; gratuities customarily received by an  
21 individual in the course of service from persons other than the indi-  
22 vidual's employing unit may be treated as wages received from the  
23 employing unit only to the extent the individual reports the gratu-  
24 ities to the employing unit. The reasonable cash value of remunera-  
25 tion in a medium other than cash, and the reasonable amount of gratu-  
26 ities, shall be estimated and determined in accordance with regu-  
27 lations adopted by the department; notwithstanding AS 23.20.350(a),  
28 back pay awards shall be allocated to the weeks or quarters with  
29 respect to which the pay was earned. If the remuneration of an

1 individual is not based upon a fixed period of time or if the  
2 individual's wages are paid in irregular intervals or in a manner that  
3 [WHICH] does not extend regularly over the period of employment, the  
4 wages shall be allocated to weeks or quarters in accordance with  
5 regulations adopted by the department. The regulations must [SHALL],  
6 so far as possible, produce results reasonably similar to those that  
7 [WHICH] would prevail if the individual's wages were paid at regular  
8 intervals. Wages earned for services performed, but not paid because  
9 the employer has filed for bankruptcy, are considered wages for the  
10 quarter in which they were earned.

11 \* Sec. 12. AS 23.20.175(a) and (b) are repealed.

12 \* Sec. 13. Section 8 of this Act takes effect January 1, 1989.

13 \* Sec. 14. Sections 1 -- 7 and 9 -- 12 of this Act take effect  
14 immediately under AS 01.10.070(c).

15

16

17

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: SCS HB 384 (L&C)

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

*210 3/11/88  
rec'd 5-4-88*

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Labor  
 Title: "An Act relating to  
Unemployment Insurance..." BRU: Employment Security  
 Sponsor: Governor Components: Unemployment Insurance  
 Requestor: Senate Labor and Commerce

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING         | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES |       | 22.7  | 28.8  | 28.8  | 15.8  |       |
| TRAVEL            |       | 2.0   | 1.0   | 1.0   | 1.0   |       |
| CONTRACTUAL       |       | 5.0   | 5.0   | 5.0   | 3.0   |       |
| SUPPLIES          |       | 0.3   | 0.2   | 0.2   | 0.2   |       |
| EQUIPMENT         |       |       |       |       |       |       |
| LAND&STRUCTURES   |       |       |       |       |       |       |
| GRANTS,CLAIMS     |       |       |       |       |       |       |
| MISCELLANEOUS     |       |       |       |       |       |       |
| TOTAL OPERATING   | 0.0   | 30.0  | 35.0  | 35.0  | 20.0  | 0.0   |

|         |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|
| CAPITAL |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|

|         |  |      |      |      |      |      |
|---------|--|------|------|------|------|------|
| REVENUE |  | 97.0 | 97.0 | 97.0 | 97.0 | 97.0 |
|---------|--|------|------|------|------|------|

FUNDING: (Thousands of Dollars)

|               |     |      |      |      |      |     |
|---------------|-----|------|------|------|------|-----|
| GENERAL FUND  | 0.0 | 30.0 | 35.0 | 35.0 | 20.0 | 0.0 |
| FEDERAL FUNDS |     |      |      |      |      |     |
| OTHER         |     |      |      |      |      |     |
| TOTAL         | 0.0 | 30.0 | 35.0 | 35.0 | 20.0 | 0.0 |

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

See Attached

Prepared by: Joe Sitton, Director Phone: 465-2712  
 Division: Employment Security Division Date: 4/11/88

Approved by Commissioner: Jim Sampson Date: 4/11/88  
 Agency: Department of Labor

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

**RECEIVED**  
MAY 4 1988

LEGISLATIVE FINANCE

ANALYSIS OF FISCAL NOTE FOR

"An Act relating to Unemployment Insurance"

Section nine contains provisions for a demonstration project to provide self-employment allowances to unemployed persons. Persons who qualify for this program would continue to receive their U.I. benefits from the U.I. Trust Fund, but the administrative costs associated with the program would have to be paid out of general funds. We estimate the costs for servicing 200 participants in this program would be \$30.0 in FY 89, \$35.0 in FY 90, \$35.0 in FY 91, and \$20.0 in FY 92. These funds would be used for personal services costs associated in developing the program and servicing the claims, travel to train staff and evaluate the program, and contractual and commodities costs associated with forms printing and computer usage. Existing seasonal positions would be used to work on this project, so no new positions would be needed.

Assumptions:

1. The demonstration project would begin January 1, 1989, and continue for three years.

Section 10 of this bill provides for a penalty to be assessed claimants who are disqualified for the fraudulent receipt of unemployment insurance benefits. The penalty will be 50% of the benefits that were obtained fraudulently, and the penalties will be deposited in the general fund as unrestricted revenues. Calculations to arrive at estimated anticipated revenues are as follows:

|                                                    |                |             |
|----------------------------------------------------|----------------|-------------|
| Total detected fraudulent payments made per year   | -              | \$260,000   |
| 50% penalty on detected fraudulent payments        | -              | \$130,000   |
| A 75% collection rate on the established penalties | -              | \$ 97,500   |
|                                                    | Rounded off to | - \$ 97,000 |

Assumptions:

1. An effective date for this section of July 1, 1988.
2. Detected fraudulent payments will remain at about \$260,000/year thru 1993.
3. A 75% collection rate will be maintained. The other 25% are uncollectible because of people leaving the state, or otherwise not being able to pay back the funds.

STEVE COWPER  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 20, 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 unemployment insurance. The bill makes miscellaneous amendments, including some that are merely housekeeping amendments, to current law. A section-by-section analysis of the bill follows.

SECTION-BY-SECTION ANALYSIS

Section 1:

The proposed amendment of AS 16.10.290(a) enhances the department's ability to collect delinquent unemployment insurance contributions from fish processors and fish buyers. The department's figures indicate that, as of January 1, 1987, 25 percent of all fish processors and buyers were delinquent in their contributions. Those delinquencies resulted in a loss to the unemployment trust fund of about \$720,000 as of that date. Under the proposed amendment, the department may assert claims for contributions against the fish processors' and buyers' surety bonds, such claims having next priority after claims for wages and for payment for raw fish.

Section 2:

The amendment of AS 23.20.195(a) in this section is a housekeeping measure providing for the 10 percent penalty on delinquent employer reports and taxes to be discretionary instead of mandatory. It also increases the minimum penalty to \$10 from \$1. This provision is not presently enforced in cases for which it is not cost effective to do so. A discretionary penalty would conform the statute to current practice, and remove the requirement on the department to assess and collect penalties regardless of whether the state actually loses money in doing so.

CC

HB 384

Sections 3 and 4:

The amendments to AS 23.20.205(c) and AS 23.20.220(a) in these sections clarify the procedures for the appeal for an employer of the department's assessment against the employer for unemployment contributions. The department may extend the 30-day appeal filing deadline for circumstances beyond the control of an employer. Also, the amendments clarify that if the employer files security with the appeal, the collection of the assessment will be stayed pending determination of the appeal.

In addition, extraneous language in AS 23.20.220 is being deleted.

Sections 5, 6, and 7:

Under current law, nonprofit organizations and governmental entities may elect to reimburse the Alaska Department of Labor after it has paid either regular or extended unemployment insurance benefits to an unemployed worker, instead of paying contributions ahead of time under AS 23.20.165. Under AS 23.20.406, extended benefits are payable to an unemployed worker only after that person (1) has exhausted his or her regular benefits and (2) is otherwise qualified under AS 23.20. In addition, extended benefits are only available during certain high unemployment periods. See AS 23.20.408. If a nonprofit organization does not pay contributions in advance under AS 23.20.165, then, currently, it must reimburse 100 percent of the regular benefits and 50 percent of the extended benefits paid by the Alaska Department of Labor. The federal government reimburses the other 50 percent of the extended benefits paid by the Alaska Department of Labor.

Under the Gramm-Rudman-Hollings Act (the federal Balanced Budget and Emergency Deficit Control Act of 1985), the federal share (currently 50 percent) of extended benefits payments might decrease because it is subject to sequestration. If that happens, under existing AS 23.20.277(b) the state would have to absorb the loss of federal money because the nonprofit organization share is fixed at 50 percent. To offset that loss, nonprofit organizations that choose to reimburse the department for benefits paid to their former employees will, under the amendments to AS 23.20.277(b), (e), and (1) (secs. 5, 6, and 7 of the bill), be required to reimburse the difference between the 100 percent of the extended benefits already paid by the department and the amount subsequently reimbursed by the federal government. The amount charged government entities will not change

because they already reimburse 100 percent of the extended benefits paid by the department.

Section 8:

This amendment of AS 23.20.290(d) provides for rounding the employee contribution to the nearest one-hundredth of one percent. Current law requires rounding to the nearest one-tenth of one percent. Under current AS 23.20.290(c), however, the employer contribution is to be rounded to the nearest one-hundredth, so employers currently pay or collect one tax rounded to one-hundredth and another rounded to one-tenth on the same wages. The amendment provides more consistency for employers.

Section 9:

Under proposed AS 23.20.390(f), individuals who fraudulently obtain benefits incur an additional monetary penalty of 50 percent of the amount improperly received, unless the department waives the penalty, with any penalties collected to go to the general fund. Currently, under AS 23.20.387, a person who fraudulently receives benefits is disqualified from receiving benefits for a specified period of time, and, under AS 23.20.390(a), must repay the benefits fraudulently received (a situation similar to an interest-free loan). As a further disincentive for fraud, the 50 percent penalty is proposed.

Section 10:

This section proposes new AS 23.20.391, 23.20.393, and 23.20.394, which establish provisions for liens and attachment of property to facilitate the collection of overpayments that are caused by fraudulent receipt of benefits. The three proposed statutes are based on existing AS 23.20.200, 23.20.205, and 23.20.215, respectively, regarding liens on the property of an employer for failure to make the required contributions. Proposed AS 23.20.391(b), which tracks existing AS 23.20.200(b), refers to the lien being "constructive notice to creditors" and is intended to establish the priority of the state over unsecured and unrecorded creditors, whether prior or subsequent, as well as subsequent secured creditors.

Section 11:

Under current law, an individual's eligibility for unemployment insurance benefits is based upon wages paid to the

individual. Thus, if an individual works for an employer who files for bankruptcy and does not pay its employees, the individual does not qualify for unemployment benefits. The proposed amendment to AS 23.20.530(a) in this section rectifies this situation. This section expands the definition of "wages" to include earnings for work that an employee performs but is not paid for because the employer files for bankruptcy.

Section 12:

This section repeals two outdated subsections of AS 23.20.175.

Sections 13 and 14:

These sections provide for effective dates, with the amendment regarding the rounding of employee contributions taking effect January 1, 1989, and the other changes taking effect immediately.

Sincerely,

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

Steve Cowper  
Governor

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2

HOUSE BILL NO. 384

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 unemployment insurance; and  
7 providing for an effective date."

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

9 \* Section 1. AS 16.10.290(a) is amended to read:

10 (a) A person applying for a license as a fish processor or  
11 primary fish buyer shall file with the commissioner of labor a surety  
12 bond running to the State of Alaska conditioned upon the promise to  
13 pay, in the following order of priority, (1) all persons furnishing  
14 labor to a fish processor or primary fish buyer, including contractual  
15 employee benefits; [AND] (2) independent registered commercial fisher-  
16 men for the price of the raw fishery resource purchased from them; and  
17 (3) unemployment insurance contributions. The surety or sureties must  
18 [SHALL] be satisfactory, in the determination of the commissioner.

19 \* Sec. 2. AS 23.20.195(a) is amended to read:

20 (a) If the contributions are unpaid after 30 days from the date  
21 of mailing or personal delivery of a written demand for payment, the  
22 department may [SHALL] assess and collect in the same manner as con-  
23 tributions a penalty equal to 10 percent of the contributions due. In  
24 no event may the penalty be less than \$10 [\$1].

25 \* Sec. 3. AS 23.20.205(c) is amended to read:

26 (c) If the amount assessed is not paid, or an appeal with the  
27 required security is not filed as required in AS 23.20.220, within 30  
28 days after [PERSONAL] service or mailing of the notice, the department  
29 may[, SUBJECT TO AS 23.20.220,] collect the amount stated in the

1 assessment by the distraint, seizure and sale of the property, goods,  
2 chattels and effects of the delinquent employer. Goods and property  
3 exempt from execution under the laws of this state are exempt from  
4 distraint and sale under this section.

5 \* Sec. 4. AS 23.20.220(a) is amended to read:

6 Sec. 23.20.220. APPEAL OF ASSESSMENT [PETITION FOR HEARING AND  
7 SUMMARY JUDGMENT]. (a) When a notice of assessment is delivered or  
8 mailed to a delinquent employer, the employer may within 30 days file  
9 an appeal [A PETITION] in writing, with the department, stating that  
10 the assessment is unjust or incorrect and requesting a hearing on it.  
11 The period for filing an appeal may be extended for a reasonable  
12 period if the employer shows that the appeal was delayed as a result  
13 of circumstances beyond the employer's control. The appeal [PETITION]  
14 shall set out the reasons the assessment is objected to and the amount  
15 of contributions which the employer admits is due, and must be  
16 accompanied by a bond or deposit of other security in the amount of  
17 the assessment to insure collection. The department may waive the  
18 security requirement if the employer submits proof of solvency or  
19 reasonable assurance, as prescribed by regulations, that the  
20 contributions, interest and penalties due are not in jeopardy. If the  
21 employer fails to provide the required security, the collection under  
22 AS 23.20.205(c) is not stayed and [IF NO PETITION IS FILED WITHIN THE  
23 TIME PRESCRIBED, OR IF THE EMPLOYER FAILS TO PROVIDE THE REQUIRED  
24 SECURITY,] the assessment is prima facie correct. The procedures in  
25 AS 23.20.415 apply to an appeal under this subsection. [HOWEVER, THE  
26 DEPARTMENT MAY ENTERTAIN A SUBSEQUENT APPLICATION FOR REFUND, AND, IF  
27 DENIED A REFUND, A HEARING ON THE APPLICATION IN ACCORDANCE WITH  
28 AS 23.20.225.]

29 \* Sec. 5. AS 23.20.277(b) is amended to read:

1           (b) At the end of each calendar quarter, or at the end of any  
2 other period as determined by the department, the department shall  
3 bill each government entity, nonprofit organization, or group of  
4 nonprofit organizations, that [WHICH] has elected to make payments in  
5 place of contributions for benefits paid during the quarter or other  
6 prescribed period that is attributable to service in the employ of the  
7 government entity or nonprofit organization. In the case of nonprofit  
8 organizations, the amount billed is an amount equal to the full amount  
9 of regular benefits plus [ONE-HALF OF] the state share [AMOUNT] of  
10 extended benefits and in the case of a government entity the amount  
11 billed is [WHICH HAS ELECTED TO MAKE PAYMENTS UNDER THIS SECTION] an  
12 amount equal to the full amount of the regular benefits plus the full  
13 amount of the extended benefits paid [DURING THE QUARTER OR OTHER  
14 PRESCRIBED PERIOD THAT IS ATTRIBUTABLE TO SERVICE IN THE EMPLOY OF THE  
15 NONPROFIT ORGANIZATION].

16 \* Sec. 6. AS 23.20.277(e) is amended to read:

17           (e) At the end of each taxable year, the department shall deter-  
18 mine whether the total of payments for the year made by a nonprofit  
19 organization is less than, or in excess of, the total amount of  
20 regular benefits plus the state share [ONE-HALF OF THE AMOUNT] of  
21 extended benefits paid to individuals during the taxable year based on  
22 wages attributable to service in the employ of the nonprofit  
23 organization; and in the case of a government entity that has elected  
24 to make payments under this section, whether the total of payments for  
25 the year is less than, or in excess of, the total amount of regular  
26 benefits plus the total amount of extended benefits as determined in  
27 this subsection. Each organization whose total payments for the  
28 taxable year are less than the amount so determined is liable for  
29 payment of the unpaid balance to the fund in accordance with (f) of

1 this section. If the total payments exceed the amount so determined  
2 for the taxable year, all or part of the excess may, at the discretion  
3 of the department, be refunded from the fund or retained in the fund  
4 as part of the payments that [WHICH] may be required for the next  
5 taxable year.

6 \* Sec. 7. AS 23.20.277(1) is amended to read:

7 (1) Each employer that is liable for payments in place of  
8 contributions shall pay to the department for the fund the amount of  
9 regular benefits plus the state share [AMOUNT OF ONE-HALF] of extended  
10 benefits paid that are attributable to service in the employ of that  
11 employer. However, a government entity that [WHICH] has elected to  
12 make payments under this section is liable for the amount of regular  
13 benefits plus the full amount of extended benefits which are  
14 attributable to service in the employ of that entity. If benefits  
15 paid to an individual are based on wages paid by more than one  
16 employer and one or more of these employers are liable for payments in  
17 place of contributions, the amount payable to the fund by each  
18 employer that is liable for payments shall be determined by the  
19 department in accordance with regulations adopted by the department.

20 \* Sec. 8. AS 23.20.290(d) is amended to read:

21 (d) Beginning January 1, 1981, and for each succeeding year  
22 thereafter, the rate of contributions payable by each employee of an  
23 employer who is subject to AS 23.20.165 is 18 percent of the average  
24 benefit cost rate as determined in (e) of this section rounded to the  
25 nearest one-hundredth [ONE-TENTH] of one percent. However, the rate  
26 of contributions for an employee may not be less than one-half percent  
27 or more than one percent.

28 \* Sec. 9. AS 23.20.390 is amended by adding a new subsection to read:

29 (f) In addition to the liability under (a) of this section for

1 the amount of benefits improperly paid, an individual who is disqual-  
2 ified from receipt of benefits under AS 23.20.387 is liable to the  
3 department for a penalty in an amount equal to 50 percent of the  
4 benefits that were obtained by knowingly making a false statement or  
5 misrepresenting a material fact, or knowingly failing to report a  
6 material fact, with the intent to obtain or increase benefits under  
7 this chapter. The department may, in accordance with regulations  
8 adopted under this chapter, waive the collection of a penalty under  
9 this section. The department shall deposit into the general fund the  
10 penalty that it collects.

11 \* Sec. 10. AS 23.20 is amended by adding new sections to read:

12 Sec. 23.20.391. LIEN. (a) A claim under AS 23.20.390 for  
13 benefits that have been improperly paid as a result of a false  
14 statement, misrepresentation, or omission, including a penalty as  
15 described in AS 23.20.390(f), is a lien in favor of the state against  
16 all of the real and personal property of the individual.

17 (b) The claim becomes a lien when the department files a notice  
18 of the lien with the recording officer of the recording district in  
19 which the property is located. The claim becomes a lien on a motor  
20 vehicle when the department files a notice of the lien in the office  
21 of the commissioner of public safety. Filing of the notice of lien is  
22 constructive notice to creditors of the owner, and to subsequent  
23 purchasers and encumbrancers, of the lien against the property de-  
24 scribed in the notice.

25 (c) The department may release a notice of lien by filing a  
26 certificate of release in the manner prescribed for the filing of a  
27 notice of lien. The department may not file a certificate of release  
28 until the amount of the claim, including a penalty, if any, is paid,  
29 or until it receives assurance of payment which it considers adequate,

1 or until the individual is absolved from liability under AS 23.20.-  
2 390(b).

3 Sec. 23.20.393. NOTICE OF ASSESSMENT; DISTRAINT AND SEIZURE.

4 (a) If the department's determination of liability under AS 23.20.390  
5 is final and the individual has not made repayment within 90 days, the  
6 department may issue a notice of assessment, specifying the amount  
7 due, and may serve it on the individual. A peace officer or an  
8 authorized representative of the department may serve the notice  
9 personally or the department may mail the notice by certified or  
10 registered mail with return receipt requested.

11 (b) If the notice is served by mail, the notice must be de-  
12 posited in the post office, postage paid, and addressed to the indi-  
13 vidual at the individual's last address of record. The date of ser-  
14 vice is the date of delivery shown on the delivery receipt. However,  
15 if the department determines that the addressee is deliberately  
16 avoiding service, then the date of service is the day of mailing.

17 (c) If the amount assessed is not paid within 30 days after  
18 personal service or mailing of the notice, the department may collect  
19 the amount stated in the assessment by the distraint or seizure of the  
20 property, assets, goods, and effects of the individual. Goods and  
21 property exempt from execution under the laws of this state are exempt  
22 from distraint under this section.

23 Sec. 23.20.394. NOTICE AND ORDER TO WITHHOLD AND DELIVER. (a)

24 The department may issue to a person or to a political subdivision or  
25 department of the state a notice and order to withhold and deliver  
26 property of any kind if (1) the department has reason to believe that  
27 the person, political subdivision, or department possesses property  
28 that is due or owing, or is the property of another person; and (2)  
29 notice of assessment has been served at least 30 days before the

1 issuance of the notice and order to withhold and deliver.

2 (b) A peace officer or an authorized representative of the  
3 department may serve the notice and order to withhold and deliver.  
4 The person, political subdivision, or department upon whom service is  
5 made shall answer the notice within 10 days.

6 (c) If the person, political subdivision, or department pos-  
7 sesses property, credits, or money subject to the claim of the depart-  
8 ment, it shall deliver the property to the department immediately upon  
9 demand.

10 (d) If a person fails to answer the notice and order to withhold  
11 and deliver within the time prescribed, the superior court in the  
12 judicial district in which the order is served may enter a judgment by  
13 default against the person for the full amount claimed by the depart-  
14 ment in the notice to withhold and deliver, together with costs.

15 \* Sec. 11. AS 23.20.530(a) is amended to read:

16 (a) In this chapter, "wages" means all remuneration for service  
17 from whatever source, including, but not limited to, insured work,  
18 noninsured work, or self-employment; commissions, bonuses, back pay  
19 and the cash value of all remuneration in a medium other than cash  
20 shall be treated as wages; gratuities customarily received by an  
21 individual in the course of service from persons other than the indi-  
22 vidual's employing unit may be treated as wages received from the  
23 employing unit only to the extent the individual reports the gratu-  
24 ities to the employing unit. The reasonable cash value of remunera-  
25 tion in a medium other than cash, and the reasonable amount of gratu-  
26 ities, shall be estimated and determined in accordance with regu-  
27 lations adopted by the department; notwithstanding AS 23.20.350(a),  
28 back pay awards shall be allocated to the weeks or quarters with  
29 respect to which the pay was earned. If the remuneration of an

1 individual is not based upon a fixed period of time or if the  
2 individual's wages are paid in irregular intervals or in a manner that  
3 [WHICH] does not extend regularly over the period of employment, the  
4 wages shall be allocated to weeks or quarters in accordance with  
5 regulations adopted by the department. The regulations must [SHALL],  
6 so far as possible, produce results reasonably similar to those that  
7 [WHICH] would prevail if the individual's wages were paid at regular  
8 intervals. Wages earned for services performed, but not paid because  
9 the employer has filed for bankruptcy, are considered wages for the  
10 quarter in which they were earned.

11 \* Sec. 12. AS 23.20.175(a) and (b) are repealed.

12 \* Sec. 13. Section 8 of this Act takes effect January 1, 1989.

13 \* Sec. 14. Sections 1 -- 7 and 9 -- 12 of this Act take effect  
14 immediately under AS 01.10.070(c).

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17