

LEGISLATIVE FINANCE-HOUSE / SENATE FINANCE COMM. FILES 8879

HB 500 cont. - HB 523 540

131

1	UNIVERSITY OF ALASKA (CONT.)		1
2	U/A STUDENT TUITION/FEES/SERVICES	23,680,600	2
3	U/A INDIRECT COST RECOVERY	10,217,700	3
4	UNIVERSITY RESTRICTED RECEIPTS	32,458,000	4
5	CAPITAL IMPROVEM:NT PROJECT RECEIPTS	1,873,400	5
6	*** TOTAL FUNDING ***	\$316,013,400	6
7	ALASKA COURT SYSTEM		7
8	GENERAL FUND	38,800,000	8
9	*** TOTAL FUNDING ***	\$38,800,000	9
10	LEGISLATURE		10
11	GENERAL FUND	31,061,200	11
12	GENERAL FUND/PROGRAM RECEIPTS	96,000	12
13	INTER-AGENCY RECEIPTS	281,000	13
14	*** TOTAL FUNDING ***	\$31,438,200	14
15	* * * * * TOTAL BUDGET * * * * *	\$2,898,745,500	15
16	* SEC. 38 THIS ACT TAKES EFFECT JULY 1, 1990.		16

TIME AND DATE 20:30 4/28/90

-

"

"

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 26, 1990

4/28/90
PF
Gov. supports
\$129-

The Honorable Tim Kelly
President of the Senate

and

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

Dear Mr. President and Mr. Speaker:

School debt retirement was proposed by the Governor at FY90 levels of funding. However, since the time the appropriation bill was introduced, the Legislature passed House Bill 37 which changed school construction funding from a debt reimbursement to municipalities to a grant program. With this major change made, the Governor feels a commitment to fully funding the existing school debt retirement program, requiring an increase from the \$107.8 million proposed in the original operating budget to \$131.5 million.

Sincerely,

A handwritten signature in cursive script, appearing to read "Garrey Peska".

Garrey Peska
Chief of Staff

cc: Governor Cowper
Senator John Binkley
Senator Rick Uehling
Representative Lyman Hoffman
Representative Ron Larson

4/28/90
Frank

STEVE COWPER, GOVERNOR

OFFICE OF THE GOVERNOR
OFFICE OF MANAGEMENT AND BUDGET
DIVISION OF BUDGET REVIEW

POUCH AM
JUNEAU, ALASKA 99811
PHONE: (907) 465-3568

April 25, 1990

The Honorable Steve Frank
Alaska State Senator
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

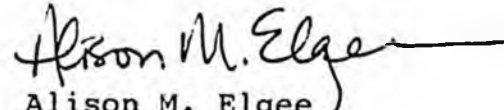
Re: Felon Dividend Intent Language

Dear Senator Frank:

Legislators have expressed concern about the possibility that money will be deducted from dividend checks of all eligible Alaskans again this year to pay for programs in the Departments of Public Safety and Corrections. As you know, the money going into those programs from the Permanent Fund Dividend Fund is supposed to be only those dividends denied to incarcerated felons. The concerns over a repeat of what happened last year could be addressed by placing the following intent language in the Statewide Programs component of Corrections and the Violent Crimes Compensation Board component of Public Safety:

It is the intent of the legislature that these programs be paid for in part with permanent fund dividends denied to incarcerated felons. The programs are not to be paid for with permanent fund dividend funds designated for distribution to eligible Alaskans. If pending court cases continue to deny use of felon dividends as a fund source the department should seek a general fund supplemental appropriation during the 1991 session.

Sincerely,



Alison M. Elgee
Director

cc: Senator Fred Zharoff
Senator Jim Duncan
Senator Rick Uehling

HB

B

501

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HOUSE COMMITTEE REPORT

File

(11)

Date Referred: April 9, 1990

FURTHER REFERRALS:

Date of Committee Action: 4/26/90

The FINANCE Committee considered:

HB 501

HOUSE BILL NO. 501

AK HIGH SCHOOL ACHIEVEMENT SCHOLARSHIPS

"An Act relating to Alaska high school achievement scholarships; and providing for an effective date."

RECOMMENDATIONS:

- [] be replaced with CS HB 501 (FIN) [✓] the same title
- [] have attached amendment(s) [] a new title
- [] do pass
- [] do not pass
- [✓] no recommendation
- [] individual recommendations
- [] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):
(Dept)

APPROVES PREVIOUS: (Date/Dept)

- [✓] fiscal impact Pos. Secondary ED
- [✓] zero fiscal note DOE
- [] zero with analysis _____

- [] fiscal note(s) _____
- [] zero fiscal note(s) _____
- [] zero fn/analysis _____

SIGNING DO PASS:

C. Swackhammer Swackhammer
T. Brown Brown
A. Koponen Koponen
J. Allen Allen

SIGNING:

(Check approp. column)

	Do Not Pass	No Rec	Amend
<u>Ronald J. Larson</u> Larson	X		
<u>Barbara Barnes</u> Barnes	X		
<u>John Ruge</u> Ruge	✓		
<u>Phillips</u> Phillips	✓		
<u>Wallis</u> Wallis	✓		
<u>Hoffman</u> Hoffman	X		

Ronald J. Larson Larson
 Co Chairman's Signature Hoffman

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Education
 Title: Alaska high school achievement
scholarships BRU: _____
 Sponsor: House Finance Components: _____
 Requestor: House Finance

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
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: Marv Hakala Phone: 465-2800
 Division: Commissioner's Office Date: 4/23/90
 Approved by Commissioner: William G. Demmert Date: 4/23/90
 Agency: Education

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

Adopted

FISCAL NOTE

REQUEST:

Revision Date: April 23, 1990
Title: Alaska High School Achievement Scholarships
Sponsor: Koponen
Requestor: House Finance

Agency Affected: Postsecondary Education
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	16.2	16.2	32.5	32.5	32.5	32.5
TRAVEL						
CONTRACTUAL	2.7	2.7	2.7	2.7	2.7	2.7
SUPPLIES	.4	.4	.4	.4	.4	.4
EQUIPMENT	4.7					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	24.0	19.3	35.6	35.6	35.6	35.6

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND	24.0	19.3	35.6	35.6	35.6	35.6
FEDERAL FUNDS						
OTHER						
TOTAL	24.0	19.3	35.6	35.6	35.6	35.6

POSITIONS:

FULL-TIME			1	1	1	1
PART-TIME	1	1				
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary) This program will potentially have 162 awards annually, each renewable for up to four years. Staffing for FY91 and FY92 will be one half-time Clerk position (Range 10) and increase to one full-time Clerk in FY93 to cover administrative and accounting functions. Equipment costs are a one-time expenditure for staff supplies. Contractual and Supplies include production of forms and documents as well as disbursement costs.

Prepared by: Kevin Ranon Phone: 465-2854
Division: Postsecondary Education Commission Date: 4-23-90

Approved by Commissioner: Jane Maynard Date: 4-23-90
Agency: Postsecondary Commission

Distribution (by preparer):

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

Adopted

Original sponsor(s): REP. KOPONEN, Goll, Menard, Brown, Collins, Hanley

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 501 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to Alaska high school achievement
7 scholarships; and providing for an effective date."

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

9 * Section 1. AS 14.43 is amended by adding new sections to read:

10 ARTICLE 8A. ALASKA HIGH SCHOOL ACHIEVEMENT SCHOLARSHIPS.

11 Sec. 14.43.810. PURPOSE AND AMOUNT OF SCHOLARSHIPS. (a) There
12 is created the Alaska high school achievement scholarship program to
13 assist students across the state who have made significant achieve-
14 ments in high school in academic, athletic, and creative endeavors to
15 meet the costs of a college education. A scholarship awarded under
16 this program may be used to cover the costs of college books, tuition
17 and required fees, room and board, and transportation. A scholarship
18 may be used only while the recipient is attending a postsecondary
19 educational institution located within the state.

20 (b) Subject to appropriations for the purpose, a scholarship may
21 be up to \$4,000 for each academic year for a period of up to four
22 years.

23 Sec. 14.43.815. DISTRIBUTION OF SCHOLARSHIPS. (a) Six Alaska
24 high school achievement scholarships shall be awarded each academic
25 year to graduating high school students in each election district of
26 the house of representatives, to be distributed as follows:

27 (1) one each to the male and female student achieving
28 highest academic honors in each district;

29 (2) one each to the male and female student achieving

1 highest athletic honors in Olympic sports or Arctic Winter Games in
2 each district; and

3 (3) one each to the male and female student achieving
4 highest creative honors in art, music, literature, drama, or other
5 creative endeavors in each district.

6 (b) The winners of the scholarships and the amounts shall be
7 determined by the Alaska Commission on Postsecondary Education based
8 on the recommendations of the faculty of each high school in the
9 state.

10 Sec. 14.43.820. SCHOLARSHIPS IN ADDITION TO OTHER SCHOLARSHIPS.
11 An Alaska high school achievement scholarship is supplemental and in
12 addition to any other scholarship or loan that the recipient may re-
13 ceive.

14 Sec. 14.43.825. SCHOLARSHIP FUND. The Alaska high school
15 achievement scholarship fund is established in the Alaska Commission
16 on Postsecondary Education and consists of money appropriated for that
17 purpose. Money from the fund shall be used for scholarships awarded
18 under AS 14.43.810.

19 * Sec. 2. This Act takes effect July 1, 1991.
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FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

P.O. Box 1250 Fairbanks, Alaska 99707-1250 (907) 452-2000

April 22, 1988

Honorable Bettye Fahrenkamp
Senate
P. O. Box V
Juneau, Alaska 99811

Dear Senator Fahrenkamp:

I am writing to support CS HB ⁵⁰¹~~51~~ (Fin) "Alaska High School Achievement Scholarship" legislation.

At a time when many Alaskan families' resources are declining, which reduces the opportunities for high school graduates to further their education, the proposed achievement scholarship program deserves the support of our legislators. I strongly believe that to encourage our high school scholars and athletes to stay in Alaska to further their education is a very worthwhile endeavor and a worthwhile expenditure of state funds.

Thank you for your time. If you have any questions, please contact my office.

Sincerely,

A handwritten signature in cursive script, appearing to read "Richard S. Cross".

Richard S. Cross
Superintendent of Schools

RSC/plh

bcc: Note - same letter sent to all members of Interior Delegation.

1988 ARCTIC WINTER GAMES

March 13-18, 1988

P.O. Box 1919, Fairbanks, Alaska 99707



HOST SOCIETY:

April 28, 1988

Janet Halvarson
Chair

Ron Davis
Vice Chair

Jane McConkey
Secretary

Gary Roth
Treasurer

Mike Bennett

J.B. Camahan

Wally R. Cox

Jean Flanagan-Carlo

Patty Groimann

Ed Lawrence

Jerry Norum

Earl Wiese

Phil Younker

Karl Kassel
General Manager

Debbie Benson
Sports Coordinator

Susan Logue
Administrative
Secretary

Hon. Niilo Koponen
House of Representatives
Alaska State Legislature
P. O. Box V
Juneau, Alaska 99811

Dear Rep. Koponen:

I am writing to you on behalf of the 1988 ARCTIC WINTER GAMES Host Society Board of Directors with regard to your proposed House Bill 51. This morning, at our monthly meeting, we discussed the bill with much positive feedback. A motion was passed to officially support and endorse the concept of HB 51.

This bill will not only provide needed scholarship opportunities for many worthy Alaskans, but as a positive side effect will also bolster and enhance athletic programs supporting the Arctic Winter Games.

Thank you for the foresight in introducing this bill. We wish you and HB 51 success.

Sincerely,

Karl W. Kassel
General Manager

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: Alaska high school achievement
Scholarships
 Sponsor: Kononen
 Requestor: House HFSS

Agency Affected: Education
 BRU: Education Program Support
 Components: Education Special
Projects

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL	6.4	6.4	6.4	6.4	6.4	6.4
CONTRACTUAL	25.0	20.3	36.6	36.6	36.6	36.6
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	31.4	26.7	43.0	43.0	43.0	43.0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	31.4	26.7	43.0	43.0	43.0	43.0
FEDERAL FUNDS						
OTHER						
TOTAL	31.4	26.7	43.0	43.0	43.0	43.0

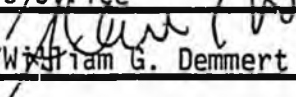
POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See Attached Analysis

Prepared by: Mary Hakala  Phone: 465-2800
 Division: Commissioner's Office Date: 4/4/90

Approved by Commissioner: William G. Demmert  Date: 4/4/90
 Agency: Education

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

Department of Education
Fiscal Note Analysis 4/4/90

HB 501: Alaska high school achievement scholarships

Travel: \$6.4

* One State Board Subcommittee meeting for application review (3 members @ \$470) \$1.4

* One State Board of Education meeting for award of scholarships (9 members plus 1 staff assistant @ \$500) \$5.0

Contractual: \$25.0

* RSA with Alaska Postsecondary Education Commission for administration of scholarship program:

FY91	\$24.0
FY92	\$19.3
FY93	\$35.6
FY94	\$35.6
FY95	\$35.6
FY96	\$35.6

* Photocopying, telephone and postage for distribution of packets and coordination with State Board members: \$1.0

This fiscal analysis assumes that the administration of the scholarship program will be handled by the Postsecondary Commission and funded through a Reimbursable Services Agreement (RSA) with the Department of Education (see contractual costs, above). Attached is the corollary fiscal note from the Alaska Postsecondary Education Commission itemizing these administrative costs.

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HOUSE COMMITTEE REPORT

file

(11)

Date Referred: February 22, 1990

FURTHER REFERRALS:

Date of Committee Action: _____

The FINANCE Committee considered:

HB 511

HOUSE BILL NO. 511

APPROP: DIVIDEND FUND

"An Act making a special appropriation to reimburse the dividend fund for appropriations from the dividend fund in fiscal year 1990 for prisoner gate money, sex offender treatment programs, and the Violent Crimes Compensation Board made in expectation that permanent fund... etc.

See Attached

RECOMMENDATIONS:

- be replaced with CS HB 511 (SA) the same title
- have attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

- | | |
|---|--|
| ATTACHES NEW FISCAL NOTE(s):
(Dept) | APPROVES PREVIOUS:
(Date/Dept) |
| <input type="checkbox"/> fiscal impact _____ | <input type="checkbox"/> fiscal note(s) _____ |
| <input type="checkbox"/> zero fiscal note _____ | <input type="checkbox"/> zero fiscal note(s) _____ |
| <input checked="" type="checkbox"/> zero with analysis(Revenue) | <input type="checkbox"/> zero fn/analysis _____ |

SIGNING DO PASS:

SIGNING:
(Check approp. column)

Hoffman

Larson

Swackhammer

Browin

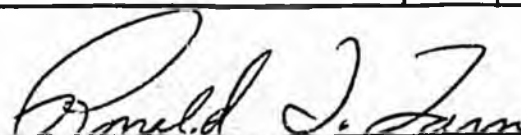
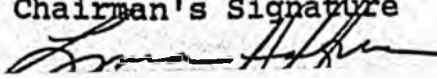
Koponen

Barnes

Shultz

Phillips

	Do Not Pass	No Rec	Amend
_____ ULMIRZ	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____ Rieger	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____ WAWIS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>


 16 Chairman's Signature


Offered: 2/22/90
 Referred: Finance

Original sponsor(s): REP. BOUCHER, Gruenberg, Boyer, Davidson, Grussendorf, Brown, Kubina, M.Davis, Ulmer, Collins, Martin, Menard, Leman, Hudson, Donley, Ellis, Navarre, Hanley, C.Davis, Foster, Furnace, Koponen, Larson, MacLean, Miller, Phillips, Sharp, Shultz, Swackhammer, Zawacki, Finkelstein

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 511 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to reimburse
 7 the dividend fund for appropriations from the divi-
 8 dend fund in fiscal year 1990 for prisoner gate
 9 money, sex offender treatment programs, and the
 10 Violent Crimes Compensation Board made in expectation
 11 that permanent fund dividends would be denied to
 12 incarcerated felons; making an appropriation of
 13 certain funds in an interest-bearing trust to the
 14 general fund and an appropriation of the remaining
 15 funds to the dividend fund, in the event that the
 16 state prevails in whole or in part in the appeal of
 17 the superior court decisions in Anthony v. State and
 18 Snyder v. Department of Revenue; and providing for an
 19 effective date."

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

21 * Section 1. HISTORICAL BACKGROUND. The legislature has adopted a
 22 policy to deny benefits of the permanent fund to incarcerated felons. To
 23 implement this policy, in 1988 the legislature disqualified incarcerated
 24 felons from receiving permanent fund dividends. In 1989 the legislature
 25 appropriated \$1,500,000 from felons' permanent fund dividends to the De-
 26 partments of Corrections and Public Safety. Legal challenges by incarcer-
 27 ated felons subsequently caused superior courts to rule that the law deny-
 28 ing permanent fund dividends to felons is unconstitutional. Pending review
 29 by the Alaska Supreme Court, a superior court created an interest-bearing

HB0511B

-1-

CSHB 511(SA)

COMMITTEE COPY

1 trust for the felons' permanent fund dividends. About \$2,000,000 is in the
2 interest-bearing trust. The amount of the 1989 permanent fund dividend
3 received by each dividend recipient was reduced by the appropriations to
4 the Departments of Corrections and Public Safety and by the creation of the
5 interest-bearing trust. The legislature did not anticipate the felons'
6 challenge and did not intend that the permanent fund dividend recipients
7 should bear the costs of these programs and the interest-bearing trust.

8 * Sec. 2. PURPOSE. It is the purpose of this Act to

9 (1) restore the \$1,500,000 that was appropriated from the divi-
10 dend fund, plus interest, by making an appropriation from the general fund
11 to the dividend fund; and

12 (2) if the state prevails on appeal and obtains a reversal in
13 whole or in part of the superior court decisions that resulted in the
14 interest-bearing trust being created, appropriate up to \$1,500,000, plus
15 interest, from the money placed into the interest-bearing trust to the
16 general fund, and appropriate the remaining funds to the dividend fund.

17 * Sec. 3. The sum of \$1,500,000, plus interest at 10.5 percent per
18 annum from the date that funds were transferred from the dividend fund to
19 the Department of Corrections and to the Department of Public Safety until
20 the effective date of this section, is appropriated from the general fund
21 to the dividend fund (AS 43.23.045) for payment in 1990 to individuals
22 entitled to receive a 1990 permanent fund dividend.

23 * Sec. 4. If the Alaska Supreme Court reverses in whole or in part the
24 decisions of the superior courts in Anthony v. State (3PA-88-1009 Civ.) and
25 Snyder v. Department of Revenue (3AN-89-3807 Civ.), upon final judicial
26 disposition of the funds in the interest-bearing trust established by the
27 superior court in Anthony, the funds remaining in the trust, not to exceed
28 an amount equal to the amount appropriated by sec. 3 of this Act, are
29 appropriated to the general fund.

1 * Sec. 5. If the Alaska Supreme Court reverses in whole or in part the
2 decision of the superior court in Anthony v. State (3PA-88-1009 Civ.) and
3 Snyder v. Department of Revenue (JAN-89-3807 Civ.), upon final judicial
4 disposition of the funds remaining in the interest-bearing trust estab-
5 lished by the superior court in Anthony, the funds remaining in the trust
6 after the appropriation of funds under sec. 4 of this Act, are appropriated
7 to the dividend fund (AS 43.23.045).

8 * Sec. 6. Sections 1 - 3 of this Act take effect immediately under
9 AS 01.10.070(c).

10 * Sec. 7. Sections 4 - 5 of this Act take effect on the date of a
11 decision by the Alaska Supreme Court reversing in whole or in part the
12 superior court decisions in Anthony v. State (3PA-88-1009 Civ.) and Snyder
13 v. Department of Revenue (JAN-89-3807 Civ.).

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Representative H.A. "Red" Boucher

Chairman House Committee on State Affairs • Special Committee on Telecommunications
Member Labor & Commerce Committee • Chairman Commission on the Future of the Permanent Fund

MEMORANDUM

TO: Finance Committee Members

FROM: Representative H.A. "Red" Boucher
Representative Max Gruenberg

RE: Dividend Fund Reimbursement: HB 511

Date: April 10, 1990

In 1989, \$1.5 million was deducted from the dividend fund for the Departments' of Correction and Public Safety to pay for the Violent Crimes Compensation Board, the sex offender treatment program and prisoner gate money which appeared on the stubs of all 1989 dividend checks. This deduction was based on the legislative policy that incarcerated felons should not receive a dividend check. The superior court ruled that the policy is unconstitutional and set up a trust fund which contains the felons' 1989 dividend money. The money will be held in trust until the issue can be resolved by the State supreme court. If the state prevails on appeal, the dividend fund will receive the trust money back.

Resolution of the issue may not occur until after the 1990 checks are distributed. This legislation would guarantee that recipients of the 1990 dividend are reimbursed for the \$2.89 which was deducted from their 1989 checks.

We believe that Alaskans should not bear the burden of this court challenge. We encourage you to support this legislation so that the deduction from the 1989 permanent fund dividend check can be reimbursed on the 1990 check.

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

Item 3

STEVE COWPER, GOVERNOR

P.O. BOX S
JUNEAU, ALASKA 99811-0400
PHONE: (907) 465-2300
TELEFAX: (907) 465-2389

February 20, 1990

The Honorable Red Boucher
Alaska State House
P.O. Box V
Juneau, AK 99811

Dear Representative Boucher:

HB 511 would restore to the 1990 Permanent Fund Dividend the amount of the 1989 deductions for sex offender treatment, gate money, and violent crimes compensation. This will increase each 1990 dividend check by about \$3.00.

However, I want to make clear that section four of the legislation would transfer the dividend money now held in trust over to the general fund rather than back into the dividend fund if the state wins in the felons' lawsuit.

I realize that there may be strong legislative interest in putting the dividend money in the general fund since the general fund is paying the expense that the dividend fund incurred for the sex offender treatment, gate money, and violent crimes compensation.

I just want to make sure that folks are clear that under this version of HB 511, the permanent fund dividend fund will ultimately pay this cost if the state wins the case.

Sincerely,



Hugh Malone
Commissioner

HM:m11
90-32

FISCAL NOTE

REQUEST

Revision Date: _____
Title: An act making a special appro-
riation to reimburse the dividend fund
Sponsor: BOUCHER, Gruenberg, et al
Requestor: _____

Agency Affected: Revenue
BRU: Permanent Fund Dividend Division
Components: Permanent Fund Dividend
Division

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
<u>OPERATING</u>						
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LANDS & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
<u>TOTAL OPERATING</u>	-0-	-0-	-0-	-0-	-0-	-0-
<u>CAPITAL</u>	-0-	-0-	-0-	-0-	-0-	-0-
<u>REVENUE</u>	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
<u>TOTAL</u>	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS: See attached *EP*

Prepared By: Ervin Jones
Division: Permanent Fund Dividend Division

Phone: 465-2323
Date: February 20, 1990

Approved by Commissioner: _____
Agency: Revenue

Date: Feb 20, 1990

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

Department of Revenue
Permanent Fund Dividend Division
Fiscal Note Analysis
HB 511
February 20, 1990

ANALYSIS:

Section 3 appropriates \$1.5 million plus interest from the General Fund to the Dividend Fund for distribution in 1990 to those eligible for 1990 dividends. This will result in an increase to the 1990 dividend of approximately \$3.00 per applicant.

Sections 4 and 5 establish appropriations from the 1989 Felon's Trust Account contingent upon the State winning the felon's case on appeal. Under Sections 4 and 5, this account will first be appropriated to the General Fund in the amount appropriated in Section 3, with the remainder to go back to the Dividend Fund.

If the State loses, the trust account will be paid out to the felons.

NOTE: The interest which is accruing to the trust account is coming from the General Fund. Is it the intention of the Legislature that this interest be appropriated to the Dividend Fund under Section 5?

H

B

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SENATE FINANCE COMMITTEE REPORT

DATE: 4/25/90

DATE TURNED INTO OFFICE:

5/8/90

The Finance Committee considered

CSHB 511 (SA) am

Special appropriation: dividend fund

and recommended:

[] replace with _____ CS
[] or adopt _____ CS

[] same title
[] new title
[] technical title change (HB only)

[] attached amendment(s)
[] _____ letter of intent adopted

[] do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to _____

ATTACHES NEW FISCAL NOTE(S):

APPROVES PREVIOUS:

[] fiscal note(s) Dept/Date: _____

[] fiscal note(s) Dept/Date: _____

[] zero fiscal note(s) _____

[] zero fiscal note(s) DOR 2/20/90

[] appropriation-no fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

[Signature]

Peace no rec

[Signature]

[Signature]

[Signature]

[Signature]

1. [Signature] Do Pass

2. [Signature] No

Co-Chairs: Signatures and Recommendation

REC

FISCAL NOTE

REQUEST

Revision Date: _____
 Title: An act making a special appro-
riation to reimburse the dividend fund
 Sponsor: BOUCHER, Gruenberg, et al
 Requestor: _____

Agency Affected: Revenue
 BRU: Permanent Fund Dividend Division
 Components: Permanent Fund Dividend
Division

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
OPERATING						
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
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MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

Adopted

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: See attached.

Prepared By: Ervin Jones
 Division: Permanent Fund Dividend Division

Phone: 465-2323
 Date: February 20, 1990

Approved by Commissioner: _____
 Agency: Revenue

Date: Feb 20, 1990

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

Department of Revenue
Permanent Fund Dividend Division
Fiscal Note Analysis
HB 511
February 20, 1990

ANALYSIS:

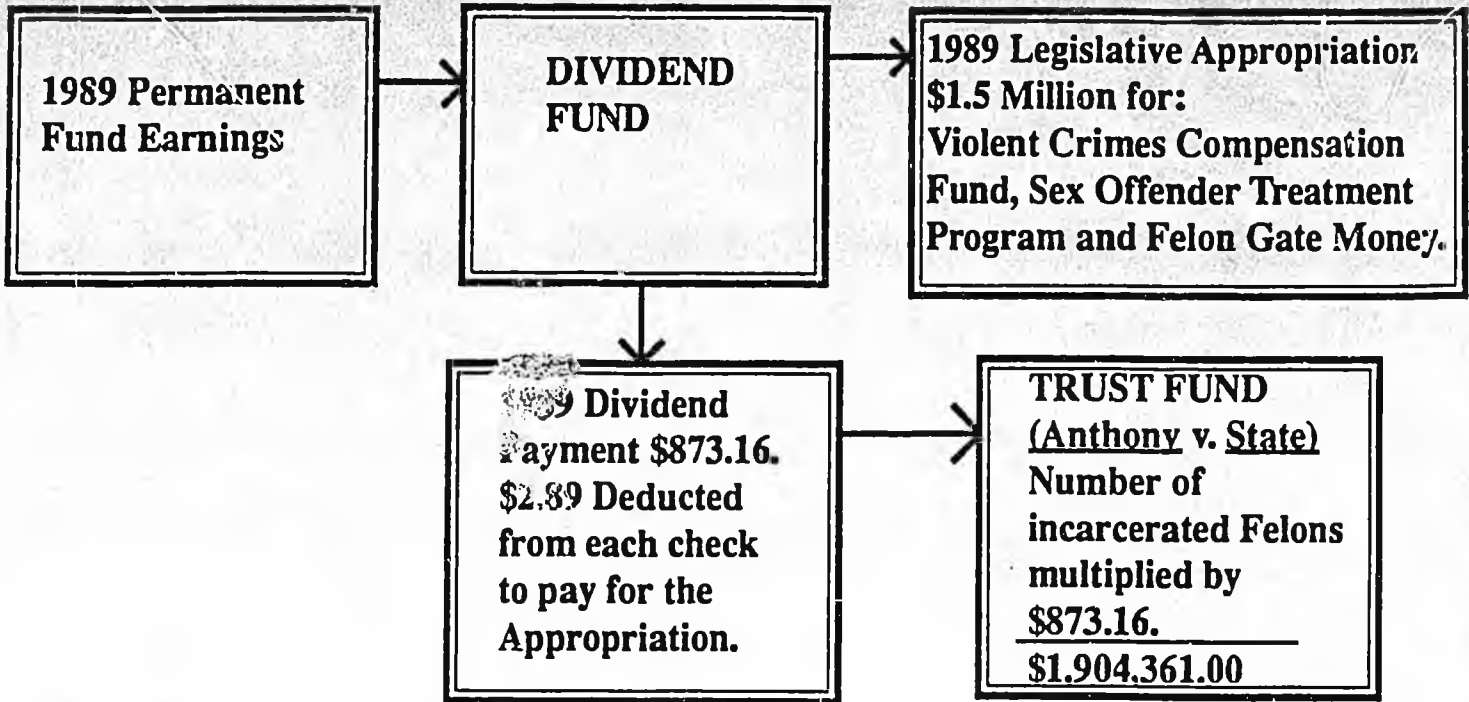
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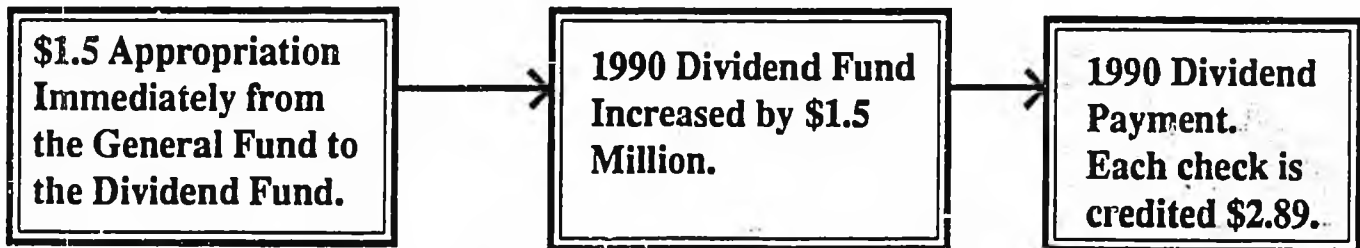
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NOTE: The interest which is accruing to the trust account is coming from the General Fund. Is it the intention of the Legislature that this interest be appropriated to the Dividend Fund under Section 5?

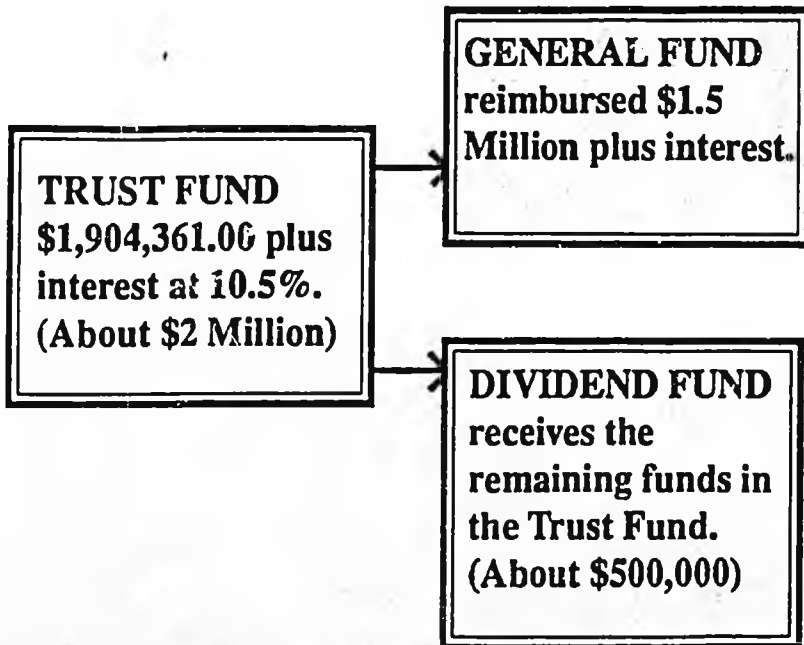
Figure 1: **House Bill 511-\$1.5 Million Appropriation to the Dividend Fund**



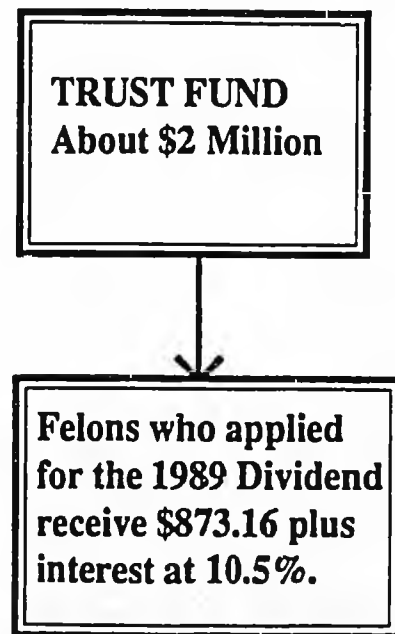
HOUSE BILL 511 - What it does.



Alternative #1 (State wins appeal.)



Alternative #2 (Felons win appeal.)



Amended: 4/19/90
Offered: 2/20/90
Referred: Finance

6-1669J

Original sponsor(s): REP. BOUCHER, Gruenberg, Boyer, Davidson, Grussendorf, Brown, Kubina, M.Davis, Ulmer, Collins, Martin, Menard, Leman, Hudson, Donley, Ellis, Navarre, Hanley, C.Davis, Foster, Furnace, Koponen, Larson, MacLean, Miller, Phillips, Sharp, Shultz, Swackhammer, Zawacki, Finkelstein, Taylor

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR HOUSE BILL NO. 511 (State Affairs) am
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 SIXTEENTH LEGISLATURE - SECOND SESSION
5 A BILL

6 For an Act entitled: "An Act making a special appropriation to reimburse
7 the dividend fund for appropriations from the divi-
8 dend fund in fiscal year 1990 for prisoner gate
9 money, sex offender treatment programs, and the
10 Violent Crimes Compensation Board made in expectation
11 that permanent fund dividends would be denied to
12 incarcerated felons; making an appropriation of
13 certain funds in an interest-bearing trust to the
14 general fund and an appropriation of the remaining
15 funds to the dividend fund, in the event that the
16 state prevails in whole or in part in the appeal of
17 the superior court decisions in Anthony v. State and
18 Snyder v. Department of Revenue; and providing for an
19 effective date."

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

21 * Section 1. HISTORICAL BACKGROUND. The legislature has adopted a
22 policy to deny benefits of the permanent fund to incarcerated felons. To
23 implement this policy, in 1988 the legislature disqualified incarcerated
24 felons from receiving permanent fund dividends. In 1989 the legislature
25 appropriated \$1,500,000 from felons' permanent fund dividends to the De-
26 partments of Corrections and Public Safety. Legal challenges by incarcer-
27 ated felons subsequently caused superior courts to rule that the law deny-
28 ing permanent fund dividends to felons is unconstitutional. Pending review
29 by the Alaska Supreme Court, a superior court created an interest-bearing

1 trust for the felons' permanent fund dividends. About \$2,000,000 is in the
2 interest-bearing trust. The amount of the 1989 permanent fund dividend
3 received by each dividend recipient was reduced by the appropriations to
4 the Departments of Corrections and Public Safety and by the creation of the
5 interest-bearing trust. The legislature did not anticipate the felons'
6 challenge and did not intend that the permanent fund dividend recipients
7 should bear the costs of these programs and the interest-bearing trust.

8 * Sec. 2. PURPOSE. It is the purpose of this Act to

9 (1) restore the \$1,500,000 that was appropriated from the divi-
10 dend fund, plus interest, by making an appropriation from the general fund
11 to the dividend fund; and

12 (2) if the state prevails on appeal and obtains a reversal in
13 whole or in part of the superior court decisions that resulted in the
14 interest-bearing trust being created, appropriate up to \$1,500,000, plus
15 interest, from the money placed into the interest-bearing trust to the
16 general fund, and appropriate the remaining funds to the dividend fund.

17 * Sec. 3. The sum of \$1,500,000, plus interest at 10.5 percent per
18 annum from the date that funds were transferred from the dividend fund to
19 the Department of Corrections and to the Department of Public Safety until
20 the effective date of this section, is appropriated from the general fund
21 to the dividend fund (AS 43.23.045) for payment in 1990 to individuals
22 entitled to receive a 1990 permanent fund dividend.

23 * Sec. 4. If the Alaska Supreme Court reverses in whole or in part the
24 decisions of the superior courts in Anthony v. State (3PA-88-1009 Civ.) and
25 Snyder v. Department of Revenue (3AN-89-3807 Civ.), upon final judicial
26 disposition of the funds in the interest-bearing trust established by the
27 superior court in Anthony, the funds remaining in the trust, not to exceed
28 an amount equal to the amount appropriated by sec. 3 of this Act plus the
29 actual interest accrued on that amount from the effective date of sec. 3 of

1 this Act until the effective date of this section, are appropriated to the
2 general fund.

3 * Sec. 5. If the Alaska Supreme Court reverses in whole or in part the
4 decision of the superior court in Anthony v. State (3PA-88-1009 Civ.) and
5 Snyder v. Department of Revenue (3AN-89-3807 Civ.), upon final judicial
6 disposition of the funds remaining in the interest-bearing trust estab-
7 lished by the superior court in Anthony, the funds remaining in the trust
8 after the appropriation of funds under sec. 4 of this Act, are appropriated
9 to the dividend fund (AS 43.23.045).

10 * Sec. 6. Sections 1 - 3 of this Act take effect immediately under
11 AS 01.10.070(c).

12 * Sec. 7. Sections 4 - 5 of this Act take effect on the date of a
13 decision by the Alaska Supreme Court reversing in whole or in part the
14 superior court decisions in Anthony v. State (3PA-88-1009 Civ.) and Snyder
15 v. Department of Revenue (3AN-89-3807 Civ.).



Alaska State Legislature

House of Representatives
COMMITTEE ON STATE AFFAIRS

MEMORANDUM

To: Senate Finance Committee Members

From: Representative H.A. "Red" Boucher, Chair
House State Affairs Committee

Subject: HB 511 - \$1.5 Million Reimbursement to the Dividend Fund.

Date: May 3, 1990

The Commission on the Future of the Permanent Fund found, through considerable public testimony, that the public objected to the use of Dividend funds to pay for general government programs such as the Violent Crimes Compensation Fund, the Sex Offender Treatment Program and Felon Gate Money.

The intent of HB 511 is to reimburse the people of Alaska for those deductions made from their Dividend Checks in 1989. To accomplish this reimbursement, HB 511 makes an immediate appropriation from the General Fund to the Dividend Fund of \$1.5 million.

Background

In 1988, the legislature passed CSHB 245 which denied a dividend check to incarcerated felons. The Superior Court ruled in July of 1989 that withholding felon's dividend checks was unconstitutional, and until the issue could be resolved on appeal, the Court placed those Dividend checks in a trust fund.

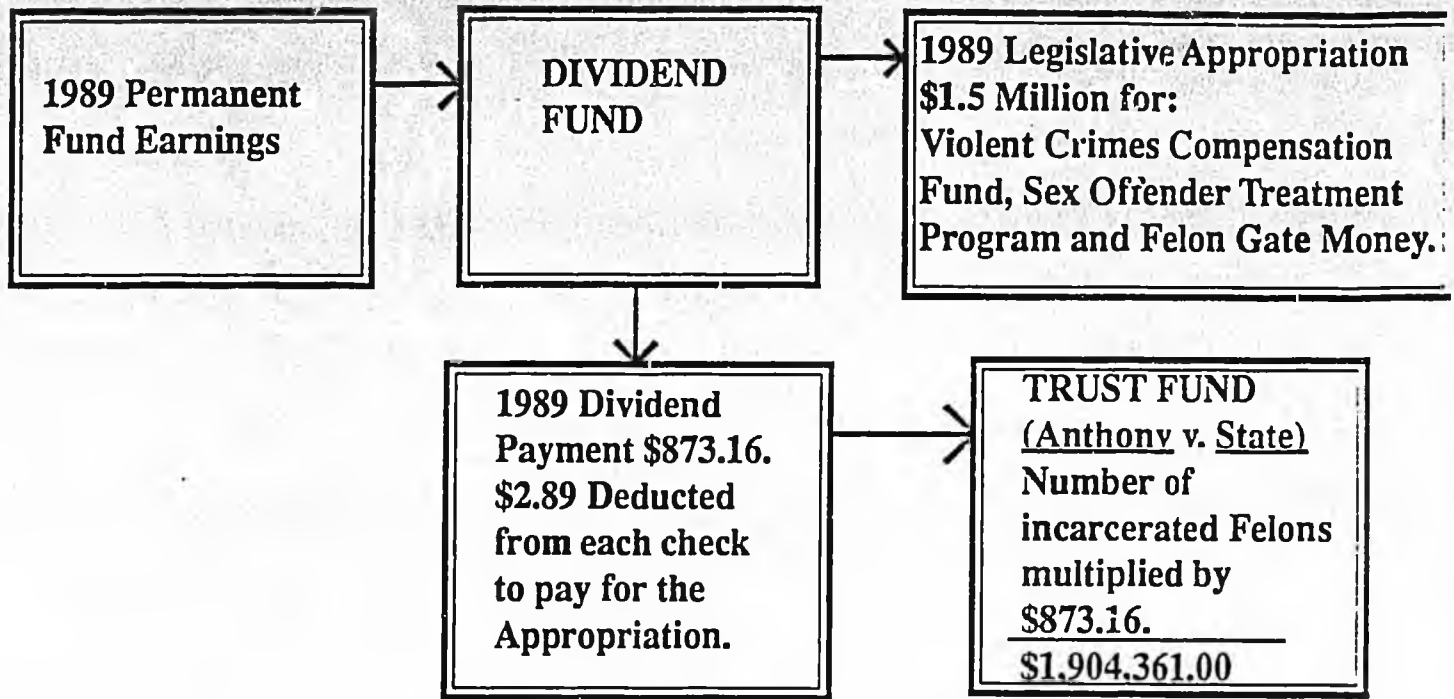
If the state wins the appeal, the Dividend Fund will receive the trust money back. Resolution of this case, however, may not occur until after the 1990 checks are distributed. HB 511 ensures that the 1990 dividend checks are credited for the amount deducted in 1989.

If the state wins the appeal, \$1.5 million of the trust money plus interest will be deposited in the General Fund. The balance of the trust money would be deposited in the Dividend Fund. If the State

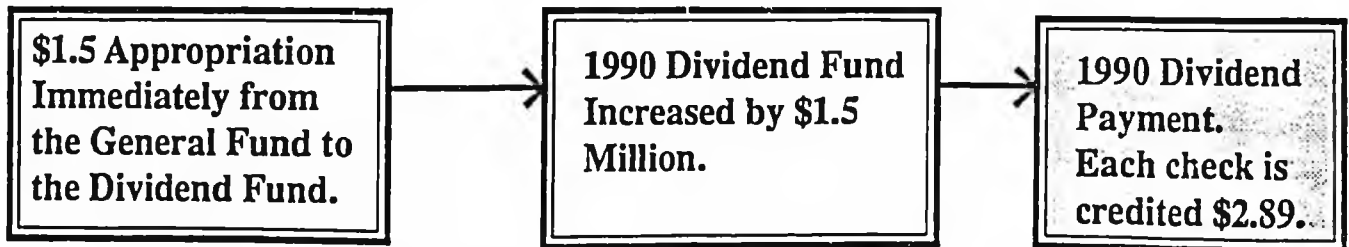
Supreme Court upholds the ruling of the Superior Court, the felons will receive a 1989 dividend check from the Trust Fund.

A summary of HB 511 and the disposition of the trust funds is attached.

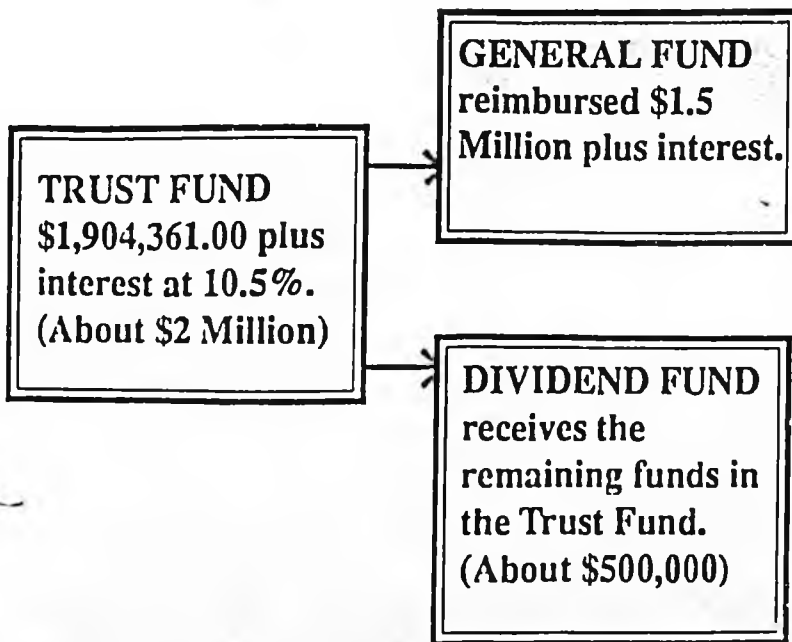
Figure 1: House Bill 511-\$1.5 Million Appropriation to the Dividend Fund



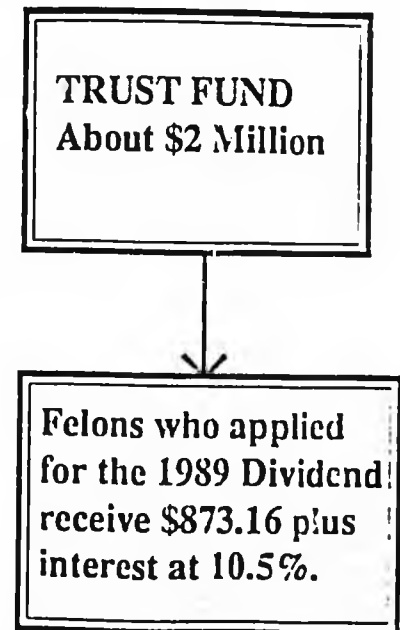
HOUSE BILL 511 - What it does.



Alternative #1 (State wins appeal.)



Alternative #2 (Felons win appeal.)



THE FOLLOWING DOCUMENT HAS
NOT BEEN FILMED BUT IS
AVAILABLE IN THE ORIGINAL
FILE



Alaskans on the Future of the Fund

Final Report
of the Commission
on the Future
of the Permanent Fund

January 31,
1990

FISCAL NOTE

REQUEST

Revision Date: _____
Title: An act making a special appro-
priation to reimburse the dividend fund
Sponsor: BOUCHER, Gruenberg, et al
Requestor: _____

Agency Affected: Revenue
BRU: Permanent Fund Dividend Division
Components: Permanent Fund Dividend
Division

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
OPERATING						
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LANDS & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: See attached.

Prepared By: Ervin Jones
Division: Permanent Fund Dividend Division

Phone: 465-2323
Date: February 20, 1990

Approved by Commissioner: _____
Agency: Revenue

Date: Feb 20, 1990

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

Department of Revenue
Permanent Fund Dividend Division
Fiscal Note Analysis
HB 511
February 20, 1990

ANALYSIS:

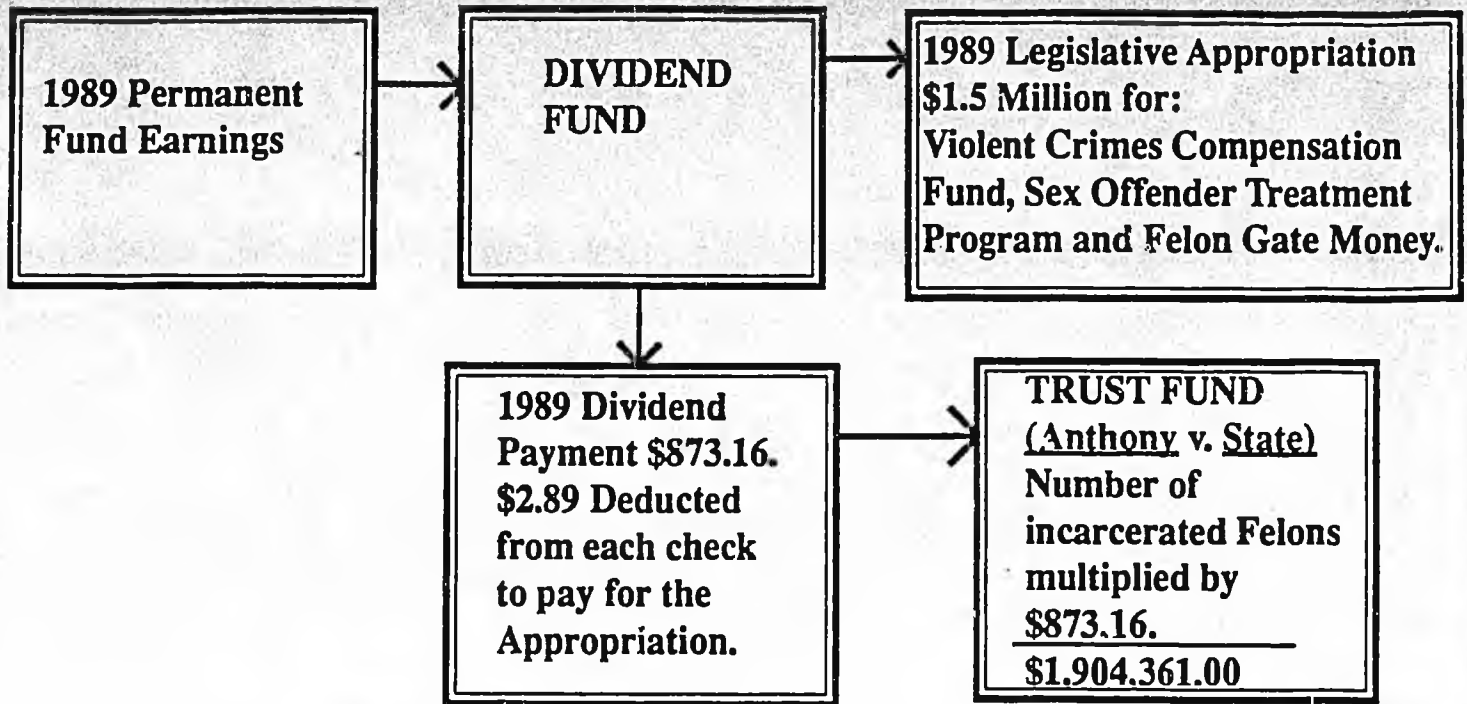
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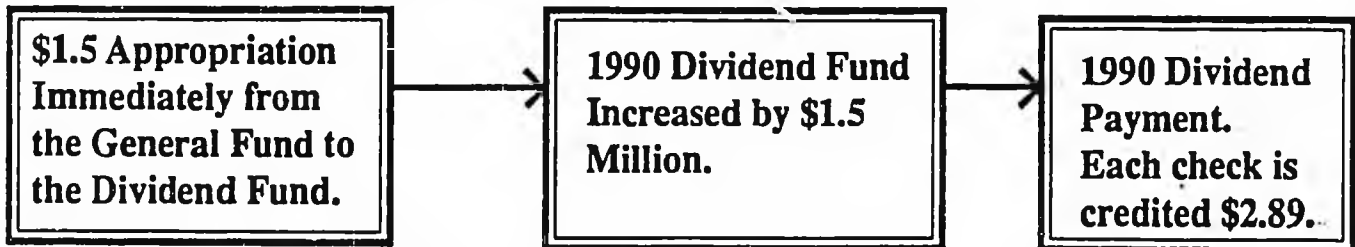
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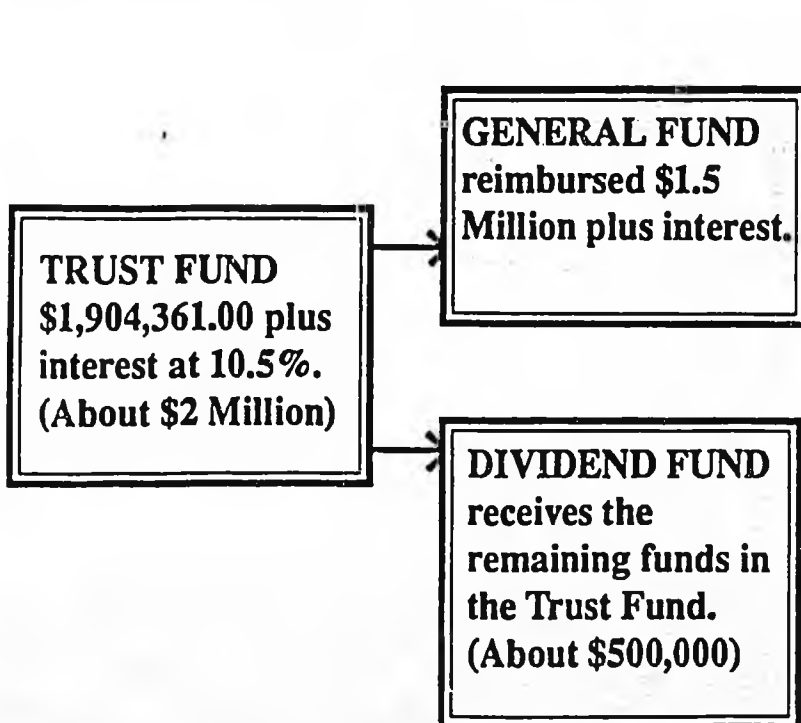
Figure 1: House Bill 511-\$1.5 Million Appropriation to the Dividend Fund



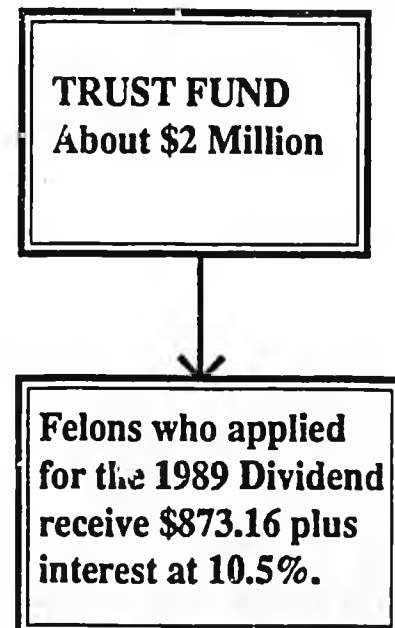
HOUSE BILL 511 - What it does.



Alternative #1 (State wins appeal.)



Alternative #2 (Felons win appeal.)



FISCAL NOTE

REQUEST

Revision Date: _____
Title: An act making a special appro-
riation to reimburse the dividend fund
Sponsor: BOUCHER, Gruenberg, et al
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OPERATING						
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OTHER	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS: See attached 

Prepared By: Ervin Jones
Division: Permanent Fund Dividend Division

Phone: 465-2323
Date: February 20, 1990

Approved by Commissioner: 
Agency: Revenue

Date: Feb 20, 1990

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

Department of Revenue
Permanent Fund Dividend Division
Fiscal Note Analysis
HB 511
February 20, 1990

ANALYSIS:

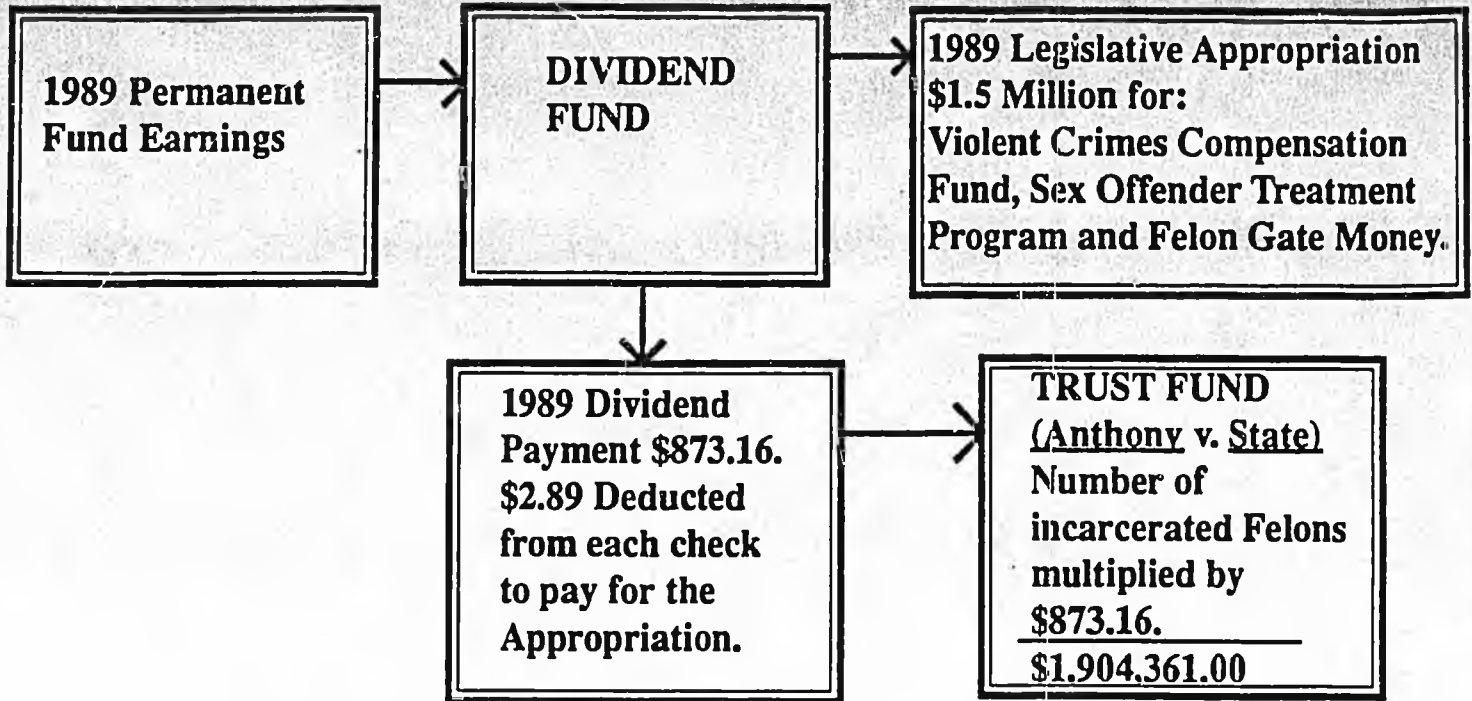
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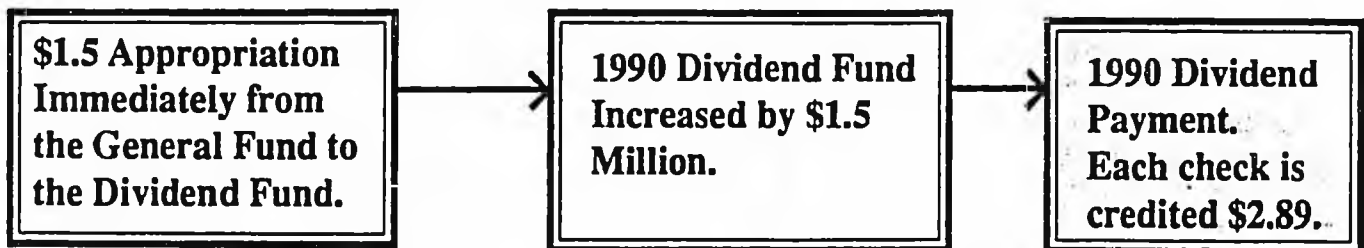
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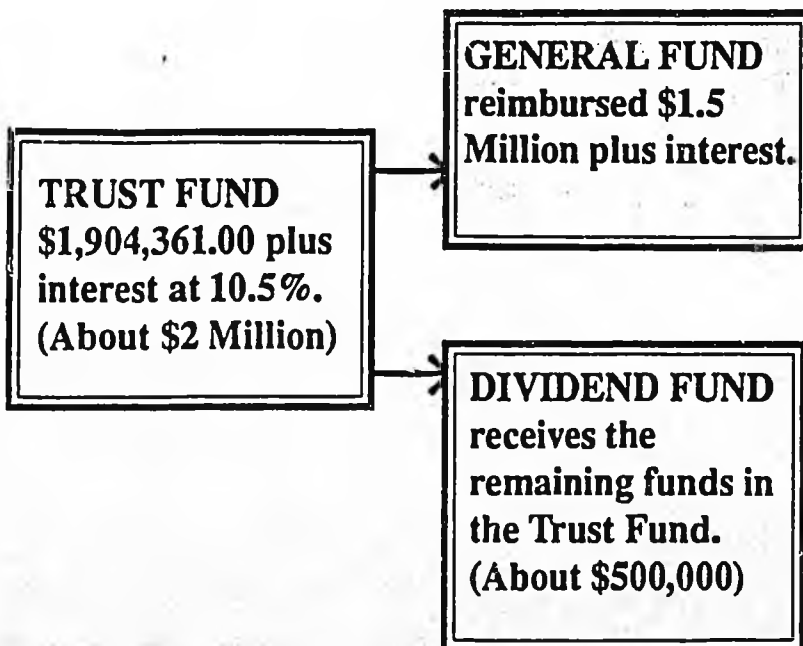
Figure i: House Bill 511-\$1.5 Million Appropriation to the Dividend Fund



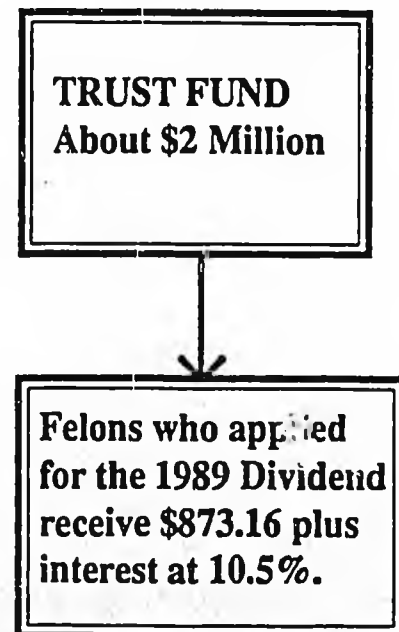
HOUSE BILL 511 - What it does.



Alternative #1 (State wins appeal.)



Alternative #2 (Felons win appeal.)



HB

B

5

1

8

HOUSE COMMITTEE REPORT

File

(11)

Date Referred: April 2, 1990

FURTHER REFERRALS:

Date of Committee Action: 4/17/90 a.m.

The FINANCE Committee considered:

HB 518

HOUSE BILL NO. 518

BUDGET PROCESS & APPROPRIATION LIMITS

"An Act relating to balancing the budget and ensuring compliance with appropriation limits in the budget process."

RECOMMENDATIONS:

- be replaced with CS HB 518 (FIN) the same title
- have attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):
(Dept)

APPROVES PREVIOUS: (Date/Dept)

- fiscal impact _____
- 2 zero fiscal note ^{OMB} Leg Aff. Agcy
- zero with analysis _____
- fiscal note(s) _____
- zero fiscal note(s) _____
- zero fn/analysis _____

SIGNING DO PASS:

SIGNING:

(Check approp. column)

Do Not Pass No Rec Amend

Ronald J. Larson Larson

James Brown Brown

James Koponen Koponen

Signature	Name	Do Not Pass	No Rec	Amend
<u>Ronald Hoffman</u>	Hoffman	X		
<u>Charles Swackhammer</u>	Swackhammer	X		
<u>Ulmer</u>	ULMER	X		
<u>Barnes</u>	Barnes	X		
<u>Dick Shultz</u>	Shultz	X		
<u>Steve Riegel</u>	Riegel		✓	
<u>Kay Wallis</u>	WALLIS		✓	

Ronald J. Larson Hoffman

Co Chairman's Signature Larson

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Office of the Governor
 Title: An Act relating to balancing the budget and ensuring compliance... BRU: Office of Management & Budget
 Sponsor: House Judiciary Components: _____
 Requestor: House Judiciary

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
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	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Alison M. Elgee, Director Phone: 465-3568
 Division: Budget Review Date: 4/11/90

Approved by Commissioner: Alison M. Elgee Date: 4/11/90
 Agency: OMB

Distribution (by preparer):

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

Adopted

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: *An Act relating to balancing the budget and ensuring compliance with ...
Sponsor: H. Judiciary
Requestor: H. Judiciary

Affected Agency: Legislative Affairs Agency
BRU: Legislative Council BRU
Components Legal Services
Session Expenses

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

OPERATING	FY91	FY92	FY93	FY94	FY95	FY96
Personal Services	0	0	0	0	0	0
Travel	0	0	0	0	0	0
Contractual	0	0	0	0	0	0
Supplies	0	0	0	0	0	0
Equipment	0	0	0	0	0	0
Land & Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (THOUSANDS OF DOLLARS)

General Fund						
Federal Fund						
Other						
TOTAL	0	0	0	0	0	0

POSITIONS:

Full-Time	0	0	0	0	0	0
Part-Time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: (ATTACH A SEPARATE PAGE IF NECESSARY)

No fiscal impact.

Prepared By: Pamela Stoops, Director
Division: Administrative Services

Pamela Stoops

Phone: 465-3850
Date: 3/27/90

Approved By: Warren Endicott, Executive Director
Agency: Legislative Affairs Agency

Warren Endicott

Date: 3/27/90

DISTRIBUTION (BY PREPARER)
LEGISLATIVE FINANCE
LEGISLATIVE SPONSOR

REQUESTOR
OFFICE OF MANAGEMENT & BUDGET
AGENCY (IES)

Adopted

Original sponsor(s): REP. GRUENBERG, Koponen

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 518 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to balancing the budget and ensuring
7 compliance with appropriation limits in the budget
8 process."

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

10 * Section 1. AS 37.07.020(b) is amended to read:

11 (b) In addition to the budget and general appropriation bill,
12 the governor shall submit

13 (1) a capital improvements program and financial plan
14 covering the succeeding six fiscal years; and

15 (2) an estimate of state revenue expected to be received
16 and the amount of total expenditures recommended for the fiscal year
17 following the fiscal year for which the budget is submitted.

18 * Sec. 2. AS 37.07.020(c) is amended to read:

19 (c) Proposed expenditures may not exceed estimated revenue for
20 the succeeding fiscal year and must comply with the appropriation
21 limits in the Constitution of the State of Alaska and AS 37.05.540(b).

22 The expenditures proposed in the six-year capital improvements program
23 and financial plan may not exceed the estimated revenue and bond
24 authorizations passed and proposed.

25 * Sec. 3. AS 37.07.030 is amended to read:

26 Sec. 37.07.030. RESPONSIBILITIES OF THE LEGISLATURE. The legis-
27 lature shall

28 (1) provide for a budget review function;

29 (2) analyze the comprehensive operating and capital

1 improvements programs and financial plans recommended by the governor;

2 (3) adopt legislation to authorize implementation of the
3 governor's comprehensive operating and capital improvements programs
4 and financial plans or appropriate alternatives to those plans;

5 (4) provide for a post-audit function to cover financial
6 transactions, program accomplishment, and compliance with legislative
7 intent;

8 (5) adopt or revise the estimate of receipts required to
9 balance the succeeding fiscal year's budget in order that proposed
10 expenditures do not exceed estimated receipts for that fiscal year;

11 (6) adjust state expenditures and adopt, revise, or initi-
12 ate revenue measures in order to balance the succeeding fiscal year's
13 budget and the capital improvements section of the budget for the
14 succeeding six years within the appropriation limits in the Consti-
15 tution of the State of Alaska and AS 37.05.540(b).

16 * Sec. 4. AS 37.07 is amended by adding a new section to read:

17 Sec. 37.07.115. FISCAL EMERGENCIES. During the interim, if the
18 governor determines that projected state revenue will be insufficient
19 to pay for projected state expenditures during the next three months,
20 the governor shall declare a state of fiscal emergency and immediately
21 issue a proclamation calling the legislature into special session.
22 Notwithstanding AS 24.05.100(a)(1), the date of convening stated in
23 the proclamation shall be within 10 days after the proclamation is
24 issued. At a special session called under this subsection, only
25 legislation to increase sources of revenue or reduce expenditures may
26 be considered. The legislature may also reconsider legislation vetoed
27 after the last regular session.

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 17, 1990

SUBJECT: Balancing the Budget (CSHB 518(Fin))

TO: Representative Lyman Hoffman, Co-Chair
Representative Ron Larson, Co-Chair
House Finance Committee

FROM: Tamara Brandt Cook *TBC*
Director
Division of Legal Services

Here is the final requested of CSHB 518(Finance) incorporating changes adopted by the committee. One change requires the governor to call a special session during a fiscal emergency. The governor is authorized to call a special session under Article II, section 9 and under Article III, section 17 of the state constitution. In addition, the legislature may call itself into special session under Article II, section 9. I think the court may find that these provisions are exclusive as to the method by which a special session may be called and that the legislature may not, by law, compel the governor to call a special session and limit the subjects to be considered.

TBC:gc
G14/007

Enclosure

HB

523

HOUSE COMMITTEE REPORT

FILE

(11)

Date Referred: March 8, 1990

FURTHER REFERRALS:

Date of Committee Action: 3/29/90

The FINANCE Committee considered:

HB 523

HOUSE BILL NO. 523

BOARD OF REAL ESTATE APPRAISERS

"An Act relating to certification of real estate appraisers; and providing for an effective date."

RECOMMENDATIONS:

- be replaced with CS HB 523 (FIN) the same title
- have attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):
(Dept)

APPROVES PREVIOUS: (Date/Dept)

- fiscal impact _____
- zero fiscal note _____
- zero with analysis _____

- fiscal note(s) 3/8/90 / C & E D
- zero fiscal note(s) _____
- zero fn/analysis _____

SIGNING DO PASS:

SIGNING:

(Check approp. column)

Ronald J. Carson CARSON
Cliff Swadhammer SWADHAMMER
John Koponen KOPONEN
James Barnes BARNES
William Ulmer ULMER
Steve Rieger RIEGER

	Do Not Pass	No Rec	Amend
<u>Lynn Hoffman</u> Hoffman	X		
<u>Fay Brown</u> BROWN	X		
<u>Dick Shultz</u> SHULTZ	X		
<u>ROD E. PHILLIPS</u> PHILLIPS	✓		
<u>Kay Wallis</u> WALLIS	✓		

Lynn Hoffman Hoffman
 Chairman's Signature
Ronald J. Carson CARSON

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to certification of real estate appraisers; . . .
Sponsor: Representative Navarre
Requestor: House Labor & Commerce

Agency Affected: Commerce & Economic Dev.
BRU: Occupational Licensing
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	17.5	17.5	17.5	17.5	17.5	17.5
TRAVEL	18.4	14.7	10.4	10.4	10.4	10.4
CONTRACTUAL	25.0	15.0	15.0	15.0	15.0	15.0
SUPPLIES	1.3	1.3	1.3	1.3	1.3	1.3
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	62.2	48.5	44.2	44.2	44.2	44.2

CAPITAL	0	0	0	0	0	0
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REVENUE	60.0	0	60.0	0	60.0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER GF/PR	62.2	48.5	44.2	44.2	44.2	44.2
TOTAL	62.2	48.5	44.2	44.2	44.2	44.2

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	1	1	1	1	1	1
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary) The bill establishes a five-member Board of Real Estate Appraisers to establish examination and continuing education requirements for certification of general real estate appraisers and residential real estate appraisers. The division has received information that approximately 200 individuals may apply and seek certification upon passage of this legislation. (CONTINUED)

Prepared by: Jennifer Strickler, Administrative Officer Phone: 465-2144
Division: Occupational Licensing Date: 2/23/90

Approved by Commissioner: Larry Merculieff Date: 2-23-90
Agency: Department of Commerce & Economic Development

Distribution (by preparer):

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

Adopted

CONTINUATION OF FISCAL NOTE ANALYSIS - HB 523

This fiscal note represents the cost of certifying real estate appraisers with a three-member board and using an estimate of 200 individuals who may qualify for certification. Costs of the program are projected based on the number of individuals certified. Therefore, using 200 individuals as a base, the real estate appraiser certification program will be responsible to cover less than one percent (.076) of the division's operating costs, in addition to funds required to carry out specific mandates of the bill. A breakdown of these costs is as follows:

Personal Services:

One Seasonal Occupational Licensing Examiner I \$17.5
Six months, GGU, Range 12A

Travel: \$18.4

In FY 91, this funding will provide for four face-to-face meetings: two in Anchorage, one in Juneau, and one in Fairbanks; assuming two members are appointed from Anchorage, two from Juneau, and one from Fairbanks, and three division staff to attend each meeting. This funding will also provide travel to administer the examination in various locations throughout the state.

In FY 92, board meetings are reduced to three with travel provided to administer the examination in various locations.

FY 93 and forward, board meetings are reduced to two each year and travel funds to administer the examination in various locations throughout the state.

Contractual: \$25.0

This fiscal note provides \$10.0 for development of a professional certification examination in the first year. Currently, there are testing agencies with real estate appraiser examinations and, therefore, only those questions specific to Alaska will need to be developed. An additional \$15.0 will fund printing, advertising, postage and communication costs.

Supplies: \$ 1.3

Funding will provide standard office supplies.

TOTAL: \$62.2

REVENUE:

The revenues are based on 200 individuals paying a certification fee of \$150 per year. Because certifications are issued for a two-year period, revenues are doubled every other year. As indicated, certification fees of 200 certified individuals will not cover program costs and, therefore, the program will have to be covered by other licensing areas renewing in those years or supplemented with general funds.

Original sponsor(s): REP. NAVARRE, Swackhammer

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 523 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to certification of real estate
7 appraisers; and providing for an effective date."

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

9 * Section 1. AS 08 is amended by adding a new chapter to read:

10 CHAPTER 87. REAL ESTATE APPRAISERS.

11 ARTICLE 1. BOARD OF CERTIFIED REAL ESTATE APPRAISERS.

12 Sec. 08.87.010. BOARD CREATED. There is created in the Depart-
13 ment of Commerce and Economic Development the Board of Certified Real
14 Estate Appraisers. The board is composed of five members appointed by
15 the governor. At least one member shall be a person licensed under
16 this chapter as a general real estate appraiser, at least one member
17 shall be a person licensed under this chapter as a residential real
18 estate appraiser, at least one member shall be an executive in a
19 mortgage banking entity, and at least one member shall represent the
20 public. The board shall elect a chair from among its membership.

21 Sec. 08.87.020. POWERS AND DUTIES OF BOARD. In addition to the
22 powers and duties conferred on the board by AS 08.01, the board shall

23 (1) establish the examination specifications for certifica-
24 tion as a general real estate appraiser and as a residential real
25 estate appraiser;

26 (2) adopt rules of professional conduct to establish and
27 maintain a high standard of integrity in the real estate appraisal
28 profession; and

29 (3) adopt regulations necessary to carry out the purposes

1 of this chapter.

2 ARTICLE 2. CERTIFICATION.

3 Sec. 08.87.100. CERTIFICATE REQUIRED. A person is guilty of a
4 class B misdemeanor who

5 (1) does not hold a certificate issued by the board, whose
6 certificate is suspended or revoked, or whose certificate has lapsed,
7 and holds out as a certified real estate appraiser in any way, orally
8 or in writing, directly or by implication; or

9 (2) is certified as a residential real estate appraiser and
10 holds out as certified to appraise real estate other than

11 (A) residential real property of four or fewer units;

12 or

13 (B) residential real property of 12 or fewer units
14 when a net income capitalization analysis is not required by the
15 terms of the appraisal assignment and a secondary mortgage market
16 form is used.

17 Sec. 08.87.110. REAL ESTATE APPRAISER CERTIFICATE. (a) The
18 board shall issue a general real estate appraiser certificate to a
19 person who presents evidence satisfactory to the board that the person

20 (1) has successfully completed 150 or more classroom hours
21 of instruction in subjects related to real estate appraisal from an
22 appraisal organization or academic institution approved by the board;

23 (2) has successfully completed 15 classroom hours of in-
24 struction related to standards of professional practice as a real
25 estate appraiser;

26 (3) has within the seven years immediately preceding the
27 filing of the application for certification four years of experience
28 in real property appraisal or three years of experience as a regis-
29 tered trainee under AS 08.87.310;

1 (4) successfully completes an examination prescribed by the
2 board;

3 (5) has not been convicted of a crime involving moral
4 turpitude; and

5 (6) has paid the required fees.

6 (b) The board shall issue a residential real estate appraiser
7 certificate to a person who presents evidence satisfactory to the
8 board that the person

9 (1) meets the requirements of (a)(2) and (4) - (6) of this
10 section;

11 (2) has successfully completed 60 hours of classroom in-
12 struction in subjects related to residential real estate appraisal
13 from an appraisal organization or academic institution approved by the
14 board; and

15 (3) has within the five years immediately preceding the
16 filing of the application for certification three years of experience
17 in real property appraisal or two years of experience as a registered
18 trainee under AS 08.87.310.

19 (c) Notwithstanding (a) and (b) of this section, the board
20 shall, without requiring the examination specified in (a)(4) of this
21 section, issue a general real estate appraiser or residential real
22 estate appraiser certificate to a person who can, by evidence satis-
23 factory to the board, show that the person

24 (1) has been certified in another state that has certifica-
25 tion requirements substantially equivalent to the requirements estab-
26 lished by this chapter and by regulation issued by the board under
27 this chapter, and that provides for certification of nonresidents
28 under conditions similar to those set out in this subsection and
29 without discriminatory costs;

1 (2) is not the subject of an unresolved complaint or disci-
2 plinary action before an authority regulating real estate appraisers
3 or a professional real estate appraisers' association;

4 (3) has not failed the examination for certification as a
5 real estate appraiser in this state;

6 (4) has not had certification as a real estate appraiser
7 revoked or suspended in this state or in another jurisdiction;

8 (5) has submitted proof of continued competency satisfac-
9 tory to the board;

10 (6) successfully completes an examination that may be
11 prescribed by the board relating to appraisal matters unique to
12 Alaska; and

13 (7) has paid the required fees.

14 (d) A certificate may be issued to a natural person only. A
15 certified real estate appraiser may sign an appraisal report on behalf
16 of a corporation, partnership, firm, or group practice.

17 (e) The board may provide for the limited certification of
18 persons not meeting the qualifications prescribed in this section and
19 may prescribe qualifications for limited certification. Persons
20 receiving limited certification under this subsection may perform an
21 appraisal that would otherwise require an appraiser certified under
22 (a) - (c) of this section only if

23 (1) the property being appraised is located in a sparsely
24 settled area of the state;

25 (2) the cost of an appraisal by an appraiser certified
26 under (a) - (c) of this section would be unreasonably high with regard
27 to the value of the property being appraised; and

28 (3) the appraisal by the person is consistent with federal
29 law.

1 Sec. 08.87.120. CONTINUING EDUCATION REQUIREMENTS FOR RENEWAL OF
2 CERTIFICATE. (a) The board may not renew a certificate issued under
3 this chapter unless the person applying for renewal presents evidence
4 satisfactory to the board that the person has, within the two years
5 preceding the application for renewal, attended 40 classroom hours of
6 instruction in courses or seminars that have received the approval of
7 the board.

8 (b) The board may grant credit toward some or all of the re-
9 quirements of (a) of this section to a person who has

10 (1) successfully completed a program of study determined by
11 the board to be equivalent for continuing education purposes to a
12 course or seminar approved by the board for continuing education
13 credit; or

14 (2) participated, other than as a student, in educational
15 programs that related to real estate analysis or real property ap-
16 praisal theory, practice, or technique, including teaching, program
17 development, and preparation of textbooks, monographs, articles, and
18 other instructional materials.

19 (c) The board shall adopt regulations on continuing education to
20 ensure that persons applying for renewal of certificates have thorough
21 knowledge of current theories, practices, and techniques of real
22 estate analysis and appraisal. The regulations must provide for

23 (1) procedures for the sponsor of a course or seminar to
24 apply for board approval for continuing education credit; the regu-
25 lations must require the sponsor to show that claimed attendance at a
26 course or seminar can be verified; and

27 (2) procedures for evaluating equivalency claims for appli-
28 cants for certificate renewal under (b) of this section.

29 (d) In considering whether to approve courses and seminars under

1 this section, the board shall give special consideration to courses,
2 seminars, and other appraisal education programs developed by or under
3 the auspices of organizations or associations of professional real
4 estate appraisers that are utilized by those organizations or asso-
5 ciations for the purposes of awarding real estate appraisal desig-
6 nations or of indicating compliance with the continuing education
7 requirements of the organizations or associations.

8 (e) An amendment or repeal of a regulation adopted by the board
9 under this section shall not operate to deprive a person holding a
10 certificate under this chapter of credit toward renewal of the per-
11 son's certificate for a course of instruction or seminar that had been
12 completed by the person before the amendment or repeal of the regu-
13 lation.

14 ARTICLE 3. PROHIBITED PRACTICES AND
15 DISCIPLINARY PROCEEDINGS.

16 Sec. 08.87.200. PROHIBITED PRACTICES. A certified real estate
17 appraiser may not

18 (1) act negligently or incompetently or fail without good
19 cause to exercise reasonable diligence in developing an appraisal,
20 preparing an appraisal report, or communicating an appraisal;

21 (2) wilfully disregard or violate a provision of this
22 chapter or of a regulation adopted by the board under this chapter;

23 (3) fail to comply with the Uniform Standards of Profes-
24 sional Appraisal Practice adopted by the Appraisal Standards Board of
25 the Appraisal Foundation;

26 (4) accept a fee for an appraisal assignment that is con-
27 tingent upon the appraiser reporting a predetermined estimate, analy-
28 sis, or opinion or upon the opinion, conclusion, or valuation reached,
29 or upon the consequences resulting from the appraisal assignment;

1 (5) knowingly make a false statement, submit false informa-
2 tion, or fail to provide complete information in response to a ques-
3 tion in an application for certification or for renewal of a certifi-
4 cate; or

5 (6) violate the confidential nature of government records
6 to which the person gains access through retention as an appraiser by
7 the government agency.

8 Sec. 08.87.210. DISCIPLINARY PROCEEDINGS. The board may exer-
9 cise its disciplinary powers under AS 08.01.075 i:, after hearing, the
10 board finds a certified real estate appraiser has

11 (1) violated a provision of this chapter or a regulation
12 adopted by the board under this chapter;

13 (2) been convicted of a crime that involves moral turpi-
14 tude; or

15 (3) committed, while acting as a real estate appraiser, an
16 act or omission involving dishonesty, fraud, or misrepresentation with
17 the intent to benefit the appraiser or another person or to injure
18 another person.

19 ARTICLE 4. GENERAL PROVISIONS.

20 Sec. 08.87.300. RETENTION OF RECORDS. (a) A certified real
21 estate appraiser shall retain for not less than three years copies of
22 all written contracts engaging the appraiser's services for real
23 property appraisal work, and all reports and supporting data assembled
24 and formulated by the appraiser in preparing the reports.

25 (b) The three-year period specified in (a) of this section for
26 retention of records is applicable to each engagement of the services
27 of the appraiser and commences upon the date of the submittal of the
28 appraisal reports to the client unless, within the three-year period,
29 the appraiser is notified that the appraisal report is involved in

1 litigation, in which case the three-year retention period commences
2 upon the date of the final disposition of the litigation.

3 (c) All records that a certified appraiser must maintain under
4 (a) of this section shall be made available to the board or department
5 for inspection and copying upon reasonable notice to the appraiser.

6 Sec. 08.87.310. REGISTERED TRAINEES. (a) A person engaged in
7 the practice of real estate appraisal who is employed by or under the
8 direct supervision of a certified real estate appraiser may become a
9 registered trainee by submitting proof to the board that the person
10 has successfully completed at least 30 classroom hours of courses in
11 subjects related to real estate appraisal from an appraisal orga-
12 nization or academic institution approved by the board.

13 (b) A registered trainee may prepare or assist in the prepara-
14 tion of an appraisal report issued by a certified real estate apprais-
15 er if the report is also signed by the certified real estate appraiser
16 and if the certified real estate appraiser accepts full responsibility
17 for the report.

18 Sec. 08.87.320. ACTIONS BY UNCERTIFIED REAL ESTATE APPRAISERS
19 PROHIBITED. A person may not bring an action in a court of this state
20 for compensation for an act done or service rendered as a certified
21 real estate appraiser if the person did not hold a certificate under
22 this chapter at the time that the person performed the act or service
23 or offered to perform the act or service.

24 Sec. 08.87.330. EXEMPTIONS. This chapter does not apply to a
25 person who appraises real estate as part of the tax assessment process
26 of a municipality.

27 Sec. 08.87.340. APPRAISALS BY UNCERTIFIED APPRAISERS PERMITTED.
28 Nothing in this chapter precludes a person who is not certified as a
29 real estate appraiser from appraising real estate for compensation if

1 the person does not hold out to be a certified appraiser and if ap-
2 praisal by a certified appraiser is not required by federal law.

3 Sec. 08.87.900. DEFINITIONS. In this chapter

4 (1) "analysis assignment" means an analysis, opinion, or
5 conclusion prepared by a real estate appraiser that relates to the
6 nature, quality, or utility of certified real estate or real property;

7 (2) "appraisal" means an analysis, opinion, or conclusion
8 prepared by a real estate appraiser relating to the nature, quality,
9 value, energy efficiency, or utility of specified interests in, or
10 aspects of, identified real estate, and includes a valuation ap-
11 praisal, an analysis assignment, and a review assignment;

12 (3) "appraisal assignment" means an engagement for which an
13 appraiser is employed or retained to act, or would be perceived by
14 third parties or the public as acting, as a disinterested person
15 rendering an unbiased analysis, opinion, or conclusion relating to the
16 nature, quality, value, or utility of specified interests in, or
17 aspects of, identified real estate;

18 (4) "appraisal report" means any communication, written or
19 oral, of an appraisal;

20 (5) "board" means the Board of Certified Real Estate Ap-
21 praisers;

22 (6) "department" means the Department of Commerce and
23 Economic Development;

24 (7) "general real estate appraiser" means a real estate
25 appraiser certified to appraise all types of real property;

26 (8) "real estate" means an identified parcel or tract of
27 land, including improvements, but excluding subsurface natural re-
28 source values;

29 (9) "real property" means one or more defined interests,

1 benefits, and rights inherent in the ownership of real estate;

2 (10) "residential real estate appraiser" means a real estate
3 appraiser certified to appraise residential real property, subject to
4 the limitations of AS 08.87.100(2);

5 (11) "review assignment" means an analysis, opinion, or
6 conclusion prepared by a real estate appraiser that forms an opinion
7 as to the adequacy and appropriateness of a valuation appraisal or an
8 analysis assignment;

9 (12) "valuation appraisal" means an analysis, opinion, or
10 conclusion prepared by a real estate appraiser that estimates the
11 value of an identified parcel of real estate, or identified real
12 property at a particular time.

13 * Sec. 2. AS 08.01.010 is amended by adding a new paragraph to read:

14 (31) Board of Certified Real Estate Appraisers (AS 08.87.-
15 010).

16 * Sec. 3. AS 08.03.010(c) is amended by adding a new paragraph to read:

17 (24) Board of Certified Real Estate Appraisers (AS 08.87.-
18 010) -- June 30, 1994.

19 * Sec. 4. AS 44.62.330(a) is amended by adding a new paragraph to read:

20 (55) Board of Certified Real Estate Appraisers.

21 * Sec. 5. INITIAL APPOINTMENTS TO THE BOARD OF CERTIFIED REAL ESTATE
22 APPRAISERS. Notwithstanding AS 08.87.010, as enacted by sec. 1 of this
23 Act, a person is eligible for an initial appointment as an appraiser member
24 of the Board of Certified Real Estate Appraisers if the person has at least
25 10 years of experience as a real estate appraiser or if the person is a
26 designated member in good standing of a real estate appraisal organization
27 that, as of January 1, 1989, required appraisal experience, appraisal
28 education, and training to become a member, and required adherence to gen-
29 erally accepted standards of professional practice in order to retain

1 designated membership.

2 * Sec. 6. AS 08.87.100, enacted by sec. 1 of this Act, takes effect
3 July 1, 1991.

4 * Sec. 7. Except for AS 08.87.100, enacted by sec. 1 of this Act, this
5 Act takes effect July 1, 1990.

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Adopt. U.C.

Amendment #1 CS HB 523 (LHC)
by Brown

p. 8, line 22

after "value," insert

"energy efficiency,"

Adopt.
U.C.

3/28/90
By Ricger

Amendment #2

To: CS HB 523 (LIC)

Page 1, line 14

delete "four", insert "five"

Page 1, lines 15 and 16

delete "and of the executive director of the
Alaska Housing Finance Corporation or the
director's designee"

Page 1, line 16,

delete "One", insert "At least one"

Page 1, lines 18, 19, and 20

before the word "one" on each line, insert "at least"

Attachment 1
3/29/90
6-2165Ea
Gaguine

AMENDMENT #3

passed
5-1

OFFERED IN THE HOUSE

TO: CSHB 523(L&C)

Page 8, following line 15:

Insert a new section to read:

"Sec. 08.87.340. APPRAISALS BY UNCERTIFIED APPRAISERS PERMITTED. Nothing in this chapter precludes a person who is not certified as a real estate appraiser from appraising real estate for compensation if the person does not hold out to be a certified appraiser and if appraisal by a certified appraiser is not required by federal law."

A M E N D M E N T #4

passed
8-1

OFFERED IN THE HOUSE

TO: CSHB 523(L&C)

Page 4, following line 18:

Insert a new subsection to read:-

"(e) The board may provide for the limited certification of persons not meeting the qualifications prescribed in this section and may prescribe qualifications for limited certification. Persons receiving limited certification under this subsection may perform an appraisal that would otherwise require an appraiser certified under (a) - (c) of this section only if

(1) the property being appraised is located in a sparsely settled area of the state;

(2) the cost of an appraisal by an appraiser certified under (a) - (c) of this section would be unreasonably high with regard to the value of the property being appraised; and

(3) the appraisal by the person is consistent with federal law."

Alaska State Legislature



WHILE IN SESSION
PO BOX 1
JUNEAU ALASKA 99801
907 465-3779

HOUSE MAJORITY LEADER

HOUSE ADDRESS
PO BOX 1
JUNEAU ALASKA 99801
907 465-3779

CONTACT

Representative Mike Navarre

Memorandum

March 22, 1990

To: Representative Lyman Hoffman & Representative Rea Larson, Co-Chairmen, House Finance Committee.

From: Representative Mike *Navarre*

Subject: House Bill 523, An act relating to the certification of real estate appraisers.

HB 523 addresses an urgent mandate from the Federal government to certify and license real estate appraisers. The federal requirement is contained in Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (the thrift bailout bill or FIRREA). Congress acted based on the findings that the major cause of the \$150 billion savings and loan collapse were (1) inflated appraisals and (2) conflicts of interest among appraisers, thrift operators, and real estate developers. FIRREA also established the Appraisal Subcommittee to monitor and assist state licensing and certification activity.

Importance of FIRREA to Alaska

After July 1, 1991 all appraisals in connection with federally related funds (HUD, highways, BIA, etc.) must be performed by State certified or licensed appraisers. The State of Alaska at this time has no requirements relating to appraisers. The failure of legislation in this session will likely require hiring appraisers from the "lower 48" on federally funded projects.

Significant points necessary in order to conform to Federal requirements

- 1) Set up independent regulatory agency that answers to the Governor.
- 2) The board chairman should not be actively engaged in the affected business for the term of their office or for a reasonable time after leaving office. The board should not be dominated by any one industry or trade.
- 3) Appraiser certification/licensing activities should not be conducted by the same officials that are responsible for real estate regulation.

4) Certified appraisers must satisfy criteria established by the Appraisal Qualification Board of the Appraisal Foundation and must pass a state examination consistent with Appraisal Foundation guidelines. Licensed appraisers must meet state testing, experience, and educational requirements.

5) "Grandfathering" is not allowed.

6) The Legislature by enacting the proper law during this session would allow sufficient time for those now engaged in appraisal work the necessary time to become certified and licensed.

Amendments from the House Labor & Commerce Committee

1) Page 1, line 28 through line 1 on page 2-- rules of professional conduct.

2) Page 7, Section 08.87.300 was deleted. This section would have permitted uncertified appraisers to market their services to the public.

3) Page 8, line 13 through line 15-- municipal tax assessors are exempt.

4) Page 9, lines 11 & 12 -- excluding subsurface natural resource values.

Contact person: Tom Ackerly (3779)/ Capitol 24

STATE OF ALASKA
THE LEGISLATURE

FOUCH Y STATE CAPITOL
NEAU ALASKA 99501
317 445 1810

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 22, 1990

SUBJECT: Sectional analysis of CSHB 523(L&C)
(Work Order No. 6-2165)

TO: Representative Mike Navarre

FROM: John B. Gaguine *JG*
Legislative Counsel

You have requested a sectional analysis of the above described bill.

As a preliminary matter, note that a sectional analysis or summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1 of the bill enacts a new chapter, AS 08.87, to the occupational licensing title. AS 08.87 would provide for the certification of real estate appraisers.

Article 1 establishes a Board of Certified Real Estate Appraisers. The board would consist of four members appointed by the governor - two appraisers, one mortgage banker, and one public member - and the executive director of the Alaska Housing Finance Corporation (or the director's designee). The board would, in addition to the powers it has under AS 08.01 (the centralized licensing statute), establish the examination specifications for certification as a general real estate appraiser and as a residential real estate appraiser (a person who is only certified as an appraiser for residential property of up to four, or in some cases twelve, units), and adopt rules of professional conduct for appraisers.

Article 2, AS 08.87.100 makes it a misdemeanor for a person to hold out as a certified appraiser if the person is not appropriately certified. AS 08.87.110 prescribes the requirements for certification, including the education and experience necessary; subsection (c) provides for Alaska certification of persons certified by other states if those states have requirements equivalent to Alaska's and if those states would recognize Alaska certification. AS 08.87.120

provides that applicants for renewal of certification must meet continuing education requirements, and sets out those requirements.

In Article 3, AS 08.87.200 prohibits certain practices, such as acting negligently, violating AS 08.87, failing to comply with the Uniform Standards of Professional Appraisal Practice, accepting a contingent fee, making false statements in connection with an application for certification, and violating confidential records. AS 08.87.210 provides that an appraiser may lose certification if the person violates AS 08.87 or a board regulation, is convicted of a crime involving moral turpitude, or commits a fraudulent act as an appraiser.

Article 4 contains general provisions. AS 08.87.300 requires certified appraisers to retain records for at least three years. AS 08.87.310 creates the category of registered trainees, who must work under certified appraisers. AS 08.87.320 forbids a person for suing in Alaska for fees for work done as a certified appraiser if the person was not certified.

AS 08.87.330 excludes from the coverage of the chapter persons appraising real estate as part of the tax assessment process of a municipality. Finally, AS 08.87.900 defines several terms used in AS 08.87; it excludes from the definition of "real estate" subsurface natural resource values.

Section 2 makes the Board of Certified Real Estate Appraisers subject to AS 08.01, the centralized licensing chapter.

Section 3 creates a sunset date for the board of June 30, 1994.

Section 4 provides that the board is subject to the administrative adjudication provisions of the Administrative Procedure Act, AS 44.62.

Section 5 prescribes the qualifications of the initial appraiser appointees to the board.

Sections 6 and 7 provide for effective dates. The Act would take effect on July 1, 1990, except for the provision making it a crime for an uncertified person to hold out as certified, which takes effect on July 1, 1991.

National
Conference
of State
Legislatures

I N F O R M A T I O N A L E R T

JANUARY 22, 1990

William T. Pound
Executive
Director

44
North
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**APPRAISAL SUBCOMMITTEE RELEASES GUIDELINES FOR STATE LICENSING
AND CERTIFICATION OF REAL ESTATE APPRAISERS**

The Appraisal Subcommittee of the Federal Financial Institutions Examination Council on January 18 released guidelines for state certification and licensing of real estate appraisers. The guidelines should be helpful to states attempting to meet a federal requirement that appraisers be licensed and certified for federally-related real estate transactions.

The federal requirement is contained in Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (the thrift bailout bill or FIRREA). Congress acted based on findings that major causes of the \$130 billion savings and loan collapse were (1) inflated appraisals and (2) conflicts of interest among appraisers, thrift operators, and real estate developers. FIRREA also established the Appraisal Subcommittee to monitor and assist state licensing and certification activity.

The guidelines issued by the Subcommittee on January 18 address some of the ambiguities about what form of state regulation would be acceptable for federally-related real estate transactions, in particular it addresses ambiguities about the independence and administrative location of state appraisal regulation agencies and about "grandfathering" of appraisers.

LOCATION AND INDEPENDENCE OF AGENCY

The Appraisal Subcommittee expressed its preference for a totally independent regulatory agency answerable to the governor, as the best means of insulating the agency from the influence of industries and individuals with a financial interest in appraisal licensure and certification. At the same time, the subcommittee recognized that there may be fiscal constraints or other legitimate reasons why a separate agency cannot be established. In such circumstances, according to the Subcommittee, "the appraisal certification and licensing function should be located within a state regulatory body which is structured to adequately eliminate the influences of an affected industry over the appraisal function."

In addition, to insure the independence of the agency, appointment of the agency head or board should not be made by a person or persons affiliated with an affected industry. Similarly, an agency head should not be actively engaged in an affected business for the term of his or her appointment and for a reasonable period of time after leaving office. And, any agency board or commission should not be dominated by any one industry or profession. The guidelines explicitly provide that appraisal licensing and certification activities should not be conducted by the same officials responsible for real estate regulation and that agency licensing, certification, and disciplinary decisions should be subject to review only by the courts.

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(over)

GRANDFATHERING AND QUALIFICATION CRITERIA

The guidelines reiterate the qualification criteria in FIRREA. In brief, certified appraisers must satisfy criteria established by the Appraisal Qualifications Board of the Appraisal Foundation and must pass a state examination consistent with Appraisal Foundation guidelines. Licensed appraisers must meet state testing, experience, and educational requirements.

"Grandfathering" is prohibited. The guidelines provide that: "No individual or group of individuals shall be deemed exempt from meeting the criteria established for licensing and certification, or be otherwise 'grandfathered' into the system."

States are prohibited from requiring that an applicant for appraisal certification or licensing hold another occupational license. States must ensure that a code of professional responsibility is incorporated into appraisal licensing and certification requirements.

COMMENTS

Comments on the guidelines which will be published in the Federal Register should be sent to: Appraisal Subcommittee, FFIEC, 1776 G Street NW, Washington, D.C. 20006. The subcommittee may wish to issue additional policy guidelines.

- STAFF CONTACT: BILL WAREN.

**APPRAISAL SUBCOMMITTEE
GUIDELINES REGARDING
STATE CERTIFICATION AND LICENSING OF APPRAISERS**

Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) establishes an Appraisal Subcommittee of the Federal Financial Institutions Examination Council. The responsibilities of the Appraisal Subcommittee include, among other things, monitoring the appraiser certifying and licensing agencies, which states may establish to carry out the purposes of Title XI. Section 1116 (d) of this Title instructs the Subcommittee not to recognize appraiser certifications and licenses from states whose appraisal policies, practices or procedures are found to be inconsistent with Title XI.

The legislative history accompanying Title XI indicates that states should adopt an organizational structure for implementing their appraiser licensing, certification and supervision functions that avoids potential conflicts of interest. Recognizing that each state has fiscal constraints or other factors that could influence the structure and location of the agency charged with licensing and certifying appraisers, the legislative history also indicates a desire to avoid imposing any particular organizational structure upon the states. However, while this suggests that a state could choose to locate the appraisal regulatory function in the same department as the regulation of real estate licensing, promotion, development or financing functions (hereinafter "realty related activities"), the organizational structure of the department must provide adequate safeguards to ensure that the appraisal regulatory function is independent of realty related activities.

In response to numerous requests from states and other interested parties, the Subcommittee is issuing these guidelines to assist the states, territories and the District of Columbia in the establishment of appropriate organizational structures for licensing and certifying appraisers. The guidelines are intended to facilitate the implementation of Title XI, promote the independence of the appraisal regulatory function, reduce conflicts of interest, and address the grandfathering and dual licensing of appraisers. Given the importance of these objectives, the Subcommittee will accept and consider public comments on the issues addressed by these guidelines.

GUIDELINES

LOCATION OF THE AGENCY

The Subcommittee believes it is preferable that the certification and licensing function be established as a totally independent regulatory agency answerable to the governor or a cabinet level officer who has no regulatory responsibility for realty related activities. (In these guidelines, the appraisal regulatory body will be referred to as the "agency", although it may also be a board, commission, or individual). Such a structure would provide maximum insulation for the agency from influences of any industry or organization whose members have a direct or indirect financial interest in the outcome of the agency's decisions (hereinafter "affected industry").

If, due to fiscal or other constraints, a separate agency is not feasible, the appraisal certification and licensing function should be located within a state regulatory body which is structured to adequately eliminate the influences of an affected industry over the appraisal function.

APPOINTMENT OF THE AGENCY HEAD

The appointment of the agency head or members of the appraisal board should be made by an individual or committee not associated or affiliated with an affected industry. (An individual would be affiliated or associated with an affected industry if the individual had a direct or indirect pecuniary interest in the industry).

To illustrate:

An autonomous agency head, appointed by the governor and subject to confirmation by the legislature would generally be considered to be properly appointed.

An individual or board chosen by or answerable to a committee or commission comprised of a majority of real estate appraisers, real estate brokers, financial institution executives or other members of an affected industry would not meet the criteria for being independently appointed.

INDEPENDENCE FROM AFFECTED INDUSTRIES

If the agency is directed by an individual, that person should not be actively engaged in the appraisal business or any other affected industry for the term of appointment or employment, and for a reasonable period thereafter.

If the agency is directed by a board or commission, the members of that board should represent the broad public interest, and the statute, regulation, or order creating that body should not permit a majority of the board to come from or be dominated by any one industry or profession. Moreover, after its initial establishment, the composition of the board should continue to remain free from domination by any one industry or profession.

INDEPENDENCE OF DECISION MAKING

Decisions as to whether to license and certify, to discipline or to de-license or de-certify appraisers should not be made by the same state officials whose responsibilities include realty related activities.

Decisions of the state appraiser regulatory agency regarding whether to license or certify, to discipline or to de-license or de-certify appraisers should be final administrative action subject only to appropriate judicial review.

QUALIFICATION CRITERIA

All appraisers subject to the licensing or certification provisions of Title XI must be qualified through appropriate testing and experience requirements established by state law.

Certified: Individuals designated as certified real estate appraisers shall have, at a minimum, 1) satisfied the criteria for certification issued by the Appraisal Qualifications Board of the Appraisal Foundation, and, 2) passed a state administered examination which is consistent with the Uniform State Certification Examination issued or endorsed by the Appraisal Qualifications Board of the Appraisal Foundation.

Licensed: States should establish meaningful qualification standards for licensed appraisers, including testing, experience and educational requirements that are adequate to demonstrate knowledge and competency.

Additional qualifications for licensing and certification may be required by any state or federal agency that considers such qualifications necessary to carry out responsibilities under Title XI.

EXEMPTIONS AND GRANDFATHERING

No individual or group of individuals shall be deemed exempt from meeting the criteria established for licensing or certification, or be otherwise "grandfathered" into the system. This is not meant to preclude states from recognizing existing licenses or certification designations of individuals who currently meet existing state licensing or certification requirements, provided those requirements are fully consistent with the provisions of Title XI.

MANDATORY DUAL LICENSING

Consistent with the spirit and intent of Title XI, state laws may not require any applicant for appraisal certification or licensing to hold other occupational licenses as a condition of obtaining a license or certification designation as a real estate appraiser.

OTHER

States should ensure that an appropriate code of professional responsibility is incorporated into their certification and licensing requirements.

To ensure that their licensing and certification procedures are not disapproved by the Subcommittee, states should adhere to the provisions set forth in Title XI and adopt policies, practices and procedures that are consistent with the purposes of the law. The Subcommittee will exercise the authority granted by Title XI to ensure the independence of the appraisal regulatory function within the state systems. The Subcommittee will meet its oversight responsibilities by reviewing each state's compliance with the intent of Title XI in its entirety.

Additional policy guidance may be provided by the Subcommittee, as necessary, to further assist in the effective implementation of Title XI.