

LEGISLATIVE FINANCE-HOUSE/SENATE FINANCE COMM. FILES 8879

SB 85 - SB 93

607

198

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SENATE COMMITTEE REPORT

FURTHER

2/2/89

DATE TURNED INTO OFFICE

2/11/89

Mr. President:

FINANCE

Committee considered

SB 85

issuance of private activity bonds; efd

and recommended

- replace with \_\_\_\_\_ CS \_\_\_\_\_ )  same title
- or adopt \_\_\_\_\_ CS \_\_\_\_\_ )  new title
- attached amendment(s) and  technical title change (HB only)

letter of intent adopted

*Majors*

do pass

do not pass

no recommendation

individual recommendations

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

*Review of FRI*

FISCAL NOTE(S)  zero  fiscal impact  appropriation no FN  
 new  updated  previous  
 same as previous fiscal note(s) published \_\_\_\_\_

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

*[Handwritten signatures]*

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

*[Handwritten signatures]*

*[Handwritten signature]*  
Chairman signature and recommendation

Committee Backup attached

No. 3

## FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: "An act..issuance of private activity bonds.."  
Sponsor: Rules Committee  
Requestor: Governor

Agency Affected: Community & Regional Affairs  
BRU: \_\_\_\_\_  
Components: \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
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	-0-	-0-	-0-	-0-	-0-	-0-

**POSITIONS:**

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

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

Prepared by: Jim Plasman Deputy Director Phone: 465-4750  
Division: Municipal & Regional Assistance Date: 11-15-88  
Approved by Commissioner: [Signature] Date: 15 NOV 88  
Agency: Community & Regional Affairs

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

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

Bill Version: SB 85 (b)  
Publish Date: 1/9/89

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: Issuance of Private Activity  
Bonds \_\_\_\_\_  
Sponsor: Rules  
Requestor: Governor

Agency Affected: Department of Revenue  
BRU: Treasury  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
<b>OPERATING</b>						
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
<b>TOTAL OPERATING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CAPITAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>REVENUE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 for analysis.

Prepared By: Milt Barker MB  
Division: Treasury

Phone: 465-2350  
Date: November 1, 1988

Approved by Commissioner: [Signature]  
Agency: Department of Revenue

Date: 11/7/88

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

*Fiscal Note - DOR*

1 IN THE SENATE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2

SENATE BILL NO. 85

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the issuance of private activity  
7 bonds; and providing for an effective date."

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

9 \* Section 1. AS 37.15 is amended by adding new sections to read:

10

ARTICLE 5. PRIVATE ACTIVITY BONDS

11

Sec. 37.15.800. PRIVATE ACTIVITY BONDS. (a) As authorized  
12 under 26 U.S.C. 146(e), the state bond committee shall allocate the  
13 private activity bond volume limit for Alaska. Each year at least 25  
14 percent of the limit shall be allocated to municipalities. If the  
15 committee determines that a portion of the limit allocated to munic-  
16 ipalities will not be used by any municipality during that year, the  
17 committee may reallocate that portion.

18

(b) The committee may make a carry-forward election under 26  
19 U.S.C. 146(f) with respect to all or any portion of the private activ-  
20 ity bond volume limit, including allocations that lapse under (c) or  
21 (d) of this section.

22

(c) An amount allocated under (a) of this section lapses on  
23 December 30 of the year in which the allocation was made unless

24

(1) the entity that received the allocation uses it before  
25 that date; or

26

(2) the amount allocated is the subject of a carry-forward  
27 election under 26 U.S.C. 146(f).

28

(d) The committee may adopt regulations relating to the lapsing  
29 of amounts under (c) of this section. Regulations adopted under this

1 subsection may establish times when allocated amounts will lapse in  
2 addition to the time provided in (c) of this section.

3 (e) In this section,

4 (1) "private activity bond" means a bond described in 26  
5 U.S.C. 141;

6 (2) "private activity bond volume limit" means the maximum  
7 amount of private activity bonds that may be issued under 26 U.S.C.  
8 146 during a calendar year in Alaska by all issuers, including the  
9 state, municipalities in the state, and public corporations that are  
10 agencies of either the state or a municipality in the state.

11 \* Sec. 2. This Act takes effect January 1, 1990.

STEVE COWPER  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 9, 1989

The Honorable Tim Kelly  
President of the Senate  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Senator Kelly:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the issuance of private activity bonds.

The bill provides permanent authority for the state bond committee to allocate the private activity bond volume limit for Alaska. The bond committee was assigned this responsibility by ch. 81, SLA 1987. However, sec. 3 of ch. 81 repeals the committee's authority as of January 1, 1990. The attached bill would place, in statute, the temporary language that was enacted in sec. 1, ch. 81, SLA 1987.

The private activity bond limit for Alaska under current federal law is \$150,000,000 each year. This limit on the amount of certain types of debt that can be issued as tax-exempt applies to Alaska Student Loan Corporation bonds, Alaska Housing Finance Corporation's first-time home buyer bonds, bonds for most Alaska Power Authority projects, and possibly certain bonds that would be issued by the Alaska Industrial Development and Export Authority or municipalities.

Legislation needs to be enacted in 1989 to avoid any hiatus in the authority of the State to allocate the volume limit. Failure to do so would cause the allocation to revert to

*Letter from the Governor*

The Honorable Tim Kelly

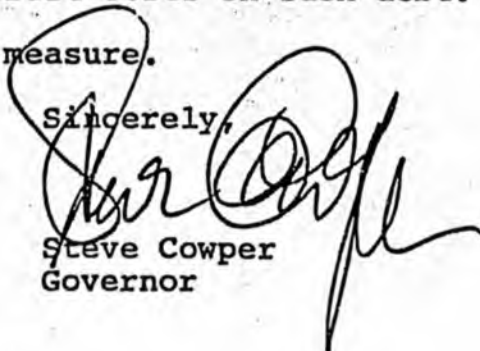
Page 2

85/11

federal law. Federal law mandates a fixed percentage allocation to municipalities. It is unlikely that municipalities would use all or even a significant portion of their limit. They have used none of the limit so far. Thus, an absence of legislation could cause significant amounts of state debt to be issued without tax exemption. This would increase needlessly the interest costs on such debt.

I urge your support of this measure.

Sincerely,



Steve Cowper  
Governor

ALASKA PRIVATE ACTIVITY BOND VOLUME CAP  
 ALLOCATIONS, USE AND CARRYFORWARDS FROM INCEPTION

CALENDAR YEAR	TOTAL CAP	ALLOCATION	USE	CARRYFORWARD 1.
1986	\$250,000,000	\$125,000,000 TO AHFC \$125,000,000 TO ALL OTHER USERS	\$14,780,000 BY AIDEA	\$125,000,000 FOR AHFC 2. \$110,220,000 FOR STUDENT LOAN BONDS
1987	\$250,000,000	\$0	\$50,000,000 BY AHFC	\$185,590,000 TO AHFC 2. \$64,410,000 TO APA FOR POWER PROJECTS
1988	\$150,000,000	\$0	\$0	\$80,000,000 TO APA FOR SNETTISHAM FOR STUDENT LOAN BONDS
1989 (to date)	\$150,000,000	\$0	\$83,795,000 BY ASLC	\$70,000,000 FOR STUDENT LOAN BONDS
TOTAL	\$800,000,000	\$250,000,000	\$148,575,000	\$635,220,000

UNUSED CARRYFORWARDS

AHFC	\$260,590,000	(FOR SPECIFICALLY NAMED PROJECTS)
APA	\$144,410,000	
ASLC	\$96,425,000	
TOTAL	\$501,425,000	

SPECIAL NOTE

An IRS ruling concerning of the 1986 carryforward for student loan bonds is pending. An unfavorable ruling could cause the 1986 carryforward to become unuseable. In that case a 1988 bond issue of the Alaska Student Loan Corporation ("ASLC") would use \$83,795,000 of the 1988 cap, leaving \$66,205,000 to carry forward for APA to purchase Snettisham. A ruling which did that would reduce unused carryforwards to the following amounts:

AHFC	\$260,590,000
APA	\$130,615,000
ASLC	\$0
TOTAL	\$391,205,000

NOTES

1. Carryforwards expire after three calendar years.
2. Under current Federal law AHFC will not be able to issue tax-exempt bonds for first time home-buyers after December 31, 1989.
3. No entity other than those identified in the tables has ever applied for an allocation of the private activity bond cap.

FROM DOR 2-1-89

from DOR 2-1-89

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FROM DOR 2-1-89

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**FINANCE COMMITTEE REPORT**

(11)

Date Referred: March 31, 1989

FURTHER REFERRALS:

Date of Committee Action: 4/13/89

The FINANCE Committee considered:

SB 85

SENATE BILL NO. 85 [PRIVATE ACTIVITY BONDS]

"An Act relating to the issuance of private activity bonds; and providing for an effective date."

RECOMMENDATIONS:

- be replaced with \_\_\_\_\_  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) \_\_\_\_\_
- zero fiscal note(s) Rev 1/9/89 C.L. RA: 4/19
- zero fn/analysis \_\_\_\_\_

SIGNING DO PASS:

SIGNING:  
(Check approp. column)

Do Not Pass  
 No Rec  
 Amend

[Signature] Hoffman

[Signature] Larson

[Signature] Koponen

[Signature] Barnes

[Signature] Phillips

[Signature] Rieger

[Signature] Wallis

	Do Not Pass	No Rec	Amend
<u>[Signature]</u> Brown		X	
<u>[Signature]</u> Ulmer		✓	

co- [Signature]  
Chairman's Signature

co- [Signature]

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Department of Revenue  
 Title: Issuance of Private Activity BRU: Treasury  
 Bonds \_\_\_\_\_ Components: \_\_\_\_\_  
 Sponsor: Rules  
 Requestor: Governor

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
<b>OPERATING</b>						
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
<b>CAPITAL</b>	0	0	0	0	0	0
<b>REVENUE</b>	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: Attach a separate page for analysis.

Prepared By: Milt Barker MB  
 Division: Treasury

Phone: 465-2350  
 Date: November 1, 1988

Approved by Commissioner: [Signature]  
 Agency: Department of Revenue

Date: 11/7/88

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

No: 3

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: Item 2 SB 95 (a)  
PUBLISH DATE: 1/9/89 #

### FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_  
 Title: "An act..issuance of private activity bonds.."  
 Sponsor: Rules Committee  
 Requestor: Governor

Agency Affected: Community & Regional Affa:  
 BRU: \_\_\_\_\_  
 Components: \_\_\_\_\_

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
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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	-0-	-0-	-0-	-0-	-0-	-0-

**POSITIONS:**

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

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

Prepared by: Jim Plasman Deputy Director  
 Division: Municipal & Regional Assistance  
 Phone: 465-4750  
 Date: 11-15-88

Approved by Commissioner: [Signature]  
 Agency: Community & Regional Affairs  
 Date: 15 NOV 88

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

1 IN THE SENATE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2

SENATE BILL NO. 85

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

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

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7 amount of private activity bonds that may be issued under 26 U.S.C.  
8 146 during a calendar year in Alaska by all issuers, including the  
9 state, municipalities in the state, and public corporations that are  
10 agencies of either the state or a municipality in the state.

11 \* Sec. 2. This Act takes effect January 1, 1990.

7  
H  
M

ALASKA PRIVATE ACTIVITY BOND VOLUME CAP  
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CALENDAR YEAR	TOTAL CAP	ALLOCATION	USE	CARRYFORWARD 1.
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3. No entity other than those identified in the tables has ever applied for an allocation of the private activity bond cap.

From DOR 2-1-89

STEVE COWPER  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 9, 1989

The Honorable Tim Kelly  
President of the Senate  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Senator Kelly:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the issuance of private activity bonds.

The bill provides permanent authority for the state bond committee to allocate the private activity bond volume limit for Alaska. The bond committee was assigned this responsibility by ch. 81, SLA 1987. However, sec. 3 of ch. 81 repeals the committee's authority as of January 1, 1990. The attached bill would place, in statute, the temporary language that was enacted in sec. 1, ch. 81, SLA 1987.

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Legislation needs to be enacted in 1989 to avoid any hiatus in the authority of the State to allocate the volume limit. Failure to do so would cause the allocation to revert to

*Letter from the Governor*

Item #3

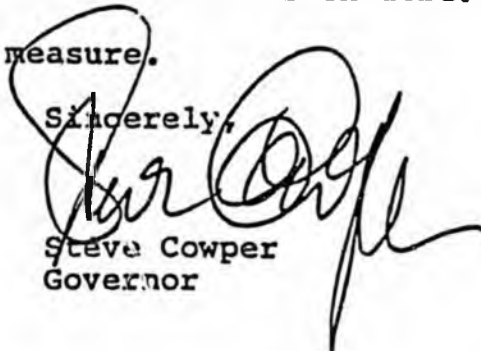
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85

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I urge your support of this measure.

Sincerely,

  
Steve Cowper  
Governor

SB 85, AN ACT RELATING TO THE ISSUANCE OF PRIVATE ACTIVITY BONDS; AND PROVIDING FOR AN EFFECTIVE DATE, IS SPONSORED BY THE RULES COMMITTEE BY REQUEST OF THE GOVERNOR.

SB 85 PROVIDES PERMANENT AUTHORITY FOR THE ~~STATE BOND~~ ~~COMMITTEE~~ TO ALLOCATE THE PRIVATE ACTIVITY BOND VOLUME LIMIT FOR ALASKA. THE BOND COMMITTEE WAS ASSIGNED THIS RESPONSIBILITY BY CH. 81, SLA 1987, HOWEVER, SECTION 3 OF CH 81 REPEALS THE COMMITTEE'S AUTHORITY AS OF JANUARY 1, 1990.

THE PRIVATE ACTIVITY BOND LIMIT FOR ALASKA UNDER CURRENT FEDERAL LAW IS ~~\$150,000,000~~ EACH YEAR. THIS LIMIT ON THE AMOUNT OF CERTAIN TYPES OF DEBT THAT CAN BE ISSUED AS ~~TAX EXEMPT~~ APPLIES TO ~~ALASKA STUDENT LOAN CORPORATION BONDS,~~ BONDS FOR MOST ~~ALASKA POWER AUTHORITY PROJECTS,~~ ~~ALASKA HOUSING FINANCE CORPORATION'S FIRST TIME HOME BUYER BONDS,~~ AND POSSIBLY CERTAIN BONDS THAT WOULD BE ISSUED BY THE ~~ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY OR MUNICIPALITIES.~~

~~FAILURE TO ENACT THIS LEGISLATION WOULD CAUSE THE ALLOCATION TO REVERT TO FEDERAL LAW. FEDERAL LAW MANDATES A FIXED PERCENTAGE ALLOCATION TO MUNICIPALITIES. AN ABSENCE OF LEGISLATION COULD CAUSE SIGNIFICANT AMOUNTS OF STATE DEBT TO BE ISSUED WITHOUT TAX EXEMPTION AS IT IS UNLIKELY THAT~~

MUNICIPALIES WOULD USE ALL OR EVEN A SIGNIFICANT PORTION OF  
THEIR LIMIT.

INCLUDED IN YOUR FILE IS A ~~REVENUE~~ BY THE DEPT. OF  
REVENUE.

MR. MILT BARKER IS HERE TO DISCUSS SB 85.

S

B

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SENATE COMMITTEE REPORT

RETURNED FROM CALENDAR 3/8

FURTHER

3/8/89

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

Mr. President:

FINANCE Committee considered CS SB 87 (C&RA)

USE OF THE HOUSING ASSISTANCE LOAN FUND: AUTHORIZING THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS TO MODIFY THE TERMS OF ITS MORTGAGE LOANS: EFD

and recommended

- replace with \_\_\_\_\_ CS \_\_\_\_\_ )  same title
- or adopt \_\_\_\_\_ CS \_\_\_\_\_ )  new title
- attached amendment(s) and  technical title change (HB only)
- \_\_\_\_\_ letter of intent adopted

- do pass *Reported out of committee 3-3-89.*
- do not pass *Later returned to Finance where it died in committee.*
- no recommendation
- individual recommendations
- further referral to \_\_\_\_\_

FISCAL NOTE(S)  zero  fiscal impact  appropriation no FN  
 new  updated  previous  
 same as previous fiscal note(s) published \_\_\_\_\_

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

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

Committee Backup attached

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE \_\_\_\_\_  
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER FINANCE

\*\*FISCAL NOTE(S) MUST BE ATTACHED  
IN ACCORDANCE WITH AS 24.08.035

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

1/9/89

Mr. President:

C&RA Committee considered SB 87

use of the housing assistance loan fund; authorizing the Department of Community and Regional Affairs to modify the terms of its mortgage loans; and providing for an effective date.

and recommended:

replace with CS SB 87 (C&RA) + map out do pass  same title  
 attached amendment(s) and  new title

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

*m*  do pass

do not pass

no recommendation

individual recommendations

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

*Φ FN*

FISCAL NOTE(S) attached  zero  
 appropriation no FN attached

fiscal impact  
 Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

\_\_\_\_\_  
*Frank*  
\_\_\_\_\_  
*St. Laurent*  
\_\_\_\_\_  
*Malcolm Szy*  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Al Adams - Do Pass*  
Chairman signature and recommendation

Committee backup attached

SENATE COMMITTEE REPORT

FURTHER

1/25/89

DATE TURNED INTO OFFICE 3/3/89

Mr. President:

FINANCE

Committee considered SB 87

use of the housing assistance loan fund; authorizing the Department of Community and Regional Affairs to modify the terms of its mortgage loans; efd

and recommended *the CRA CS be adopted do pass*

- replace with \_\_\_\_\_ CS \_\_\_\_\_ )  same title
- or adopt \_\_\_\_\_ CS SB 87 (CRA) )  new title
- attached amendment(s) and \_\_\_\_\_ )  technical title change (HB only)
- \_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

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

*OKMS JN*

- FISCAL NOTE(S)  zero  fiscal impact  appropriation no FN
- new leg. Audit  updated  previous DCRA
- same as previous fiscal note(s) published \_\_\_\_\_

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

*Brad*

*Bob Truitt*

*Steve Keane*

\_\_\_\_\_

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\_\_\_\_\_

*John DePass*

*John DePass*

Chairman signature and recommendation

*John DePass*

Do PASS

CO-CHAIR

Committee Backup attached

3/3/89

Date 3/7/89

Mr. President:

The Rules Committee considered SB 87

use of the housing assistance loan fund; authorizing the Department of Community and Regional Affairs to modify the terms of its mortgage loans; efd

and recommended it be placed on the calendar

with attached amendment(s).

replace with CS for \_\_\_\_\_ (RLS)  same title  
 adopt the \_\_\_\_\_ Committee CS  new title

and attached a \_\_\_\_\_ letter of intent

FISCAL NOTES:  zero  fiscal impact

MEMBERS SIGNING FOR PLACEMENT ON THE CALENDAR

MEMBERS HAVING OTHER RECOMMENDATIONS

*DeGroot*  
*Tim Kelly*  
*J. K. [unclear]*  
*Calvin Angulo*  
Chairman

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

CALENDAR  
3/8/89 M/E  
CRA CS

Original sponsor: Rules/Governor

1 IN THE SENATE

BY THE COMMUNITY AND  
REGIONAL AFFAIRS COMMITTEE

2 CS FOR SENATE BILL NO. 87 (C&RA)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to use of the housing assistance  
7 loan fund; authorizing the Department of Community  
8 and Regional Affairs to modify the terms of its  
9 mortgage loans; and providing for an effective date."

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

11 \* Section 1. AS 44.47.380 is amended to read:

12 Sec. 44.47.380. HOUSING ASSISTANCE LOAN FUND. There is created  
13 in the department, as a revolving loan fund, the housing assistance  
14 loan fund consisting of money appropriated to it by the legislature  
15 and repayments of principal and interest on loans made or purchased  
16 from the assets of the fund. The commissioner shall administer the  
17 housing assistance loan fund in accordance with AS 44.47.370 - 44.-  
18 47.560 and shall use the money in the housing assistance loan fund to  
19 originate, purchase, or participate in the purchase of [, OR]

20 (1) nonconforming and rural housing mortgage loans;

21 (2) loans made for building materials for nonconforming and  
22 rural housing;

23 (3) loans made for renovations or improvements to noncon-  
24 forming and rural housing;

25 (4) loans made for the construction of owner-occupied non-  
26 conforming and rural housing other than loans to builders or contrac-  
27 tors or loans that compensate an owner for the owner's labor or ser-  
28 vices in constructing the owner's own housing;

29 (5) loans made for the purchase or construction of  
S

1 nonconforming and rural housing that combines predominately owner-  
2 occupied residential use and limited commercial use.

3 \* Sec. 2. AS 44.47 is amended by adding a new section to read:

4 Sec. 44.47.525. MODIFICATION OF LOANS. (a) Notwithstanding  
5 AS 44.47.410(a) and (b) and 44.47.520(b), on mortgages that it has  
6 financed under AS 44.47.370 - 44.47.560 the department may, by loan  
7 modification, reschedule principal payments or reduce interest rates,  
8 or both, if the department finds that

9 (1) a loan modification would

10 (A) result in the likelihood that the loan would pay  
11 to maturity; and

12 (B) induce the borrower to remain in active management  
13 and ownership of the property; and

14 (2) the loan modification would be

15 (A) in the best financial interest of the department  
16 and the state; and

17 (B) considered prudent by private lending standards  
18 taking into account the financial circumstances of the borrower  
19 and other costly alternatives such as foreclosure.

20 (b) Rescheduling of the borrower's repayment of principal under  
21 (a) of this section provides an interim payment adjustment and is not  
22 intended to affect the obligation of the borrower to repay the princi-  
23 pal amount on the mortgage loan.

24 (c) The department

25 (1) may reduce the interest rate payable on a mortgage un-  
26 der (a) of this section only if the modification contains an interest  
27 rate reopener clause; the interest rate reopener clause must

28 (A) require that, if the interest rate is reduced, the  
29 borrower and the department shall renegotiate the rate of

1 interest on the mortgage within five years after the date of an  
2 interest rate reduction approved by the department under this  
3 section;

4 (B) specify the date by which the borrower and the  
5 department are to renegotiate the rate of interest under (A) of  
6 this paragraph;

7 (C) incorporate a call feature, reserving to the de-  
8 partment the right to demand repayment of the entire principal  
9 amount due if the borrower and the department are unable to con-  
10 clude renegotiation of the rate of interest under (A) of this  
11 paragraph; the department may not use the call feature incorpo-  
12 rated under this subparagraph to demand repayment of the entire  
13 principal amount due before the date determined under (B) of this  
14 paragraph;

15 (2) may not approve a rate of interest under this section  
16 that is less than six percent.

17 (d) An interest rate reduction approved by the department under  
18 this section cancels the borrower's obligation to pay the amount that  
19 would otherwise have been due during the period of an interest rate  
20 reduction and that is attributable to the difference between the  
21 original interest rate and the reduced interest rate.

22 (e) If an interest rate is renegotiated under (c) of this sec-  
23 tion, the renegotiated rate may not exceed the interest rate original-  
24 ly charged on the loan.

25 (f) The department shall adopt regulations prescribing the terms  
26 and conditions of, and the procedures applicable to, loan modifica-  
27 tions made under this section.

28 (g) The legislative audit division shall annually conduct a  
29 performance post-audit of the loans modified by the department under

1 this section during the preceding fiscal year, and shall report its  
2 conclusions and recommendations to the Legislative Budget and Audit  
3 Committee.

4 \* Sec. 3. AS 44.47.560 is amended by adding a new paragraph to read:

5 (7) "limited commercial use" means a small business, op-  
6 erated out of an owner-occupied nonconforming and rural housing resi-  
7 dence, that occupies an area that does not exceed 25 percent of the  
8 total gross living area of a residential unit.

9 \* Sec. 4. This Act takes effect July 1, 1989.  
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**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: "An Act relating to use of the housing assistance loan fund"  
Sponsor: Rules/Governor  
Requestor: \_\_\_\_\_

Agency Affected: Community & Regional Affairs  
BRU: Housing Assistance  
Components: \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
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	-0-	-0-	-0-	-0-	-0-	-0-

**POSITIONS:**

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

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

Prepared by: Jim Blasman  
Division: Municipal & Regional Assistance  
Approved by Commissioner: Don Lewis DC, CAA  
Agency: Community & Regional Affairs

Phone: 465-4750  
Date: 2/7/89  
Date: 7 Feb 89

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

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: CSSB87 (C&RA)  
PUBLISH DATE: 2/21/89

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: An Act Relating to the Housing  
Assistance Loan Fund  
Sponsor: Senate Rules  
Requestor: Governor

Agency Affected: Div. of Legislative Audit  
BRU: Legislative Budget and Audit  
Committee  
Components: Legislative Audit

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

The requirements of the proposed legislation could be accomplished within the Division's existing budget.

Prepared by: Randy S. Welker Phone: 465-3830  
Division: Division of Legislative Audit Date: 2/8/89  
Approved by ~~Committee~~ Randy S. Welker Date: 2/8/89  
Agency: Division of Legislative Audit

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

STEVE COWPER  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 9, 1989

The Honorable Tim Kelly  
President of the Senate  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Senator Kelly:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the authority of the Department of Community and Regional Affairs (DCRA) to modify the terms of its mortgage loans. This bill also authorizes DCRA to make housing loans that allow for a combination of residential use and limited commercial use of homes.

Section 1 of the bill adds a new paragraph to AS 44.47.330, housing assistance loan fund, which allows DCRA to make loans for the purchase or development of nonconforming and rural housing that combines owner-occupied residential use and limited commercial use. The area for commercial use may not exceed 25 percent of the total gross living area of a residential unit. It is expected that this provision will encourage economic development in rural areas through the development of small business enterprises and family businesses.

Section 2 of the bill adds a new section, AS 44.47.525, to authorize DCRA to make certain loan modifications on mortgages that it has financed under AS 44.47.370 -- 44.47.-560. In making the loan modifications, the department must find that the modification(s) will be advantageous to both the borrower and the state and would be considered prudent by private lending standards. The types of loan modifications that the department may make are (1) rescheduling principal payments; or (2) reducing interest rates within specified guidelines; or (3) both. The department is required to adopt regulations prescribing the terms and conditions of, and the procedures for, the loan modifications authorized in this bill.

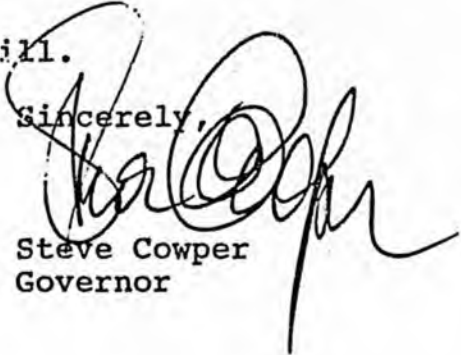
The provisions and guidelines specified in sec. 2 will provide DCRA with the needed flexibility to address the needs of borrowers with mortgages that exceed their present ability to make the required payments, while assuring that a loan modification is also made in the best interests of the state.

Section 3 provides a definition of "limited commercial use."

Finally, sec. 4 provides for an effective date of July 1, 1989.

I urge your support of this bill.

Sincerely,



Steve Cowper  
Governor



# Alaska State Legislature

## SENATE

### *Committee on Finance*

Official Business

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

**BILL BRIEF AND SUMMARY OF AMENDMENTS APPEARING IN CSSB 87 (C&RA),**  
An Act relating to the use of the housing assistance loan funds; authorizing the Department of Community and Regional Affairs to modify the terms of its mortgage loans; and providing for an effective date.

CSSB 87 (C&RA), relates to the use of the housing assistance loan fund, and authorizes the Dept. of Community and Regional Affairs to modify the terms of its mortgage loans. This bill also authorizes DCRA to make housing loans that allow for a combination of residential use and limited commercial use of homes.

The Senate C&RA Committee made one amendment to the original Bill. A new subsection (g) was added on page 3, beginning on line 28, which reads:

" (g) the legislative audit division shall annually conduct a performance post-audit of the loans modified by the department under this section during the preceding fiscal year, and shall report its conclusions and recommendations to the Legislative Budget and Audit Committee."

The bill takes effect July 1, 1989 if signed by the Governor.

It has a zero fiscal note from DCRA, with the accompanying analysis:

" For FY 89 and FY 90 no additional operating funding is requested. However, FY 91 through FY 95 might require additional staff and loan funds due to increases in loan activity for this commercial use."

SB 87

**Final Report of the**  
**Subcommittee on Housing and Banking**

**Joint Committee**  
**on Economic Recovery**

**May 5, 1988**

**Members**

Rep. Kay Brown, Co-Chair  
Rep. Steve Rieger, Co-Chair

Rep. Pat Pourchot  
Rep. Steve Frank  
Rep. Henry Springer  
Rep. Fran Ulmer  
Rep. Virginia Collins  
Rep. Mike Davis  
Rep. Mark Boyer  
Rep. Randy Phillips  
Rep. Mike Navarre  
Rep. Dave Donley

Direct House Research Agency to conduct an interim survey of public housing needs and to analyze options for expanding the program.

Cost to State: \$2.35 million for pilot program.

**Strategy: Increase demand for housing.**

6. Support pending legislation identified by other subcommittees of the Joint Committee on Economic Recovery that will improve the economy generally and create jobs.

**Strategy: Provide aid to distressed homeowners.**

7. Revise law to allow restructuring of rural housing loans by the Department of Community and Regional Affairs, where appropriate.

Action needed by legislature: Pass subcommittee legislation, H.B. 550.

Cost to State: Theoretically, none.

8. Direct AHFC to relax current owner-occupancy ratios for condominium mortgage loans to the extent possible, and to take actions to raise owner occupancy in condominium developments.

Action needed by legislature: Pass subcommittee legislation CS HB 555( FIN).

Cost to State:

# Alaska State Legislature

**STEVE FRANK**

DISTRICT 20A  
Finance Committee

1125 Sunset Drive  
Fairbanks, Alaska 99701



While in Juneau  
P.O. Box V  
Juneau, Alaska 99811  
(907) 465-3709

## House of Representatives

TO: House Community & Regional Affairs Committee

FROM: Rep. Steve Frank

RE: House Bill 550 - "An Act authorizing the Department of Community & Regional Affairs to modify the terms of its mortgage loans, and providing for an effective date."

DATE: April 8, 1988

---

House Bill 550 would give the Department of Community & Regional Affairs (DCRA) the authority to modify the terms on troubled mortgage loans. Unlike other state loan agencies such as AHFC and AIDA, DCRA cannot reduce interest rates on its loans.

This legislation, developed by the Housing and Banking Subcommittee, would charge DCRA to act as a "prudent" lender would in working with borrowers. The idea was to keep the bill tight while allowing the department the ability to act in its own financial best interest.

The major aspect of this bill is to allow DCRA to reschedule principal payments and/or lower interest rates on mortgages. While the reduction in interest may be forgiven, the principal rescheduling may not. In addition, the bill would give the Department the authority to renegotiate the interest rate after five years; however, the new interest rate cannot be higher than the rate charged on the original note.

DCRA supports this legislation because they see it as a way to protect the integrity of the loan fund.

Thank you for your consideration.

# State of Alaska

House Majority Leader

COMMITTEES

HOUSE HEALTH, EDUCATION  
AND SOCIAL SERVICES  
HOUSE JUDICIARY  
HOUSE RULES



Representative Max F. Gruenberg, Jr.  
District 11  
Spenard, Upper Midtown Anchorage

*Max F. Gruenberg, Jr.*

P.O. BOX V  
UNALUI, ALASKA 99811  
(907) 465-3718  
465-4968/4986

914 CLAY COURT  
ANCHORAGE, ALASKA 99503  
(907) 276-6844

MEMORANDUM

TO: REPRESENTATIVE ALBERT ADAMS, CHAIR  
HOUSE FINANCE COMMITTEE

FROM: MAX F. GRUENBERG, JR., HOUSE CHAIR  
JOINT COMMITTEE ON ECONOMIC RECOVERY

*49*

DATE: APRIL 19, 1988

RE: JOINT COMMITTEE LEGISLATION

I would appreciate your consideration of the attached legislation at your earliest convenience. HB 550, "An Act authorizing the Department of Community and Regional Affairs to modify the terms of its mortgage loans; and providing for an effective date" was developed and considered by the Housing and Banking subcommittee and the members of the House side of the Joint Committee on Economic Recovery and introduced at the House members' request by the House Rules Committee.

This bill has also been heard and passed by the House Community and Regional Affairs and Labor and Commerce Committees.

HB 550 would modify the terms of DC&RA mortgage loans to rural Alaskans by reducing interest rates, thus allowing more flexibility to the Department's loan program. (Representative Steve Frank)

I hope you can speedily schedule this bill before your committee to enhance its chances of passing this session.

If you have any questions please give Tom Begich of my staff a call at 465-3718 or 465-4968 or contact the designated member of the Joint Committee directly.

Thanks.

attachment

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y STATE CAPITOL  
JUNEAU, ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 29, 1988

SUBJECT: Authority to restructure mortgage loans  
(Work order 5-2012)

TO: Representative Steve Frank  
ATTN: Rick Solie

FROM: Jack Chenoweth  
Legislative Counsel

You have asked for a review of the ability of the state agencies that manage residential mortgage lending programs to restructure those loans under current law.

The sources of the principal residential mortgage loan programs are:

-- loans made under one of the various housing assistance programs by the Alaska Housing Finance Corporation under authority of AS 18.56; 1/

-- loans made from the Housing Assistance Loan Fund and the Homeownership Assistance Funds by the Division of Housing Assistance of the Department of Community and Regional Affairs under the authority of AS 44.47.360 - 44.47.560. 2/

Though their total numbers are significantly below the numbers of loans made by each of the entities mentioned above, loans for residential purposes may also be made by

-- the Alaska Permanent Fund Corporation;

-- the commissioner of revenue, acting in the capacity of treasurer of the state's retirement systems for the pension fund surpluses of the Public Employment Retirement System and the Teachers' Retirement System.

"Restructuring of mortgage loans" is usually understood to mean at least one of the following:

-- forbearance arrangements or agreements, authorizing the borrower to reduce or suspend regular mortgage payments for a stated period; or,

- modification of the terms of a mortgage, including
  - reduction of payments of principal
    - without affecting the total debt obligation of the mortgagor on the mortgage loan; or
    - accompanied by a concomitant reduction in the total debt obligation of the mortgagor on the mortgage loan;
  - reduction of the interest payment payable on the loan; or
  - delay or postponement of the due date of the mortgage obligation.

Alaska Housing Finance Corporation mortgage loans:

The Alaska Housing Finance Corporation enjoys wide latitude as to how it may address delinquent loans and those that may become delinquent. In the enumeration of the general powers of the corporation, AS 18.56.090(11) provides that the corporation may, "for its . . . corporate purposes":

consent to the modification of the rate of interest, time of payment of any installment of principal or interest, or any other terms, of the mortgage loan, mortgage loan commitment, construction loan, temporary loan, contract or agreement of any kind to which the corporation is a party;

While this statutory language sets no limits, there are some practical constraints.

AHFC principally finances its programs through the use of bond proceeds. AS 18.56.110 generally prescribes limitations applicable to the bonds and notes of the corporation. AS 18.56.110(f)(3) authorizes the corporation to "covenant as to the use and disposition of any and all payments of principal and interest received by the corporation on mortgage loans . . . or other investments held by the corporation." Under AS 18.56.120,

The pledge of assets or revenue of the corporation to the payment of the principal or interest on any obligations of the agency is valid and binding from the time the pledge is made and the assets or revenue are

Representative Steve Frank  
Page 3  
February 29, 1988

immediately subject to the lien of the pledge without physical delivery or further act. . . .

So it is to the covenants that support the underlying bond issues rather than to provisions of state law that one must look to determine whether AHFC's various mortgage loan programs permit restructuring of outstanding loans. One must also consider the agreements between AHFC and, on the one hand, agreements entered into with the Federal National Mortgage Association (and similar entities) covering sales of mortgages and loans and, on the other hand, agreements with the corporation's own mortgage seller/servicers. Each of these groups of agreements may include provisions limiting the corporation's flexibility in responding to defaults and potential defaults by the borrowers.

These agreements notwithstanding, AHFC does authorize loan modifications under certain circumstances. The corporation's seller/servicer manual identifies those as limited to instances in which the mortgagor's income has been permanently affected by accident or illness, or in which the mortgagor's income has been reduced or eliminated altogether for a temporary period and which has not recovered sufficiently to maintain the current mortgage. The corporation will also consider a modification "if the servicer [of the mortgage] feels that changing the terms of the mortgage would not only cure [a] present delinquency but also prevent future delinquencies." AHFC must give prior approval and "will consider . . . reamortizing the debt to include the delinquent payments or extending the term of the loan by the number of past due installments." AHFC Seller/Servicer Manual sec. 9002.06.

In summary, current state law generally appears to provide sufficient latitude for the Alaska Housing Finance Corporation to modify loans and loan provisions for loans that are delinquent or may become delinquent. Legislative initiatives to amend the law to redefine or extend AHFC's authority need to be concerned with possible claims against impairment of contracts entered into by the corporation, particularly with bond underwriters, federal government agencies that purchase the mortgages, and the corporation's seller/servicers.

Department of Community and Regional Affairs mortgage loans:

Representative Steve Frank  
Page 4  
February 29, 1988

State law applicable to management of the department's mortgage loan programs does not specifically provide the department latitude to restructure repayment of principal and interest on its loans. The department's own regulations are also silent on the point.

The department has asserted to you that it may not reduce interest payable. Its assertion seems to be borne out by the following:

-- the interest rate payable by a borrower under the rural owner-occupied housing program is, by statute (AS 44.47.410(b)), tied to the rate based on the most recent AHFC bond sale;

-- the interest rate payable by a borrower under the rural non-owner-occupied housing program is set by statute (AS 44.47.520(b)) as an amount not to exceed  $10\frac{1}{2}$  percent; the department advertises that the rate is  $10\frac{1}{2}$  percent;

-- the interest rate payable by a borrower under the homeownership assistance housing program, the interest-subsidy assistance program, directs by statute (AS 44.47.382(b)) that, for qualifying borrowers, the subsidy allowable shall be sufficient to reduce the actual interest rate paid on the mortgage to six percent.

The net effect of the three statutes cited suggests that the department is without discretion to adjust or reduce interest payable by a borrower under any of the three programs.

The department has also represented to you that, while it may adjust payments of principal on outstanding housing program loans, its authority to adjust the payments is limited to modifying current principal payments without reducing the mortgagor's total debt obligation under the mortgage loan. In other words, the department believes that it may reduce monthly payments, but the reductions correspondingly serve to extend the repayment obligation to an additional period; the department may not cancel or forgive a portion of the borrower's indebtedness.

The source of the department's mortgage lending activity is the housing assistance loan fund. That fund is established by statute (AS 44.47.380) and was, by a 1983 amendment, made

a revolving loan fund. 3/ A revolving loan fund is commonly thought of, and in Alaska legislation has been nearly universally treated, as a fund that is continually expended and replenished, from which withdrawals are made as loans but with a corresponding obligation to repay the fund in order to keep it intact. 4/ Legislative appropriations for state revolving loan funds are typically treated as non-lapsing appropriations, and any repayments of principal on loans purchased or originated with these appropriations should be deposited into the fund and made available from the fund for subsequent expenditure.

In my judgment, the department's representation to you seems to be fully consistent with its duty to maintain the integrity of the housing assistance loan fund as a revolving fund. A reduction in principal payments accompanied by a cancellation of a portion of a borrower's indebtedness would compromise the fund balance and the ability of the agency to use the fund balance as a source of loans in subsequent years.

Investments of the Alaska Permanent Fund Corporation:

Under authority granted in AS 37.13.120(g)(16), the corporation may invest in

notes secured by mortgages granting a first lien on commercial or residential real estate improved by completed buildings [subject to specific mortgage insurance requirements];

Like the Alaska Housing Finance Corporation, the Alaska Permanent Fund Corporation enjoys broad authority to manage investments. The corporation is authorized to "enter into and enforce all contracts necessary, convenient, or desirable for purposes of the corporation." (AS 37.13.120(f)). The residential mortgages purchased by the corporation as investments become assets of the corporation subject to the corporation's general asset management policies.

Since the Permanent Fund Corporation regularly receives income from sources other than those that support the mortgage lending activities of AHFC or the Housing Assistance Division, it is not constrained by the same considerations that circumscribe loan management practices of those two entities. Within the broad authority of the statutes directing its activities, the Permanent Fund

Representative Steve Frank  
Page 6  
February 29, 1988

Corporation appears to have ample legal authority to structure or restructure loans that are potentially or actually delinquent.

Retirement Funds investments:

The commissioner of revenue may invest the surpluses of the Public Employees' Retirement System and the Teachers' Retirement System in, among other permissible investments specified by law, residential mortgages. AS 39.35.-110(a)(10) (for the Public Employees' Retirement System) and AS 14.35.180(b)(10) (for the Teachers' Retirement System) authorize the commissioner to invest in "first lien real estate mortgages guaranteed by the federal Veterans Administration." AS 39.35.110(a)(11) and (12) and AS 14.35.-180(b)(11) and (12) authorize investments involving other kinds of residential mortgages, subject to specific limitations set out in those paragraphs and in AS 39.-35.110(e) and AS 14.25.180(e), respectively.

As to each of the two retirement programs, the commissioner is authorized by law to "do all acts whether or not expressly authorized which are considered necessary or proper for the protection of the investments held in the pension fund." AS 39.35.110(d); AS 14.25.180(d).

JBC:bb  
wkb3/047

FOOTNOTES

1/ The loans of the Alaska Housing Finance Corporation may be classified among the following specific loan programs:

-- home ownership assistance program (a program to provide mortgage subsidies to persons of low and moderate income);

-- mobile home loan purchase program (a program to provide low-cost financing for mobile homes);

-- pledged account mortgage program (a program to assist persons with sufficient assets but whose income does not meet the minimum monthly income requirements generally applicable to the corporation's loan programs);

-- second mortgage loan program (a program to provide low-interest loans for home improvements or rehabilitation in order to make the units more habitable, and to finance second mortgages in order to allow home purchases);

-- taxable mortgage program conventional loan (the principal AHFC homeowner assistance program, applicable to owner-occupied units);

-- tri-plex and four-plex mortgage loan program (a program to allow the purchase of owner-occupied tri- and four-plex units);

-- veterans' mortgage program (a program to provide additional assistance to qualifying veterans through a reduced interest rate);

2/ The Department of Community and Regional Affairs' loans involve the following specific programs:

-- rural owner-occupied housing (a program to provide financing to qualified borrowers for the construction, purchase, or rehabilitation of a housing unit, limited to single family units and duplexes, for use as the borrower's principal residence);

-- rural non-owner-occupied housing (a program to provide financing to qualified borrowers for the construction, purchase, or rehabilitation of a multiple unit housing project, generally two to eight units, though larger under extraordinary circumstances);

Representative Steve Frank  
Page 8  
February 29, 1988

-- home ownership assistance housing (a program to provide assistance to persons of lower and moderate income to purchase or construct single-family, owner-occupied dwellings, through the use of subsidized interest payment support).

3/ A January 23, 1984, Opinion of the Attorney General provides guidance to the Department of Community and Regional Affairs as to the proper handling of the repayments of principal and interest earnings on loans made from the loan fund before and after the 1983 amendment establishing it as a revolving fund.

4/ "Revolving loan funds provide for the return to the fund of repayments by borrowers of the principal (and frequently the interest on that principal) which was loaned to them from the fund so that new loans can be made on a continuing basis." 1982 Opinions of the Attorney General #13, November 30, 1982, at page 12.

JBC:bb  
wkb3/047

**FISCAL NOTE**

**REQUEST:**

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

Agency Affected: Community & Regional Affairs  
BRU: Housing Assistance

Sponsor: Rules Committee  
Requestor: Governor

Components: Housing Loan Administration

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
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						
---------	--	--	--	--	--	--

**FUNDING:** (Thousands of Dollars)

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

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

For FY 89 and FY 90 no additional operating funding is requested. However, FY 91 through FY 95 might require additional staff and loan funds due to increase in loan activity for this commercial use.

Prepared by: Hank Hodge Phone: 561-0900  
Division: Rural Development Division Date: October 25, 1988

Approved by Commissioner: *David C. Hoffman* Date: 10-31-88  
Agency: DCRA

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

*Replaced by 2/7/89 fiscal note  
from Dept.*

No. \_\_\_\_\_

## FISCAL NOTE

**REQUEST:**

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

Agency Affected: Community & Regional Affairs  
BRU: Housing Assistance

Sponsor: Rules Committee  
Requestor: Governor

Components: Housing Loan Administration

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
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						
---------	--	--	--	--	--	--

**FUNDING:** (Thousands of Dollars)

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

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

For FY 89 and FY 90 no additional operating funding is requested. However, FY 91 through FY 95 might require additional staff and loan funds due to increase in loan activity for this commercial use.

Prepared by: Hank Hodge  
Division: Rural Development Division

Phone: 561-0900  
Date: October 25, 1988

Approved by Commissioner: [Signature]  
Agency: DCRA

Date: 10-31-88

**Distribution (by preparer):**

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

page 1 of 1

Ø FISCAL NOTE - DC+RA  
ORIGINAL BILL

S

B

9

2

SENATE COMMITTEE REPORT

FURTHER

3/28/89

DATE TURNED INTO OFFICE 4/14/89

Mr. President:

Finance Committee considered SB 92

motor vehicles and related functions of the Department of Public Safety and Department of Commerce and Economic Development; efd

and recommended

- replace with CS SB 92 (Gen) )  same title
- or adopt CS )  new title
- attached amendment(s) and  technical title change (HB only)
- letter of intent adopted

- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to \_\_\_\_\_

FISCAL NOTE(S)  <sup>DPS</sup> zero  fiscal impact  appropriation no FN  
 new  updated  previous  
 same as previous fiscal note(s) published \_\_\_\_\_

MEMBERS SIGNING DO PASS

*[Handwritten signatures]*  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

OTHER RECOMMENDATIONS

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

*[Handwritten signature]* (DO PASS)  
 Co-CHAIR  
 Chairman signature and recommendation

Committee Backup attached

*[Handwritten signature]* Co-CHAIR  
 ON PASS

40 SFC 4-14-89

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: CSSB 92 (Fin)  
PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: 04/14/89  
Title: An Act relating to  
identification cards issued .....

Agency Affected: Public Safety  
BRU: Motor Vehicles

Sponsor: Rules/Governor  
Requestor: Senate Finance

Component: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not included)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
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)

This bill contains provisions that will improve public service and streamline procedures of DMV. There will be no fiscal impact.

Prepared by: Bill Brown  
Division: Motor Vehicles  
Approved by Commissioner: D.A.H. Arthur English  
Agency: Department of Public Safety

Phone: 465-4335  
Date: 04/14/89  
Date: 4-14-89

go0289sH  
4/13/89  
~~Ford~~  
Approved  
4/14/89

Original sponsor: Rules/Governor

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 92 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to identification cards issued by  
7 the Department of Public Safety, motor vehicle regis-  
8 tration and registration fees, filing a lien on a  
9 motor vehicle, and issuance of handicapped parking  
10 permits; and providing for an effective date."

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

12 \* Section 1. AS 18.65 is amended by adding a new section to article 3  
13 to read:

14 Sec. 18.65.320. CANCELLATION OF IDENTIFICATION CARD. (a) The  
15 department shall cancel an identification card if the person receiving  
16 the card fails to give the required or correct information in the  
17 person's application. Nothing in this section prohibits reapplication  
18 by the person or reissuance of the identification card.

19 (b) A person whose identification card has been cancelled shall  
20 return the card to the department. Failure to return a cancelled card  
21 within 10 days after receiving notice of the cancellation is a vio-  
22 lation punishable by a fine of up to \$100.

23 \* Sec. 2. AS 28.10.051 is amended to read:

24 Sec. 28.10.051. DEPARTMENT MAY SUSPEND OR REVOKE REGISTRATION.  
25 The department may suspend or revoke the registration of a vehicle,  
26 the certificate of registration or registration plates for a vehicle,  
27 or a special permit when

28 (1) the department determines that the registration or  
29 certificate, plate or permit was fraudulently procured or erroneously

1 issued;

2 (2) the department determines that a registered vehicle is  
3 mechanically unsafe to be driven or moved on a highway, vehicular way  
4 or area, or other public property in this state and the vehicle has  
5 been seized or impounded under AS 28.05.091;

6 (3) a registered vehicle has been scrapped, dismantled or  
7 destroyed beyond repair;

8 (4) the department determines that a required fee or tax  
9 has not been paid and the fee or tax is not paid upon reasonable  
10 notice and demand;

11 (5) a registration plate, permit, or certificate is know-  
12 ingly displayed upon a vehicle other than the vehicle for which is-  
13 sued;

14 (6) the department determines that the owner of a vehicle  
15 has committed an offense under this chapter involving the registration  
16 or the certificate, plate, or permit to be suspended or revoked;

17 (7) the vehicle has been reported to the department as  
18 stolen or unlawfully converted; [OR]

19 (8) the department is otherwise required to do so under the  
20 laws of this state; or

21 (9) the department determines that the vehicle owner has  
22 violated the requirements of AS 28.10.146 or 28.10.147.

23 \* Sec. 3. AS 28.10.108(b) is amended to read:

24 (b) Subject to the provisions of (f) of this section, a vehicle  
25 subject to registration

26 (1) under AS 28.10.011 and 28.10.421(b)(3) and (4) and  
27 (c)(1) - (4) shall have its initial registration, and may have its  
28 annual registration, renewed during the month of December;

29 (2) under AS 28.10.181, 28.10.411 and 28.10.421(d)(3) [,

1 (6)] and (9) shall have its initial registration, and may have its  
2 annual registration, renewed during the month of January.

3 \* Sec. 4. AS 28.10 is amended by adding new sections to read:

4 Sec. 28.10.146. REGISTRATION OF INTERSTATE RENTAL TRUCKS. (a)  
5 Notwithstanding any other registration requirement of this chapter, a  
6 fleet rental truck owner or authorized representative shall register a  
7 percentage of the total fleet as determined under this subsection, and  
8 shall pay the fees and taxes required by this chapter. The percentage  
9 of fleet rental trucks required to be registered is equal to the total  
10 number of miles that all trucks in the rental fleet were driven in  
11 this state during a calendar year or other period established by the  
12 department by regulation, divided by the total number of miles that  
13 all trucks in the rental fleet were driven in all states and the  
14 District of Columbia during that period.

15 (b) When applying for registration under (a) of this section,  
16 the fleet rental owner or authorized representative shall file with  
17 the department a certified report containing verifiable data, report-  
18 ing

19 (1) the total number of miles operated by all of the trucks  
20 in the rental fleet in all states and the District of Columbia during  
21 the preceding calendar year or other period specified by the depart-  
22 ment;

23 (2) the total number of miles operated in this state by all  
24 of the trucks in the rental fleet during the preceding calendar year  
25 or other period specified by the department; and

26 (3) other fleet rental truck registration information that  
27 the department may require.

28 (c) A fleet rental owner or authorized representative whose  
29 application for registration under this section has been accepted by

1 the department shall preserve records of the period on which the  
2 application was based for four years. Upon request of the department,  
3 the fleet rental owner or authorized representative shall

4 (1) provide records preserved under this subsection to the  
5 department for audit; or

6 (2) pay the cost of an audit conducted by a representative  
7 of the department at the office of the owner.

8 (d) After compliance with this section, all trucks identified as  
9 part of the rental fleet, and currently registered in any state or in  
10 the District of Columbia, may operate in this state.

11 (e) If the department determines that the fleet rental owner or  
12 authorized representative has not registered fleet rental trucks as  
13 required by this section, the department may suspend or revoke a  
14 registration previously issued, and may deny future fleet rental  
15 registration under (a) of this section, until the owner or authorized  
16 representative has complied with this section. If registration under  
17 (a) of this section has been suspended, revoked, or denied, all the  
18 owner's fleet rental trucks present in the state must be registered  
19 under applicable state law.

20 (f) A fee or tax paid as a result of registration required under  
21 this section does not satisfy or offset other fees or taxes levied by  
22 the state or a political subdivision in connection with the ownership  
23 or operation of fleet rental trucks.

24 (g) In this section, "fleet" means a fleet of 10 or more rental  
25 trucks that are rented or offered for rent without a driver.

26 Sec. 28.10.147. REGISTRATION OF INTERSTATE RENTAL TRAILERS. (a)  
27 Notwithstanding any other registration requirement of this chapter, a  
28 fleet rental trailer owner or authorized representative shall register  
29 the average number of trailers present in this state as calculated

1 under this subsection, and shall pay the fees and taxes required by  
2 this chapter. The average number of trailers is equal to the total  
3 number of trailers in the fleet that were present at any time in the  
4 state during a calendar year or other period established by the de-  
5 partment by regulation, divided by the number of calendar months in  
6 the period.

7 (b) When applying for registration of trailers as required under  
8 (a) of this section, the fleet rental owner or authorized representa-  
9 tive shall file with the department a certified report containing  
10 verifiable data as to the average number of trailers that were present  
11 at any time in the state for the previous calendar year or other  
12 period specified by the department.

13 (c) A fleet rental owner or authorized representative whose  
14 application for registration under this section has been accepted by  
15 the department shall preserve records of the period on which the  
16 application was based for four years. Upon request of the department,  
17 the fleet rental owner or authorized representative shall

18 (1) provide records preserved under this subsection, to the  
19 department at its office for audit; or

20 (2) pay the cost of an audit conducted by a representative  
21 of the department at the office of the owner.

22 (d) After compliance with this section, all trailers identified  
23 as part of the rental fleet, and currently registered in any state or  
24 in the District of Columbia, may operate in this state.

25 (e) If the department determines that the fleet rental owner or  
26 authorized representative has not registered fleet rental trailers as  
27 required by this section, the department may suspend or revoke a  
28 registration previously issued, and may deny future registration under  
29 (a) of this section, until the owner has complied with this section.

1 If registration under (a) of this section has been suspended, revoked,  
2 or denied, all the owner's fleet rental trailers present in the state  
3 must be registered under applicable state law.

4 (f) A fee or tax paid as a result of registration required under  
5 this section does not satisfy or offset other fees or taxes levied by  
6 the state or a political subdivision in connection with the ownership  
7 or operation of fleet rental trailers.

8 (g) In this section, "fleet" means a fleet of 10 or more rental  
9 trailers that are rented or offered for rent for personal use, not for  
10 the transportation of persons or property for hire or other commercial  
11 use, and includes a boat trailer, baggage trailer, box trailer, utili-  
12 ty trailer, house trailer, or travel trailer.

13 \* Sec. 5. AS 28.10.381 is repealed and reenacted to read:

14 Sec. 28.10.381. FILING A LIEN OR ENCUMBRANCE. (a) A lien or  
15 other encumbrance on a vehicle may be filed by delivering to the  
16 department

17 (1) a manufacturer's certificate of origin or an existing  
18 certificate of title;

19 (2) an application for a new certificate of title, signed  
20 by the registered owner and containing the name and address of any  
21 lienholder and the date of the lienholder's interest;

22 (3) applicable filing fees required by law; and

23 (4) other documents or information required by the depart-  
24 ment.

25 (b) Upon approval of the application, the department shall send  
26 to the person holding a lien or other encumbrance a new certificate of  
27 title which displays the name of the owner and indicates the existence  
28 of the lien or other encumbrance.

29 \* Sec. 6. AS 28.10.421(b) is amended to read:

1 (b) The annual registration fees under this subsection are im-  
2 posed within the following classifications for:

3 (1) a passenger vehicle or motor home not used or main-  
4 tained for the transportation of persons or property for hire or for  
5 other commercial use.....\$35;

6 (2) a pick-up truck or a van not exceeding 6,000 pounds  
7 unladen weight and not used or maintained for the transportation of  
8 persons or property for hire or for other commercial use.....\$40;

9 (3) a taxicab.....\$70;

10 (4) a motor bus with a seating capacity for 20 or more  
11 persons and used exclusively for commercial purposes in the transport-  
12 ing of visitors or tourists.....\$85;

13 (5) a motorcycle or a motor-driven cycle.....\$20;

14 (6) a [TWO- OR FOUR-WHEELED] trailer not used or maintained  
15 for the transportation of persons or property for hire or for other  
16 commercial use, including, but not limited to, a boat trailer, baggage  
17 trailer, box trailer, utility trailer, [OR] house trailer, travel  
18 trailer, or a trailer rented or offered for rent.....\$ 5.

19 \* Sec. 7. AS 28.10.495(a) is amended to read:

20 (a) Upon application by a disabled or medically handicapped  
21 person, or by an organization that transports disabled or medically  
22 handicapped persons, the department shall issue to the applicant,  
23 without charge, a special permit bearing the control number of the  
24 applicant. The permit issued under this section, when displayed in  
25 the front windshield of a parked or standing vehicle, shall provide  
26 for special consideration by the public with respect to the parking or  
27 standing in designated spaces of a vehicle that [WHICH] is being used  
28 for the transportation of a [THE] disabled or medically handicapped  
29 person.

1 \* Sec. 8. AS 28.10.495(b) is amended to read:

2 (b) A person is not entitled to use the special permit provided  
3 for in (a) of this section except when providing transportation for a  
4 [THE] disabled or handicapped person [WITH RESPECT TO WHOM THE PERMIT  
5 WAS ISSUED]. Upon the death of a [THE] disabled or handicapped person  
6 to whom a special permit has been issued, the special permit shall be  
7 returned to the department. If an organization to which a special  
8 permit has been issued ceases transporting disabled or handicapped  
9 persons, or ceases operating, it shall return the special permit to  
10 the department.

11 \* Sec. 9. AS 28.10.181(g) and 28.10.421(d)(6) are repealed.

12 \* Sec. 10. This Act takes effect January 1, 1990.

# STATE OF ALASKA

DEPARTMENT OF PUBLIC SAFETY

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

P.O. BOX N  
JUNEAU, ALASKA 99811-1200  
PHONE: 465-4322

April 12, 1989

The Honorable Rick Uehling  
Co-Chair, Finance Committee  
Alaska State Senate  
P.O. Box V  
Juneau, AK 99811

RE: SB 92 An Act Relating to  
Motor Vehicles

Dear Senator Uehling:

At the hearing in Senate Finance last week regarding SB 92, a bill making several amendments to the motor vehicle laws, committee members expressed concerns regarding the fiscal impact of transferring the responsibility for licensing motor vehicles dealers from the Department of Public Safety to the Department of Commerce and Economic Development, Division of Occupational Licensing. Members of the Administration met this week to discuss those sections of the bill dealing with the registration of motor vehicle dealers. A decision was made not to continue to seek transfer of that function to the Department of Commerce and Economic Development at that time. Rather than raise the motor vehicle dealer fees substantially to make the transfer cost neutral, the program will remain with the Department of Public Safety.

We ask that the committee consider the adoption of a Finance Committee Substitute for SB 92 deleting the sections of the State Affairs Committee Substitute which address the registration of motor vehicle dealers. To do this, sections 1 through 7, 16, and the reference in Section 17 to AS 28.05.011(10) should be deleted.

We apologize for any inconvenience caused to the committee. Mr. Bill Brown, Chief of our Driver Services Section, will

The Honorable Rick Uehling

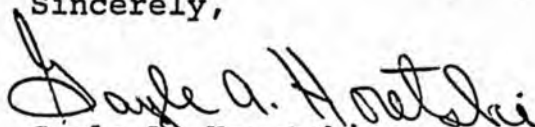
-2-

April 12, 1989

be glad to work with your staff to develop a Finance  
Committee Substitute.

Please let me know if I can provide any further information.

Sincerely,

  
Gayle A. Horetski  
Deputy Commissioner

cc: Shari Kochman  
Legislative Assistant  
Office of the Governor

Linda Wild  
Special Assistant  
Department of Commerce  
and Economic Development

Bill Brown  
Chief, Drivers Services  
Division of Motor Vehicles  
Department of Public Safety

STEVE COWPER  
GOVERNOR



592

STATE OF ALASKA  
| OFFICE OF THE GOVERNOR  
JUNEAU

January 9, 1989

The Honorable Tim Kelly  
President of the Senate  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Senator Kelly:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to motor vehicles and related functions of the Department of Public Safety (DPS) and the Department of Commerce and Economic Development (DCED), which makes a number of needed changes in state law.

The bill contains several provisions that the division of motor vehicles, in DPS, believes will improve its service to the public or streamline its procedures. A section-by-section description of the bill follows.

Sections 1 -- 6 and 13 of the bill would require motor vehicle dealers to register with DCED rather than with DPS. Existing law (AS 08.66.010 -- 08.66.090) requires a dealer in motor vehicles, trailers, or semi-trailers to register with DPS. The dealer is required to pay fees and post a bond. However, the licensing of a business, even one dealing with motor vehicles, is a more appropriate function of DCED. That department has the staff and expertise to provide appropriate clerical and administrative support, in addition to enforcement and compliance personnel. The division of motor vehicles, in DPS, has no enforcement or compliance personnel in this area, and provides only limited clerical support for this program. Transfer of the registration requirement would also be more convenient for the dealers, who already are required to obtain a business license from the Department of Commerce and Economic Development. Transfer of this function would also free up motor vehicles personnel to perform other tasks more directly related to vehicle and operator licensing functions.

Section 7 of the bill provides for the cancellation of identification cards issued under AS 18.65.310. The present law does not authorize DPS to cancel the card if it is later determined that it should not have been issued due to fraud or for some other reason. Identification cards are becoming more and more popular, and fraudulently obtained cards are becoming more common. The department needs statutory authority to cancel those cards under appropriate circumstances. This section also provides for a possible \$100 fine for failure to return a cancelled card to DPS.

Sections 8 and 9 provide for the registration of interstate rental trucks and trailers. Alaska statutes do not address the issue of registration of trucks or trailers involved in an interstate rental business. Before 1984, there was no need for this type of legislation because no company offered this type of service to Alaska. However, in the past five years two major companies have started rental operations in the state. These companies typically offer one-way rentals of both trucks and trailers, and during a typical year the vehicles might operate in a number of different states. The entire rental fleet is very mobile and the vehicles are not based in any one state. The time or miles spent in any state by any particular vehicle would be difficult to calculate, as these vehicles are used in uncontrolled private applications.

Unlike most other states, Alaska does not have a statute that allows registration of this type of vehicle other than on a full commercial vehicle basis. Paying full fees each time a new vehicle comes into the state for a short period would be overly burdensome and could possibly eliminate a valuable commercial service. To avoid this result, the division of motor vehicles has entered into agreements with interstate rental companies to register and pay fees on a fair share of their total fleet. There is no clearly defined authority for these agreements, however, and they are entirely voluntary.

The statutory scheme in this bill is similar to that used in most other states, and would allow a firm engaged in interstate vehicle rental business to register and pay fees in Alaska on a fair proportion of its vehicle fleet.

Section 10 eliminates the requirement that motor vehicle lien documents be filed with the division of motor vehicles. When a person applies for a vehicle title in Alaska, current AS 28.10.381 requires that a copy of the document creating or evidencing a lien be filed with DPS. This requirement serves no useful purpose for the state or the public, and should be eliminated. There is no standard or legal requirement for the format of a lien document, so each one must be reviewed carefully as the vehicle title is processed; this delays processing. The additional document also increases

microfilm costs. If the requirement to submit the lien document were eliminated, the same amount of protection could be afforded to both the public and lienholders by having the lienholder's name and address on the title application serve as evidence of the lien. Applicants are acknowledging the lien by signing the application under penalty of perjury. Most other states are successfully using this system. Adoption of this amendment would free up staff time that could be devoted to other areas.

The amendments in sec. 11 allow for registration of a broader range of non-commercial trailers. Current AS 28.10.421(b) allows only two- and four-wheeled trailers to be registered in the non-commercial category. Travel trailers with six wheels are becoming increasingly common. One-wheel trailers are also still marketed. A common-sense policy dictates that these non-commercial one- and six- (or more) wheeled trailers be registered on the same basis as the two- and four-wheeled trailers.

Section 12 allows the issuance of handicap parking permits to organizations. Current AS 28.10.495 allows issuance of a special permit to a disabled or medically handicapped person. The permit, when displayed in the front windshield of a motor vehicle, allows the use of designated parking spaces. The permit is intended for those handicapped individuals who are transported by others in vehicles that do not have a handicap license plate.

As currently written, the statute only allows issuance of the permit to an individual; however, there are many organizations that transport disabled or handicapped persons. The amendments in sec. 12 authorize the issuance of permits to these organizations, allowing them to use special parking spaces.

Section 14 provides two needed repeals. The first is of AS 28.05.011(10), which relates to D'S registration of motor vehicle, trailer, and semi-trailer dealers. That function is transferred to the Department of Commerce and Economic Development by secs. 1 -- 6 of the bill.

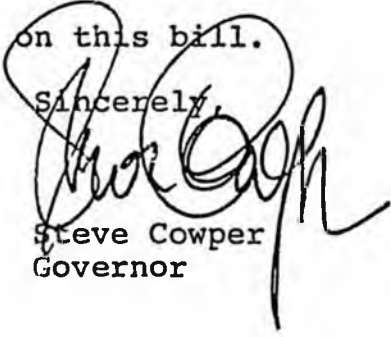
In addition, sec. 14 repeals the current law creating "foreign consul" license plates. AS 28.10.181(g) allows the state to issue special license plates for vehicles owned by a consular office of a foreign government. In Alaska only two consular offices are truly official foreign missions: the Japanese and Korean missions. There are several other "honorary" consuls in the state, however, and consular plates have been issued to them in the past.

The United States Department of State, Office of Foreign Missions, through the Diplomatic Motor Vehicle Office, is now responsible for issuing drivers' licenses, motor vehicle registrations, and license plates to qualified, accredited foreign mission personnel and their family members throughout the country. The State Department has asked Alaska to stop issuing consular plates to "honorary consuls." With the State Department issuing all required driver and motor vehicle licenses for official consular officers, AS 28.10.-181(g) is unnecessary, and should be repealed.

Finally, sec. 15 provides for an effective date of January 1, 1990. Because this bill relates to a large number of functions of the Department of Public Safety, the most convenient effective date is the beginning of the calendar year. This will allow the department time to get needed procedures and forms into place, and to train personnel around the state.

I urge your favorable action on this bill.

Sincerely,



Steve Cowper  
Governor

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: CSSB 92 (SA)  
PUBLISH DATE: 3/9/89

FISCAL NOTE

REQUEST:

Revision Date: 03/09/89  
Title: An Act relating to motor vehicles...  
Sponsor: Senate Rules  
Requestor: Senate State Affairs

Agency Affected: Public Safety  
BRU: Motor Vehicles  
Component: Vehicle Services

EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not included)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	-0-	(1.5)	(3.0)	(3.0)	(3.0)	(3.0)
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	(1.5)	(3.0)	(3.0)	(3.0)	(3.0)

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

GENERAL FUND	-0-	(1.5)	(3.0)	(3.0)	(3.0)	(3.0)
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	(1.5)	(3.0)	(3.0)	(3.0)	(3.0)

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)

This bill contains several provisions that will improve public service and streamline procedures of DMV. Part of the bill includes the transfer of the motor vehicle dealer license program from DMV to Division of Occupational Licensing in the Department of Commerce & Economic Development. A Motor Vehicle Rep III, Range 10, currently spends approximately 3.5 hours per week on this program. 3.5 hours per week equals 1.12 months per year.  $1.12 \times 2,640$  (monthly salary) = \$2,957. With the effective date of January 1, 1990, one-half year funds of what it cost DMV to administer the program are transferred in FY90, and full year funding thereafter.

*JM*  
*3/18/89*

Prepared by: Bill Brown  
Division: Motor Vehicles

Phone: 465-4335  
Date: 03/09/89

Approved by Commissioner: P. A. English  
Agency: Department of Public Safety

Date: 3-9-89

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: SB 92  
PUBLISH DATE: 3/9/89

FISCAL NOTE

REQUEST:

Revision Date: 02/17/89  
Title: An Act relating to motor vehicles...  
Sponsor: Senate Rules  
Requestor: Senate State Affairs

Agency Affected: Public Safety  
BRU: Motor Vehicles  
Component: Vehicle Services

EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not included)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	-0-	(1.5)	(3.0)	(3.0)	(3.0)	(3.0)
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	(1.5)	(3.0)	(3.0)	(3.0)	(3.0)

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

GENERAL FUND	-0-	(1.5)	(3.0)	(3.0)	(3.0)	(3.0)
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	(1.5)	(3.0)	(3.0)	(3.0)	(3.0)

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)

This bill contains several provisions that will improve public service and streamline procedures of DMV. Part of the bill includes the transfer of motor vehicle dealer license program from DMV to Division of Occupational Licensing in the Department of Commerce & Economic Development. A Motor Vehicle Rep III, Range 10, currently spends approximately 3.5 hours per week on this program. 3.5 hours per week equals 1.12 months per year.  $1.12 \times 2,640$  (monthly salary) = \$2,957. with the effective date of January 1, 1990, one-half year funds of what it cost DMV to administer the program are transferred in FY90, and full year funding thereafter.

Prepared by: Bill Brown  
Division: Motor Vehicles

Phone: 465-4335  
Date: 02/17/89

Approved by Commissioner: Arthur English  
Agency: Department of Public Safety

Date: 2-17-89

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: CSSB 92 (SA)  
PUBLISH DATE: 3/28/89

FISCAL NOTE

REQUEST:

Revision Date: March 20, 1989 Agency Affected: Commerce & Econ. Dev.  
Title: An Act relating to motor vehicles and BRU: Occupational Licensing  
functions of the Dept. of Public Safety.  
Sponsor: Rules Committee/Governor Components: Administration  
Requester: Senate State Affairs

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	7.0	13.9	13.9	13.9	13.9
TRAVEL	0	.3	.6	.6	.6	.6
CONTRACTUAL	0	2.0	4.1	4.1	4.1	4.1
SUPPLIES	0	.2	.3	.3	.3	.3
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	9.5	18.9	18.9	18.9	18.9

CAPITAL	0	0	0	0	0	0
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REVENUE	0	5.0	16.2	13.3	13.3	13.3
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FUNDING: (Thousands of dollars)

GENERAL FUND	0	4.5	5.6	5.6	5.6	5.6
FEDERAL FUNDS						
OTHER (GF/PR)	0	5.0	13.3	13.3	13.3	13.3
TOTAL	0	9.5	18.9	18.9	18.9	18.9

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.)

See attached explanation.

Prepared by: Jennifer Strickler, Administrative Officer  
Division: Occupational Licensing

Phone: 465-2144  
Date: 3/28/89

Approved by Commissioner: Larry Mercutreff, Commissioner  
Agency: Dept of Commerce & Economic Development

Phone: 465-2500  
Date: 3/28/89

Distribution (by preparer):

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

ANALYSIS:

\*Expenditures: The transfer of the motor vehicle dealer license program to the Division of Occupational Licensing is being made without the transfer of any personnel from the Division of Motor Vehicles, Department of Public Safety, to support the transfer and therefore requires this fiscal note. The Division of Motor Vehicles is reducing its personal services costs by \$1.5 in FY 90 and \$3.0 thereafter to assist in the defrayment of the cost of running the dealership licensing program. See fiscal note provided by the Department of Public Safety.

This fiscal note is based on the assumption that once the program is placed in Occupational Licensing, the program will be responsible for a portion of the administrative costs of the division. Information obtained regarding the motor vehicle dealer license program indicates that there are approximately 650 licensees; however, many are inactive. This fiscal note is therefore based on 265 current licensees, as provided by the Division of Motor Vehicles. Based on 265 licensees, motor vehicle dealers will be responsible to cover .097% of the division's administrative costs in FY 90. The .097% is derived by dividing the anticipated number of licensees (265) by the total number of licensees (27,210), not including business licensing. Only half of the anticipated costs are shown for FY 90 since transfer of the motor vehicle dealer license program is not expected to occur until January 1, 1990.

\*\*Revenues: In FY 90, approximately 50 motor vehicle dealer licensees are anticipated to renew their biennial license. Based on a biennial license/renewal fee of \$100, revenues collected will total \$5.0 (50 x \$100) in the first year. This will require \$4.5 to be supplemented by the general fund (\$9.5 in expenses minus \$5.0 in revenue).

In FY 91, the division will renew half of the remaining 215 licensees for a one year period only, to place the program on a staggered renewal schedule, and half for two years.

Beginning in FY 92, the entire program will be on a staggered renewal schedule whereby half of the licensees will renew their biennial license each year.

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: SB 92  
PUBLISH DATE: 3/9/89

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Commerce & Econ. Dev.  
Title: An Act relating to motor vehicles and functions of the Dept. of Public Safety. BRU: Occupational Licensing  
Sponsor: Rules Committee Components: Administration  
Requester: Governor

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	7.0	13.9	13.9	13.9	13.9
TRAVEL	0	.3	.6	.6	.6	.6
CONTRACTUAL	0	2.0	4.1	4.1	4.1	4.1
SUPPLIES	0	.2	.3	.3	.3	.3
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	9.5	18.9	18.9	18.9	18.9

CAPITAL	0	0	0	0	0	0
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REVENUE	0	2.5	5.4	13.3	0	13.3
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FUNDING: (Thousands of dollars)

GENERAL FUND	0	7.0	13.5	5.6	18.9	5.6
FEDERAL FUNDS						
OTHER (GF/PR)	0	2.5	5.4	13.3	0	13.3
TOTAL	0	9.5	18.9	18.9	18.9	18.9

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)

See attached for explanation.

\*Revenues are based on numbers provided by the Division of Motor Vehicles.

Prepared by: Jennifer Strickler, Administrative Officer Phone: 465-2144  
Division: Occupational Licensing Date: March 7, 1989

Approved by Commissioner: Larry Mercurieff, Commissioner Phone: 465-2500  
Agency: Dept. of Commerce & Economic Development Date: 3/7/89

Distribution (by preparer):

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

ANALYSIS:

\*Expenditures: The transfer of the motor vehicle dealer license program to the Division of Occupational Licensing is being made without the transfer of any personnel from the Division of Motor Vehicles, Department of Public Safety, to support the transfer and therefore requires this fiscal note. The Division of Motor Vehicles is apparently transferring \$3.0 in personal services to assist in the defrayment of the cost of running the dealership licensing program.

This fiscal note is based on the assumption that once the program is placed in Occupational Licensing, the program will be responsible for a portion of the administrative costs of the division. Information obtained regarding the motor vehicle dealer license program indicates that there are approximately 650 licensees; however, many are inactive. This fiscal note is therefore based on 265 current licensees, as provided by the Division of Motor Vehicles. Based on 265 licensees, motor vehicle dealers will be responsible to cover .097% of the division's administrative costs in FY 90. The .097% is derived by dividing the anticipated number of licensees (265) by the total number of licensees (27,210), not including business licensing. Only half of the anticipated costs are shown for FY 90 since transfer of the motor vehicle dealer license program is not expected to occur until January 1, 1990.

\*Revenues: In FY 90, approximately 50 motor vehicle dealer licensees are anticipated to renew their biennial license. Based on a biennial license/renewal fee of \$50, revenues collected will total \$2.5 (50 x \$50) in the first year. This will require \$7.0 to be supplemented by general funds.

In FY 91, the division will renew the remaining 215 licensees for a one year period only, in order to place all motor vehicle dealer renewals on the same biennial cycle, to parallel the biennial renewal scheme followed by all other licensing areas administered by the division. Therefore, 215 licensees are expected to be renewed for one year (215 x \$25), totaling \$5.4. FY 91 will require a general fund supplemental of \$13.5.

Effective in FY 92, all licensees will be placed on the same biennial renewal cycle. The 265 licensees to be renewed in FY 92 is anticipated to generate \$13.3 in licensing fees (265 x \$50). This year will require a general fund supplemental of \$5.6.

During the nonrenewal years, the program must be supplemented entirely by general funds.

Licensing fees will have to be reassessed for possible increase in order for the program to be supported by its fees. An increase in the licensing fee to \$100 every two years will cover the expense of the program and not require a general fund appropriation.

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SENATE COMMITTEE REPORT

FURTHER

2/2/89  
Mr. President:

DATE TURNED INTO OFFICE 4/7/89

FINANCE

Committee considered SB 93

relating to workers' compensation benefits for members of the state's organized militia; efd and recommended

replace with \_\_\_\_\_ CS SB 93 (Fix) )  same title  
 or adopt \_\_\_\_\_ CS \_\_\_\_\_ )  new title  
 attached amendment(s) and  technical title change (HB only)  
 \_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

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

FISCAL NOTE(S)  zero  <sup>DM+VA 2.4</sup> fiscal impact  appropriation no FN  
3  new <sub>BOA labor</sub>  updated  previous  
 same as previous fiscal note(s) published \_\_\_\_\_

MEMBERS SIGNING DO PASS

*[Handwritten signatures]*

OTHER RECOMMENDATIONS

*[Handwritten notes: "No Rec", "no rec", "no rec"]*

*[Handwritten signature: "Rich Cleary Co-CHAIR"]*  
Chairman signature and recommendation

Committee Backup attached

*[Handwritten note: "Do-PASS"]*

FISCAL NOTE

REQUEST:

Revision Date: March 24, 1989  
 Title: An Act relating to workers comp benefits for members of the org militia  
 Sponsor: Rules Committee (Governor)  
 Requestor: Senate Finance  
 Agency Affected: Military & Veterans Affairs  
 BRU: Alaska National Guard  
 Components: Office of the Adjutant General

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL		2.4	3.1	4.0	5.3	6.8
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		2.4	3.1	4.0	5.3	6.8

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND		2.4	3.1	4.0	5.3	6.8
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Amounts budgeted by this fiscal note will be transferred by RSA to the Division of Risk Management to pay for additional insurance coverage created by this bill. See attached analysis.

Prepared by: Jeff Morrison Phone: 465-4600  
 Division: Administrative & Support Services, DMVA Date: 3/24/89

Approved by Commissioner: for J Morrison Date: 3/24/89  
MG John Schaeffer  
 Agency: Department of Military & Veterans Affairs

Distribution (by preparer):

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

Attachment to fiscal note for "An Act relating to worker's compensation benefits for members of the state's organized militia, and providing for an effective date."

This act expands workers compensation coverage to members of the Alaska State Militia (State Defense Force). Premiums for workers compensation coverage are calculated by multiplying the total payroll covered by the specific rate for the type of work being performed. Members of the ASM serve without pay for their training, which consists of two days per month, for a total of 24 days per year. Under the bill, the earnings of a member of the ASM are presumed to be the same as they would be if the ASM member held the same grade or rank as a member of the U.S. Armed Forces. Under this assumption, the total covered payroll of the ASM amounts to about \$10,000 per day. For the 24 days of drill per year, the total payroll covered is about \$240,000. During drills, members of the ASM train in an office setting. The rate for workers compensation for office workers is approximately 1% of the total payroll. At an assumed total payroll of \$240,000, and a premium rate of 1%, the total annual premium due to the Division of Risk Management is \$2,400.

FY91 and beyond: Recent workers compensation loss history documented by the Division of Risk Management shows a growth rate in risk management costs of about 30% per year. This growth rate is applied to the total first year expense of \$2,400, to project the likely cost of this legislation for the years following FY90.

Prepared by: Jeff Morrison, Director  
Administrative and Support Services Division  
Department of Military and Veterans Affairs  
465-4600

7/6 3PC 4-7-89

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSIC CSSB 93 (Fin)  
PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Labor  
Title: "An Act relating to workers' compensation benefits for state's militia..." BRU: Workers' Compensation  
Sponsor: Rules Committee Components: \_\_\_\_\_  
Requestor: Senate Finance Workers' Compensation

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Jacquelyn McClintock Phone: 465-2790  
Division: Workers' Compensation Date: 3/24/89

Approved by Commissioner: Jim Sampson Date: 3/24/89  
Agency: Department of Labor

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

R/0 3FC 4-7-89

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

Bill Version: CS SB 93 (FIN)  
Publish Date: \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Department of Administration  
Title: An Act relating to workers' compensation benefits for member of ASM BRU: Division of Risk Management  
Sponsor: Rules Committee Components: \_\_\_\_\_  
Requestor: Governor

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
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 & STRUCTURE	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

The fiscal impact is difficult to project given that it will only affect future claims of a small number of employees. The Division of Risk Management would increase cost of insurance allocations to the Department of Military and Veterans Affairs by \$2.4 in FY 90. However, since this additional exposure represents only a very small portion of total State exposures, it is unlikely that total cost of risk to the State would be immediately affected.

Prepared By: Don Hitchcock, Director Phone: 465- 2180  
Division: Risk Management Date: 4/9/89  
Approved by Commissioner: John M. Andrews Date: 4/10/89  
Agency: Department of Administration

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

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APR 11 1989

R/O SFC 4-7-89

DEPARTMENT OF LAW

**DRAFT**

# 1cb  
(CORRECTED)

DATE: 3/22/89

BOOKPROOFED: ✓

APPROVED: \_\_\_\_\_

1 IN THE SENATE BY THE FINANCE COMMITTEE  
 2 COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 93 (*Finance*)  
 3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
 4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to workers' compensation benefits  
 7 for members of the state's organized militia; and  
 8 providing for an effective date."

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

10 \* Section 1. AS 26.05.260(d) is amended to read:

11 (d) A member of the organized militia [ALASKA NATIONAL GUARD OR  
 12 ALASKA NAVAL MILITIA] who, while performing duties [ON ACTIVE SERVICE]  
 13 under AS 26.05.070 [AND LAWFULLY PERFORMING DUTIES], including transit  
 14 to and from the member's home of record, suffers an injury or [A]  
 15 disability in the line of duty is entitled to all compensation and  
 16 benefits available under the Alaska Workers' Compensation Act  
 17 (AS 23.30).

18 \* Sec. 2. AS 26.05.260(e) is amended to read:

19 (e) If a member of the organized militia [ALASKA NATIONAL GUARD  
 20 OR ALASKA NAVAL MILITIA] dies as a result of an injury or [A] disabil-  
 21 ity suffered in the line of duty while performing duties [ON ACTIVE  
 22 SERVICE] under AS 26.05.070 [AND WHILE LAWFULLY PERFORMING DUTIES],  
 23 including transit to and from the member's home of record, death  
 24 benefits shall be paid to the persons in the amounts specified in  
 25 AS 23.30.215.

26 \* Sec. 3. AS 26.05.260(h) is amended to read:

27 (h) In this section, "member" means an active commissioned or  
 28 warrant officer or enlisted man or woman in the organized militia  
 29 [ALASKA NATIONAL GUARD OR ALASKA NAVAL MILITIA].

**DRAFT**

# \_\_\_\_\_

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\* Sec. 4. AS 26.05.260 is amended by adding a new subsection to read:

(i) For purposes of computation of benefits under AS 23.30, the earnings of a member of the organized militia will be presumed to be no less than the pay and allowances authorized for a member of the regular armed forces of the United States in the same grade or rank as the organized militia member at the time of the injury or death.

\* Sec. 5. This Act takes effect July 1, 1989.

# **CORRECTION**

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

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