

Leg. Finance-House & Senate Finance Comte Files (1991-1992) 761

HB 264

HOUSE COMMITTEE REPORT

Carol

(11)

Date Referred: February 18, 1992

FURTHER REFERRALS:

Date of Committee Action: 4/23/92

The FINANCE Committee considered:

HB 264

HOUSE BILL NO. 264

RESPONSE FUND: USE FOR TANK PROGRAMS

"An Act amending the purposes for which money in the oil and hazardous substance release response fund may be expended; and providing for an effective date."

RECOMMENDATIONS:

be replaced with CSHB 264 (Fin) the same title a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal impact _____

fiscal note(s) DEC 2/18/92

zero fiscal note _____

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Mike Sproun</i> Navarre	<input checked="" type="checkbox"/>	<i>Demora Barnes</i> Barnes	<input checked="" type="checkbox"/>		
<i>Kay Brown</i> Brown	<input checked="" type="checkbox"/>	<i>R. Phillips</i> R. Phillips			
<i>Harold</i> KODONEN	<input checked="" type="checkbox"/>	<i>Ronald J. Larsen</i> Larsen			<input checked="" type="checkbox"/>
<i>Bob Sharp</i> Sharp	<input checked="" type="checkbox"/>	<i>J. Ulmer</i> Ulmer		<input checked="" type="checkbox"/>	
		<i>Eileen P. Meehan</i> Meehan	<input checked="" type="checkbox"/>		<i>need to send</i>

Mike Sproun E P Meehan
CHAIRMAN'S SIGNATURE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Bill Version: CSHB 264 (RES)
(H) Publish Date: 2/18/92

Revision Date: _____
Title: Using OHSRRF for USG Program

Department Affected: Environmental Conservation
BRU: Spill Prevention and Response
Component: Storage Tank Assistance Program

Sponsor: (H) Finance
Requestor: (H) Resources

COMPONENT SERIAL NO.	1	6	2	3
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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
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						
FUND SOURCE:						

FUNDING: (Thousands of Dollars)

GENERAL FUND	(6,024.9)					
FEDERAL FUNDS						
OTHER FUND SOURCE: 1052	6,024.9	6,024.9	6,024.9	6,024.9	0.0	0.0
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

The committee substitute would provide funding for UST grants from the OHSRRF through the end of FY 96, at which time the authority would expire.

Prepared By: Janice Adair Phone: 465-5050
Division: Commissioner's Office Date: February 12, 1992
Approved by Commissioner: Janice Adair for John Sandor
Agency: Department of Environmental Conservation Date: 2/14/92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, CMB, DBR, Gov. Legm. Ofc., & Impacted Agency(ies).

Rev 10/7/91

COMMITTEE COPY

Page ___ of ___

CS FOR HOUSE BILL NO. 264 (FINANCE)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): HOUSE FINANCE COMMITTEE

A BILL
FOR AN ACT ENTITLED

1 "An Act authorizing use of the oil and hazardous substance release response fund for
2 certain activities related to the underground petroleum storage tank program, and
3 terminating that authorization; and providing for an effective date."

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

5 * Section 1. PURPOSE. The primary purpose of secs. 2, 4, 6, 7, 8, 11, and 12 of this Act is to
6 provide a mechanism

7 (1) that the United States Environmental Protection Agency can find to be a sure and
8 consistent source of money for providing state assurance to meet a portion of the federal financial
9 responsibility requirements for owners and operators of underground petroleum storage tanks; and

10 (2) to provide those owners and operators with financial assistance to upgrade
11 underground petroleum storage tanks so that the owner or operator can obtain private insurance to meet
12 federal financial responsibility requirements.

13 * Sec. 2. AS 46.03.420(h) is amended to read:

14 (h) This section does not affect the liability under state or federal law of any person, or

1 other entity that receives assistance under this section, for the costs of risk management,
2 containment, corrective action, and cleanup resulting from a release of petroleum. However,
3 notwithstanding the provisions of AS 46.08.070(a)(1) [AS 46.08.070(a)], the department may not
4 seek reimbursement of a grant made under this section unless the department determines that the
5 grant was requested under false pretenses or that other circumstances render the grant inconsistent
6 with this section or with applicable regulations. This section does not affect the authority of the
7 department to seek recovery from the owner or operator of costs other than grants and loans
8 actually made to an owner or operator under this section.

9 * Sec. 3. AS 46.03.420(h) is amended to read:

10 (h) This section does not affect the liability under state or federal law of any person, or
11 other entity that receives assistance under this section, for the costs of risk management,
12 containment, corrective action, and cleanup resulting from a release of petroleum. However,
13 notwithstanding the provisions of AS 46.08.070(a) [AS 46.08.070(a)(1)], the department may not
14 seek reimbursement of a grant made under this section unless the department determines that the
15 grant was requested under false pretenses or that other circumstances render the grant inconsistent
16 with this section or with applicable regulations. This section does not affect the authority of the
17 department to seek recovery from the owner or operator of costs other than grants and loans
18 actually made to an owner or operator under this section.

19 * Sec. 4. AS 46.08.010(c) is amended to read:

20 (c) The fund shall be used for actual expenses incurred under AS 46.08.040. Except as
21 provided in AS 46.08.040(a)(8) and (d)(2) [AS 46.08.040(d)(2)], the fund may not be used for
22 capital improvements.

23 * Sec. 5. AS 46.08.010(c) is amended to read:

24 (c) The fund shall be used for actual expenses incurred under AS 46.08.040. Except as
25 provided in AS 46.08.040(d)(2) [AS 46.08.040(a)(8) AND (d)(2)], the fund may not be used for
26 capital improvements.

27 * Sec. 6. AS 46.08.040(a) is amended to read:

28 (a) In addition to money in the fund that is transferred to the commissioner of community
29 and regional affairs to make grants under AS 29.60.510 and to pay for impact assessments under
30 AS 29.60.560, the commissioner of environmental conservation may use money from the fund
31 to

1 (1) investigate and evaluate the release or threatened release of oil or a hazardous
2 substance, and contain, clean up, and take other necessary action, such as monitoring and
3 assessing, to address a release or threatened release of oil or a hazardous substance that poses
4 an imminent and substantial threat to the public health or welfare, or to the environment;

5 (2) pay all costs incurred to

6 (A) establish and maintain the oil and hazardous substance response office;

7 (B) review oil discharge prevention and contingency plans submitted under
8 AS 46.04.030;

9 (C) conduct training, response exercises, inspections, and tests, in order
10 to verify equipment inventories and ability to prevent and respond to oil and hazardous
11 substance release emergencies, and to undertake other activities intended to verify or
12 establish the preparedness of the state, a municipality, or a party required by
13 AS 46.04.030 to have an approved contingency plan to act in accordance with that plan;
14 and

15 (D) verify or establish proof of financial responsibility required by
16 AS 46.04.040;

17 (3) pay the expenses incurred by the Alaska division of emergency services for
18 the oil and hazardous substance response corps and the oil and hazardous substance response
19 depots when presented with appropriate documentation by the division;

20 (4) provide matching funds for participation in federal oil discharge cleanup
21 activities and under 42 U.S.C. 9601 - 9657 (Comprehensive Environmental Response,
22 Compensation, and Liability Act of 1980);

23 (5) recover the costs to the state, a municipality, or a village of a containment and
24 cleanup resulting from the release or the threatened release of oil or a hazardous substance;

25 (6) prepare, review, and revise

26 (A) the state's master oil and hazardous substance discharge prevention
27 and contingency plan required by AS 46.04.200; and

28 (B) a regional master oil and hazardous substance discharge prevention
29 and contingency plan required by AS 46.04.210; [AND]

30 (7) restore the environment by addressing the effects of an oil or hazardous
31 substance release;

1 (8) pay for the grants and loans described in AS 46.03.410(b)(2) and (3); and

2 (9) pay the costs of enforcement of AS 46.03.360 - 46.03.450.

3 * Sec. 7. AS 46.08.040(c) is amended to read:

4 (c) Notwithstanding other provisions of this section, money from the fund may not be
5 used for a purpose specified in (a)(2) - (9) [(a)(2) - (7)] and (d)(2) of this section unless money
6 is available from an appropriation made specifically for that purpose.

7 * Sec. 8. AS 46.08.070(a) is amended to read:

8 (a) The commissioner

9 (1) shall seek reimbursement promptly under this section, AS 46.03.760(e), or
10 federal law for the cost incurred in the cleanup or containment of oil or a hazardous substance
11 that has been released;

12 (2) is not required to seek reimbursement under this section, AS 46.03.760(e),
13 or federal law of money spent for a purpose for which an expenditure of money from the
14 fund is authorized by AS 46.08.040(a)(8) if the commissioner finds that

15 (A) the owner or operator of an underground petroleum storage tank
16 system has been in compliance with all state and federal laws applicable to
17 underground petroleum storage tank systems and releases from them, including
18 notification and registration laws, but excluding financial responsibility
19 requirements; and

20 (B) the grant or loan made under AS 46.03.410(b)(2) or (3) was not
21 made to correct an underground storage tank release attributable to the owner's or
22 operator's gross negligence, recklessness, or intentional conduct.

23 * Sec. 9. AS 46.08.040(a)(8) and 46.08.070(a)(2) are repealed.

24 * Sec. 10. RETROACTIVITY. AS 46.08.040(a)(8) and (9), added by sec. 6 of this Act, and sec. 11
25 of this Act are retroactive to September 5, 1990.

26 * Sec. 11. USE OF MONEY IN THE OIL AND HAZARDOUS SUBSTANCE RELEASE
27 RESPONSE FUND. Notwithstanding the limitations of AS 46.08.040, the commissioner of
28 environmental conservation may use money in the oil and hazardous substance release response fund
29 (AS 46.08.010) to pay the expenses incurred under the underground petroleum storage tank system
30 reimbursement program authorized by sec. 7, ch. 96, SLA 1990.

31 * Sec. 12. Section 11 of this Act applies to reimbursement payments payable to tank owners and

1 operators under sec. 7, ch. 96, SLA 1990, on and after September 5, 1990.

2 * Sec. 13. Sections 1, 2, 4, 6 - 8, and 10 - 12 of this Act take effect immediately under
3 AS 01.10.070(c).

4 * Sec. 14. Sections 3, 5, and 9 of this Act take effect July 1, 1996.

Adopted

AMENDMENT

TO CS HB 264 (Res)

Page 4, line 31:

after "payable" insert:

"to tank owners and operators"

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

P.O. BOX 5
JUNEAU, ALASKA 99811-0400
PHONE: (907) 465-2300
TELEFAX: (907) 465-2389

January 7, 1992

The Honorable Cliff Davidson
 The Honorable Kay Brown
 Alaska House of Representatives
 P.O. Box V
 Juneau, AK 99811

Dear Representatives Davidson and Brown:

The primary continuing source of revenue for the Oil and Hazardous Substance Response Release Fund or "470 Fund," comes from the Conservation Surcharge on Oil Production (AS 43.55.200). This \$.05/bbl charge is levied on all oil production in the State exclusive of State and federal royalty production.

The surcharge is in effect as long as the balance in the "470 Fund" is below \$50 million. At current rates of production the nickel per barrel assessment can generate roughly \$25 million per year. The forecast prepared for this revenue source assumes that the revenues will be spent as they come in so that the fund never reaches its \$50 million cap.

Projected revenues from 43.55.200 are contained in the following table taken from the Department of Revenue Fall 1991 Revenue Sources Book.

Projected Revenues from the Oil Conservation Surcharge
 (Million \$)

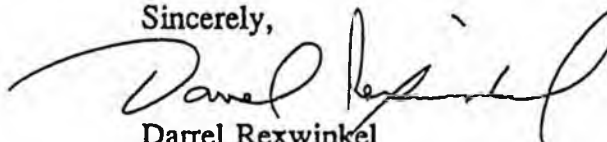
<u>Fiscal</u> <u>Year</u>	<u>Low</u>	<u>Mid</u>	<u>High</u>
1992	28.3	28.3	28.3
1993	26.7	26.7	26.7
1994	26.5	26.5	26.5
1995	25.7	26.0	26.0
1996	24.6	24.8	25.4
1997	22.5	22.7	23.6
1998	20.6	20.6	22.0
1999	18.0	18.1	20.6
2000	15.9	16.1	18.6
2001	14.1	14.3	16.7
2002	12.7	13.1	15.7
2003	11.3	11.7	14.4
2004	10.2	10.5	16.2
2005	9.1	9.4	16.0

The Honorable Cliff Davidson
The Honorable Kay Brown
January 7, 1991
Page 2

The difference in the above scenarios is directly related to the higher rates of production assumed for the higher price scenarios. Our production forecast is specifically designed to be sensitive to oil prices. The forecast model uses a standard capital investment decision method which compares the costs of producing an oil field with the revenues. Costs, which are determined by the amount of production that is obtained for a given level of investment, are compared to the value of that production. The logic is simply that the higher the oil prices are, the more attractive investments in marginal projects become. (Marginal projects are those investments which result in few barrels for every dollar expended.) For instance, under the low price scenario which assumes oil prices never get above an inflation adjusted \$15/bbl, West Sak cannot be produced at a profit.

If you have further questions about these matters please call me or Chuck Logsdon (277-5627, ext. 265).

Sincerely,



Darrel Rexwinkel
Acting Commissioner

DR/CL/mem
92-002

cc: Paul Fuhs, Legislative Liaison
Office of the Governor
Chuck Logsdon, Oil & Gas Audit Division
Department of Revenue

HB 264

FY 93 RESPONSE FUND REVENUE PROJECTION
(IN THOUSANDS)

58 260

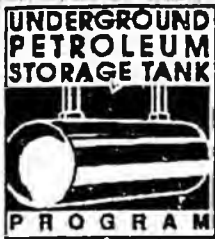
248-4716

Unobligated Balance of FY92 Spill Reserve Allocation	12,400.0
Response Fund Balance Not Previously Allocated	5,093.4
Unappropriated Balance of the Mitigation Account	4,262.8
Available Monies from .05/bbl Surcharge	27,600.0
Exxon Valdez Litigation Cost Recovery	3,954.1
Exxon Valdez Receipts*	15,350.0
Total	68,660.3

FY 93 PROPOSED RESPONSE FUND ALLOCATIONS

State and Regional Contingency Planning	688.2
Spill, Prevention, Response, Planning, Safety, Cleanup and Cost Recovery	4,877.8
State Emergency Response Commission	538.1
Local Emergency Planning Committees	1,200.0
Spill Response Office	2,060.5
Depots and Corps	5,000.0
Hazardous Substance Spill Technology Review Council	711.9
Site Investigation, Safety, Cleanup and Cost Recovery	2,726.1
Kenai Cleanup Project	717.2
Exxon Valdez Cleanup*	350.0
Exxon Valdez Litigation	2,968.0
Exxon Valdez Restoration*	15,000.0
Citizen's Oversight Council on Oil & Other Hazardous Substances	237.3
Oil Response Ferry - Alaska Marine Highway	7,000.0
Total	44,075.1
Spill Reserve	24,585.2

*These funds would only be spent on activities where costs can be recovered under the Exxon settlement agreement. This allocation is intended to serve as the authority for these activities.



Board of Storage Tank Assistance

P.O. BOX "O"
JUNEAU, AK
99811-1800
(907) 465-2110

Walter J. Hickel, Governor

POSITION PAPER

IN SUPPORT OF:

House Bill No. 264 (HB264)
By the House Finance Committee

SUBJECT:

"An Act amending the purposes for which money in the oil and hazardous substance release response fund may be expended; and providing for an effective date"

The public members of the Board of Storage Tank Assistance support House Bill Number 264 amending the oil and hazardous substance release response fund. The new state underground storage tank program has been implemented to assist owners and operators determine the extent and subsequently clean up contamination resulting from underground petroleum storage tanks, to close out their tanks properly if necessary and to upgrade existing tanks to new performance standards that will prevent future leaks. A considerable amount of time, effort and funds will need to be invested to assess, cleanup and upgrade these tanks to protect the public health and environment and keep Alaska's small business tank owners and operators in business. It is also important to provide sufficient funding for underground petroleum storage tank owners and operators to adequately clean up their sites to become insurable to satisfy the EPA's financial responsibility requirements.

The financial assistance programs established by the original enabling legislation (HB 220) are (1) reimbursements for a portion of the costs to conduct a tank tightness test or a site assessment, (2) grants for a portion of the costs of either upgrading (including replacing) or closing (including removing) a pre-1988 tank, (3) grants and loans for the cost of cleanup associated with a release from an underground petroleum storage tank and (4) reimbursement for upgrading, closing, or cleanup of an UST done after the effective date of the EPA regulations (December 22, 1988) and before the effective date of HB 220 (September 5, 1990).

At the present time the grant requests far exceed the available funds. Concerns for continued appropriations from the general fund have prompted a need for identifying an alternative funding source for this program. The state underground petroleum storage tank program is based on providing technical, educational, and financial assistance to Alaska's underground tank owners. It is imperative that a secure funding source be in place to address the intent and purpose of that program. House Bill 264 provides assurance that the original intent and purpose of HB 220 will be realized.

Dated: April 30, 1991

For and on behalf of the
BOARD OF STORAGE TANK ASSISTANCE,


John C. Barnett, Executive Director



Board of Storage Tank Assistance

410 WILLOUGHBY AVENUE
JUNEAU, ALASKA 99801
(907) 465-5200
FAX (907) 465-5218

Walter J. Hickel, Governor

ALASKA UNDERGROUND STORAGE TANK PROGRAM

Introduction

On June 7, 1990, former Governor Cowper signed into law, HB 220. This comprehensive legislation had been introduced in 1989 in response to a new EPA mandate to protect the nation's groundwater from contamination or potential contamination from large, generally non-residential underground storage tanks. The bill sets performance standards for both new and existing installations, mandates reporting and corrective action when leaks occur and directs owners to demonstrate their ability to respond financially to such an event. An underground storage tank is defined as a tank system, including its piping, that has at least 10 percent of its volume underground.

Federal Law

Nationwide, several million UST's contain petroleum or hazardous substances. According to EPA estimates, tens of thousands of these tanks, including their associated piping, are leaking. Leaks from UST's are nearly impossible to detect without special equipment. Groundwater is particularly threatened by contamination from them and a majority of the country depends on groundwater as a source of drinking water. Thus, Congress passed the Hazardous and Solid Waste Amendments to the Resource Conservation and Recovery Act (RCRA). These amendments in part require the EPA to regulate underground storage tanks containing petroleum or a hazardous substance as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA).

The EPA was directed to develop regulations for design, construction, and installation of new tanks as well as the addition of leak detection, corrosion prevention and spill and overflow protection to existing tanks. Congress also mandated that all UST owners, except state and federal governments, be able to demonstrate specific levels of financial responsibility for corrective action and cleanup associated with releases from their UST's, including third party loss and bodily injury. Certain tank systems are specifically excluded from federal law. The most common exemptions are 1) farm or residential tanks of 1,100 gallons or less capacity storing motor fuels for noncommercial purposes; and 2) tanks storing heating oil for consumptive use on the premises where stored. The EPA regulations went into effect on December 22, 1988. Tanks installed on or before that date are considered "existing tanks" and those installed after December 22, 1988 are considered new installations. New installations are to meet the performance standards set out in the regulations at the time of installation. Existing tanks are allowed to phase in these higher standards over a ten year period. The financial responsibility requirements were phased in for all tank owners, according to the type of owner and the number of tanks owned. Most tank owners will be required to demonstrate \$1 million of financial responsibility per occurrence and \$2 million aggregate.

State Law

It was primarily because of the Federal financial responsibility requirements that the Underground Storage Tank bill, HB 220, was introduced. Failure to meet the federal financial responsibility requirement could result in daily fines of up to \$10,000. Most businesses covered by the EPA's UST regulations are small, "Mom-and-Pop" businesses who cannot afford to meet the financial responsibility requirements, pay the fine or clean up contaminated sites.

ADEC estimates that of the 4,545 tanks that are in the ground in Alaska, there are 3,032 privately owned UST's in Alaska, of which approximately 2,700 are owned by small, independent companies. During the legislative process, the EPA told lawmakers that federal budget cutbacks would prevent the agency from providing owners with technical assistance for complying with the new performance requirements. Rather, they would establish an enforcement program only. As with the financial responsibility requirements, failure to meet the performance standards when due could also result in \$10,000 daily fines.

Board of Storage Tank Assistance

The bill established a seven-member Board of Storage Tank Assistance. The commissioners of the departments of Environmental Conservation and Transportation and Public Facilities are the government members. Each of the five public members are required to have special knowledge in the UST field. There is a registered engineer, a general contractor, a person from the insurance industry, a owner of more than 10 tanks, and an owner of 10 or less tanks. Members will serve staggered 4 year terms and the Board is scheduled to sunset on June 30, 1996. Former-Governor Cowper appointed the board members on September 5, the effective date of the legislation.

The Board was responsible for writing the regulations dealing with the financial assistance programs. The department is to implement the regulations. The Board is to resolve any disputes between the department and owners or operators of USTs relating to cleanup activities. The Board was directed to write jointly with the department any regulations as to acceptable methodologies for testing, containment and cleanup of corrective action of UST sites. The department was to consult with the Board before adopting any regulations on cleanup standards, i.e. the level of a contaminant that is allowed to remain in the soil or groundwater after cleanup.

State UST Regulations

The UST regulations cover the following general topics: Article 1, Underground Storage Tanks, sets out the registration requirements, performance standards, methodology for conducting a site assessment and reporting of releases; Article 2, Corrective Action for Leaking Underground Storage Tanks, covers investigation of a release or suspected release and the requirements for corrective action; Article 3, Cleanup Standards sets out the cleanup levels for soil and groundwater; Article 4, Certification of Storage Tank Workers, establishes the program for certifying those people who supervise the various aspects of UST installation, closure and testing; and Article 5, Storage Tank Assistance Fund, sets up the operation of the four different financial assistance programs created in HB 220. Article 9 contains the General Provisions and definitions.

The UST Financial Assistance Programs

(1) TANK TIGHTNESS TESTING AND SITE ASSESSMENT INCENTIVE PROGRAM:

Reimbursement for up to 50% of the eligible costs to conduct a tank tightness test or a site assessment. This work must be completed within one year of registration in order to be considered for reimbursement. Limited to \$300 per tank up to \$1200 per facility for tightness tests and \$800 per tank and \$3200 per facility for site assessments.

(2) UPGRADE AND CLOSURE GRANT PROGRAM: Grants for 60%, up to \$60,000, for the costs of either upgrading (including replacing) or closing (including removing) a pre-1988 UST. Upgrading an UST would include adding leak detection, spill and overfill prevention, or cathodic protection. This money will be available to owners and operators either as an upfront grant or as a reimbursement for work done prior to application. All work must meet the performance standards set out in Article 1 in order to qualify.

(3) CLEANUP GRANT AND LOAN PROGRAM: Grants for 90% up to \$1 million per occurrence for the cost of cleanup associated with a release from an UST. The owner is responsible for 10% of the cost up to a maximum of \$25,000. That amount may be loaned to him at no interest. The regulations propose that it be repaid to the state within 5 years.

(4) RETROACTIVE REIMBURSEMENT PROGRAM: Reimbursement for upgrading, closing, or cleanup of an UST done after the effective date of the EPA regulations (December 22, 1988) and before the effective date of HB 220 (September 5, 1990) may be applied for on or before March 5, 1991. Amounts are limited to 60% of upgrading or closing, 90% of cleanup, to a dollar maximum of \$200,000 per owner and operator.

FOR ADDITIONAL INFORMATION CALL
1-800-478-4974 (IN ALASKA)



Alaska State Legislature

HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

POUCH V
JUNEAU, ALASKA 99811
(907) 485-3718

18 May 1991

Ms. Dana Rasmussen, Regional Administrator
Environmental Protection Agency
1200 Sixth Avenue
Seattle, Washington 98101

Dear Ms. Rasmussen,

The purpose of this letter is to provide you with an update on legislative efforts related to development of the state's underground storage tank program.

As you are aware, the Alaska Legislature and the Alaska Department of Environmental Conservation have made good faith efforts and achieved substantial progress toward addressing the problem of leaking underground storage tanks in Alaska. This Legislature has demonstrated its concern for environmental protection through passage of some of the strongest oil pollution laws in the country.

Last year the Legislature enacted HB 220 in response to federal requirements related to underground storage tanks. Since that time, the Department of Environmental Conservation has been aggressively pursuing the implementation of this new state program.

Currently before the House Resources Committee is House Bill 264, legislation authorizing access to a secure long-term funding source for the Underground Storage Tank Financial Assistance Program. Because of the large number of individuals and groups interested in House Bill 264, there is not sufficient time remaining in our limited legislative session to fully address all the important issues. This letter is provided to assure you that this Committee intends to make HB 264 a high priority for interim work and early action during the next legislative session.

Furthermore, the Legislature will be forwarding to your office, a copy of a resolution asking for a minimum one year delay in the effective date of the financial responsibility regulations. We support this resolution and respectfully encourage you to work with the state to bring Alaskan underground tank owners into compliance in the minimum time subject to logistic constraints.

Thank you for your assistance.

Sincerely,

Handwritten signature of Cliff Davidson.

Representative Cliff Davidson
Chair

Handwritten signature of Georgianna Lincoln.

Representative Georgianna Lincoln
Vice-Chair



217 Second Street, Suite 200 ■ Juneau, Alaska 99801 ■ Tel (907) 586-1325, Fax (907) 463-5480

May 1, 1991

Position Paper

HB 264 - Amending Purposes for Which Money in Oil and Hazardous Substance Release Fund May Be Expended

The Alaska Municipal League supports HB 264, which would add regulation and pollution prevention activities involving underground motor fuel, petroleum, and chemical storage tanks to the list of purposes for which the oil and hazardous substance release response ("470") fund may be used. to the extent that the bill is a clear recognition of the need for funding for underground storage tank assessment, cleanup, and upgrading or closure.

The 1991 *Policy Statement* of the Alaska Municipal League states: "The League strongly encourages the State to develop regulations to implement the Underground Storage Tank Assistance Program created by the Legislature and to adequately fund programs necessary to mitigate the impact of EPA underground tank regulations on municipal budgets and facilities." HB 264 would provide access to some funds for this purpose.

It should be noted that the Underground Storage Tank Assistance Program, created by the Legislature by passage of HB 220 during the 1990 session, provides assistance to municipal owners of underground storage tanks as well as to private owners. Of over 2,800 tanks registered with the program, 14 percent, or nearly 400 of them, are owned by 45 municipalities.

The League and its members support providing funding to assist these municipal owners deal with their needs for funding for abatement and pollution prevention efforts, tank tightness and site assessment, tank cleanup, and tank upgrading and closure. To the extent that HB 264 would provide funds for these purposes, then, the Alaska Municipal League supports its passage.

C91TEST:HB264.501

Date: January 23, 1992

To: Rep. Cliff Davidson, Chairman,
House Resources Committee

From: David Cohen, Owner
Sheep Mountain Lodge

Subject: HB 264, Response Fund: Use for Tank Programs

I wish to voice my support for funding the Underground Storage Tank Financial Assistance Program. HB 264 is one vehicle for full funding of this important program. I urge you to support this or any means necessary to continue funding of the UST Financial Assistance Program.

Background Information:

Sheep Mountain Lodge located on the Glenn Highway.

2 -- 2000 gallon gas underground storage tanks.

1989 new federal EPA Regs on USTs.

Choose to close gas station portion of business & empty tanks.

Preliminary survey estimated that \$500,000 was needed to remove tanks, remove and destroy contamination in soils, and drill monitoring wells.

Applied for grant funds, received \$39,000 to begin clean-up, currently tanks have been removed and some soil has been removed and stockpiled.

New projection to finish the clean-up is an additional \$250,000, the contamination is great but not as large as originally projected.

The cost of clean-up is greater than the value of the property.



Era Aviation, Inc.

Wilbur O'Brien
President

January 23, 1992

Honorable Cliff Davidson, Chair
House Resources Committee
P.O. Box 746
Kodiak, AK 99615

RE: Support for House Bill 264; Funding for Underground
Storage Tank Program

Dear Representative Davidson:

I would like to express Era's strong support for passage of House Bill 264. This would make the 470 Fund available for compliance with the HB220 Underground Storage Tank Program.

Without this funding, the Underground Storage Tank Program presents a nightmare to most Alaska businesses and individuals. In many cases, expensive remediation and cleanup will be required for leaks that occurred 30 and 40 years ago through no fault of the present owner. Compliance, cleanup, remediation and upgrade are designed to be for the benefit of the environment and all Alaska citizens. The costs then, should be borne in large measure by the State.

Thank you for considering our views on this matter.

Sincerely,

Wilbur O'Brien
President

WO/mg

copy to:

G. Lincoln

P. Carney

D. Finkelstein

B. Hudson

I. Ivan

T. Moyer

L. Leman

J. Zawacki

M. Hanley

D. Pearce

P. Rodey

Alaska Oil and Gas Association

121 West Firweed Lane, Suite 207
Anchorage, Alaska 99503-2035
Phone: (907) 272-1481 Fax: (907) 278-8114

March 5, 1992

VIA FACSIMILE

The Honorable Mike Navarre
Co-Chairman, Finance Committee
Alaska State House of Representatives
P. O. Box V
Juneau, Alaska 99811

The Honorable Eileen P. MacLean
Co-Chairman, Finance Committee
Alaska State House of Representatives
P. O. Box V
Juneau, Alaska 99811

Subject: CSHB 264. Response Fund: Use
for Tank Programs

Dear Co-Chairmen:

The Alaska Oil and Gas Association strongly opposes CSHB 264. The Association is submitting the attached testimony for the House Finance Committee hearing record.

I plan to deliver the testimony from Anchorage, by teleconference, at the Finance Committee hearing at 1:30 p.m., Friday, March 6, 1992.

Sincerely,

A handwritten signature in black ink, which appears to read 'William W. Hopkins', is written above the typed name.

WILLIAM W. HOPKINS
Executive Director

WWH:ts16:1608

Attachment (via facsimile)

Testimony of the
Alaska Oil and Gas Association
before the
Alaska State House of Representatives
Finance Committee
on
CSHB 264, An Act authorizing use
of the oil and hazardous substance
response fund for certain
activities related to the underground
petroleum storage tank program

March 6, 1992

I am William W. Hopkins, Executive Director of the Alaska Oil and Gas Association. The Alaska Oil and Gas Association (AOGA) is a trade association whose member companies conduct the majority of oil and gas exploration, production and transportation in Alaska. AOGA appreciates this opportunity to express its position regarding CSHB 264.

AOGA strongly opposes CSHB 264 for several important reasons. This bill would, in effect, impose a hidden but real tax increase on all oil production in Alaska. It would impose unfair costs to the oil producers in Alaska to fund a program to correct underground storage tank problems over which they have no control and are not associated with crude oil production. Those costs are largely unknown but could be potentially significant based on the thousands of various underground tanks throughout Alaska. In addition, the bill does not require the state to seek reimbursement for costs of expenditures from responsible parties. We urge the state to consider alternatives and the potential impact of this proposed legislation on the oil producers.

Alaska Oil and Gas Association
Testimony on CSHB 264
March 6, 1992
Page 2

We understand that the Federal Superfund Reauthorization Legislation enacted in October 1986 has a provision to impose a 0.1 cent per gallon motor fuels excise tax as a revenue source to fund a separate Federal Leaking Underground Storage Tank Fund. Under certain conditions, that fund can pay up to 90% of any state's cost for cleanup resulting from a discharge from an underground storage tank. To use the federal fund, Alaska may need to establish its own fund to cover its 10% corrective action costs, but the 470 Fund is not the appropriate source.

In summary, CSHB 264 would place an unfair tax burden on oil producers to pay for problems not related to production. We urge this committee to reject it. Thank you for this opportunity to comment.



Norman L. Stanley
Manager
US Public and
Government Affairs
Western Region

Texaco Inc

10 Universal City Plaza
Universal City, CA 91608
818 505 2854

March 4, 1992

RE: STATE OF ALASKA - 1992 LEGISLATION
CS FOR HOUSE BILL 264 (RESOURCES)

The Honorable Kay Brown
Alaska State Legislature
State Capitol
Juneau, ALaska 99801-1182

Dear Representative Brown:

Texaco supports CSHB264.

As you are well aware, this legislation allows for the funds available in the Oil and Hazardous Substance Response Release Fund, or "470 Fund", to be used for certain activities related to the underground petroleum storage tank program.

During the 1990 Alaska Legislative Session, HB220 (the Underground Storage Tank Statute) was passed authorizing the development of a comprehensive, state-managed UST Program. A portion of this program, Storage Tank Assistance Fund, was designed to provide grants and loans to tank owners and operators.

Financial assistance was offered to mitigate the often excessive financial encumbrances encountered when replacing and removing USTs, including the associated cleanup costs that often occur. These activities, of course, must achieve the standards set forth in the Alaska and Federal UST programs for soil and groundwater remediation. Originally, the entire program was to be funded by the financial resources generated from the fees collected annually from the registration of all USTs within the State. However, these revenues are not sufficient to meet the needs of the requests presented to the ADEC.

The "470 Fund", which is already in place, would help provide for those funds and preclude the necessity of establishing a new tax or increasing existing taxes. It would also help ensure that an adequate number of service stations remain open to care for the Alaskan consumer's energy needs.

Accordingly, Texaco supports the measure, and respectfully requests your favorable vote for CSHB264.

Sincerely,

NLS

feb25-01.akhb264

cc: House Finance Committee Members

ARCO Alaska, Inc.

External Affairs

Mailing Address: 134 Franklin Street

Juneau, Alaska 99801

Telephone 907 586 3680



Beverly A. Ward

Director, Southeast

Government & Community Relations

March 6, 1992

Dear Chairmen MacLean and Navarre, and members of the House Finance Committee;

My Name is Beverly Ward. I am Director of State Government Relations for ARCO Alaska, Inc. We appreciate the opportunity to express our views on HB 264, use of the .470 Fund for the underground storage tank program.

The Oil and Hazardous Substance Spill Release Fund was established in 1986. Its purpose was to ensure that there would always be an immediate source of money for the state to use to immediately clean up a hazardous material spill. It is important to have such a fund in the event that the responsible party is unknown, or is unable or unwilling to assume responsibility for a clean up. The Fund was financed by legislative appropriation, money received from federal, state and other sources, money recovered from parties responsible for the cleanup of a specific site, and fines and penalties for damages recovered for costs incurred by the state.

Following the 1989 Exxon Valdez spill, a special surcharge was imposed on the production of oil. A nickel-a-barrel tax became the primary funding source of the .470 Fund. The legislation provided for a suspension of the surcharge when the Fund reached \$50 million and for a reimposition of the surcharge when the fund balance fell below \$50 million. The surcharge generates approximately \$27 million per year for the Fund.

It will probably come as no surprise that we are opposed to the the expanded use of the .470 Fund for the funding of the underground storage tank program. Our primary objections to HB 264 are:

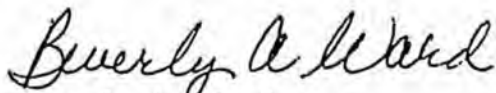
1. The purpose of the .470 Fund is to ensure that a source of money is readily available for the immediate cleanup of a hazardous material. The Fund was not intended to be a funding source for preparatory or ongoing activities. Expanding the uses of the .470 Fund to include ongoing payment for the underground storage tank program, opens the floodgates for other inappropriate spending of the Fund. Already there are proposals to use the Fund for ferries for the Marine Highway system, public drinking water supplies, grants for local emergency planning committees, and costs

related to the air quality program. When will we recognize and abide by the original purpose of the Fund?

2. The expanded use of the .470 Fund is a tax increase on the oil industry. The \$50 million cap on the surcharge is meaningless if we keep expanding the uses for the Fund. Through FY 93, the oil producers will have paid over \$110 million into this fund. If the state continues to raid the Fund, it creates uncertainty about whether the nickel per barrel will later be increased.
3. The major producers, who pay over 90% of this tax, have no direct relationship to the underground storage tank program. In the case of ARCO, we have only two underground storage tanks. One of those, in the downtown Anchorage office building, is currently being replaced with an above ground tank. We will not be the beneficiaries of a generous loan and grant program.
4. The nickel-a-barrel tax is imposed on all production in the state. It is one more hurdle that any new producer in Alaska must overcome.
5. The failure to reach the \$50 million cap, caused by the expansion of uses of the Fund, is an additional tax on the industry at a time when oil production and oil revenues are beginning to decline. Increased exploration is critically important to Alaska and the industry if we are to offset the dramatic production decline of Prudhoe Bay in the next few years. There have been several proposals this year to offer exploration drilling incentives to the industry. But, it makes no sense to offer the oil industry exploration incentive credits on one hand and introduce disincentives and major uncertainty through HB 264 with the other hand. It's the major oil producers who will be exploring most aggressively for new oil. And, it's the major producers who will be making the investments in technology and capital projects to enhance oil production from the aging Prudhoe Bay.

We understand the problems you face in dealing with the underground storage tank program. The mandate is real, the cost expensive, the deadline near. But we urge you to consider ways to reduce the negative impact this legislation will have on the state.

Sincerely,


Beverly A. Ward

TESTIMONY OF KENNETH M. REITHER
TAX COUNSEL, EXXON CORPORATION

HOUSE FINANCE COMMITTEE
1:30 P.M., MARCH 6, 1992

HB 264

MY NAME IS KENNETH REITHER. I AM APPEARING ON BEHALF OF MY EMPLOYER, EXXON CORPORATION.

IN 1989, AFTER THE OIL SPILL IN PRINCE WILLIAM SOUND, THE LEGISLATURE PASSED THREE RELATED BILLS:

- THE FIRST WAS SB 261, WHICH REQUIRED THE DEPARTMENT OF ENVIRONMENTAL CONSERVATION TO PREPARE STATE AND REGIONAL OIL AND HAZARDOUS SUBSTANCE RELEASE CONTINGENCY PLANS. THE COST OF DOING SO WAS TO BE PAID OUT OF THE 470 FUND.
- THE SECOND WAS SB 264, WHICH ESTABLISHED THE OIL AND HAZARDOUS SUBSTANCE RESPONSE OFFICE, CORPS AND DEPOTS. THIS BILL LIKEWISE AUTHORIZED USE OF 470 FUND MONEYS TO PAY FOR SUCH COSTS.
- THE THIRD WAS SB 260, WHICH ESTABLISHED A FIVE CENTS PER BARREL CONSERVATION SURCHARGE ON OIL PRODUCED IN ALASKA, THE REVENUES TO GO INTO THE 470 FUND.

ONE PURPOSE OF THE SURCHARGE WAS TO PAY FOR THE ADDITIONAL COSTS RESULTING FROM SB 261 AND SB 264 JUST MENTIONED. BUT THE PRIMARY PURPOSE, AS I READ THE COMMITTEE MINUTES AND OTHER LEGISLATIVE MATERIAL FROM THE DAY, WAS TO BUILD A \$50 MILLION FUND SO THAT THE STATE COULD HAVE AN INDEPENDENT SPILL CONTAINMENT AND CLEANUP CAPABILITY.

REVENUES FROM THE 5 CENTS PER BARREL SURCHARGE WERE PROJECTED TO BE MORE THAN \$25 MILLION A YEAR. THE EXPECTATION AT THE TIME WAS THAT THE \$50 MILLION CAP WOULD SOON BE REACHED, SUSPENDING THE SURCHARGE.

IN 1990, HOWEVER, THE LEGISLATURE PASSED THREE BILLS EXPANDING THE PERMISSIBLE USES OF MONEYS IN THE 470 FUND. THESE INCLUDED:

- HB 566, WHICH, AMONG OTHER THINGS, ESTABLISHED THE ALASKA STATE EMERGENCY RESPONSE COMMISSION,
- HB 567, UNDER WHICH 470 FUNDS WERE TO BE USED BY DEC FOR REVIEW OF OIL DISCHARGE PREVENTION AND CONTINGENCY PLANS, TO CONDUCT TRAINING AND RESPONSE EXERCISES, INSPECTIONS, TESTS AND OTHER COSTS, AND

- HB 578, CREATING A CITIZENS' OVERSIGHT COUNCIL ON OIL AND OTHER HAZARDOUS SUBSTANCES.

SIMILARLY IN 1991, THE LEGISLATURE PASSED TWO BILLS FURTHER EXPANDING THE USES OF 470 FUND MONEYS. THESE WERE:

- SB 25, ALLOWING ADVANCES OF MONEY TO VILLAGES AND MUNICIPALITIES TO CARRY OUT AN EMERGENCY FIRST RESPONSE TO A RELEASE OR THREATENED RELEASE OF OIL OR A HAZARDOUS SUBSTANCE, AND
- SB 165, COVERING COSTS TO DESIGN, RETROFIT AND CONSTRUCT VESSELS OF THE ALASKA MARINE HIGHWAY TO HAVE SPILL RESPONSE CAPABILITY.

THERE ARE SEVERAL BILLS UNDER CONSIDERATION IN THIS LEGISLATIVE SESSION WHICH WOULD FURTHER EXPAND THE USES OF MONEYS IN THE 470 FUND. HB 264 BEFORE THIS COMMITTEE TODAY WOULD INCLUDE COSTS RELATING TO UNDERGROUND STORAGE TANKS. OTHERS ADDRESS PUBLIC DRINKING WATER SUPPLIES, GRANTS FOR LOCAL EMERGENCY SERVICES, AND COSTS RELATING TO AIR QUALITY.

I AM NOT HERE TO COMMENT ON THE NEED TO ADDRESS UNDERGROUND STORAGE TANKS OR THE MERITS OF THE OTHER PROPOSALS, ONLY TO COMMENT ON FUNDING SOURCES.

CONTINUED EXPANSION OF THE USES OF 470 FUND MONEYS WILL RESULT IN THE \$50 MILLION CAP NEVER BEING REACHED, WHICH WILL IN TURN MEAN A CONTINUING TAX INCREASE ON THE OIL INDUSTRY.

WITH ALASKA OIL PRODUCTION DECLINING, COUPLED WITH THE CURRENT SOFT OIL MARKET, NOW IS NOT THE TIME FOR ALASKA TO PASS ANOTHER TAX INCREASE ON THE OIL INDUSTRY. AS WE HAVE PREVIOUSLY TESTIFIED, TAX STABILITY IS CRUCIAL TO THE FUTURE OF THE OIL INDUSTRY IN ALASKA.

IN THE CASE OF THE UNDERGROUND STORAGE TANKS, THERE ARE MORE APPROPRIATE FUNDING SOURCES, SUCH AS GENERAL FUND REVENUES OR THE MOTOR FUEL TAX. ATTACHED TO MY TESTIMONY IS A PAPER PREPARED BY THE AMERICAN PETROLEUM INSTITUTE WHICH ADDRESSES ALTERNATE REVENUE SOURCES FOR UNDERGROUND STORAGE TANKS CLEANUP TRUST FUNDS.

W. Gene Burden
Vice President
Environmental Affairs & Government Relations

March 20, 1992

Representative Mike Navarre
Alaska State Legislature
P. O. Box V (MS3100)
Juneau, Alaska 99811

SUBJECT: HB264 - Underground Tank Assistance Fund

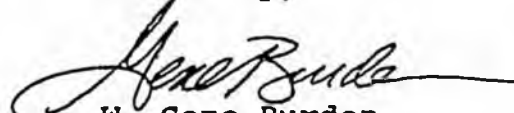
Dear Representative Navarre:

I have been asked to provide Tesoro Alaska's position on HB264 which would add designated charges for underground storage tanks to the list of approved expenditures for "470 funds".

There is a definite need to have a secure funding source for this program to assure the State's UST program is uniformly implemented in Alaska. The availability of such funding can make the difference to some small business people's ability to keep their service stations open. This issue appears to affect Alaskans in all regions of the state. As a result Tesoro Alaska supports the present draft of HB264.

If there are any questions, please call.

Sincerely,



W. Gene Burden

WGB:mm



Norman L Stanley
Manager
US Public and
Government Affairs
Western Region

Texaco Inc

10 Universal City Plaza
Universal City CA 91608
818 505 2654

March 4, 1992

RE: STATE OF ALASKA - 1992 LEGISLATION
CS FOR HOUSE BILL 264 (RESOURCES)

The Honorable Mike Navarre
Alaska State Legislature
State Capitol
Juneau, Alaska 99801-1182

Dear Representative Navarre:

Texaco supports CSHB264.

As you are well aware, this legislation allows for the funds available in the Oil and Hazardous Substance Response Release Fund, or "470 Fund", to be used for certain activities related to the underground petroleum storage tank program.

During the 1990 Alaska Legislative Session, HB220 (the Underground Storage Tank Statute) was passed authorizing the development of a comprehensive, state-managed UST Program. A portion of this program, Storage Tank Assistance Fund, was designed to provide grants and loans to tank owners and operators.

Financial assistance was offered to mitigate the often excessive financial encumbrances encountered when replacing and removing USTs, including the associated cleanup costs that often occur. These activities, of course, must achieve the standards set forth in the Alaska and Federal UST programs for soil and groundwater remediation. Originally, the entire program was to be funded by the financial resources generated from the fees collected annually from the registration of all USTs within the State. However, these revenues are not sufficient to meet the needs of the requests presented to the ADEC.

The "470 Fund", which is already in place, would help provide for those funds and preclude the necessity of establishing a new tax or increasing existing taxes. It would also help ensure that an adequate number of service stations remain open to care for the Alaskan consumer's energy needs.

Accordingly, Texaco supports the measure, and respectfully requests your favorable vote for CSHB264.

Sincerely,

NLS
feb25-01.akhb264

cc: House Finance Committee Members

STATE TAX REVENUE SOURCES FOR UNDERGROUND STORAGE TANKS
(UST) CLEANUP TRUST FUNDS

The Federal Superfund Reauthorization Legislation enacted October 17, 1986, has a provision to impose a .1 cent per gallon motor fuels excise tax as a revenue source to fund a separate Federal Leaking Underground Storage Tank fund. Under certain conditions, that fund can pay up to 90% of any state's cost for cleanup resulting from a discharge from an underground storage tank (UST), which monies should be taken into consideration by states when determining their revenue needs. This paper addresses the possible need for additional or supplemental state revenues beyond Federal revenues.

Supplemental Revenue Sources (in order of preference):

1. General State Revenues

Recognizing that the problem of leaking underground tanks is societal and sometimes cannot be identified to a specific responsible party (orphan tanks), it is preferred that the monies needed for the cleanup be made available through the creation of a cleanup fund financed by appropriations from the state's general revenues.

2. Tank Fees

A tank registration fee and/or an annual per tank operating fee is an acceptable means of providing the necessary funding. However, some states may find that more funding is needed than can be provided by the tank fees.

3. Taxes on Motor Fuels ("Piggybacking")

API recognizes that a tax of some kind on petroleum products may be inevitable in states where tank registration fees or general revenue funding are politically unattainable or insufficient to fund UST cleanup. In those states, a tax on motor fuel, or "piggybacking," is a funding mechanism preferred over other kinds of taxes on petroleum products. Taxes other than taxes on motor fuels can take a variety of forms which can be difficult to administer, may be imposed upon petroleum products that do not contribute to UST leaks and could create competitive imbalances. The following guidelines take into account the fact that legal and/or political constraints may make piggybacking difficult to achieve in some states.

- In states where there are no constitutional or statutory provisions prohibiting the proceeds of a tax on motor fuels from being used for nonhighway purposes, the UST fee should be tied

directly to the existing Motor Fuel Tax (MFT). This can often be accomplished by an amendment to the MFT statute requiring the UST fee to be imposed and collected in the same manner as the MFT. Piggybacking is most appropriate in states where the MFT is well constructed and forcefully administered with few opportunities for tax evasion.

- In states where diversion of highway funds is prohibited by statute, rather than by constitution, it may be appropriate to amend the statute to allow for an UST fee piggyback provided the diversion can be limited to UST funding. In states where piggybacking of the MFT is not possible, some other kind of tax on petroleum products becomes necessary.
- In states that require by constitution that taxes on motor fuels must be dedicated to highways, thereby prohibiting piggybacking for UST purposes, other kinds of funding mechanisms can be devised. For example, Georgia has enacted an insurance program which permits a tank owner/operator to opt for premium payments in the form of a cents per gallon fee on motor fuels. Texas has enacted a graduated UST fee which is imposed on the person ordering withdrawal of the product from bulk, and is collected by the bulk facility operator. The proposed legislation should provide that:
 1. The point of collection is clearly defined, preferably upon physical withdrawal through the terminal rack based on delivery to supplier's customers.
 2. Consistent with 1., above, transfers and exchanges between licensed distributors are not taxed so as to avoid double taxation and the need for a complex credit system.
 3. The identity of the tax collector/payer is clearly defined.
 4. The rate is based on volume rather than value.
 5. Taxable products are clearly defined, preferably to include only those products which pass through underground tanks that are subject to federal UST regulations.
 6. Exports are exempted either explicitly or effectively by the application of the point of collection.
 7. The state's department of revenue will administer the tax.
 8. General tax laws concerning appeals, penalties, etc., will apply.

Adopted 1/8/87
Revised Oct/Nov 1989
WOR/15

PLEASE MICROFILM TOP PAGE ONLY

DOCUMENTS WHICH HAVE NOT BEEN
FILMED BUT ARE AVAILABLE IN THE
ORIGINAL FILE INCLUDE:

→ miscellaneous information by
Dept. of Environmental Conservation
re: Underground Storage Tank Assistance
Programs

HB 266

HOUSE COMMITTEE REPORT

(11)

Date Referred: May 7, 1991

FURTHER REFERRALS:

Date of Committee Action: 5/14/91

The FINANCE Committee considered:

HB 266

HOUSE BILL NO. 266

BIA CONTRACT SCHOOL EMPLOYMENT

"An Act including service in a Bureau of Indian Affairs contract school as BIA service in the teachers' retirement system."

RECOMMENDATIONS:

the same title
 a new title

be replaced with _____

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____

APPROVES PREVIOUS: (Dept/Date) _____

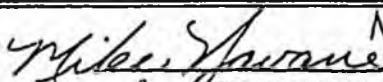
fiscal impact _____

fiscal note(s) _____

zero fiscal note _____

2 zero fiscal note(s) DOA 4/29/91 DOE 4/29/91

SIGNING <u>DO PASS</u>	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
Mike Navarre NAVARRE	<input checked="" type="checkbox"/>	George Jackson JACKO		<input checked="" type="checkbox"/>	
Mark Boyer Boyer	<input checked="" type="checkbox"/>	Bob Sharp Sharp		<input checked="" type="checkbox"/>	
Tom Brown Brown	<input checked="" type="checkbox"/>	Ronald Hanson Hanson		<input checked="" type="checkbox"/>	
Tom Barnes Barnes	<input checked="" type="checkbox"/>	F. Ulmer Ulmer	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
		CRODGE Phillips		<input checked="" type="checkbox"/>	



 Co-CHAIRMAN'S SIGNATURE

HOUSE BILL NO. 266

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE NAVARRE

Introduced: 4/10/91

Referred: Health, Education & Social Services, State Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act including service in a Bureau of Indian Affairs contract school as BIA service
2 in the teachers' retirement system."

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

4 * Section 1. AS 14.25.220(8) is amended to read:

5 (8) "BIA service"

6 (A) means service, including partial years, as a teacher, a certificated
7 person employed in a full-time position requiring a teaching certificate as a condition of
8 employment, or a Bureau of Indian Affairs professional educator in a school or school
9 system operated by the Bureau of Indian Affairs in Alaska;

10 (B) includes service that otherwise meets the requirements for BIA
11 service except that the service was performed in a Bureau of Indian Affairs contract
12 school during the period after the school was operated by the Bureau of Indian
13 Affairs and before the school was operated by a school district or regional
14 educational attendance area;

1 * Sec. 2. A member of the teachers' retirement system who has claimed service in a Bureau of Indian
2 Affairs contract school as outside service under AS 14.25.060 may convert the claimed BIA contract
3 school service to BIA service by filing an application with the administrator. The conversion is effective
4 on the first day of the month after the application is received by the division of retirement and benefits.
5 If the arrearage indebtedness paid by the member for the BIA contract school service when that service
6 was considered outside service is greater than the arrearage indebtedness for that service when it is
7 considered BIA service, the division shall refund the difference to the member.

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

No. 1
Bill Version: HB 266
(H) Publish Date: 4/29/91

Revision Date: _____
Title: An act granting TRS BIA credit for service with a former BIA contract school.

Department Affected: Administration
BRU: Retirement and Benefits

Sponsor: Navarre
Requestor: _____

Component: Retirement and Benefits

COMPONENT SERIAL NO. 64

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

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

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

FUNDING: (Thousands of dollars)

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

POSITIONS

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

Estimate of current year impact: Zero

ANALYSIS: (attach a separate page if necessary.)

There is no measurable financial impact to the Teachers' Retirement System with passage of this bill.

Prepared By: Garv Bader *Bob Stetson*
Division: Retirement and Benefits

Phone: 465-4460

Date: 4/23/91

Approved by Commissioner: Millett Keller
Agency: Department of Administration

Date: 4/25/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB & Impacted Agency(ies).

FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

No. 2
Bill Version: HB 266
(H) Publish Date: 4/29/91

Revision Date: _____ Department Affected: Education
Title: Including Service in a Bureau of Indian Affairs contract School BRU: _____
Sponsor: Navarre Component: _____
Requestor: HESS COMPONENT SERIAL NO.

--	--	--	--

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
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						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Mary Hakala Phone: 465-2800
Division: Commissioner's Office Date: 4/25/91
Approved by Commissioner: Steve Hole, Acting Commissioner
Agency: Education Date: 4/25/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

ALASKA STATE LEGISLATURE
REPRESENTATIVE MIKE NAVARRE

Co-Chair
House Finance Committee
P.O. Box V
Juneau, Alaska 99811
(907) 465-3779

SPONSOR STATEMENT

May 13, 1991

TO: Representative Mike Navarre, Co-Chair, House Finance Committee
Representative Eileen MacLean, Co-Chair, House Finance Committee

FROM: Representative Mike Navarre *Mike*

SUBJECT: House Bill 266, An Act relating to Bureau of Indian Affairs contract employment.

.....
House Bill 266, an Act relating to the Bureau of Indian Affairs contract employment, will provide corrective measures for a small group of former Bureau of Indian Affairs staff members. In historical perspective, when the BIA was removing itself from providing educational opportunities in Alaska some areas of the state felt more comfortable with a known entity, the BIA, than with the replacement organization, REAA. In response, the BIA by contract to local school boards continued to operate for a period of time. The employees of the BIA contract schools were not incorporated in the roll-over to the state retirement system. HB 266 will allow approximately ten to fifteen teachers to pay into and use their contract BIA years for vesting purposes in the Teacher Retirement System.

I have enclosed a summary of a typical BIA contract situation presented by one of the affected teachers. I believe that the enclosed summary pretty succinctly states the inequities of the BIA contract dilemma.

The fiscal impact of HB 266 is so minimal that we are expecting a zero fiscal note.

Contact person for HB 266 is Tom Ackerly at 3779 in Capital 515.

DISTRICT 5

34824 K-Beach Road • Soldotna, Alaska 99669 • (907) 262-7842



PRINTED ON RECYCLED PAPER

Sue Skiman-Jones
1325 Mendenhall Penn. Rd.
Juneau, AK 99801

April 21, 1991

Mr. Navarre,

Please support H.B. 266.

I am writing to express my concern for the passage of this bill. Since I am directly affected by the outcome of this bill, I strongly urge you to also support this bill.

I taught in Chevak (Kashunimuit School District), from 1982-1984. At this time it was a BIA contracted school and not involved in the Teacher Retirement System of Alaska. The passage of H.B. 266, will very easily correct an unjust and unfair situation for a small amount of teachers who have taught in Alaska under a BIA contracted system.

Your interest and support in passing H.B. 266 is greatly appreciated.

Sincerely,



Sue Skiman-Jones

Lisa Oberle
P.O. Box 22707
Juneau AK 99802

April 21, 1991

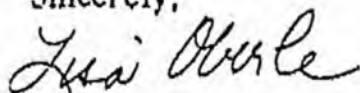
Mr. Navarre,

I am writing to express my concern and support for H.B. 266. As I am directly effected by the outcome of this bill, I strongly urge you to also support this bill. For the past 4 years, I have been buying in my three teaching years from a B.I.A. contracted school. I taught in Chevak (Kashunimuit School District), from 1982-1985 and was under the impression from the Teacher Retirement System, that it was instate experience and will count toward years for retirement. Now I find out this is not true.

The passage of H.B. 266, will very easily correct an unjust and unfair situation for a small amount of teachers who have taught in Alaska under a BIA contracted system.

Your interest and support in passing H.B. 266 is greatly appreciated.

Sincerely,



Lisa Oberle



Soldotna High School

125 W. Marquale Ave.
Soldotna, AK 99669
(907) 262-7411
FAX (907) 262-4288

Ken Meacham

Mark McCallum

David McCandless

Kenai Peninsula Borough School District

APR 24 1991

April 22, 1991

Representative Mike Navarre
Box V
Juneau, Alaska 99811

Dear Representative Navarre,

I would like to thank you for submitting HB 266 to the legislature for passage. This is a bill that greatly effects myself and my wife as we taught for three years in Chevak, Alaska while it was a BIA contract school. There is no reason why this service should not be covered by the Teachers Retirement System. These schools were public Alaskan schools subject to the same curriculum and graduation requirements as any other they just were funded 100% by the federal government. According to Jim Griffin, retired BIA Contract Officer, who over saw these contract schools they were no different than the BIA day schools which are covered by the TRS. Your efforts to correct this inequity in the system is greatly appreciated.

Sincerely,

Frederick W. Esposito
Vocational Coordinator
Kenai Peninsula Borough School District
148 N Binkley St.
Soldotna, Alaska 99669

KENAI PENINSULA BOROUGH SCHOOL DISTRICT

148 North Binkley Street • Soldotna, AK 99669 • Phone 907/262-5846 • Fax 907 262-5645



April 22, 1991

Representative Mike Navarre
Box V
Juneau, Alaska 99811

Dear Representative Navarre,

I would like to thank you for submitting HB 266 to the legislature for passage. This is a bill that greatly effects myself and my husband as we taught for three years in Chevak, Alaska while it was a BIA contract school. Your effort to correct this inequity in the system is greatly appreciated.

Sincerely,

Lana G. Esposito
Special Services Teacher
Kenai Peninsula Borough School District
148 N Binkley St.
Soldotna, Alaska 99669



NEA-ALASKA

COOPERATED WITH THE ALASKA EDUCATION ASSOCIATION

Don Oberg, President

Claudia Douglas
Vice President

211 W. 33rd Ave.
Anchorage, AK 99503

Judy Salo
NEA Director

211 W. 33rd Ave.
Anchorage, AK 99503

Paul Jarvi
Region I Director

211 W. 33rd Ave.
Anchorage, AK 99503

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211 W. 33rd Ave.
Anchorage, AK 99503

Bruce Garrett
Region II Director

211 S. Main St.
Sitka, AK 99801

DeWayne Craig
Region III Director

100 S. 4th St.
Nome, AK 99841

Kathe Gross
Region IV Director

P.O. Box 1052
Bethel, AK 99559

Marilyn Rosene
Region IV Director

P.O. Box 1170
Bethel, AK 99570

Susan Annis
Region V Director

1001 Kiviana Street
Fairbanks, AK 99709

Mary Lou Brent
Region V Director

P.O. Box 8074
Fairbanks, AK 99708

Gayle Harbo
Region V Director

P.O. Box 5722
Fairbanks, AK 99708

Don Hadley
Region VI Director

2250 Mesaxon Dr.
Fairbanks, AK 99708

Richard Kronberg
Region VI Director

211 S. Mesaxon Dr.
Fairbanks, AK 99708

Pam McCarl
Region VI Director

211 S. Mesaxon Dr.
Fairbanks, AK 99708

Kathi McCord
Region VI Director

211 S. Mesaxon Dr.
Fairbanks, AK 99708

Leslie Vandergaw
Region VI Director

211 S. Mesaxon Dr.
Fairbanks, AK 99708

Sandy Pevan
Region VII Director

P.O. Box 1170
Bethel, AK 99570

Carolyn Tolson
Region VII Director

211 S. Mesaxon Dr.
Fairbanks, AK 99708

Hank Harrison
Region R Director

211 S. Mesaxon Dr.
Fairbanks, AK 99708

ANCHORAGE REGIONAL OFFICE

1411 W. 33RD AVENUE
ANCHORAGE, ALASKA 99503
907) 274-0530
FAX (907) 274-0551

JUNEAU OFFICE

105 MUNICIPAL WAY SUITE 302
JUNEAU, ALASKA 99801
907) 586-3090
FAX (907) 586-2714

FAIRBANKS REGIONAL OFFICE

1118 CUSHMAN STREET
FAIRBANKS, ALASKA 99701
907) 456-4475
FAX (907) 456-2159

April 25, 1991

TO: Reps. Georgianna Lincoln and Pat Carney, Co-Chairs, and Members of House HESS

FROM: Don Oberg

RE: HB 266; An Act including service in a Bureau of Indian Affairs contract school as BIA service in the teachers' retirement system.

This bill affects only a small number of teachers who were caught in a time warp between BIA operation and school district or REAA formation. It covers those employees who worked for a BIA contract school during that interim period.

Clearly the service of that teacher was as valid under the contracted school as it was under BIA or the newly formed district and they should not be penalized for a system change beyond their control.

We urge you to correct this inequity and to vote in favor of passage of HB 266.
LE04/Biatimer/dl

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT & BENEFITS

PLEASE REPLY TO:

P.O. BOX CR
JUNEAU, ALASKA 99811-0203
PHONE: (907)465-4460
Fax# 465-3086

701 EAST TUDOR ROAD, SUITE 240
ANCHORAGE, ALASKA 99503-7445
PHONE: (907) 563-5885

STEVE COWPER, GOVERNOR

Public Employees Retirement System
Teachers Retirement System
Judicial Retirement System
Elected Public Officers Retirement System
National Guard Retirement System
Territorial Retirement System
Retirees Voluntary Dental-Vision-Audio Plan
Supplemental Benefits System
Group Health Life Insurance Benefits
Deferred Compensation Plan
Public Employers Social Security Contributions

April 20, 1990

Mr. Frederick Esposito
Soldotna High School
425 W. Marydale Ave.
Soldotna, AK 99669

TRS: 041-40-4992

Dear Mr. Esposito:

Your frustration regarding your teaching service with Kashunamuit School District in Chevak, Alaska is understandable, although I have no latitude in this case.

The three years that you are claiming cannot be treated as Bureau of Indian Affairs (BIA) service since the Kashunamuit School District was under the Indian Reorganization Act from July 1, 1980 through June 30, 1985, and not operated by the BIA. According to Teacher's Retirement System statute, service for the Kashunamuit School must be treated as Alaska private school service and claimed as Outside Service.

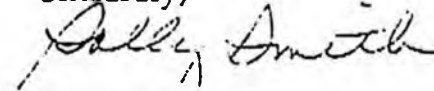
You have claimed that the May 6, 1986 letter from Beverly Reeves stated that you could buy in the three years as BIA service. In reviewing the letter, it appears that Ms. Reeves was simply notifying you of your indebtedness amount plus interest for the "outside service and/or BIA service". Ms. Reeves is an accountant and as such, does not make the determinations of service qualification. She also recommended that you contact Caramel Walder, the Anchorage office supervisor, if you had any questions.

Since the TRS laws are very clear on this issue, it appears that the only remedy available to you is through statutory revision. I suggest that you contact your local legislative representatives and discuss any remedy with them.

Mr. Frederick Esposito
April 20, 1990
Page 2

I can certainly sympathize with your circumstance, and wish you well in seeking a legislative solution.

Sincerely,



Sally Smith
Director

SS/ksl

SOLDOTNA HIGH SCHOOL

KENAI PENINSULA BOROUGH SCHOOL DISTRICT

425 W. Marydale Ave.
Soldotna, AK. 99669

262-7411

FAX (907) 262-4288

FRANK C. GARRITY
PRINCIPAL

MARLENE BENSON
ASSISTANT PRINCIPAL

THOMAS G. THORPE
ASST. PRINCIPAL ACTV DIR



"Excellence in Education"

April 5, 1990

Sally Smith, Director
Alaska Teachers' Retirement System
P.O. Box CR
Juneau, AK 99811-0203

Dear Ms. Smith,

I am writing to you out of frustration after speaking with several Retirement Field Representatives and corresponding with them over the past school year. My wife and I are in a unique situation and I need your help to sort this out as it is extremely important to us. Here is the situation.

In June of 1982 my wife and I were hired as full time certificated teachers for the Kashunamuit School District in Chevak, Alaska. When we arrived in the village we discovered that this public school was a BIA Contract School. The BIA financed the school and provided maintenance on the building but the local School Board ran the district. We taught in this district for three years.

In June of 1985 we moved to Trapper Creek, Alaska where we received employment in the Matanuska-Susitna Borough School District. At that time I inquired with the TRS to find out how to buy in the three years we had just spent in Chevak. I received a letter dated 5/6/86 from Beverly Reeves stating that I could buy the three years as BIA service. Several years passed before I decided to begin paying in to the TRS to buy these years.

My wife and I are currently employed with the Kenai Peninsula Borough School district and this past fall I decided we both should buy in these three years. I began making phone calls to the TRS and found out something very disturbing. They considered Chevak to be a private school.

Story line for reference in support of HB266

My wife and I were hired by the Kashunamuit School District in August 1982. This school district consisted of one K - 12 school located in Chevak, Alaska. At the time we were told that this district was a "BIA Contract" school district. When we inquired as to what that meant we were informed that simply referred to the fact that the BIA gave the people of Chevak the money to run their own school. The history ran like this:

Chevak had a BIA school for quite a number of years and felt very good and comfortable with the way the school was run. When, in the late 1970's, the BIA began to pull out of running schools in Alaska, Chevak and the villages of Chefnak and Tuluksak (K - 8 schools only) negotiated with the BIA an arrangement by which the villages could retain control over their schools while the BIA provided operating funds and building maintenance.

The village of Chevak elected a school board and the Kashunamuit School District was formed. The school district functioned as any other single site district in Alaska. The school board was publicly elected and they in turn hired a superintendent, office staff, cooks, teachers, and aids. The district applied for and received several grants through the Alaska Department of Education and received funds under several Title programs such as Title 2. Teachers with the school participated in state-wide, Alaska Department of Education sponsored inservices, workshops, programs, etc.. The Alaska Department of Education came out to the school and evaluated programs and curriculum as they would any other public school in Alaska. The district allowed all students in the attendance area to attend the school regardless of sex, creed, race, or religion and their hiring policy was the same.

This arrangement lasted until 1986 when the BIA announced they would not provide funds to operate the school for the following 1986-87 school year. At that time the school district lobbied for and received from the legislature funds to become an REAA school district. Lana and I left the school district in 1986 and subsequently became employed in the Kenai Peninsula Borough School District and still are. When we contacted the Teacher Retirement System about purchasing our three years spent teaching in Chevak we were informed in a letter from Sally Smith, TRS Director, that due to the fact that there were very few of these schools and that they were around for only a short period of time that the TRS had never included them. She indicated to me that the only way to correct this

oversight was through legislation which she encouraged me to do.

Currently there are 10 teachers in Alaska that I know would qualify to purchase these years should the legislation pass. I strongly encourage you to consider rectifying this situation which penalizes a few Alaskans for service in our rural Alaskan schools.

Frederick William Esposito
Activity Director, Soldotna High School

HB 266

SENATE FINANCE COMMITTEE REPORT

DATE: 2/26/92

FURTHER:

DATE TURNED INTO OFFICE: 4-28-92

The Finance Committee considered

HOUSE BILL NO. 266 am

"An Act including service in a Bureau of Indian Affairs contract school as BIA service in the teachers' retirement system."

and recommends:

- [] replace with CS (FINANCE)
or [] adopt previous CS
[] attaches amendment(s)

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

- [] adopts Letter of Intent
[] further referral to the

- [x] do pass
[] do not pass
[] no recommendation
[] individual recommendations

NEW FISCAL NOTES: Dept/Date

[x] zero fiscal notes (with new analysis) DDA 4-27-92

[] fiscal notes

[] appropriation--no fiscal note

PREVIOUS FISCAL NOTES: Dept/Date

[x] zero fiscal notes DOE 1-16-92

[] fiscal notes

DO PASS:

Handwritten signatures of committee members.

OTHER RECOMMENDATIONS:

Blank lines for other recommendations.

1. Co-Chair: Signature/Recommendation

2. Co-Chair: Signature/Recommendation

FISCAL NOTE

BILL NO. HB 266 a.m

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date: April 27, 1992
Title: An act granting TRS BIA credit for service with a former BIA contract school.
Sponsor: Navarre
Requestor: Senate Finance Committee

Department Affected: Administration
BRU: Retirement and Benefits
Component: Retirement and Benefits
COMPONENT SERIAL NO. 64

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

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

REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING: (Thousands of dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE	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

Estimate of current year impact: Zero

ANALYSIS: (attach a separate page if necessary.) There is no measurable increase to the Teachers' Retirement System employer contribution rate with the passage of this bill. We estimate that the accrued liabilities would increase by \$112,000 with passage. There would be no measurable impact to the TRS funding ratio.

Prepared By: Garv Bader *Garv Bader*
Division: Retirement and Benefits
Approved by Commissioner: Nancy Bear Usura *Nancy Bear Usura*
Agency: Department of Administration

Phone: 465-4470
Date: April 24, 1992
Date: 4/27/92

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date: January 16, 1992 Department Affected: Education
 Title: An Act including Bureau of Indian Affairs Contract Schools BRU: Education Finance & Support Service
 Component: Teacher Certification
 Sponsor: Rep. Navarre
 Requestor: _____ COMPONENT SERIAL NO.

1	2	4	0
---	---	---	---

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-					
CAPITAL						

REVENUE FUND SOURCE:						
----------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME	-0-					
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)
 Fiscal Impact will be to the State Retirement System and School Districts.

Prepared By: Mike Maher Phone: 465-2800
 Division: Commissioners Office Date: 1/16/92
 Approved by Commissioner: Karen R. Cooney for Jerry Covey
 Agency: Education Date: 1/16/92

HOUSE BILL NO. 266 am
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE NAVARRE

Amended: 1/15/92

Introduced: 4/10/91

Referred: Health, Education & Social Services, State Affairs, Finance

A BILL
FOR AN ACT ENTITLED

1 "An Act including service in a Bureau of Indian Affairs contract school as BIA service
2 in the teachers' retirement system."

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

4 * Section 1. AS 14.25.220(8) is amended to read:

5 (8) "BIA service" means service, including partial years, as a teacher, a
6 certificated person employed in a full-time position requiring a teaching certificate as a condition
7 of employment, or a Bureau of Indian Affairs professional educator in a school or school system
8 contracted or operated by the Bureau of Indian Affairs in Alaska;

9 * Sec. 2. A member of the teachers' retirement system who has claimed service in a Bureau of Indian
10 Affairs contract school as outside service under AS 14.25.060 may convert the claimed BIA contract
11 school service to BIA service by filing an application with the administrator. The conversion is effective
12 on the first day of the month after the application is received by the division of retirement and benefits.
13 If the arrearage indebtedness paid by the member for the BIA contract school service when that service
14 was considered outside service is greater than the arrearage indebtedness for that service when it is

ALASKA STATE LEGISLATURE
REPRESENTATIVE MIKE NAVARRE

Co-Chair
House Finance Committee
P.O. Box V
Juneau, Alaska 99811
(907) 465-3779

SPONSOR STATEMENT

January 16, 1992

TO: Senator Pat Pourchot, Chairman, Senate Finance Committee

FROM: Representative Mike Navarre *Mike*

SUBJECT: House Bill 266, An Act relating to Bureau of Indian Affairs contract employment.

.....

House Bill 266, an Act relating to the Bureau of Indian Affairs (BIA) contract employment, will provide the necessary corrective measures for a small group of former BIA staff members. To provide a historical perspective, when the BIA was removing itself from providing educational opportunities in Alaska some areas of the state felt more comfortable with a known entity, the BIA, rather than with the replacement organization, REAA. In response, the BIA by contract to a few local school boards continued to operate for a period of time. The employees of this BIA contract arrangement were not incorporated into the roll-over to the state retirement system. HB 266 will allow approximately ten to fifteen teachers to pay into and use their contract BIA years vesting purposes in the Teacher Retirement System.

I have enclosed a summary of a typical BIA contract situation presented by one of the affected teachers. I believe that the enclosed summary pretty succinctly states the inequities of the BIA contract dilemma.

On January 15, 1992 the House of Representatives amended and passed HB 266 by a vote of 38-0. The amendment reduces the language of the original bill and provides an opportunity to correct any future BIA TRS problems. In my research I have not been able to discover where there may be future needs for this legislation, but, if HB 266 is needed the Legislature will not have to reinvent the wheel.

The fiscal impact of HB 266 is expected to be minimal, thus a zero fiscal note.

Contact person for HB 266 is Tom Ackerly at 3779 in Capital 515.

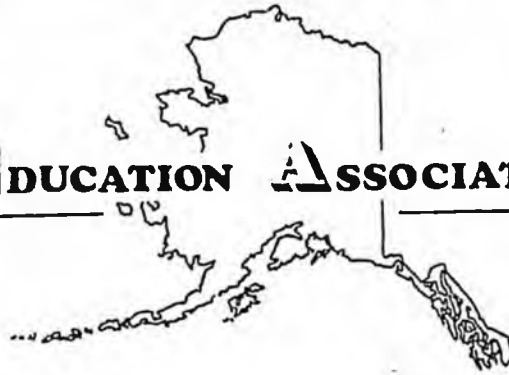
DISTRICT 5

34824 K-Beach Road • Soldotna, Alaska 99669 • (907) 262-7842



KENAI PENINSULA EDUCATION ASSOCIATION

P.O. Box 1252
Soldotna, Alaska 99669



May 1, 1991

MAY 8 1991

Representative Mike Navarre
Pouch V
Juneau, Alaska 99811

Dear Mike:

At our recent Executive Board meeting the Kenai Peninsula Education Association unanimously passed a resolution supporting the passage of House Bill No. 266 and we ask that you please give this bill your full support. There are a number of teachers in our school district as well as throughout the state of Alaska who worked in Bureau of Indian Affairs contract schools and have yet to be credited with these teaching years. Passage of House Bill No. 266 will allow these teachers to claim credit towards retirement. Of course these teachers will be subject to past payment and interest accrued. Most all of the contract schools were those institutions attempting to seek their own autonomy yet operated with State or Federal money. Teachers were required to hold a valid teaching certificate as a condition of employment.

Please give this bill your utmost attention. Thank you for your time and consideration. KPEA also wishes to thank you for supporting the \$63,000 foundation unit for education.

Sincerely,

Hal Smalley

Hal Smalley
President KPEA

CORRECTION

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

HOUSE BILL NO. 266 am
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE NAVARRE

Amended: 1/15/92

Introduced: 4/10/91

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14 was considered outside service is greater than the arrearage indebtedness for that service when it is

1 considered BIA service, the division shall refund the difference to the member.

ALASKA STATE LEGISLATURE
REPRESENTATIVE MIKE NAVARRE

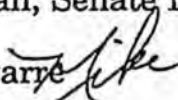
Co-Chair
House Finance Committee
P.O. Box V
Juneau, Alaska 99811
(907) 465-3779

SPONSOR STATEMENT

January 16, 1992

TO: Senator Pat Pourchot, Chairman, Senate Finance Committee

FROM: Representative Mike Navarre



SUBJECT: House Bill 266, An Act relating to Bureau of Indian Affairs contract employment.

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DISTRICT 5

34824 K-Beach Road • Soldotna, Alaska 99669 • (907) 262-7842



KENAI PENINSULA EDUCATION ASSOCIATION

P.O. Box 1252
Soldotna, Alaska 99669



May 1, 1991

MAY 8 1991

Representative Mike Navarre
Pouch V
Juneau, Alaska 99811

Dear Mike:

At our recent Executive Board meeting the Kenai Peninsula Education Association unanimously passed a resolution supporting the passage of House Bill No. 266 and we ask that you please give this bill your full support. There are a number of teachers in our school district as well as throughout the state of Alaska who worked in Bureau of Indian Affairs contract schools and have yet to be credited with these teaching years. Passage of House Bill No. 266 will allow these teachers to claim credit towards retirement. Of course these teachers will be subject to past payment and interest accrued. Most all of the contract schools were those institutions attempting to seek their own autonomy yet operated with State or Federal money. Teachers were required to hold a valid teaching certificate as a condition of employment.

Please give this bill your utmost attention. Thank you for your time and consideration. KPEA also wishes to thank you for supporting the \$63,000 foundation unit for education.

Sincerely,

A handwritten signature in cursive script that reads "Hal Smalley".

Hal Smalley
President KPEA

SOLDOTNA HIGH SCHOOL

KENAI PENINSULA BOROUGH SCHOOL DISTRICT

425 W. Marydale Ave.
Soldotna, AK. 99669

262-7411

FAX (907) 262-4288

FRANK C. GARRITY
PRINCIPAL

MARLENE BENSON
ASSISTANT PRINCIPAL

THOMAS G. THORPE
ASST. PRINCIPAL-ACTIV. DIR.



"Excellence in Education"

April 5, 1990

Sally Smith, Director
Alaska Teachers' Retirement System
P.O. Box CR
Juneau, AK 99811-0203

Dear Ms. Smith,

I am writing to you out of frustration after speaking with several Retirement Field Representatives and corresponding with them over the past school year. My wife and I are in a unique situation and I need your help to sort this out as it is extremely important to us. Here is the situation.

In June of 1982 my wife and I were hired as full time certificated teachers for the Kashunamuit School District in Chevak, Alaska. When we arrived in the village we discovered that this public school was a BIA Contract School. The BIA financed the school and provided maintenance on the building but the local School Board ran the district. We taught in this district for three years.

In June of 1985 we moved to Trapper Creek, Alaska where we received employment in the Matanuska-Susitna Borough School District. At that time I inquired with the TRS to find out how to buy in the three years we had just spent in Chevak. I received a letter dated 5/6/86 from Beverly Reeves stating that I could buy the three years as BIA service. Several years passed before I decided to begin paying in to the TRS to buy these years.

My wife and I are currently employed with the Kenai Peninsula Borough School district and this past fall I decided we both should buy in these three years. I began making phone calls to the TRS and found out something very disturbing. They considered Chevak to be a private school.

Not only would we have to purchase these years at the higher outside service rate but these three years would not count towards the twenty years of service needed to be eligible to retire nor towards the eight years of service it takes to become vested. It is this last part I find most difficult to accept.

Please understand that I am aware that there are rules and regulations that the TRS representatives are using to make this determination. This however does not stop me from believing that three years spent in an Alaska Public School should count towards the twenty that are required for retirement and towards the eight required for vesting. The issue of having to buy them at the outside service rate also seems unfair but would be tolerable if they applied towards the twenty or the eight. Do you feel that this is fair? I feel that this is a very small oversight affecting very few people in a system that in general does an outstanding job in its fairness and accuracy to its' members. It is an oversight because here is a group of Alaska teachers who have not been accommodated or rewarded for their service.

What can you do to help me? What can I do? Any help will be greatly appreciated. Your interest in and empathy to our situation will give us hope. Enclosed you will find copies of the related correspondence I have received from the TRS to facilitate your speedy understanding of the situation. Thank you in advance.

Sincerely,

Frederick W. Esposito, Assistant Principal
Soldotna High School
425 W. Marydale Ave.
Soldotna, Alaska 99669
262-7411

HB 271

HOUSE COMMITTEE REPORT

(11)

Date Referred: May 8, 1991

FURTHER REFERRALS:

Date of Committee Action: 5/13/91

The FINANCE Committee considered:

HB 271

HOUSE BILL NO. 271

VET STATUS OF AK TERRITORIAL GUARD VETS

"An Act relating to persons who served in the Alaska Territorial Guard."

RECOMMENDATIONS:

be replaced with CS HB 271 (STA.) the same title a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal impact _____

1 fiscal note(s) DCRA 5/2/91

zero fiscal note _____

4 zero fiscal note(s) DNR 5/2/91 FISH/GAME 5/2/91
DPS DMVA

SIGNING DQ PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<u>Eileen P. Maclean</u> Maclean	<input checked="" type="checkbox"/>	<u>Fay Brown</u> Brown		<input checked="" type="checkbox"/>	
<u>Mike Savare</u> SAVARVE	<input checked="" type="checkbox"/>				
<u>MARK BOYA</u> BOYER	<input checked="" type="checkbox"/>				
<u>Kenneth D. Koponen</u> KOPONEN	<input checked="" type="checkbox"/>				
<u>Bob Sharp</u> Sharp	<input type="checkbox"/>				
<u>Paul E. Phillips</u> Phillips	<input checked="" type="checkbox"/>				
<u>Ronald J. Larsen</u> LARSEN	<input checked="" type="checkbox"/>				
<u>William</u> WILLIAMS	<input checked="" type="checkbox"/>				
<u>James Barnes</u> BARNES	<input checked="" type="checkbox"/>				

Mike Savare E.P. Maclean
CO-CHAIRMAN'S SIGNATURE
SAVARVE Maclean

FISCAL NOTE

No. 1

Bill Version: CSHB 271 (STA)

(H) Publish Date: 5/2/91

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Revision Date: _____ Department Affected: Community & Regional Affairs

Title: "An Act..persons..served in the Alaska Territorial Guard." BRU: Local Government Assistance

Sponsor: Use Spec Comm Mil & Vets Affairs Component: State Assessor

Requestor: House State Affairs COMPONENT SERIAL NO.

	6	7	3
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	13.0	14.3	-0-	-0-	-0-	-0-
MISCELLANEOUS						
TOTAL OPERATING	13.0	14.3	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	13.0	14.3	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	13.0	14.3	-0-	-0-	-0-	-0-

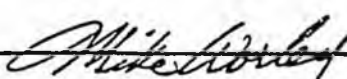
POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

See attached.



Prepared By: Mike Worley, State Assessor Phone: 465-4750

Division: Municipal & Regional Assistance Date: 4/26/91

Approved by Commissioner: Edgar Blatchford *Ed. Blatchford*

Agency: Department of Community & Regional Affairs Date: 4/26/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

The Territorial Guard consisted of approximately 4,500 members when it was dissolved in 1947.

In 1992, those people would range in age from 63 to 79 years of age. Using a straight line calculation, approximately 87.5 percent of the former members would be 65 years of age or older today. For that reason, the question of disability does not arise in that group, since they already qualify for the exemption program because of their age.

Of the remaining 12.5 percent (563) who could range in age from 63 to 64, we have made the following assumptions:

- (a) 60 percent own their own homes;
- (b) 20 percent reside in property-taxing jurisdictions;
- (c) 95 percent of the properties are taxable under federal law;

approximately 10 percent have a disability rating of 50 percent or more; and approximately 10 percent are widows between the ages of 60 and 65 (the factor of 20 percent results in 13 participants as noted below).

Each of the exemptions would equate to a property tax value of about \$1,000. The resulting computation would be 13 participants at \$1,000 for each exemption, or \$13,000.

This fiscal note assumes the Legislature would provide \$13,000 in additional funding for the program for fiscal years 1992 and 1993 (with the 10 percent inflation added for 1993). After that two year period, these remaining veterans will qualify as a result of their age, so no additional impact to the program is shown from that point on.

STATE OF ALASKA
1991 LEGISLATIVE SESSION

No. 2
Bill Version: CSHB 271 (STA)
(H) Publish Date: 5/2/91

Revision Date: _____ Department Affected: Natural Resources
Title: Alaska Territorial Guard BRU: Land & Water Management
Components: Land & Water Management
Sponsor: H. Veteran's & Military Affairs
Requestor: H. State Affairs Committee COMPONENT SERIAL NO. 431

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of Current year impact: None

ANALYSIS: (Attach a separate page if necessary)

This bill increases the number of veterans eligible for state land discounts and reduces the revenue received for state lands. We have been unable to determine how many people would qualify.

Prepared by: Janet Burleson Phone: 465-3400
 Division: Land & Water Management Date: 24-Apr-91
 Approved by Commissioner: Harold Heinze Date: 24-Apr-91
 Agency: Department of Natural Resources

Distribution (by preparer) : Legislative Finance, legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Revision Date: _____
Title: "An Act relating to persons who served in the Alaska Territorial Guard"
Sponsor: H. Spcl. Cmte Military & Vets
Requestor: H. SA

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

COMPONENT SERIAL NO.

	5	0	1
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EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not Included)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
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/PROG RCPT						
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

Estimate of current year impact None

ANALYSIS: (Attach a separate page if necessary)

See attached analysis.

Prepared by: Juanita Hensley Phone: 465-4335
 Division: Motor Vehicles Date: 4/23/91
 Approved by Commissioner: *Donna A. Hensley for* Richard L. Burton
 Agency: Department of Public Safety Date: 4/23/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Sections 8 and 9 of HB 271 deal with special vehicle registration plates for veterans, including members of the Alaska Territorial Guard. The Department of Public Safety has been informed that the only individuals who served in the Alaska Territorial Guard were Eskimo Scout Battalions, located in extremely rural areas that are not subject to vehicle registration. No fiscal impact upon the Division of Motor Vehicles is anticipated.

FISCAL NOTE

No. 4

Bill Version: CSHB 271(STA)

(H) Publish Date: 5/2/91

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Revision Date: 4/16/91

Department Affected: Fish and Game

Title: Vet status of AK territorial guard vets BRU: Administration/Licensing

Component: Administration/Licensing

Sponsor: Spec. Comm. Military &

Requestor: Veterans Affairs

COMPONENT SERIAL NO.

4	7	0
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
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

Estimate of current year impact: No impact on current fiscal year

ANALYSIS: (Attach a separate page if necessary.) It is unknown how many former Territorial Guard members who are more than 50 percent disabled from their service are still alive and less than 60 years old, but is anticipated that the numbers are very small. While this bill may have some negative fiscal effect on ADF&G, it would be minimal.

Prepared By: McKie Campbell

Phone: 465-4100

Division: Commissioner's Office

Date: 4/16/91

Approved by Commissioner: RON SOMERVILLE

Agency: Fish and Game

Date: 4/17/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

FISCAL NOTE

No. 5

Bill Version: CSHB 271 (STA)

(H) Publish Date: 5/2/91

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Revision Date: _____ Department Affected: Military & Veterans Affairs

Title: Relating to persons who served in Alaska Territorial Guard BRU: Veterans Affairs

Component: Veterans Services

Sponsor: House DMVA

Requestor: House DMVA

COMPONENT SERIAL NO.

	4	2	1
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Zero fiscal impact

Prepared By: Jeff Morrison Director Phone: 465-4600

Division: Administrative & Support Services Date: 16 April 91

Approved by Commissioner: *Jeff Morrison for* Hugh L. Cox III, Commissioner

Agency: Military & Veterans Affairs Date: 16 April 91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

COMMITTEE COPY

CS FOR HOUSE BILL NO. 271 (STATE AFFAIRS)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered: 5/2/91

Referred: Resources, Finance

Sponsor(s): HOUSE SPECIAL COMMITTEE ON MILITARY AND VETERANS' AFFAIRS

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to persons who served in the Alaska Territorial Guard."

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

3 * Section 1. LEGISLATIVE PURPOSE. The purpose of this bill is to recognize the dedication and
4 hardships endured by the members of the Alaska Territorial Guard during their service to their state and
5 their country during World War II and to accord them the same status as other veterans in the state.

6 * Sec. 2. AS 05.15.210(34) is amended to read:

7 (34) "veterans organization" means a civic, service, or charitable organization in
8 the state, or a branch or lodge or chapter of a national or state organization in the state,
9 not for pecuniary profit, the membership of which consists of individuals who were
10 members of the armed services or forces of the United States or persons who served in
11 the Alaska Territorial Guard.

12 * Sec. 3. AS 16.05.341 is amended to read:

13 Sec. 16.05.341. FREE LICENSE FOR DISABLED VETERANS. A person may receive
14 a resident hunting and sport fishing license (AS 16.05.340(a)(5)) without charge if the person