

Leg. Finance-House & Senate Finance Comte Files (1991-1992) 836

1 and operation of the health facility;

2 (12) agree to comply with

3 (A) the department's single audit requirements;

4 (B) AS 37.05.321, prohibiting the use of grant funds and earnings to  
5 influence legislative action;

6 (C) the reporting requirements of AS 36.05 and AS 36.10; and

7 (D) 42 U.S.C. 2000a - 2000h-6 (Civil Rights Act of 1964), 29 U.S.C. 621-  
8 634 (Age Discrimination in Employment Act of 1967), 7 U.S.C. 2027 (Food Stamp Act  
9 of 1977), and the department's requirements for implementation of the federal statutes  
10 listed in this subparagraph;

11 (13) identify anticipated operating costs and revenue and the sources of funding  
12 that may be requested if costs exceed projected revenue;

13 (14) complete the project in a timely manner to a fully functional condition and  
14 submit periodic status reports not less than every six months to the department detailing work  
15 completed to date, a summary of expenditures compared with the approved budget, and an  
16 explanation of any deviation from the approved work, schedule, or budget; and

17 (15) agree to comply with other requirements that the department, notwithstanding  
18 AS 37.05.318, may reasonably impose on grantees and that are necessary to meet the intent of  
19 the grant.

20 (c) Except as provided under (b) or (d) of this section, a cost of construction for a health  
21 facility may be paid under a grant awarded under AS 18.25.021 without regard to whether the  
22 cost was incurred before the

23 (1) award of the grant; or

24 (2) effective date of an appropriation to the health facility construction grant fund  
25 for the year in which the grant is funded.

26 (d) The maximum percentage of the costs of planning and designing, including  
27 engineering, that are incurred before awarding a grant and that may be paid under the grant may  
28 not exceed 15 percent.

29 (e) The grantee may not satisfy more than five percent of the grantee's share of the total  
30 cost of the health facility with items other than cash.

31 (f) Except as limited by (e) of this section, the fair market value of land acquisition and

1 site preparation may be included in the grantee's share of the total cost of the health facility.  
2 The fair market value shall be determined as of the date when the grant application is submitted  
3 under AS 18.25.011.

4 (g) The direct expenses of the grantee to administer the project may not exceed 10  
5 percent of the grant.

6 Sec. 18.25.027. GRANT APPROPRIATIONS. Within the general appropriation bill  
7 submitted to the legislature under AS 37.07.020, the governor shall include an appropriation for  
8 health facility construction grants in the succeeding fiscal year as determined by the priority list  
9 and budgets transmitted to the governor under AS 18.25.017.

10 Sec. 18.25.029. AMOUNT OF GRANTS. For each project included in a grant awarded  
11 under AS 18.25.021, the state shall pay 75 percent of the total costs of construction incurred for  
12 the project by the grantee during the fiscal year for which the grant is made.

13 Sec. 18.25.031. DISTRIBUTION OF GRANT. After the effective date of the agreement  
14 for a grant under AS 18.25.011 - 18.25.035, the department shall advance 20 percent of the grant  
15 to the grantee. The department shall base subsequent payments from the grant on payment  
16 requests submitted by the grantee for the costs of construction incurred by the grantee for the  
17 grant project. The department may not make a further payment under the grant until the grantee  
18 has exhausted the advance.

19 Sec. 18.25.033. HEALTH FACILITY CONSTRUCTION GRANT FUND. The health  
20 facility construction grant fund is created as an account in the general fund. The fund shall be  
21 used to make grants under AS 18.25.011 - 18.25.035 for the costs of construction of health  
22 facilities. Legislative appropriations under AS 18.25.011 - 18.25.035 for the costs of construction  
23 of health facilities shall be deposited in the fund.

24 Sec. 18.25.035. DEFINITIONS. In AS 18.25.011 - 18.25.035,

25 (1) "board" means the Health Facilities Review Board;

26 (2) "costs of construction" means the cost of acquiring, constructing, enlarging,  
27 repairing, remodeling, equipping, or furnishing health facilities and includes the total of all costs  
28 of financing and carrying out the project, including

29 (A) the cost of necessary studies, surveys, plans and specifications,  
30 architectural, engineering and other special services, the acquisition of real property, site  
31 preparation and development, and the acquisition of machinery and equipment necessary

1 for the project;

2 (B) the direct expenses of the grantee to administer the project;

3 (C) the cost of financing the project, including interest on bonds issued  
4 to finance the project; and

5 (D) the cost of other items, including indemnity and surety bonds and  
6 premiums on insurance, legal fees, fees and expenses of trustees, depositories, financial  
7 advisors, and paying agents for the bonds issued;

8 (3) "health facility" means a nursing home or a facility that provides  
9 hospitalization for inpatient medical and surgical care of acute illness or injury or obstetric care,  
10 but does not include a nursing home or facility that has more than 200 beds.

11 \* Sec. 2. AS 18.25.035(3) is repealed and reenacted to read:

12 (3) "health facility" means a nursing home or a facility that provides  
13 hospitalization for inpatient medical and surgical care of acute illness or injury or obstetric care.

14 \* Sec. 3. AS 18.25.100 is repealed and reenacted to read:

15 Sec. 18.25.100. REGULATIONS. The department shall adopt regulations to implement  
16 this chapter.

17 \* Sec. 4. AS 46.11.900(7) is amended to read:

18 (7) "state financial assistance" means a loan, grant, guarantee, insurance, payment,  
19 rebate, subsidy, or other form of state assistance other than aid under AS 05.35.010 - 05.35.070,  
20 AS 14.11, AS 18.25.011 - 18.25.035, and AS 29.60, including the purchase by a state agency of  
21 a loan to finance the construction or purchase of a residential building;

22 \* Sec. 5. AS 18.25.010, 18.25.020, 18.25.030, 18.25.070, 18.25.080, 18.25.090, and 18.25.110 are  
23 repealed.

24 \* Sec. 6. Section 2 of this Act takes effect July 1, 1996.

25 \* Sec. 7. Except as provided in sec. 6, this Act takes effect July 1, 1991.

# Alaska State Legislature

Chair, Resources Committee  
Vice-chair, Transportation Committee  
Member, Rules Committee  
Member, Committee on Committees



P.O. Box V  
Juneau, AK 99811  
907 465-3743  
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District A  
Ketchikan, Wrangell, Petersburg,  
Hyder, Myers Chuck, Kupreanof

**Senator Lloyd Jones**

352 Front Street  
Ketchikan, AK 99901  
907 225-9082  
Fax: 907 225-8546

## MEMORANDUM

To: Representative Mike Navarre, Co-chair  
Representative Eileen MacLean, Co-chair  
House Finance Committee

From: Senator Lloyd Jones *LJ*

Subj: Senate Bill 67

Date: January 16, 1992

Senate Bill 67, relating to state aid for health facilities, has been referred back to your committee for review. I would appreciate you scheduling it for a hearing as soon as your calendar permits. Since the bill was heard and passed in House Finance last session, I'm sure you're familiar with the contents of the bill and why I believe it should be moved as soon as possible.

I've enclosed a copy of the Alaska Municipal League's Resolution No. 92-2, which supports Senate Bill 67 to be included in the background material for the bill.

If you have any questions, or would like more information, I would be happy to talk to you personally.

enclosure (1)

# Alaska State Legislature

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Vice-chair, Transportation Committee  
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352 Front Street  
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## MEMORANDUM

To: Representative Mike Navarre, Co-chair  
House Finance Committee  
  
Representative Eileen MacLean, Co-chair  
House Finance Committee

From: Senator Lloyd Jones 

Date: May 8, 1991

Subj: Senate Bill 67

Senate Bill 67 has been referred to your committee. Please consider hearing the bill as soon as your schedule permits.

SB 67 is a comprehensive bill which sets up a structure by which the legislature and administration can objectively fund health care facilities in the state. As you know, many of our health care facilities are in serious disrepair. In the past, facilities have asked individual legislators for appropriations to take care of physical plant needs. There was no standardized method or priority system by which the legislature could fund these projects.

Fifteen hospitals were surveyed in a 1982 study commissioned by the Department of Health and Social Services. The ranking was based on the relative severity of all physical and functional deficiencies found at each facility. It did not consider other factors such as facility utilization or population trends. There have been several attempts to fund health facility construction grants. Last year, Senator Fred Zharoff and Representative Cliff Davidson introduced bills which authorized the issuance of general obligation bonds for three hospitals that were on the 1982 list. Those bills failed to pass the legislature.

As a result, Senator Zharoff was named chair of the Senate Special Committee on Health Care Facilities. I was a member, as was Senator Jay Kerttula. The committee assessed health care facility needs

Rep. Mike Navarre  
Rep. Eileen MacLean  
Senate Bill 67  
Page 2  
May 8, 1991

around the state. The committee was also charged with making recommendations regarding the funding of capital construction grants for health care facilities. Senate Bill 67 is a direct result of the task force's work on the issue.

My bill proposes the establishment of a Health Care Facilities Review Board, whose duties include prioritizing projects based on broad criteria contained in the bill, and criteria established by the board. The priority list and the Board's recommendation would be transmitted to the Governor and the Legislature each year.

You have reviewed a similar bill (HB 214), sponsored by Representative Cliff Davidson. Although our bills were identical when introduced, SB 67 was amended in the Senate Finance Committee. Attached is an explanation of the amendments. Also attached is a one-page fact sheet on SB 67, the Department of Health and Social Service's fiscal note and position paper.

If you have any questions or would like to discuss the bill with me, please don't hesitate to call. Your consideration in scheduling this bill for a hearing soon is greatly appreciated.

# **SENATE BILL 67 - FACT SHEET**

by Senator Lloyd Jones

## **Purpose of the Bill**

Senate Bill 67 is an attempt to rationally fund the renovation and replacement of hospital and nursing home facilities in our state. It sets up a priority ranking system to be used by the legislature and the administration when decisions are being made about what capital projects should be funded. In the past, these facilities have had to compete with other capital project funds. This bill establishes a Health Care Facility Review Board whose main duty is to accept grant applications and prioritize projects based on criteria set by the board.

## **Key provisions of the bill**

- Establishes a seven member board appointed by the governor, serving staggered terms of three years. Members must be representative of all areas of the state.
- Facilities must meet criteria as established in the bill. The Board will also establish other criteria.
- Facilities must have a valid certificate of need.
- Health care facilities as defined in the bill are acute care hospitals and nursing homes of no more than 200 beds.
- The state will award 75-percent of the total construction grant. Facilities must match a total of 25-percent with no more than 5-percent being in-kind contribution.
- The bill outlines and an extensive appeals process, however, award of grants may not be delayed regardless of any administrative or judicial review pending.
- Once a grant has been awarded, the Department and the applicant must formerly enter into a written agreement. Conditions of the agreement are outlined in the bill.

# **Explanation of Senate Finance Committee Amendments Senate Bill 67**

## **Unfair Competitive Advantage - Non-profit vs. For-profit**

There were several ideas suggested regarding the solution to this issue. Senator Jones suggested that all reference to non-profits should be deleted out of the bill, thereby allowing all health facilities, as defined in the bill, to apply for grants. This idea was incorporated in the Senate Finance Committee Substitute.

## **200 Bed Limit**

Senator Adams offered an amendment which limited access to the process. Under the Adams amendment, facilities with over 200 beds were excluded from the process. The rationale for the amendment was that small hospitals would have a better chance if they competed among themselves. This essentially eliminated two Anchorage hospitals from the process, Providence (non-profit) and Humana (for-profit). Senator Jones objected to the amendment, stating the purpose of the bill was to allow all health facilities to compete on a needs-based criteria system. The amendment passed in the Senate Finance and eventually passed on the Senate floor. The Adams amendment is on page 9, line 10.

## **Board Composition**

Senators Kerttula and Uehling suggested we add more administration representation to the board. Senator Jones offered to delete a member of the general public and add a representative of the office of management and budget in the Office of the Governor (page 2, line 22).

## **Regional Representation**

Senator Kerttula suggested membership of the board reflect regional representation. The bill now reflects this on page 2, starting on line 24: (b) To the extent possible and except for the board members

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**Page 2**

described under (a)(4) and (7) of this section, the board members must be representative of all areas of the state.

**Strengthened Criteria**

Because the bill allows for both the non-profits and for-profit health facilities to apply for grants. Senator Jones wanted to strengthen the criteria section of the bill to reflect the original intent of the bill, which was to help facilities facing life-threatening physical plant/code violations. This is reflected on page 3, starting on line 5: (b) The primary criteria for establishing the priorities under (a) of this section are (1) the degree of threat to the health or safety of facility occupants; and (2) the degree of potential harm to building integrity as it affects the building's ability to support health care functions in a cost-effective manner.

**Access to other sources of funding**

There was some question regarding whether or not the board would be able to determine a facility has access to funding from its parent company. This was one of the main objections that Humana had regarding Providence Hospital's eligibility in the bill. Senator Jones strengthened the criteria on page 3, line 12: (2) access to other sources of funding, including funding from the parent corporation of the health facility, if applicable;

**Grant Award**

Senator Pourchot was concerned over the in-kind contribution. He did not want the local match to be satisfied only by land donation. Page 7, line 29 was changed to read: (e) The grantee may not satisfy more than five percent of the grantee's share of the total cost of the health facility with items other than cash.

Senator Kerttula and Senator Duncan expressed concern over the state/local match formula in the bill. Senator Kerttula suggested the state's share by 75% rather than 80%. This is reflected on Page 8, line 11.

**Retroactive Clause**

Senator Duncan introduced an amendment which would allow hospitals who have already completed construction without state aid to apply for retroactive grants for reimbursement of construction costs

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**Page 3**

that were incurred before the effective date of this Act. This new section is on page 9, beginning on line 21.

Revised

DRAFT

Position Paper  
Senate Bill CSSB 67

"An Act relating to state aid for nonprofit health facilities; and providing for and effective date."

While the Department of Health and Social Services supports in general terms Committee Substitute for Senate Bill 67 (CSSB67), some important changes are required before we can actively provide our support. These changes are:

1. Assurance that adequate ongoing funding is available to develop and maintain the ongoing program.
2. Allow the Department to charge up to 1.5% in any one year in which an \$8 million or more appropriation is made to cover additional administrative and contractual cost potentially associated with the larger volume of work, and/or complexity implicit in the larger appropriation.
3. A mechanism needs to be put in SB 67 to end the existence of the Health Facilities Review Board, such as "sunsetting" it in five years.

If the changes that are outlined in items 1-3 above are made to Senate Bill 67, the Department of Health and Social Services will actively support it. Also, the Department feels that the fiscal note that has been developed is the minimum required to carry out the provisions and requirements of this legislation.

Recommended by:

*Janet Clarke*

Janet Clarke  
Director  
Division of Administrative Services

Date:

4/12/91

Approved by:

Theodore A. Mala, MD, MPH  
Commissioner  
Department of Health and Social  
Services

Date:



## SOUTHCENTRAL COUNSELING CENTER

4020 Folker Street • Anchorage, Alaska 99508  
(907) 563-1000

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- Emergency Services 24 Hours
- Psychiatric Services
- Senior Services
- Community Support Unit
  - Outpatient
  - Residential
- Day Break

May 14, 1991

MAY 16 1991

Representative Mike Navarre, Co-Chairman  
House Finance Committee  
P.O. Box V, Capitol Room 511/515  
Juneau, Alaska 99811

Dear Representative Navarre:

Enclosed is a position paper supporting a requested amendment of AS 47.30.550 regarding grant income. We believe that Senate Bill 67 would be an appropriate vehicle for this amendment. Any help you can provide in resolving this problem will be appreciated.

Thank you for your consideration.

Sincerely,

Ken Taylor, LCSW  
Executive Director

KT/sms  
Enclosure



## POSITION PAPER

### AS 47.30.550 COST SHARING FORMULA; LIMITATION

#### AMENDMENT

- (d) *Income earned by an entity through a community mental health project funded under AS 47.30.520 - 47.30.620 shall be used, [AS APPROVED BY THE DEPARTMENT], to augment or enhance the entity's mental health services.*

The clause "AS APPROVED BY THE DEPARTMENT," was added to this section of AS 47.30.550 in 1987, with effective date July 1, 1987. This statute applies only to community mental health projects. The interpretation of this language as applied since its inclusion has resulted in over-control of private nonprofit organizations through excessive regulation.

Regulatory implementation of the above statute by the Department of Health and Social Services has included proposed revision of regulations governing grant income (7AAC 78.210). The pending regulations significantly increase state control of grant income by requiring payment of excess income by grant organizations to the state. Currently, grant income is utilized for personnel costs, insurance costs, capital acquisitions and repairs, cash reserves used for cash flow, expansion of services, and various other program and support costs. The state has been unable to meet increasing costs of operations over the past several years. The significant funding increments for mental health provided by the legislature during the 1980s have been utilized for increased staffing, with no allowance for maintenance of effort. Increasing control of grant income is only workable if the state also assumes increased responsibility for the increasing organizational costs and liabilities.

Nonprofit organizations are unique in their ability to expand state funding for services. By definition, the mission of nonprofits is to recycle any profits or excess income to enhance their services. The state defrays a significant share of costs by delivering services through grant organizations. The local community gains input and accepts responsibility through volunteer governing boards. Consistent with original statutory language (AS 47.30.520 Legislative Purpose), the state relationship with private nonprofit organizations allows improved utilization of existing resources through locally developed, administered, and controlled community mental health programs. This relationship is optimal when effective and efficient management is demanded of local programs as well as state government.

Increasing control by the bureaucracy of state government will not improve effective or efficient management of programs. The motivation to succeed for nonprofit organizations and the ability to succeed as business organizations is undermined by such over-control.

The position of Anchorage Community Mental Health Services, Inc. is that the language "AS APPROVED BY THE DEPARTMENT" should be removed from the statute. Furthermore, all efforts to improve the ability of nonprofit organizations to enhance and augment state funds should be undertaken. All public policy, statutory as well as regulatory, should be constructed with the goal of maximization of public and private resources through effective partnerships.

ALASKA STATE

# HOSPITAL & NURSING HOME

ASSOCIATION

Monday  
May 13, 1991

MEMO TO: MEMBERS, HOUSE FINANCE COMMITTEE

FROM: HARLAN KNUDSON  
Alaska State Hospital & Nursing Home  
Association - 586-1790

SUBJECT: SUPPORT - SB 67 - Health Facility Construction  
Authority - With Amendments

SB 67 brings a badly needed "process" to establish need and set priorities for construction of hospitals and nursing homes in Alaska.

1. SB 67, Page 8, Line 10: AS 18.25.029 be revised to read:

AMOUNT OF GRANTS. For each project included in a grant awarded under AS 18.25.021, the state shall pay 75 percent of the total costs of construction incurred for the project by the grantee before the end of (DURING) the fiscal year for which the grant is made, except that any cost of construction that was paid under a prior year's grant under AS 18.25.021 shall not be paid again.

Amendment Purpose - Clarifies that legitimate costs spent prior to the grant year can be reimbursed and that such expenditures cannot be paid for twice. (See Attached #1)

2. SB 67, Page 9, Line 9 - delete "," and insert period "."

Page 9, Line 10 - delete Line 10 "but does not include a nursing home or facility that has more than 200 beds."

Amendment Purpose - After establishing financial needs, as required under SB 67, allows community facilities (Our Lady of Compassion Care Center, Anchorage, Providence Hospital, Anchorage and Humana Hospital-Alaska, Anchorage) with over 200 beds to participate in grant process. (See Attached #2)

Attachment (2)

#####

PROPOSED CHANGES TO CSSB 67 (FIN)

May 13, 1991

Page 8, line 10: AS 18.25.029 should be revised as follows:

AMOUNT OF GRANTS. For each project included in a grant awarded under AS 18.25.021, the state shall pay 75 percent of the total costs of construction incurred for the project by the grantee before the end of [DURING] the fiscal year for which the grant is made, except that any cost of construction that was paid under a prior year's grant under AS 18.25.021 shall not be paid again.

Comment: As currently drafted, this section appears to provide that the grant for a particular fiscal year would pay only for those construction costs actually incurred during that fiscal year. If so, then this section is inconsistent with AS 18.25.025(c) (page 7, line 20), which provides that a cost of construction may be paid

without regard to whether the cost was incurred before the

- (1) award of the grant; or
- (2) effective date of an appropriation to the health facility construction grant fund for the year in which the grant is funded.

The "effective date of an appropriation" for a grant will always be before the beginning of the fiscal year for which the grant is made. For example, the Legislature would adopt a budget in May of 1993 (Fiscal Year 1993) that appropriated funds for grants to be paid in the next fiscal year (Fiscal Year 1994, beginning in July 1993).

Unless the grants are permitted to pay costs that are incurred before the beginning of the grant year, substantial legitimate and necessary costs will be excluded from the program. For example, in order to be eligible to receive a grant in Fiscal Year 1994 (beginning in July 1993), a facility would have to submit a grant application by June 15, 1992. (AS 18.25.011(a)--page 1, line 4) Before submitting that application, however, the facility must already have a certificate of need. (AS 18.25.011(b)--page 1, line 7) The certificate of need process itself can take months to complete, and it is necessary to incur planning and design costs in order to obtain a certificate of need. Thus, a facility may incur such costs as early as the fall of 1991 in order to obtain a grant that would not be paid until the year beginning in July 1993. AS 18.25.025(d) (page 7, line 26) provides that up to fifteen percent of such planning and design costs may be paid by the grant, so the bill does contemplate that some costs incurred before the beginning of the grant year may be paid by a grant. In order to avoid an interpretation that would exclude such costs from the grant program, AS 18.25.029 should be revised as proposed above.

#####

May 13, 1991  
PROPOSED CHANGES FOR CSSB 67 (Fin)

Page 9, Line 9 - delete comma (,) and insert period (.).

Page 9, Line 10 - delete line 10 ("but does not include a nursing home or facility that has more than 200 beds").

Comment: The language on line 10 excludes Alaska's larger hospital and nursing home facilities from participating in the proposed matching grant program for construction or remodeling. This would mean that Our Lady of Compassion Care Center, Providence Hospital, and Humana Hospital, cannot apply for matching grants under this program.

Section 18.25.015 outlines stringent criteria that a facility must meet in showing financial need. A facility that does not need financial help will not get financial help from the state. The process under SB 67 and the need for the approval for funding from the Legislature and the Governor provide that assurance.

In excluding facilities with more than 200 beds, the state is setting a health policy that says:

1. The state is not willing to help our larger facilities, such as Providence Hospital, whose mission in Alaska for over eighty years has been to take care of every Alaskan, from every region of the state, who needs medical care, regardless of ability to pay.
2. It denies all Alaskans potential access to the latest in medical technology or service.

At this time, Providence may not need to seek the assistance from the state to rebuild or add a needed unit, but small hospitals across the state that refer patients to both Providence and Humana want to see these major referral hospitals have access to the best of care.

To exclude your largest, most sophisticated hospital you are closing the door for the state to help if:

- financial help is needed to increase the level of care in the neonatal intensive care unit -- It is here that the most critically ill newborns from all parts of the state are cared for.
  - financial help that may make it possible for Alaskans to receive badly needed care for burns, or transplants.
3. By excluding the state's largest nursing home, you close the door to assist a nursing home in Anchorage to request help when there is a nursing home bed shortage in Anchorage.

In refusing to help your most sophisticated health facilities, you force Alaskans to leave the state for care.

# STATE OF ALASKA

**DEPT. OF HEALTH AND SOCIAL SERVICES**

**OFFICE OF THE COMMISSIONER**

WALTER J. HICKEL, GOVERNOR

P.O. BOX H  
JUNEAU, ALASKA 99811-0601  
PHONE: (907) 465-3030

May 14, 1991

Honorable Ramona Barnes  
Alaska State House of Representatives  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Re: Community mental health center income

Dear Representative Barnes:

You have asked for our opinion on the necessity of retaining approval authority by the Department over income earned by a community mental health center as provided in AS 47.30.550(d).

In our view, this provision, specifically the words "as approved by the Department," may be deleted from statute with no deleterious consequences for the state. This approval power is about four years old and, as a practical matter, has contributed nothing but additional paperwork to the responsibilities of mental health centers and the Department. Removal of the provision may also lead mental health centers to more vigorously pursue other sources of funding and income.

Finally, the strictures placed on mental health centers by existing law and by Internal Revenue Service requirements of non-profit corporations are more than sufficient to prevent the frivolous expenditure of income.

Sincerely,



Theodore A. Mala, MD, MPH  
Commissioner

TAM/TB/cb

## *Seward General Hospital*

P.O. BOX 385 417 FIRST AVENUE  
SEWARD, ALASKA 99662 '365  
PHONE (907) 224-5200

May 13, 1991

Representative Mike Navarre  
P.O. Box V  
Juneau, AK 99811

Dear Representative Navarre:

Seward General Hospital asks your support for SB 67, establishing a process for health facility construction and support of an amendment to repeal a 200 bed limit now in the bill that prohibits Providence Hospital and Our Lady of Compassion Care Center from applying for matching construction grants.

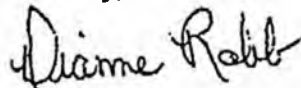
Providence Hospitals cares for badly injured patients from this area, and for seriously ill newborns. They should not be denied state support if they can show there is a need for that support.

Please support SB 67 with the amendment to repeal 200 bed limit on participation in matching grant program.

Humana Hospital is a for profit, stock holder owned corporation with 1990 profits of \$307 million dollars. I cannot support their access to limited state funding.

Thank you.

Sincerely,



Dianne Rabb, M.H.A.  
Chief Executive Officer

DR/sj

**SB67**

# SENATE FINANCE COMMITTEE REPORT

DATE: 3/6/91

FURTHER:

DATE TURNED INTO OFFICE: 4/29/91

The Finance Committee considered SENATE BILL NO. 67

"An Act relating to state aid for nonprofit health facilities; and providing for an effective date."

and recommended:

- replace with \_\_\_\_\_ CS SB 67 (Finance)
- or adopt \_\_\_\_\_ CS \_\_\_\_\_
- attached amendment(s)
- \_\_\_\_\_ letter of intent adopted

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

do pass

do not pass

no recommendation

individual recommendations

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

ATTACHES NEW FISCAL NOTE(S):

Dept/Date:

fiscal note(s) DH&SS 128.5 4/24/91

zero fiscal note(s) \_\_\_\_\_

appropriation-no fiscal note

SIGNING DC PASS:

[Signature]

[Signature]

[Signature]

[Signature]

APPROVES PREVIOUS:

Dept/Date:

fiscal note(s) \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

OTHER RECOMMENDATIONS:

[Signature]

[Signature] (NO REC)

1. [Signature]

2. [Signature] do pass

Co-Chairs: Signatures and Recommendations

# FISCAL NOTE

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

BILL NO. CSS67

Revision Date: April 24, 1991 Dept. Affected: Health & Social Services  
 Title: An Act relating to aid for nonprofit health facilities and providing for an effective date BRU: Administrative Services  
 Component: Facilities/CIP  
 Sponsor: Jones, Zharoff  
 Requestor: by the HESS Committee COMPONENT SERIAL NO. 0325

Expenditures/revenues: (Thousands of Dollars)

OPERATING	FY92	FY93	FY94	FY95	FY96	FY97
PERSONAL SERVICES	65.4	68.4	68.4	68.4	68.4	68.4
TRAVEL	17.4	17.9	17.9	21.4	17.9	17.9
CONTRACTUAL	38.8	38.8	38.8	41.8	38.8	38.8
SUPPLIES	0.9	0.9	0.9	0.9	0.9	0.9
EQUIPMENT	6.0					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>128.5</b>	<b>126.0</b>	<b>126.0</b>	<b>132.5</b>	<b>126.0</b>	<b>126.0</b>
<b>CAPITAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>REVENUE</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

FUNDING: (Thousands of Dollars)

GENERAL FUND	128.5	126.0	126.0	126.0	126.0	126.0
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>128.5</b>	<b>126.0</b>	<b>126.0</b>	<b>126.0</b>	<b>126.0</b>	<b>126.0</b>

POSITIONS:

FULL-TIME	1.0	1.0	1.0	1.0	1.0	1.0
PART-TIME						
TEMPORARY						

Estimate of current year impact: No FY91 fiscal impact.

ANALYSIS: (Attach a separate page if necessary)

This legislation mandates establishment of a seven member Health Facilities Review Board, and includes specific requirements for objectives of the Board and the department. At a minimum, a Health and Social Services Planner II (R19) is needed to perform full administration of all duties related to the implementation of CSSB67. Duties of this position include: writing regulations; analysis and comparison of all 5-year master plans; contact with facilities and resolution of unclear master plans which they have submitted; verification and review of project budgets; analysis and review of all grant applications; staff support for the Health Facilities Review Board

(Continued)

Prepared by: Janet Clarke, Director  
 Division: Division of Administrative Services

Phone: 465-3082  
 Date: 04/24/91

Approved by Commissioner: Jan Jones for  
 Agency: Department of Health and Social Services

Date: 4/24/91

Distribution (by preparer):

Legislative Finance      OMB  
 Legislative Sponsor      Impacted Agency(ies)  
 Requestor

**ANALYSIS (cont.):**

such as making travel arrangements, meeting preparation and meeting support; preparation and submission of all advertising for public hearings; staffing the hearings; administration of all appeals including coordination with board, hearing officers and the Department of Law; administration and execution of grant agreements; review of all grant request documentation and approval of grant payments; accurate accounting of all grant funds, and compilation of grant closeouts; preparation of reports to board on final grant accounting.

DESCRIPTION	COMMENT #	FY92	FY93
<b>Line 100 – Personal Services</b>			
H&SS Planner II, PFT, 12 months, (R19) Juneau	(1)	65,388	68,425
<b>Line 200 – Travel</b>			
<b>72330 Board Travel – Member Travel</b>			
2.5 meetings * 7 members * 3 days = 52.5 days	(2)		
Meetings will be 2 days and 1 day travel			
7 * \$475 average airfare * 2.5 meetings	(3)	8,313	8,750
7 members * \$35 misc. expenses * 2.5 meetings		613	613
<b>72500 Board Travel Per Diem</b>			
52.5 days * \$115		6,038	6,038
<b>72300 Staff Travel for Board Meetings</b>			
(2 meetings * 1 staff * 3 days = 6 days)			
1 staff * \$475 airfare * 2 meetings		950	1,000
1 staff * \$35 misc. expense * 2 meetings		70	70
<b>72500 Staff Travel Per Diem for Board Meetings</b>			
6 days * \$115 per diem		690	690
<b>72300 Staff Travel for Public Hearings</b>			
(1 hearing * 1 staff * 2 days = 2 days)	(4)		
1 staff * \$475 airfare * 1 hearing		475	500
1 staff * \$35 misc. expense * 1 hearing		35	35
<b>72500 Per Diem for Public Hearing</b>			
2 days * \$115		230	230
	<b>TOTAL TRAVEL</b>	<b>17,414</b>	<b>17,926</b>
<b>Line 300 – Contractual Services</b>			
<b>73100 Hearing Officer Professional Services</b>			
(2 appeals @ \$5,000 each)		10,000	10,000
Attorney time and costs related to litigations	(5)	12,000	12,000
Transcription of Public Hearings		1,500	1,500
<b>73300 Communications, including local, long distance, fax and postage</b>			
		9,500	9,500
<b>73500 Advertising for 2 board meetings, 1 public hearing (display ads)</b>			
		3,000	3,000
<b>Printing and Binding of Reports, Minutes and Transcriptions</b>			
		2,500	2,500
<b>73800 Space Rental for meetings</b>			
		300	300
	<b>TOTAL CONTRACTUAL</b>	<b>38,800</b>	<b>38,800</b>

## ANALYSIS (cont.):

DESCRIPTION	COMMENT #	FY92	FY93
Line 400 - Supplies			
74200 Office Supplies		600	600
Board Meeting supplies		300	300
	<b>TOTAL SUPPLIES</b>	<u>900</u>	<u>900</u>
Line 500 - Equipment			
75830 Data Processing Equipment (PC and Peripherals) and software		6,000	0
	<b>TOTAL EQUIPMENT</b>	<u>6,000</u>	<u>0</u>
	<b>TOTAL for PROJECT</b>	<u>128,502</u>	<u>126,051</u>

- (1) The staff cost for FY93 assumes a 5% cost of living increase.
- (2) This assumes one meeting for the board to rank hospital grant proposals and one meeting for the board to review appeals. One half of a meeting is budgeted for the board to allow a few board members to attend the public hearing.
- (3) For FY93, it is assumed that average travel costs will increase from \$475 to \$500 per trip.
- (4) This assumes one day for travel and one day to hold the public hearing.
- (5) The \$12,000 figure was provided by the Department of Law as what they would charge to handle all costs related to litigation for two hearings.

yr 7, l 30 } 4/29/91  
yr 9, l 23 } 4/93 Bennister

7-LS0085VP

**CS FOR SENATE BILL NO. 67 (FINANCE)**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**SEVENTEENTH LEGISLATURE - FIRST SESSION**

**BY THE SENATE FINANCE COMMITTEE**

**Offered:**  
**Referred:**

**Sponsor(s): SENATORS JONES, Zharoff, Merritt**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to state aid for health facilities; and providing for an effective date."**

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

3 **\* Section 1. AS 18.25 is amended by adding new sections to read:**

4           Sec. 18.25.011. GRANT APPLICATIONS. (a) On or before June 15, a person,  
5 including a municipality, may submit a grant application to the department for a health facility  
6 construction grant.

7           (b) A project for which a certificate of need is required under AS 18.07.031 - 18.07.111  
8 at the time of the grant application is not eligible for a grant under AS 18.25.011 - 18.25.035  
9 unless a certificate has been issued to the health facility that is the subject of the application, and  
10 the certificate is in effect at the time of the application.

11           (c) A project is not eligible for a grant under AS 18.25.011 - 18.25.035 unless the  
12 applicant has submitted a five-year master plan for the construction of the health facility on or  
13 before September 1 of the fiscal year in which the application is submitted; the master plan must  
14 include a description of the applicant's fixed asset inventory system and preventive maintenance

L

1 program, a detailed scope of work, an estimated project budget, an operation, maintenance, and  
2 financial feasibility study, and a documentation of the conditions justifying the project, including  
3 a signed statement by an architect or engineer verifying any code violation documented in the  
4 plan.

5 (d) The grant application must include

6 (1) evidence that the applicant has secured and will maintain adequate property  
7 loss insurance for the replacement cost of the health facility or a program of insurance acceptable  
8 to the department; and

9 (2) evidence acceptable to the department that the proposed project is a capital  
10 construction project and not part of a preventive maintenance program or regular custodial care  
11 program.

12 Sec. 18.25.013. HEALTH FACILITIES REVIEW BOARD ESTABLISHED. (a) There  
13 is created in the Department of Health and Social Services the Health Facilities Review Board  
14 composed of seven members consisting of the following persons appointed by the governor and  
15 who serve at the pleasure of the governor:

16 (1) an architect licensed under AS 08.48;

17 (2) an engineer licensed under AS 08.48;

18 (3) a representative nominated by the Alaska Municipal League;

19 (4) a representative from the department;

20 (5) a representative of a health facility;

21 (6) a representative of the Alaska Area Native Health Service; and

22 (7) a representative of the office of management and budget in the Office of the

23 Governor.

24 (b) To the extent possible and except for the board members described under (a)(4) and  
25 (7) of this section, the board members must be representative of all areas of the state.

26 (c) The members serve for staggered terms of three years.

27 (d) The members of the board shall elect a member of the board as chair.

28 (e) The board shall hold at least one meeting each year. The board may hold additional  
29 meetings at the call of the chair or of a majority of the board members.

30 Sec. 18.25.015. BOARD DUTIES. (a) The board shall annually

31 (1) review the master plans submitted by applicants under AS 18.25.011;

1 (2) with regard to the plans reviewed under (1) of this subsection, establish and  
2 transmit to the department a revised and updated five-year construction grant schedule that  
3 establishes the priorities among the proposed health facility construction projects and serves the  
4 best interest of the state and the municipality or area in which the health facility is located.

5 (b) The primary criteria for establishing the priorities under (a) of this section are

6 (1) the degree of threat to the health or safety of facility occupants; and

7 (2) the degree of potential harm to building integrity as it affects the building's  
8 ability to support health care functions in a cost-effective manner.

9 (c) The board shall establish by regulation additional criteria for establishing the priorities  
10 under (a) of this section. The criteria must include at least the following factors:

11 (1) the ability of the project or project phase to be self-supporting;

12 (2) access to other sources of funding, including funding from the parent  
13 corporation of the health facility, if applicable;

14 (3) the overall capital requirements and operating cost efficiency over the lifetime  
15 of the facility;

16 (4) the community or area need for the facility as compared to alternative means  
17 for providing the care;

18 (5) the level of care required to provide basic cost effective and efficient health  
19 services;

20 (6) the effect of the grant award on the overall position of the applicant as  
21 compared to health facilities that are not eligible to receive grants under AS 18.25.011 -  
22 18.25.035.

23 (d) The board may reject a grant application and omit it from the construction grant  
24 schedule if

25 (1) the applicant provides incomplete information or documentation on the project;

26 (2) the board determines that existing facilities can adequately serve the program  
27 requirements, or that an alternative project is in the best interests of the state; or

28 (3) the board determines that the project is not in the best interests of the state  
29 or the municipality or area in which the health facility is located.

30 Sec. 18.25.017. DEPARTMENT ACTION. (a) Before a grant application is submitted  
31 to the board, the department shall verify the amounts and reasons for the items in the budget for

1 each grant application.

2 (b) With regard to the construction grant schedule established by the board under  
3 AS 18.25.015, the department shall transmit the construction grant schedule, including the  
4 budgets verified under (a) of this section, to the governor by October 15 of each year and to the  
5 legislature within the first 10 days of each regular legislative session.

6 Sec. 18.25.019. PUBLIC NOTICE AND HEARING. On or before July 15 of each year,  
7 the department shall provide public notice of the grant applications made under AS 18.25.011  
8 and the priorities established under AS 18.25.015. After public notice has been given, the  
9 department shall, not later than August 15 of each year, hold a public hearing on the priorities  
10 established under AS 18.25.015. In this section, "public notice" means notice published in a  
11 newspaper of general circulation and notice to each person who has requested notice about the  
12 grant requests from the department.

13 Sec. 18.25.021. AWARD. (a) The department shall award grants in the order of the  
14 projects' priorities on the date the appropriation bill funding the health facility construction grant  
15 fund becomes law, regardless of an administrative or judicial review pending under  
16 AS 18.25.023. An administrative or judicial review pending under AS 18.25.023 at the time that  
17 grants are awarded may not delay the funding of grants.

18 (b) If a project is assigned a new priority ranking under AS 18.25.023 after the date the  
19 appropriation bill for the health facility construction grant fund becomes law, a grant shall be  
20 awarded for the project in accordance with the new priority ranking at the next time that health  
21 facility construction grants are awarded under AS 18.25.011 - 18.25.035.

22 Sec. 18.25.023. ADMINISTRATIVE AND JUDICIAL REVIEW. (a) An applicant  
23 under AS 18.25.011 may not request reconsideration of a decision of the board unless the request  
24 is based on reasonable issues of fact or law. The request must be in writing and include a  
25 statement of the specific changes desired, and a summary of the evidence supporting the  
26 applicant's claim that the board has erred in its review of the applicant's grant application. A  
27 request for reconsideration must be submitted to the board by the first day of the public hearing  
28 held under AS 18.25.019. The board shall review its decision on the basis of the request by the  
29 applicant and determine whether its decision should be changed. The board shall issue its  
30 determination in writing within 15 days after the last day of the public hearing held under  
31 AS 18.25.019.

1 (b) An applicant under AS 18.25.011 may appeal an adverse decision of the board under  
2 (a) of this section by filing a written notice of appeal with the commissioner within 15 days after  
3 the date of the board's decision. The notice of appeal must state the legal and factual basis for  
4 the appeal and the precise relief sought. The failure of the applicant to include an issue in a  
5 notice of appeal constitutes a waiver of the right to have the issue considered. Not later than 10  
6 days after receipt of a notice of appeal, the commissioner shall appoint a hearing officer who is  
7 qualified under AS 44.62.350(c) to consider the appeal. If the hearing officer finds that the  
8 notice of appeal does not raise a reasonable issue of fact or law, the hearing officer shall issue  
9 a written decision denying the appeal. Denial of an appeal by a hearing officer is a final decision  
10 that may be appealed under (d) of this section. If the hearing officer finds that the notice of  
11 appeal raises a reasonable issue of fact or law, the hearing officer shall conduct a hearing on  
12 those issues and recommend a decision to the commissioner. The hearing officer shall issue a  
13 decision on the appeal not later than 60 days after being appointed. The commissioner shall  
14 consider the recommended decision of the hearing officer within 10 days after receipt and may  
15 adopt all, part, or none of the recommended decision or may remand the issue to the hearing  
16 officer for further hearings. The commissioner shall issue a decision in writing within 10 days  
17 after consideration of the hearing officer's decision.

18 (c) The hearing officer may consolidate appeals under (b) of this section if the notices  
19 of appeal raise related issues of fact or law.

20 (d) An applicant under AS 18.25.011 may appeal an adverse decision of a hearing officer  
21 or the commissioner under (b) of this section to the superior court in the manner provided by  
22 AS 44.62.560 - 44.62.570 and the Alaska Rules of Appellate Procedure.

23 (e) The board shall adopt regulations governing procedures for the reconsideration and  
24 appeal of decisions under (a) - (c) of this section. The regulations adopted under this subsection  
25 are not required to conform to AS 44.62.330 - 44.62.630, but must be consistent with minimum  
26 standards of due process.

27 (f) An applicant under AS 18.25.011 may not request reconsideration of or appeal a  
28 priority determination on the grounds that a revised priority assigned to another project, due to  
29 a reconsideration or appeal under this section, has resulted in a lower priority being accorded to  
30 the applicant's project.

31 Sec. 18.25.025. GRANT AGREEMENT AND CONDITIONS. (a) The department shall

1 enter into a written agreement with the grantee before it distributes grant funds under  
2 AS 18.25.011 - 18.25.035.

3 (b) The department shall require in the grant agreement that the grantee

4 (1) agree to construction of the health facility as described by the certificate of  
5 need, if any, issued to the facility under AS 18.07.031 - 18.07.111;

6 (2) provide reasonable assurance by a means acceptable to the department that  
7 the cost of the project will be uniform with the costs of the most current construction projects  
8 in the area;

9 (3) agree to submit to the department for department approval a description and  
10 justification of a cost overrun before the grantee agrees to pay for the overrun and before the  
11 department distributes money to the grantee to pay for the overrun;

12 (4) agree to place the grant funds in an interest-bearing account and not to use  
13 the interest or the grant funds for a purpose other than the project;

14 (5) agree to limit equipment purchases to that required for the facility operation;

15 (6) submit project budgets for department review and agree that the grant amount  
16 may, at the discretion of the department, be reduced or increased by amounts equal to the  
17 amounts by which contracts vary from the budget amounts approved by the department;

18 (7) submit to the department for approval, before advertising for bids for the  
19 construction contract, a plan for construction that includes specifications, final construction  
20 drawings, and proposed contract documents;

21 (8) submit for department review a tabulation of all bids received, a complete  
22 copy of the lowest bid, a copy of the proposed notice to proceed with construction, and a copy  
23 of the proposed construction contract;

24 (9) submit for department review and acceptance documentary evidence that the  
25 project is being accomplished in accordance with all the assertions in the grantee's five-year  
26 master plan and grant application;

27 (10) submit sufficient assurances that the project will be used for the stated  
28 purposes of the grant for the expected useful lifetime of the facility;

29 (11) agree to conform to all applicable governmental codes and standards,  
30 including the most recently adopted state statutes and regulations on building, health, mechanical,  
31 electrical, fire, safety, and handicap accessibility, and those covering the planning, construction,

1 and operation of the health facility;

2 (12) agree to comply with

3 (A) the department's single audit requirements;

4 (B) AS 37.05.321, prohibiting the use of grant funds and earnings to  
5 influence legislative action;

6 (C) the reporting requirements of AS 36.05 and AS 36.10; and

7 (D) 42 U.S.C. 2000a - 2000h-6 (Civil Rights Act of 1964), 29 U.S.C. 621-  
8 634 (Age Discrimination in Employment Act of 1967), 7 U.S.C. 2027 (Food Stamp Act  
9 of 1977), and the department's requirements for implementation of the federal statutes  
10 listed in this subparagraph;

11 (13) identify anticipated operating costs and revenue and the sources of funding  
12 that may be requested if costs exceed projected revenue;

13 (14) complete the project in a timely manner to a fully functional condition and  
14 submit periodic status reports not less than every six months to the department detailing work  
15 completed to date, a summary of expenditures compared with the approved budget, and an  
16 explanation of any deviation from the approved work, schedule, or budget; and

17 (15) agree to comply with other requirements that the department, notwithstanding  
18 AS 37.05.318, may reasonably impose on grantees and that are necessary to meet the intent of  
19 the grant.

20 (c) Except as provided under (b) or (d) of this section, a cost of construction for a health  
21 facility may be paid under a grant awarded under AS 18.25.021 without regard to whether the  
22 cost was incurred before the

23 (1) award of the grant; or

24 (2) effective date of an appropriation to the health facility construction grant fund  
25 for the year in which the grant is funded.

26 (d) The maximum percentage of the costs of planning and designing, including  
27 engineering, that are incurred before awarding a grant and that may be paid under the grant may  
28 not exceed 15 percent.

29 (e) The grantee may not satisfy more than five percent of the grantee's share of the total  
30 cost of the health facility with items other than cash.

31 (f) Except as limited by (e) of this section, the fair market value of land acquisition and

1 site preparation may be included in the grantee's share of the total cost of the health facility.  
2 The fair market value shall be determined as of the date when the grant application is submitted  
3 under AS 18.25.011.

4 (g) The direct expenses of the grantee to administer the project may not exceed 10  
5 percent of the grant.

6 Sec. 18.25.027. GRANT APPROPRIATIONS. Within the general appropriation bill  
7 submitted to the legislature under AS 37.07.020, the governor shall include an appropriation for  
8 health facility construction grants in the succeeding fiscal year as determined by the priority list  
9 and budgets transmitted to the governor under AS 18.25.017.

10 Sec. 18.25.029. AMOUNT OF GRANTS. For each project included in a grant awarded  
11 under AS 18.25.021, the state shall pay 75 percent of the total costs of construction incurred for  
12 the project by the grantee during the fiscal year for which the grant is made.

13 Sec. 18.25.031. DISTRIBUTION OF GRANT. After the effective date of the agreement  
14 for a grant under AS 18.25.011 - 18.25.035, the department shall advance 20 percent of the grant  
15 to the grantee. The department shall base subsequent payments from the grant on payment  
16 requests submitted by the grantee for the costs of construction incurred by the grantee for the  
17 grant project. The department may not make a further payment under the grant until the grantee  
18 has exhausted the advance.

19 Sec. 18.25.033. HEALTH FACILITY CONSTRUCTION GRANT FUND. The health  
20 facility construction grant fund is created as an account in the general fund. The fund shall be  
21 used to make grants under AS 18.25.011 - 18.25.035 for the costs of construction of health  
22 facilities. Legislative appropriations under AS 18.25.011 -18.25.035 for the costs of construction  
23 of health facilities shall be deposited in the fund

24 Sec. 18.25.035. DEFINITIONS. In AS 18.25.011 - 18.25.035,

25 (1) "board" means the Health Facilities Review Board;

26 (2) "costs of construction" means the cost of acquiring, constructing, enlarging,  
27 repairing, remodeling, equipping, or furnishing health facilities and includes the total of all costs  
28 of financing and carrying out the project, including

29 (A) the cost of necessary studies, surveys, plans and specifications,  
30 architectural, engineering and other special services, the acquisition of real property, site  
31 preparation and development, and the acquisition of machinery and equipment necessary

1 for the project;

2 (B) the direct expenses of the grantee to administer the project;

3 (C) the cost of financing the project, including interest on bonds issued  
4 to finance the project; and

5 (D) the cost of other items, including indemnity and surety bonds and  
6 premiums on insurance, legal fees, fees and expenses of trustees, depositories, financial  
7 advisors, and paying agents for the bonds issued;

8 (3) "health facility" means a nursing home or a facility that provides  
9 hospitalization for inpatient medical and surgical care of acute illness or injury or obstetric care,  
10 but does not include a nursing home or facility that has more than 200 beds.

11 \* Sec. 2. AS 18.25.100 is repealed and reenacted to read:

12 Sec. 18.25.100. REGULATIONS. The department shall adopt regulations to implement  
13 this chapter.

14 \* Sec. 3. AS 46.11.900(7) is amended to read:

15 (7) "state financial assistance" means a loan, grant, guarantee, insurance, payment,  
16 rebate, subsidy, or other form of state assistance other than aid under AS 05.35.010 - 05.35.070,  
17 AS 14.11, AS 18.25.011 - 18.25.035, and AS 29.60, including the purchase by a state agency of  
18 a loan to finance the construction or purchase of a residential building;

19 \* Sec. 4. AS 18.25.010, 18.25.020, 18.25.030, 18.25.070, 18.25.080, 18.25.090, and 18.25.110 are  
20 repealed.

21 \* Sec. 5. RETROACTIVE GRANTS. (a) A grant may be made under AS 18.25.011 - 18.25.035,  
22 added by sec. 1 of this Act, for construction costs that are incurred before the effective date of this Act  
23 <sup>[and]</sup> if the construction project is begun or completed before the effective date of this Act and if the project  
24 began after December 31, 1985.

25 (b) Notwithstanding AS 18.25.011(b), the certificate of need required for a construction project  
26 described in (a) of this section must have been in effect when the project was begun.

27 (c) The determination of the priority of a construction project described in (a) of this section  
28 shall be based on the circumstances existing when the construction project was begun.

29 (d) If the grant is for construction costs described in (a) of this section, the written agreement  
30 required under AS 18.25.025 may not include the provisions contained in AS 18.25.025(b)(1) - (11),  
31 (13), and (14).

1 (e) Notwithstanding AS 18.25.029, for each grant described in (a) of this section, the state shall  
2 pay 75 percent of the costs of construction incurred for the project by the grantee before the effective  
3 date of this Act.

4 (f) Notwithstanding AS 18.25.031, after the effective date of the agreement for a grant under  
5 AS 18.25.011 - 18.25.035, the Department of Health and Social Services shall advance the entire grant  
6 to the grantee if the grant is authorized by (a) of this section.

7 \* Sec. 6. This Act takes effect July 1, 1991.

# DIVISION OF LEGAL SERVICES

## LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

P.O. Box Y, Juneau, Alaska 99811  
(907) 465-3867 or 465-2450  
FAX (907) 465-2029

Deliveries to: 240 Main Street  
Court Plaza, Room 500  
Mail Stop 3101

### MEMORANDUM

April 16, 1991

**SUBJECT:** Extension of CSSB 67 (HES) to for-profit health facilities

**TO:** Senator Pat Pourchot  
Co-Chair, Senate Finance Committee  
Attn: Susie

**FROM:** Theresa L. Bannister *TB*  
Legislative Counsel

You have asked whether it is permissible to extend CSSB 67 (HES) to for-profit health facilities ("for-profits"). The bill presently authorizes the making of construction grants to nonprofit health facilities in order to improve health care in the state.

The extension of the bill to for-profit health facilities means that the for-profit facilities would be entitled to apply for and possibly receive construction grants. Under the bill the grant applications would be evaluated and then prioritized according to the criteria established in the bill. This criteria includes the ability of the construction project to be self-supporting and the access to other sources of funding. The for-profits would compete on the same footing with the nonprofits.

There does not appear to be any particular constitutional impediment issue raised by extending the coverage to the for-profits. The bill would apply equally to both for-profits and nonprofits, even though certain criteria for prioritization of the grants may apply with greater effect against the for-profits.<sup>1/</sup> Therefore, there does not appear to be an equal protection problem. Since the bill provides the for-profits with rights rather than depriving them of rights, there does not appear to be a substantive due process problem. There are no contracts that would be changed or violated by including the for-profits so there does not appear to be an impairment of contracts problem.

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<sup>1/</sup>These include the consideration of the ability of the construction project to be self-supporting and the access to other sources of funding.

Senator Pat Pourchot  
April 16, 1991  
Page 2

The extension of grant eligibility to for-profits seems to be a reasonable exercise of the state's police power to promote and protect the health and welfare of the citizens of the state. The inclusion of the for-profits in the bill also appears to serve a public purpose and to be reasonably related to the purpose of the bill. The for-profit health facilities certainly constitute a part of the provision of health care in this state. It is certainly reasonable for the legislature to determine that the bill should be extended to for-profits in order to completely address the general improvement of health care in the state, and, thus, to promote the health and welfare of state residents.

In conclusion, there does not appear to be any reason why the bill could not be extended to for-profit health facilities.

If I may be of further assistance, please advise.

TLS:lmb  
91-126.lmb

# DIVISION OF LEGAL SERVICES

## LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

P.O. Box Y, Juneau, Alaska 99811  
(907) 465-3867 or 465-2450  
FAX (907) 465-2029

Deliveries to: 240 Main Street  
Court Plaza, Room 500  
Mail Stop 3101

### MEMORANDUM

April 16, 1991

**SUBJECT:** Limitation of CSSB 67 (HES) to health facilities that do not have more than 200 beds

**TO:** Senator Pat Pourchot  
Chair, Senate Finance Committee  
Attn: Susie

**FROM:** Theresa L. Bannister *TB*  
Legislative Counsel

You have asked whether it is constitutional to limit the application of CSSB 67 (HES) ("the bill") to health facilities (whether or not limited to nonprofit health facilities) that do not have more than 200 beds ("excluded health facilities"). The bill presently authorizes the making of construction grants to nonprofit health facilities in order to improve health care in the state.

It is my understanding that the number of beds in a facility is generally indicative of the size of the facility. Whether or not a limitation based on the size of the facility is constitutionally permissible requires an examination of whether or not the distinction violates the equal protection provision of the Alaska constitution.<sup>1/</sup>

The right of a health facility to apply for and possibly receive a health facility construction grant is not a fundamental constitutional right or even a significant right. In addition, the excluded health facilities would not qualify as a suspect class. Therefore, the minimum rational basis test for equal protection in Alaska will be applied. See Barber v. Municipality of Anchorage, 776 P.2d 1035, 1039 (Alaska 1989).

Under the rational basis test, the bill with the limitation will be upheld as long as (1) the statutory purpose is legitimate and within the power of the state; (2) the means chosen substantially further the legislative purpose; and (3) the state interest in its chosen means outweighs the excluded health facilities' interest in applying for and possibly receiving a construction grant. See Barber at 1039.

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<sup>1/</sup>Since the minimum level of equal protection scrutiny in Alaska is more demanding than the minimum federal test, this memo will approach this question by examining whether the classification will satisfy Alaska's test. See Barber v. Municipality of Anchorage, 776 P.2d 1035, 1039 (Alaska 1989).

Senator Pat Pourchot

April 16, 1991

Page 2

With regard to the first and second criteria, the state has a legitimate social interest in the improvement of health care facilities in the state. Under the bill, construction grant applications from nonprofit health facilities would be evaluated and then prioritized according to the criteria established in the bill. This criteria includes the degree of threat to the health or safety of facility occupants. Each year certain applicants with the highest priority would be funded. The making of construction grants based on a prioritized approach certainly appears to be a carefully planned method that would substantially further the improvement of health care in the state.

Although the bill with the limitation may be underinclusive because it does not allow all nonprofit health facilities to apply, a statute is not invalid merely because it might have gone further than it did. A legislature need not eliminate all problems at the same time; it may attack a problem step-by-step. Katzenbach v. Morgan, 16 L.Ed.2d 828, 839 (1966); Barber at 1039-40.

Assuming that the 200-bed cut-off has a rational basis for being used (e.g., a reasonable point for distinguishing between large and small facilities), the legislature may decide to limit the coverage of this bill so that it addresses only a part of the improvement of health care facilities in the state (for example, small facilities). Or the legislature may determine that construction assistance is not needed for the excluded facilities. In other words, the legislature may tailor its bill to the situation if there is a rational basis for doing so.

With regard to the third criterion, the interest of the state in improving the health care of its citizens appears to be an important interest of the state which is well within its police power to provide for the health and welfare of its citizens. The promotion of the health of state residents is a significant and traditional concern of state governments. Contrasted with this, the interest of the excluded health facilities in applying for and possibly obtaining construction grants appears to be much less important. A health facility is not generally entitled to state economic assistance to run its facility. Therefore, the state's interest appears to outweigh the interest of the excluded health facilities.

In conclusion, if the legislature determines that it wants to limit the application of the bill to health facilities having less than a certain number of beds, and if there is a reasonable basis for drawing the distinction, it appears that the legislature could do so without violating the state or federal equal protection provision. This conclusion would apply whether or not the bill allows both profit and nonprofit health facilities to apply for the grants.

If I may be of further assistance, please advise.

TLB:pl  
91-265.plm



From The  
**SENATE**  
**FINANCE COMMITTEE**

DATE: 4/29/91  
TO: Lynn Barnes  
Legal Services  
FROM: Vicki (4935)  
SFC Room, 5th Floor  
(by US Flag)  
Capitol  
RE: CS SB 67 (Fin)

Please run the above-referenced legislation in final, incorporating the amendments\* as noted, and deliver to me ASAP.

This legislation was reported out of SFC this morning.

THANX!

\* Jones Am's #1-#5  
Adams Am #6  
Duncan Am #7

WORK DRAFT

WORK DRAFT

~~WORK DRAFT~~  
~~WORK DRAFT~~  
~~WORK DRAFT~~  
CS0085V

Barnister  
4/11/91

BLANK CS  
OFFERED BY  
SPONSOR

CS FOR SENATE BILL NO. 67 (Fin)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY

Offered:  
Referred:

Sponsor(s): SENATORS JONES, Zharoff, Menard

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to state aid for health facilities; and providing for an effective date."

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

3 \* Section 1. AS 18.25 is amended by adding new sections to read:

4           Sec. 18.25.011. GRANT APPLICATIONS. (a) On or before June 15, a person,  
5 including a municipality, may submit a grant application to the department for a health facility  
6 construction grant.

7           (b) A project for which a certificate of need is required under AS 18.07.031 - 18.07.111  
8 at the time of the grant application is not eligible for a grant under AS 18.25.011 - 18.25.035  
9 unless a certificate has been issued to the health facility that is the subject of the application, and  
10 the certificate is in effect at the time of the application.

11           (c) A project is not eligible for a grant under AS 18.25.011 - 18.25.035 unless the  
12 applicant has submitted a five-year master plan for the construction of the health facility on or  
13 before September 1 of the fiscal year in which the application is submitted; the master plan must  
14 include a description of the applicant's fixed asset inventory system and preventive maintenance

1 program, a detailed scope of work, an estimated project budget, an operation, maintenance, and  
2 financial feasibility study, and a documentation of the conditions justifying the project, including  
3 a signed statement by an architect or engineer verifying any code violation documented in the  
4 plan.

5 (d) The grant application must include

6 (1) evidence that the applicant has secured and will maintain adequate property  
7 loss insurance for the replacement cost of the health facility or a program of insurance acceptable  
8 to the department; and

9 (2) evidence acceptable to the department that the proposed project is a capital  
10 construction project and not part of a preventive maintenance program or regular custodial care  
11 program.

12 Sec. 18.25.013. HEALTH FACILITIES REVIEW BOARD ESTABLISHED. (a) There  
13 is created in the Department of Health and Social Services the Health Facilities Review Board  
14 composed of seven members consisting of the following persons appointed by the governor and  
15 who serve at the pleasure of the governor:

16 (1) an architect licensed under AS 08.48;

17 (2) an engineer licensed under AS 08.48;

18 (3) a representative nominated by the Alaska Municipal League;

19 (4) a representative from the department;

20 (5) a representative of <sup>[NON-PROFIT]</sup> a health facility;

21 (6) a representative of the Alaska Area Native Health Service; and

22 (7) a member of the general public.

23 (b) The members serve for staggered terms of three years.

24 (c) The members of the board shall elect a member of the board as chair.

25 (d) The board shall hold at least one meeting each year. The board may hold additional  
26 meetings at the call of the chair or of a majority of the board members.

27 Sec. 18.25.015. BOARD DUTIES. (a) The board shall annually

28 (1) review the master plans submitted by applicants under AS 18.25.011;

29 (2) with regard to the plans reviewed under (1) of this subsection, establish and  
30 transmit to the department a revised and updated five-year construction grant schedule that  
31 establishes the priorities among the proposed health facility construction projects and serves the

1 best interest of the state and the municipality or area in which the health facility is located.

2 (b) The board shall establish by regulation its criteria for establishing the priorities under

3 (a) of this section. The criteria must include at least the following factors:

4 (1) the degree of threat to the health or safety of facility occupants;

5 (2) the degree of potential harm to building integrity as it affects the building's  
6 ability to support health care functions in a cost effective and efficient manner;

7 (3) the ability of the project or project phase to be self-supporting;

8 (4) access to other sources of funding;

9 (5) the overall capital requirements and operating cost efficiency over the lifetime  
10 of the facility;

11 (6) the community or area need for the facility as compared to alternative means  
12 for providing the care;

13 (7) the level of care required to provide basic cost effective and efficient health  
14 services;

15 (8) the effect of the grant award on the overall position of the applicant as  
16 compared to health facilities that are not eligible to receive grants under AS 18.25.011 -  
17 18.25.035.

18 (c) The board may reject a grant application and omit it from the construction grant  
19 schedule if

20 (1) the applicant provides incomplete information or documentation on the project;

21 (2) the board determines that existing facilities can adequately serve the program  
22 requirements, or that an alternative project is in the best interests of the state; or

23 (3) the board determines that the project is not in the best interests of the state  
24 or the municipality or area in which the health facility is located.

25 Sec. 18.25.017. DEPARTMENT ACTION. (a) Before a grant application is submitted  
26 to the board, the department shall verify the amounts and reasons for the items in the budget for  
27 each grant application.

28 (b) With regard to the construction grant schedule established by the board under  
29 AS 18.25.015, the department shall transmit the construction grant schedule, including the  
30 budgets verified under (a) of this section, to the governor by October 15 of each year and to the  
31 legislature within the first 10 days of each regular legislative session.

1           Sec. 18.25.019. PUBLIC NOTICE AND HEARING. On or before July 15 of each year,  
2 the department shall provide public notice of the grant applications made under AS 18.25.011  
3 and the priorities established under AS 18.25.015. After public notice has been given, the  
4 department shall, not later than August 15 of each year, hold a public hearing on the priorities  
5 established under AS 18.25.015. In this subsection, "public notice" means notice published in  
6 a newspaper of general circulation and notice to each person who has requested notice about the  
7 grant requests from the department.

8           Sec. 18.25.021. AWARD. (a) The department shall award grants in the order of the  
9 projects' priorities on the date the appropriation bill funding the <sup>NON-PROFIT</sup> health facility construction grant  
10 fund becomes law, regardless of an administrative or judicial review pending under  
11 AS 18.25.023. An administrative or judicial review pending under AS 18.25.023 at the time that  
12 grants are awarded may not delay the funding of grants.

13           (b) If a project is assigned a new priority ranking under AS 18.25.023 after the date the  
14 appropriation bill for the <sup>NON-PROFIT</sup> health facility construction grant fund becomes law, a grant shall be  
15 awarded for the project in accordance with the new priority ranking at the next time that <sup>NON-PROFIT</sup> health  
16 facility construction grants are awarded under AS 18.25.011 - 18.25.035.

17           Sec. 18.25.023. ADMINISTRATIVE AND JUDICIAL REVIEW. (a) An applicant  
18 under AS 18.25.011 may not request reconsideration of a decision of the board unless the request  
19 is based on reasonable issues of fact or law. The request must be in writing and include a  
20 statement of the specific changes desired, and a summary of the evidence supporting the  
21 applicant's claim that the board has erred in its review of the applicant's grant application. A  
22 request for reconsideration must be submitted to the board by the first day of the public hearing  
23 held under AS 18.25.019. The board shall review its decision on the basis of the request by the  
24 applicant and determine whether its decision should be changed. The board shall issue its deter-  
25 mination in writing within 15 days after the last day of the public hearing held under  
26 AS 18.25.019.

27           (b) An applicant under AS 18.25.011 may appeal an adverse decision of the board under  
28 (a) of this section by filing a written notice of appeal with the commissioner within 15 days after  
29 the date of the board's decision. The notice of appeal must state the legal and factual basis for  
30 the appeal and the precise relief sought. The failure of the applicant to include an issue in a  
31 notice of appeal constitutes a waiver of the right to have the issue considered. Not later than 10

1 days after receipt of a notice of appeal, the commissioner shall appoint a hearing officer who is  
2 qualified under AS 44.62.350(c) to consider the appeal. If the hearing officer finds that the  
3 notice of appeal does not raise a reasonable issue of fact or law, the hearing officer shall issue  
4 a written decision denying the appeal. Denial of an appeal by a hearing officer is a final decision  
5 that may be appealed under (d) of this section. If the hearing officer finds that the notice of  
6 appeal raises a reasonable issue of fact or law, the hearing officer shall conduct a hearing on  
7 those issues and recommend a decision to the ~~commissioner~~ <sup>BOARD</sup>. The hearing officer shall issue a  
8 decision on the appeal not later than 60 days after being appointed. The commissioner shall  
9 consider the recommended decision of the hearing officer within 10 days after receipt and may  
10 adopt all, part, or none of the recommended decision or may remand the issue to the hearing offi-  
11 cer for further hearings. The commissioner shall issue a decision in writing within 10 days after  
12 consideration of the hearing officer's decision.

13 (c) The hearing officer may consolidate appeals under (b) of this section if the notices  
14 of appeal raise related issues of fact or law.

15 ~~the~~ <sup>BOARD</sup> (d) An applicant under AS 18.25.011 may appeal an adverse decision of a hearing officer  
16 or the ~~commissioner~~ under (b) of this section to the superior court in the manner provided by  
17 AS 44.62.560 - 44.62.570 and the Alaska Rules of Appellate Procedure.

18 (e) The board shall adopt regulations governing procedures for the reconsideration and  
19 appeal of decisions under (a) - (c) of this section. The regulations adopted under this subsection  
20 are not required to conform to AS 44.62.330 - 44.62.630, but must be consistent with minimum  
21 standards of due process.

22 (f) An applicant under AS 18.25.011 may not request reconsideration of or appeal a  
23 priority determination on the grounds that a revised priority assigned to another project, due to  
24 a reconsideration or appeal under this section, has resulted in a lower priority being accorded to  
25 the applicant's project.

26 Sec. 18.25.025. GRANT AGREEMENT AND CONDITIONS. (a) The department shall  
27 enter into a written agreement with the grantee before it distributes grant funds under  
28 AS 18.25.011 - 18.25.035.

29 (b) The department shall require in the grant agreement that the grantee

30 (1) agree to construction of the health facility as described by the certificate of  
31 need, if any, issued to the facility under AS 18.07.031 - 18.07.111;

- 1 (2) provide reasonable assurance by a means acceptable to the department that  
2 the cost of the project will be uniform with the costs of the most current construction projects  
3 in the area;
- 4 (3) agree to submit to the department for department approval a description and  
5 justification of a cost overrun before the grantee agrees to pay for the overrun and before the  
6 department distributes money to the grantee to pay for the overrun;
- 7 (4) agree to place the grant funds in an interest-bearing account and not to use  
8 the interest or the grant funds for a purpose other than the project;
- 9 (5) agree to limit equipment purchases to that required for the facility operation;
- 10 (6) submit project budgets for department review and agree that the grant amount  
11 may, at the discretion of the department, be reduced or increased by amounts equal to the  
12 amounts by which contracts vary from the budget amounts approved by the department;
- 13 (7) submit to the department for approval, before advertising for bids for the  
14 construction contract, a plan for construction that includes specifications, final construction  
15 drawings, and proposed contract documents;
- 16 (8) submit for department review a tabulation of all bids received, a complete  
17 copy of the lowest bid, a copy of the proposed notice to proceed with construction, and a copy  
18 of the proposed construction contract;
- 19 (9) submit for department review and acceptance documentary evidence that the  
20 project is being accomplished in accordance with all the assertions in the grantee's five-year  
21 master plan and grant application;
- 22 (10) submit sufficient assurances that the project will be used for the stated  
23 purposes of the grant for the expected useful lifetime of the facility;
- 24 (11) agree to conform to all applicable governmental codes and standards,  
25 including the most recently adopted state statutes and regulations on building, health, mechanical,  
26 electrical, fire, safety, and handicap accessibility, and those covering the planning, construction,  
27 and operation of the health facility;
- 28 (12) agree to comply with
- 29 (A) the department's single audit requirements;
- 30 (B) AS 37.05.321, prohibiting the use of grant funds and earnings to  
31 influence legislative action;

1 (C) the reporting requirements of AS 36.05 and AS 36.10; and  
 2 (D) 42 U.S.C. 2000a - 2000h-6 (Civil Rights Act of 1964), 29 U.S.C. 621-  
 3 634 (Age Discrimination in Employment Act of 1967), 7 U.S.C. 2027 (Food Stamp Act  
 4 of 1977), and the department's requirements for implementation of the federal statutes  
 5 listed in this subparagraph;

6 (13) identify anticipated operating costs and revenue and the sources of funding  
 7 that may be requested if costs exceed projected revenue;

8 (14) complete the project in a timely manner to a fully functional condition and  
 9 submit periodic status reports not less than every six months to the department detailing work  
 10 completed to date, a summary of expenditures compared with the approved budget, and an  
 11 explanation of any deviation from the approved work, schedule, or budget; and

12 (15) agree to comply with other requirements that the department, notwithstanding  
 13 AS 37.05.318, may reasonably impose on grantees and that are necessary to meet the intent of  
 14 the grant.

15 (c) Except as provided under (b) or (d) of this section, a cost of construction for a health  
 16 facility may be paid under a grant awarded under AS 18.25.021 without regard to whether the  
 17 cost was incurred before the

18 (1) award of the grant; or

19 (2) effective date of an appropriation to the health facility construction grant fund  
 20 for the year in which the grant is funded.

21 (d) The maximum percentage of the costs of planning and designing, including  
 22 engineering, that are incurred before awarding a grant and that may be paid under the grant may  
 23 not exceed 15 percent.

24 (e) The fair market value of land acquisition and site preparation may be included in the  
 25 grantee's share of the total cost of the health facility. The fair market value shall be determined  
 26 as of the date when the grant application is submitted under AS 18.25.011.

27 (f) The direct expenses of the grantee to administer the project may not exceed 10  
 28 percent of the grant.

29 Sec. 18.25.027. GRANT APPROPRIATIONS. Within the general appropriation bill  
 30 submitted to the legislature under AS 37.07.020, the governor shall include an appropriation for  
 31 health facility construction grants in the succeeding fiscal year as determined by the priority list

1 and budgets transmitted to the governor under AS 18.25.017.

2 Sec. 18.25.029. AMOUNT OF GRANTS. For each project included in a grant awarded  
3 under AS 18.25.021, the state shall pay 80 percent of the total costs of construction incurred for  
4 the project by the grantee during the fiscal year for which the grant is made.

5 Sec. 18.25.031. DISTRIBUTION OF GRANT. After the effective date of the agreement  
6 for a grant under AS 18.25.011 - 18.25.035, the department shall advance 20 percent of the grant  
7 to the grantee. The department shall base subsequent payments from the grant on payment  
8 requests submitted by the grantee for the costs of construction incurred by the grantee for the  
9 grant project. The department may not make a further payment under the grant until the grantee  
10 has exhausted the advance.

11 Sec. 18.25.033. <sup>[NON PROFIT]</sup> HEALTH FACILITY CONSTRUCTION GRANT FUND. The <sup>[NON PROFIT]</sup> health  
12 facility construction grant fund is created as an account in the general fund. The fund shall be <sup>[NON PROFIT]</sup>  
13 used to make grants under AS 18.25.011 - 18.25.035 for the costs of construction of <sup>[NON PROFIT]</sup> health  
14 facilities. Legislative appropriations under AS 18.25.011 -18.25.035 for the costs of construction  
15 of <sup>[NON PROFIT]</sup> health facilities shall be deposited in the fund.

16 Sec. 18.25.035. DEFINITIONS. In AS 18.25.011 - 18.25.035,

17 (1) "board" means the Health Facilities Review Board;

18 (2) "costs of construction" means the cost of acquiring, constructing, enlarging,  
19 repairing, remodeling, equipping, or furnishing <sup>[NON PROFIT]</sup> health facilities and includes the total of all costs  
20 of financing and carrying out the project, including

21 (A) the cost of necessary studies, surveys, plans and specifications,  
22 architectural, engineering and other special services, the acquisition of real property, site  
23 preparation and development, and the acquisition of machinery and equipment necessary  
24 for the project;

25 (B) the direct expenses of the grantee to administer the project;

26 (C) the cost of financing the project, including interest on bonds issued  
27 to finance the project; and

28 (D) the cost of other items, including indemnity and surety bonds and  
29 premiums on insurance, legal fees, fees and expenses of trustees, depositaries, financial  
30 advisors, and paying agents for the bonds issued;

31 (3) "health facility" means a nursing home or a facility that provides

1 hospitalization for inpatient medical and surgical care of acute illness or injury or obstetric care.

2 **[NON-PROFIT DEFINITION]**

3 \* Sec. 2. AS 18.25.100 is repealed and reenacted to read:

4 Sec. 18.25.100. REGULATIONS. The department shall adopt regulations to implement  
5 this chapter.

6 \* Sec. 3. AS 46.11.900(7) is amended to read:

7 (7) "state financial assistance" means a loan, grant, guarantee, insurance, payment,  
8 rebate, subsidy, or other form of state assistance other than aid under AS 05.35.010 - 05.35.070,  
9 AS 14.11, AS 18.25.011 - 18.25.035, and AS 29.60, including the purchase by a state agency of  
10 a loan to finance the construction or purchase of a residential building;

11 \* Sec. 4. AS 18.25.010, 18.25.020, 18.25.030, 18.25.070, 18.25.080, 18.25.090, and 18.25.110 are  
12 repealed.

13 \* Sec. 5. This Act takes effect July 1, 1991.

# Alaska State Legislature

~~4/23/91~~  
~~Jones Amends HES to S~~  
**ADOPTED**  
by SFC

Chair, Resources Committee  
Vice-chair, Transportation Committee  
Member, Rules Committee  
Member, Committee on Committees

District A  
Ketchikan, Wrangell, Petersburg,  
Hyder, Myers Chuck, Kupreanof


**Senator Lloyd Jones**

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## MEMORANDUM

To: Senator Pat Pourchot, Chair  
Senate Finance Committee

From: Senator Lloyd Jones 

Date: April 23, 1991

Subj: Proposed Amendments to Senate Bill 67

---

As discussed in the last Senate Finance Committee hearing on CSSB 67 (HES), here is a list of amendments in response to committee members' concerns:

### UNFAIR COMPETITIVE ADVANTAGE NON-PROFIT VS. FOR-PROFIT

There were several ideas suggested regarding the solution to this issue. We feel the committee should adopt the blank CS offered by the sponsor. The CS deletes all reference to non-profits, thereby allows all health facilities, as defined in the bill, to apply for grants. The following amendments should be incorporated into the blank CS and all references are to the blank CS.

### BOARD COMPOSITION

Senators Kerttula and Uehling suggested we add more administration representation to the board.

Am #1 ~~Suggested amendment: Page 2, line 22:~~

Delete "a member of the general public"

Insert "a representative of the office of management and budget in the Office of the Governor"

REGIONAL REPRESENTATION

Senator Kerttula suggested membership of the board reflect regional representation.

*Am #2* ~~Suggested amendment: Page 2, following line 22:~~

Insert a new subsection to read:

"(b) To the extent possible and except for the board members described under (a)(4) and (7) of this section, the board members must be representative of all areas of the state."

Reletter the following subsections accordingly.

STRENGTHENED CRITERIA

Even though the blank CS offered by the sponsor allows for both for-profits and non-profits to apply for grants, we believe in either version it is necessary to strengthen the criteria section of the bill. The original intent of the bill was to help facilities which were faced with life-threatening physical plant code violations, therefore we suggest the following amendments:

*Am #3* ~~Page 3, following line 1:~~

Insert a new subsection to read:

"(b) The primary criteria for establishing the priorities under (a) of this section are  
(1) the degree of threat to the health or safety of facility occupants; and  
(2) the degree of potential harm to building integrity as it affects the building's ability to support health care functions in a cost-effective manner."

Reletter the following subsections accordingly.

**Page 3, line 2:**

Delete "its"  
Insert "additional"

**Page 3, lines 4-6:**

Delete all material.

Renumber the following paragraphs accordingly.

**ACCESS TO OTHER SOURCES OF FUNDING**

There was some question regarding whether or not the board will be able to determine whether or not a facility has access to funding from its parent company. The following amendment addresses that concern:

Am #4 **Page 3, line 8, following "funding":**

Insert ", including funding from the parent corporation of the health facility, if applicable"

**GRANT AWARD**

Senator Kerttula and Senator Duncan expressed concern over the state/local match formula in the bill. Senator Kerttula suggested the state's share should be 75% rather than 80%. Senator Pourchot was also concerned over the in-kind contribution. He did not want to allow only the donation of land to satisfy the match.

Am #5 **Suggested amendment: Page 7, following line 23:**

Insert a new subsection to read:

"(e) The grantee may not satisfy more than five percent of the grantee's share of the total cost of the health facility items other than cash."

with (Orig draft of this language included "with")  
per D. J. Bannister  
4/29/91

Reletter the following subsections accordingly.

**Page 7, line 24:**

Delete "The"  
Insert "Except as limited by (e) of this section, the"

**Page 8, line 3:**

under AS 18.25.021, the state shall pay [80] 75 percent of the total costs of construction incurred for...

4/11/91

7-LS0085G.1  
Bannister  
04/10/91

~~ADMITTED~~  
~~4/11/91~~

~~AMENDMENT #6~~

OFFERED IN THE SENATE  
TO: CSSB 67(HES)

BY SENATOR ADAMS

Page 9, line 2, following "obstetric care":

Insert ", but does not include a nursing home or facility that has more than 200 beds"

A M E N D M E N T

OFFERED IN THE SENATE  
TO: CSSB 67(HES)

BY SENATOR DUNCAN

Page 9, following line 14:

Insert a new section to read:

"\* Sec. 5. RETROACTIVE GRANTS. (a) A grant may be made under AS 18.25.011 - 18.25.035, added by sec. 1 of this Act, for construction costs that are incurred before the effective date of this Act [and] if the construction project is begun or completed before the effective date of this Act and if the project began after December 31, 1985.

*(not necessary  
does not  
change meaning)  
y/ Bannister  
4/29/91*

(b) Notwithstanding AS 18.25.011(b), the certificate of need required for a construction project described in (a) of this section must have been in effect when the project was begun.

(c) The determination of the priority of a construction project described in (a) of this section shall be based on the circumstances existing when the construction project was begun.

(d) If the grant is for construction costs described in (a) of this section, the written agreement required under AS 18.25.025 may not include the provisions contained in AS 18.25.025(b)(1) - (11), (13), and (14).

(e) Notwithstanding AS 18.25.029, for each grant described in (a) of this section, the state shall pay ~~80~~ percent of the costs of construction incurred for the project by the grantee before the effective date of this Act.

(f) Notwithstanding AS 18.25.031, after the effective date of the agreement for a grant under AS 18.25.011 - 18.25.035, the Department of Health and Social Services shall advance the entire grant to the grantee if the grant is authorized by (a) of this section."

Renumber the following bill section accordingly.

4-12-91  
Prepared by Pouchot  
to reflect a suggestion  
from the Dept.'s  
position paper.

A M E N D M E N T

Offered to the Senate Finance Committee at the request of HSS

TO: CSSB 67 (HES)

Page 9, After line 12

New Section 4:

Sections 1 and 3 are repealed July 1, 1996.

(Subject to technical change by Legal Services)

4-12-91  
AA 7 6770

AMENDMENT

Offered to the Senate Finance Committee by Senator Kerttula

TO: CSSB 67 (HES)

Page 8, on Line 4

Delete [80%]

Add 75%

Jones  
4-12-91  
Incorporated  
in draft  
as 4/11/91

**Technical Amendments  
SB 67**

**Page 5, line 8** ...those issues and recommend a decision to the [board] commissioner.

**Page 5, line 17** ...or the [board] commissioner under (b) of this section to the superior court...

**Explanation:**

In the previous drafts we had the hearing officer's appeal decision going back to the board, however, after discussion with the Department and the Senate HESS Committee we changed it to go back to the commissioner. In making this change, we inadvertently failed to change all the references. This discrepancy was brought to our attention after the bill passed the Senate HESS Committee.

DRAFT

Position Paper  
Senate Bill CSSB 67

"An Act relating to state aid for nonprofit health facilities; and providing for and effective date."

While the Department of Health and Social Services supports in general terms Committee Substitute for Senate Bill 67 (CSSB67), some important changes are required before we can actively provide our support. These changes are:

1. Assurance that adequate ongoing funding is available to develop and maintain the ongoing program.
2. Allow the Department to charge up to 1.5% in any one year in which an \$8 million or more appropriation is made to cover additional administrative and contractual cost potentially associated with the larger volume of work, and/or complexity implicit in the larger appropriation.
3. A mechanism needs to be put in SB 67 to end the existence of the Health Facilities Review Board, such as "sunsetting" it in five years.

If the changes that are outlined in items 1-3 above are made to Senate Bill 67, the Department of Health and Social Services will actively support it. Also, the Department feels that the fiscal note that has been developed is the minimum required to carry out the provisions and requirements of this legislation.

Recommended by:

*Jarret Clarke*

Jarret Clarke  
Director  
Division of Administrative Services

Date:

*4/12/91*

Approved by:

Theodore A. Mala, MD, MPH  
Commissioner  
Department of Health and Social  
Services

Date:

\_\_\_\_\_

April 11, 1991

PACE (The Public Awareness Committee for the Environment)  
Written Testimony on Senate bill #209  
Senate Finance Committee  
**FINANCE**

PACE feels it is wrong for the sum of \$5,000,000.00 to be appropriated from the general fund making a supplemental appropriation to the Office of the Governor for an Arctic National Wildlife Refuge' national education effort to gain approval for the opening of the Arctic National Wildlife Refuge to oil and gas development for the following reasons.

1. PACE feels if the money is appropriated it would not be an educational effort where both sides of the issues were presented, but a complete brainwash and snow job to benefit only the Commercial views of the oil and gas companies. Education means exploring all sides of the issue, not just one short sided view.

PACE asks you this:

2. In your educational packet would you mention it would reduce the calving of the Porcupine herd by 40% that the Gwich'in natives have relied on for their subsistence survival for thousands of years? Would you mention that at this time and place a person can go days without seeing another human being? Would you mention that this would certainly not be the case if oil and gas exploration were allowed to develop? Would you mention that in establishing the Arctic National Wildlife Refuge' Congress set forth these four major purposes for which the refuge "SHALL BE MANAGED?"

A. "to conserve fish and wildlife populations and habitats in their natural diversity, including but not limited to the Porcupine caribou herd?"

B. "To fulfill International Treaty Obligations with respect to fish and wildlife?" ( This needs to be looked at closely.)

C. "To provide the opportunity for continued subsistence uses by local residents?"

D. "To ensure water quality?"

3. Will you mention the recent EPA fines of \$300,000.00 against Arco on the North Slope and the \$500,000.00 fine against Tesoro on the Kenai Peninsula because they chose to ignore the environmental rules and regulations of our state? Because the state failed to enforce these rules and regulations properly EPA was forced to step in and enforce them? Do you honestly think it will be any different in the Arctic National Wildlife Refuge? We think not!!!!

4. The mere presence of the massive oil and gas development complex in the heart of this Arctic Eden, spewing out toxic air and water pollution, blanketing the landscape with roads, airports, tanks, buildings, wells and waste pits would be an ecological disaster. Please educate yourselves on this matter before appropriating the 5 million dollars!

(continued)

5. We ask you to come to the Kenai Peninsula where we can educate you on the water quality and the lack of it due to the development of oil and gas and the toxics that they illegally disposed of which has polluted many drinking wells and ruined many peoples lives and dreams of living in our beautiful state! One example is, Tesoro's contamination has flowed under the hiway and contaminated their neighbors' well which happens to be Phillip Petroleum! Another example is, the lawsuit that was won by local residents against Unocal for the illegal dumping of toxics waste at the Westpoppy Lane Dump Site. The Tesoro plant at one time had six feet of contaminated oil floating on top of their pond. There is still a depth of three feet to be cleaned up. Would these be mentioned?

6. Brown, black and polar bear, wolf, moose, Dall sheep, musk ox, wolverine, snow goose, snowy owl, peregrine falcon, golden eagle, the 200,000 strong Porcupine caribou herd, the 300,000 snow geese that migrate there every year, and many other species can be found in the Arctic National Wildlife Refuge'. Lets keep it that way!!!!

7. If the senate wants to take 5 million dollars toward education, lets put it toward the study of alternative energy purposes, educating the people on conservation and recycling efforts, and compiling an educational curriculum on toxics and contaminated water so the future generations can learn how to correct this terrible problem that our generation has made and will be leaving for them to solve.

8. One last educational note: 100 gallons of recycled oil saves 65 gallons of new oil. Maybe if we took that 5 million dollars and built an educational experimental oil-recycling facility within the state of Alaska there would be no need for the opening of The Arctic National Wildlife Refuge to oil and gas exploration! Think about it! Think hard about it, and please vote NO on Senate bill #209!

PACE adamantly opposes House bill #209!

Thank you for your time and effort in this very touchy matter.

*Patricia Baroutte*

Patricia Baroutte  
President, PACE

# Ketchikan General Hospital

3100 TONGASS AVE.  
KETCHIKAN, ALASKA 99901-5746  
PHONE 907-225-5171  
FAX 907-225-2173

April 11, 1991

FAX 465-2069

Senator Pat Pourchot  
Room 504, Capitol  
Juneau, AK 99811

Re: Senate Bill 67

Dear Senator Pourchot:

We at Ketchikan General Hospital support Senate Bill 67 with all hospitals eligible for constructions funds with a 25% match from the community. We strongly urge to you to support this bill.

Thank you for your consideration.

Sincerely,

*Edward F. Mahn*

Edward F. Mahn  
Administrator

pa

KGH

*Kodiak Island Borough**Re: SB 67**MEMORANDUM*

TO: Alaska State Legislature  
Senate Finance Committee

FROM: Jerome M. Selby, Mayor  
Kodiak Island Borough

DATE: April 11, 1991

RE: TESTIMONY - Senate Bill 27

I want to commend Senator Jones and the rest of the Legislature for proposing a system to deal with health care facility needs for the people of the State of Alaska well into the future. This is a good bill and the concerns that we had raised earlier have been addressed in subsequent amendments. At this time, we would wholeheartedly support the passage of this bill and would encourage you to do so. This bill addresses the current problem of many facilities in need of replacement or substantial renovation. When implemented, it will eventually correct the unfortunate history of the last seven years in the State of Alaska where no health care facilities have been funded. The seven year gap is certainly not the only factor, but it obviously has contributed to the present situation where health care availability in the state of Alaska is ranked as the worst in the 50 states of the United States of America. Being ranked 50th distresses me a great deal when we are in the process of attempting to reach visitors to come to Alaska, to encourage new business to come to Alaska, and to encourage economic growth and development in Alaska. The publication of this information in Newsweek Magazine, Parade Magazine, and other national publications last fall was especially detrimental to the interests of the State of Alaska. It is high time we did something to correct that situation. I think that this bill certainly is a step in the right direction. Construction of good quality facilities is the key to developing a top notch health care delivery system throughout the State of Alaska, where any individual, resident or visitor, can go with confidence to the nearest health care facility and be assured that he will be referred and moved quickly within the system to the facility where he will receive the level of health care that he needs. Obviously, bandaids can be done anywhere, but brain surgery must be transferred quickly to the higher level technical facility in Anchorage, or possibly even Seattle. This is the kind of a system that the people in the state of Alaska need and deserve, and it is the responsibility of the state via the constitution, to provide

Page 2  
SB 27 Testimony

for the general welfare of the people. I would argue that health care is a general welfare issue where the state needs to take the lead.

I would like to address the 20% match provision in the bill. I think the 20% match is livable, but it is on the high upper end of what's possible, particularly in smaller communities. If the match requirement is any higher than 20%, I suspect that the intention of the bill will be thwarted and all of the smaller communities the size of Kodiak or smaller may be unable to participate in the program in the future. The reason for my concern is that the tax base and the ability of these communities to raise more than a 20% match is just not feasible. Let me give you the specifics of what a 20% match means in Kodiak's case as an example. We're looking at a \$19 million dollar facility. A 20% match is in the range of \$4 million. We're actually being asked to come up with \$5 million with the funding bill that's before you now. If we were to raise \$5 million through a bond, we would have to pay back approximately \$18 million on a 20 year bond. Therefore, our annual debt service payment would be close to one million dollars per year. One million dollars per year, even on Kodiak's tax base, is 2 mills of tax levy just to pay the debt service on this bond. Two mills of tax levy may not seem like much, but at a time when funds are being reduced both at the federal and state level, and mill rates are having to go up to keep in place the current educational and other programs that we have, two mills becomes the straw that breaks the camel's back and makes the feasibility of passing a bond levy for 2 mills with the voters virtually impossible. Therefore, I would urge you to not change the 20% match option, particularly for the smaller communities. If its of great concern to the legislature, then I would suggest you make some sort of a criteria for municipalities with populations in excess of 20,000 people, perhaps you could require a higher percentage, and for those with fewer than 20,000 people you would leave it at the 20% match level. Just some suggestions. I hope that you will leave the 20% as is and pass the bill. We can then get on about developing a positive and effective health care delivery system in the state of Alaska. Thank you.

H-12-91  
Knudson

ALASKA STATE HOSPITAL & NURSING HOME ASSOCIATION  
STATEMENT

SUPPORT- SB 67 - HEALTH FACILITY CONSTRUCTION GRANTS  
SB 111 - APPROPRIATIONS: SEWARD HOSPITAL; KODIAK ISLAND  
HOSPITAL/LONG TERM CARE FACILITY; KETCHIKAN  
GENERAL HOSPITAL/LONG TERM CARE FACILITY

MARCH 1991

The 1981 Legislature authorized and funded a study by the Department of Health and Social Services of the plant condition and functional adequacy of 15 rural hospitals and nursing homes in Alaska.

Anchorage and Fairbanks hospitals were not included. Valley Hospital, Palmer, and Sitka Community Hospitals did not participate as they were currently under construction or reconstruction in 1982. Denali Center in Fairbanks did not exist at this time.

Overview of Surveyed Facilities -

A study team evaluated the adequacy of the physical facilities at each hospital or long term care unit. A number of serious problems and deficiencies were discovered.

Generally, the deficiencies observed in the health care facilities surveyed are due to the advances and changing techniques in the medical field, coupled with more stringent building, fire and life safety codes which have been adopted over the last few years.

1982 Prioritization of Surveyed Hospitals and Nursing Homes -

In conducting the inventory and evaluation study of the 15 hospitals and long term care facilities in 1982, architectural consultants identified six facilities which were in greater need of immediate attention than others, due to their more severe physical and functional deficiencies. The Department assembled a committee to review the report.

This committee consisted of one member from:

- The Alaska Medical Facility Authority,
- The Alaska State Hospital Association,
- Southeast Alaska Health Systems Agency, Inc.,
- South Central Health Planning and Development, Inc.,
- The Medical Care Advisory Committee, and
- The Statewide Health Coordinating Council.

The ranking provided by the committee was based only upon the relative severity of all physical and functional deficiencies found at each facility and did not consider other factors such as facility utilization or population trends.

The Committee ranking was as follows:

- \*1. Cordova Community Hospital and Long Term Care Facility

- \*2. Petersburg General Hospital and Long Term Care Facility
- 3. Seward General Hospital
- 4. Kodiak Island Hospital and Long Term Care Facility
- 5. Wesleyan Nursing Home, Seward
- \*6. Wrangell General Hospital
- \*7. South Peninsula General Hospital and Long Term Care Facility
- 8. Ketchikan General Hospital and Island View Manor
- \*9. Central Peninsula General Hospital
- \*10. Bartlett Memorial Hospital
- 11. Valdez Community Hospital
- 12. St. Ann's Nursing Home, Juneau
- \*13. Norton Sound Regional Hospital

\* Completed (Central Peninsula and Bartlett Memorial utilized local bonding)

**SB 67, Health Facilities Construction Process/Grants -**

SB 67 creates the Health Facility Review Board, composed of seven members appointed by the Governor within the Department of Health & Social Services. The Board will advise the Department in establishing priorities for possible capitol construction grants for non-profit health facilities.

By October 15 of each year the Department shall submit to the Governor and within the first ten days of each regular legislative session, a construction grant schedule with budgets. Each facility applying for grants will have been required to have a Certificate of Need and meet all provisions of SB 67.

**SB 111, Health Facility Capitol Construction Grants Kodiak, Ketchikan, & Seward - SB 111 appropriates:**

Kodiak Island Borough Hospital/LTC	- \$14,250,000.00 (State Grant)
Kodiak Borough Appropriate	- \$ 4,750,000.00 (Local Match)
<b>Total</b>	<b>- \$19,000,000.00</b>
Seward General Hospital	- \$ 8,603,438.00 (State Grant)
City of Seward Appropriate	- \$ 2,867,813.00 (Local Match)
<b>Total</b>	<b>- \$11,471,251.00</b>
Ketchikan General Hospital	- \$14,063,678.00 (State Grant)
City of Ketchikan Appropriate	- \$ 4,687,893.00 (Local Match)
<b>Total</b>	<b>- \$18,751,571.00</b>

**FOR MORE INFORMATION CONTACT:**

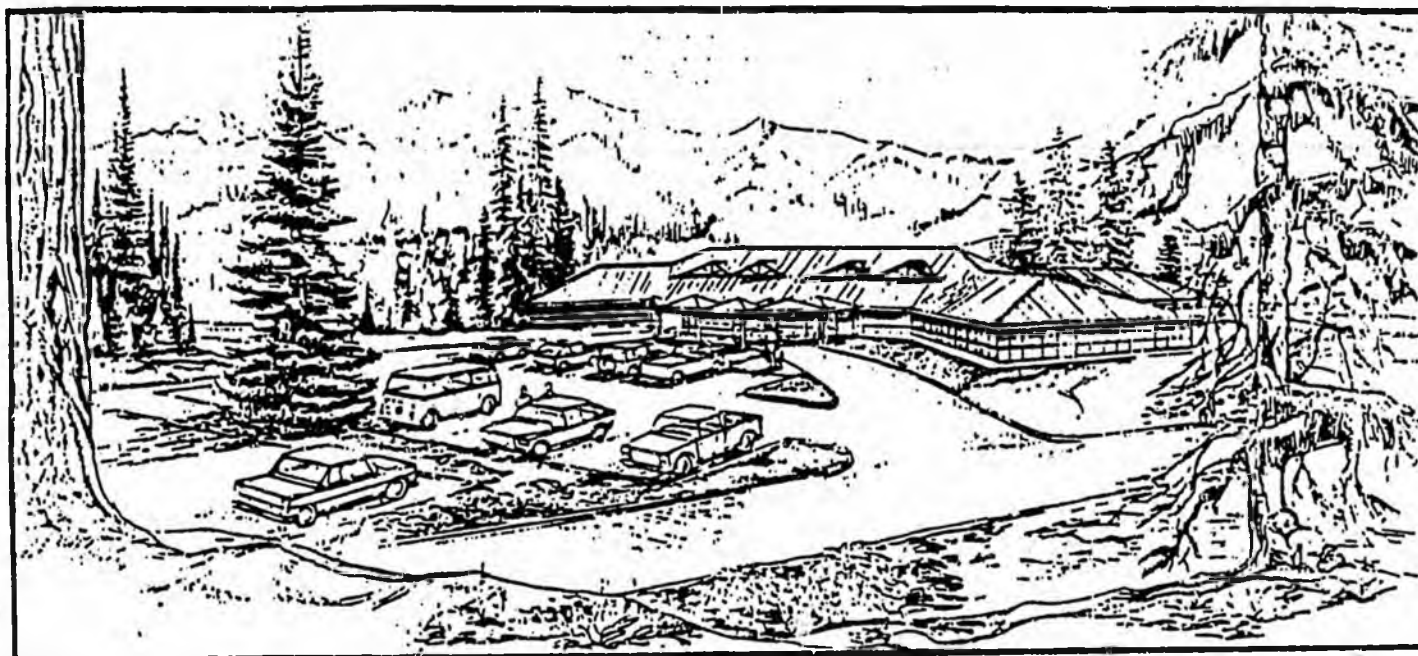
Harlan Knudson - 586-1790, Juneau  
 Alaska State Hospital & Nursing Home Association  
 319 Seward, #11; Juneau, Alaska 99801

# # # #

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

PLEASE MICROFILM TOP PAGE ONLY

**KODIAK ISLAND (BOROUGH) HOSPITAL  
AND CARE CENTER**



**REPLACEMENT FACILITY PROPOSAL**

SB68

SENATE FINANCE COMMITTEE REPORT

DATE: 1/21/91

FURTHER:

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

The Finance Committee considered SENATE BILL NO. 68

"An Act making a special appropriation for payment as a grant to the City of Kenai for construction of the final phase of the Kenai Congregate Housing Project; and providing for an effective date."

*Died in SFC.*

and recommended:

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

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

ATTACHES NEW FISCAL NOTE(S):

APPROVES PREVIOUS:

Dept/Date:  
 fiscal note(s) \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Dept/Date:  
 fiscal note(s) \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

appropriation-no fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

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

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

1. \_\_\_\_\_ 2. \_\_\_\_\_  
 Co-Chairs: Signatures and Recommendations

## SENATE BILL NO. 68

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY SENATOR FISCHER

Introduced: 1/21/91

Referred: Finance

Funding Information:	General Fund	\$3,100,000
	Other Funds	<u>-0-</u>
		\$3,100,000

## A BILL

## FOR AN ACT ENTITLED

1 "An Act making a special appropriation for payment as a grant to the City of Kenai  
 2 for construction of the final phase of the Kenai Congregate Housing Project; and providing  
 3 for an effective date."

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

5 \* Section 1. The sum of \$3,100,000 is appropriated from the general fund to the Department of  
 6 Administration for payment as a grant under AS 37.05.315 to the City of Kenai for construction of the  
 7 final phase of the Kenai Congregate Housing Project.

8 \* Sec. 2. This Act takes effect July 1, 1991.

ALASKA STATE LEGISLATURE  
SENATE BILL NO. 68

HISTORY IN THE SENATE

1991  
1/21

Read first time and referred to:  
Senate

---

\_\_\_\_\_ RPT(\_\_\_\_) CS \_\_\_ DP \_\_\_ NR \_\_\_ DNP \_\_\_ AM  
New Title \_\_\_ Same Title \_\_\_ Previous FN  
FN \_\_\_ OFN To \_\_\_\_\_

\_\_\_\_\_ RPT(\_\_\_\_) CS \_\_\_ DP \_\_\_ NR \_\_\_ DNP \_\_\_ AM  
New Title \_\_\_ Same Title \_\_\_ Previous FN  
FN \_\_\_ OFN To \_\_\_\_\_

\_\_\_\_\_ RPT(\_\_\_\_) CS \_\_\_ DP \_\_\_ NR \_\_\_ DNP \_\_\_ AM  
New Title \_\_\_ Same Title \_\_\_ Previous FN  
FN \_\_\_ OFN To \_\_\_\_\_

\_\_\_\_\_ Rules Calendar(\_\_\_\_) CS \_\_\_ AM \_\_\_ Other  
New Title \_\_\_ Same Title \_\_\_ Previous FN  
FN \_\_\_ OFN

Read second time

\_\_\_\_\_ CS Adopted (\_\_\_\_) \_\_\_\_\_ New Title  
Amended \_\_\_\_\_ Advanced

Read third time

\_\_\_\_\_ Letter of Intent adopted  
\_\_\_\_\_ Return to second for specific amendment

PASSED	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reconsideration  
Reconsideration not taken up

PASSED	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reported correctly engrossed  
Signed by President, to House

---

Secretary of the Senate

HISTORY IN THE HOUSE

19

Read first time and referred to:

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\_\_\_\_\_ RPT CS( ) \_\_\_ New Title  
DP \_\_\_ DNP \_\_\_ NR \_\_\_ AM  
FN \_\_\_ OFN \_\_\_ Previous FN

\_\_\_\_\_ RPT CS( ) \_\_\_ New Title  
DP \_\_\_ DNP \_\_\_ NR \_\_\_ AM  
FN \_\_\_ OFN \_\_\_ Previous FN

\_\_\_\_\_ RPT CS( ) \_\_\_ New Title  
DP \_\_\_ DNP \_\_\_ NR \_\_\_ AM  
FN \_\_\_ OFN \_\_\_ Previous FN

Read second time  
CS( ) Adopted

Amended

Advanced

Read third time

Return to second for specific amendment

PASSED	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

\_\_\_\_\_ Intent adopted

Reconsideration  
Reconsideration not taken up

PASSED ON RECON.	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

\_\_\_\_\_ Intent adopted

Reported correctly engrossed, signed by the Speaker  
and returned to the Senate

---

Chief Clerk of the House

**SENATE-HOUSE HISTORY Continued**

<b>19</b>	<p>Received from the House Version: _____</p> <p>Concur in House amendment Y ___ N ___ E ___ A ___ _____ Efd same or Y ___ N ___ E ___ A ___</p> <p>Failed to concur in House amendment, ask House recede Y ___ N ___ E ___ A ___</p> <p>House failed to / receded from amendment Y ___ N ___ E ___ A ___</p> <p>CC appointed by Senate _____ Chair _____</p> <p>CC appointed by House _____ Chair _____</p> <p>(S) Granted Limited Powers of Free Conference</p> <p>(H) Granted Limited Powers of Free Conference</p>
-----------	--

<b>19</b>	<p>(S) Adopted CC Rpt _____ Y ___ N ___ E ___ A ___ _____ Efd same or Y ___ N ___ E ___ A ___</p> <p>(H) Adopted CC Rpt _____ Y ___ N ___ E ___ A ___ _____ Efd same or Y ___ N ___ E ___ A ___</p> <p>To enrolling Received from enrolling Sent to Governor</p> <p>_____ By Governor</p> <p>Chapter Number _____</p> <p>Filed with Lieutenant Governor</p>
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**SB70**

(11)

# HOUSE COMMITTEE REPORT

Date Referred: May 13, 1991

FURTHER REFERRALS:

Date of Committee Action: 5.19.91

The FINANCE Committee considered:

CSSB 70(FIN)

CS FOR SENATE BILL NO. 70 (FINANCE)

MUNICIPAL TAXATION OF CERTAIN ST. PROP

"An Act relating to taxation by municipalities of certain property of governmental entities; and providing for an effective date."

### RECOMMENDATIONS:

be replaced with HCS CSSB 70 (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) DCED 3/6/91 Dept of Rev 3/29/91

zero fiscal note \_\_\_\_\_

zero fiscal note(s) Def Admin 3/29/91

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<u>Mike Navarre</u> NAVARRE	✓	<u>Ed Maclean</u> MACLEAN		✓	
<u>Mark Boyer</u> BOYER	X	<u>Greg JACO</u> JACO		X	
<u>Tom Brown</u> BROWN	✓				
<u>John Koponen</u> KOPONEN	✓				
<u>Barbara Barnes</u> BARNES	X				
<u>Bob Sharp</u> SHARP	X				
<u>Ross Phillips</u> PHILLIPS	✓				
<u>Ronald Hanson</u> HANSON	X				
<u>Alan Ulmer</u> ULMER	X				

Mike Navarre NAVARRE Ed Maclean MACLEAN  
CHAIRMAN'S SIGNATURE

FISCAL NOTE

No. 1  
 Bill Version: SB 70  
 (S) Publish Date: 2/15/91

STATE OF ALASKA  
 1991 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Department Affected: Community & Regional Aff:  
 Title: "An Act relating to taxation..of certain property of governmental...." BRU: \_\_\_\_\_  
 Sponsor: Senator Pearce Component: \_\_\_\_\_  
 Requestor: Senate C&RA Committee COMPONENT SERIAL NO. 

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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						
---------	--	--	--	--	--	--

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary.)  
 Changes in CSSB 70 (C&RA) have no fiscal impact. This fiscal note is appropriate.  
 date 2/14/91 Comte Aide (initial) [Signature]

Prepared By: Remond Henderson, Director Phone: 465-4708  
 Division: Administrative Services Date: 2/13/91

Approved by Commissioner: \_\_\_\_\_  
 Agency: Community & Regional Affairs

Changes in CSSB 70 (Fin) have no fiscal impact. This fiscal note is appropriate.

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Reql

date 3/28/91 Comte Aide (initial) [Signature]

FISCAL NOTE

No. 5  
 Bill Version: CSSB 70 (Fin)  
 (S) Publish Date: 3

STATE OF ALASKA  
 1991 LEGISLATIVE SESSION

Revision Date: February 15, 1991 Department Affected: Commerce & Economic Development  
 Title: An Act Relating to Taxation by BRU: AK Industrial Development and Export Authority  
Municipalities Component: \_\_\_\_\_  
 Sponsor: Pearce  
 Requestor: Senate Finance COMPONENT SERIAL NO. 

1	2	3	4
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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	0	400.0	400.0	400.0	400.0	400.0
TOTAL OPERATING	0	400.0	400.0	400.0	400.0	400.0

CAPITAL		NONE				
---------	--	------	--	--	--	--

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER	0	400.0	400.0	400.0	400.0	400.0
TOTAL	0	400.0	400.0	400.0	400.0	400.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY		NONE				

Estimate of current year impact: - 0 -

ANALYSIS: (Attach a separate page if necessary.) Payment of taxes would be approximately \$420.0 in FY 93, assuming the taxable properties remain at \$29 million and mill rates remain constant. The attached illustrates the projected payments by political subdivision. Amounts payable will vary with changes in mill rate, assessed valuation and disposals of property. This analysis assumes the status quo remains through FY 97 which should be the worst case scenario.

Prepared By: Bertram Wagner Executive Director Phone: (907) 561-8050  
 Division: AK Industrial Development & Export Authority Date: March 18, 1991  
 Approved by Commissioner: Glenn A. Olds  
 Agency: Department of Commerce & Economic Development Date: 3-21-91

Changes in CSSB 70 (Fin) nce, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies) have no fiscal impact. This fiscal note is appropriate.

3/28/91 date Comte Aide (initial)