

Leg. Finance-House & Senate Finance Comte Files (1991-1992) 860

ALASKA STATE LEGISLATURE  
SENATE BILL NO. 180

HISTORY IN THE SENATE

HISTORY IN THE HOUSE

1991  
3/8  
4/17

Read first time and referred to:  
L & C and Finance

RPT( ) CS  DP  NR /  DNP  AM  
New Title Same Title Previous FN  
FN  OFN APPROP-NO FN To KNOW

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

19

Read first time and referred to:

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 Contin<sub>ed</sub>**

19	<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>
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19	<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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**SB 181**

# SENATE FINANCE COMMITTEE REPORT

DATE: 4/17/91

FURTHER: \_\_\_\_\_

*Died in SFC.*

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

The Finance Committee considered SENATE BILL NO. 181

"An Act making appropriations for design and construction of a transmission intertie between Glennallen and Delta and for other electrical projects; and providing for an effective date."

and recommended:

- replace with \_\_\_\_\_ CS \_\_\_\_\_
- 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) \_\_\_\_\_  
\_\_\_\_\_

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

appropriation-no fiscal note

**SIGNING DO/PASS:**

**APPROVES PREVIOUS:**

Dept/Date:

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

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

**OTHER RECOMMENDATIONS:**

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

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

1. \_\_\_\_\_

2. \_\_\_\_\_

Co-Chairs: Signatures and Recommendations

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

DATE: 3/8/91

FURTHER: Finance

Date of 5-Day Notice: 4-4-91  
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 4-10-91

L&C Committee considered SB 181

Making appropriations for design and construction of a transmission intertie between Glennallen and Delta and for other electrical projects; efd.

and recommended:

and report it back as follows

- replace with \_\_\_\_\_ CS \_\_\_\_\_  same title
- attached amendment(s)  new title
- \_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

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

APP. NO FY

ATTACHES NEW FISCAL NOTE(S):

Department(s)/Date:

Department(s)/Date:

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

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

appropriation-no fiscal note

Governor's bill w/fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

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

2 Wilson do not pass  
1 Rich Halford NO REC

1 \_\_\_\_\_  
Chair: Signature and Recommendation

## SENATE BILL NO. 181

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY SENATOR SHULTZ

Introduced:	3/8/91	
Referred:	L&C and Finance	
Funding Information:	General Fund	\$82,202,971
	Other Funds	<u>-0-</u>
		\$82,202,971

## A BILL

## FOR AN ACT ENTITLED

1 "An Act making appropriations for design and construction of a transmission intertie  
 2 between Glennallen and Delta and for other electrical projects; and providing for an  
 3 effective date."

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

5 \* Section 1. The sum of \$70,000,000 is appropriated from the general fund to the Alaska Energy  
 6 Authority for design and construction of a 138 kilovolt electric transmission intertie between Glennallen  
 7 and Delta.

8 \* Sec. 2. The sum of \$370,000 is appropriated from the general fund to the Alaska Energy Authority  
 9 for upgrade of the Tetlin electrical system.

10 \* Sec. 3. The sum of \$250,000 is appropriated from the general fund to the Alaska Energy Authority  
 11 for phase II of Sheep Mountain electrification.

12 \* Sec. 4. The sum of \$1,500,000 is appropriated from the general fund to the Alaska Energy  
 13 Authority for Lake Louise electrification.

14 \* Sec. 5. The sum of \$1,800,000 is appropriated from the general fund to the Alaska Energy

1 Authority for Chistochina electrical line extension.  
2 \* Sec. 6. The sum of \$2,633,296 is appropriated from the general fund to the Alaska Energy  
3 Authority for payment as a grant under AS 37.05.316 to the Golden Valley Electric Association for the  
4 extension of electrical service from Ester to Little Goldstream.  
5 \* Sec. 7. The sum of \$2,215,325 is appropriated from the general fund to the Alaska Energy  
6 Authority for payment as a grant under AS 37.05.316 to the Golden Valley Electric Association for the  
7 extension of electrical service from Cantwell to McKinley Village.  
8 \* Sec. 8. The sum of \$1,234,350 is appropriated from the general fund to the Alaska Energy  
9 Authority for payment as a grant under AS 37.05.316 to the Golden Valley Electric Association for the  
10 extension of electrical service from Kobe to Ferry and the Rock Creek Subdivision.  
11 \* Sec. 9. The sum of \$200,000 is appropriated from the general fund to the Alaska Energy Authority  
12 for payment as a grant under AS 37.05.316 to the Golden Valley Electric Association for Eielson  
13 agricultural line extension phase II.  
14 \* Sec. 10. The sum of \$2,000,000 is appropriated from the general fund to the Alaska Energy  
15 Authority for payment as a grant under AS 37.05.316 to the Golden Valley Electric Association for Delta  
16 II agricultural line extension.  
17 \* Sec. 11. The appropriations made by this Act are for capital projects and lapse under AS 37.25.020.  
18 \* Sec. 12. Section 1 of this Act takes effect on the effective date of an Act enacted by the  
19 Seventeenth Alaska State Legislature that authorizes the Alaska Energy Authority to design and construct  
20 a transmission intertie between Glennallen and Delta.  
21 \* Sec. 13. Except as provided in sec. 12 of this Act, this Act takes effect immediately under  
22 AS 01.10.070(c).

ALASKA STATE LEGISLATURE  
SENATE BILL NO. 181

HISTORY IN THE SENATE

HISTORY IN THE HOUSE

19 <sup>97</sup>  
3/8  
4/17

Read first time and referred to:  
Loc and Finance

LR RPT( ) CS DP 2 NR 1 DNP AM  
New Title Same Title Previous FN  
FN OFN APP NO FN To FINANCE

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

19

Read first time and referred to:

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

19

Received from the House  
Version: \_\_\_\_\_

Concur in House amendment  
Y \_\_\_ N \_\_\_ E \_\_\_ A \_\_\_  
\_\_\_\_\_ Efd same or Y \_\_\_ N \_\_\_ E \_\_\_ A \_\_\_

Failed to concur in House amendment, ask House recede  
Y \_\_\_ N \_\_\_ E \_\_\_ A \_\_\_

House failed to / receded from amendment  
Y \_\_\_ N \_\_\_ E \_\_\_ A \_\_\_

CC appointed by Senate \_\_\_\_\_ Chair  
\_\_\_\_\_

CC appointed by House \_\_\_\_\_ Chair  
\_\_\_\_\_

(S) Granted Limited Powers of Free Conference

(H) Granted Limited Powers of Free Conference

19

(S) Adopted CC Rpt \_\_\_\_\_  
Y \_\_\_ N \_\_\_ E \_\_\_ A \_\_\_  
\_\_\_\_\_ Efd same or Y \_\_\_ N \_\_\_ E \_\_\_ A \_\_\_

(H) Adopted CC Rpt \_\_\_\_\_  
Y \_\_\_ N \_\_\_ E \_\_\_ A \_\_\_  
\_\_\_\_\_ Efd same or Y \_\_\_ N \_\_\_ E \_\_\_ A \_\_\_

To enrolling  
Received from enrolling  
Sent to Governor

\_\_\_\_\_ By Governor

Chapter Number \_\_\_\_\_

Filed with Lieutenant Governor

SB 182

(11)

# HOUSE COMMITTEE REPORT

Date Referred: May 9, 1991

FURTHER REFERRALS:

Date of Committee Action: 5/14/91

The FINANCE Committee considered:

CSSB 182(FIN)

CS FOR SENATE BILL NO. 182 (FINANCE)

INVESTMENT POOLS FOR PUBLIC ENTITIES

"An Act relating to investment pools for public entities; and providing for an effective date."

### RECOMMENDATIONS:

be replaced with \_\_\_\_\_  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) \_\_\_\_\_

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

2  zero fiscal note(s) Def Rev 3/22/91 DCPA 3/22/91

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
Mike Savare <sup>NAVARRE</sup>	✓	Thomas Barnes <sup>BARNES</sup>		X	
M. K. Beyer <sup>Beyer</sup>	X	Bob Sharp <sup>Sharp</sup>			
Steve Koponen <sup>Koponen</sup>	✓	Phil Phillips <sup>Phillips</sup>			
J. Ulmer <sup>Ulmer</sup>	X	Donald Larson <sup>LARSON</sup>		X	
		Gary Jacko <sup>JACKO</sup>		X	

Mike Savare <sup>NAVARRE</sup>  
CO- CHAIRMAN'S SIGNATURE

FISCAL NOTE

No.       

Bill Version: SB 182

(S) Publish Date: 3/22/91

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Department Affected: Community & Regional Affairs

Title: "An Act relating to investment pools for public entities.." BRU: \_\_\_\_\_

Sponsor: Senate C&RA Committee Component: \_\_\_\_\_

Requestor: \_\_\_\_\_ 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:	Changes in <u>CS SB 182 (FIN)</u> have no fiscal impact. This fiscal note is appropriate.	Changes in <u>CS SB 182 (CIA)</u> have no fiscal impact. This fiscal note is appropriate.
	<u>4/9/91</u> date <u>LF</u> Comte Aide (initial)	<u>3/21/91</u> date <u>W Rick</u> Comte Aide (initial)

Prepared By: Remond Henderson, Director Phone: 465-4708

Division: Administrative Services Date: 3/19/91

Approved by Commissioner: [Signature] Date: 3/20/91

Agency: Community & Regional Affairs Date: 3/19/91

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

FISCAL NOTE

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

No. 1

Bill Version: SB 182

(S) Publish Date: 3/22/91

Revision Date: March 20, 1991

Department /

Title: Investment pools for public entities.

BRU: Treasury

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

Sponsor: Senate and House Community & Regional Affairs

Component Serial No.

Requestor: \_\_\_\_\_

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

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

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

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

Changes in CSSB 182 (FIM) have no fiscal impact. This fiscal note is appropriate.  
 Changes in CS SB 182 (CA) have no fiscal impact. This fiscal note is appropriate.  
4/9/91 date cal Comte Aide (initial)  
3/21/91 date MT. Rick Sale Comte Aide (initial)

ANALYSIS: See attached analy

Prepared by: Brian C. Andrews *BA*

Phone: 465-2350

Division: Treasury

Date: March 20, 1991

Approved by Commissioner: *[Signature]*

Agency: Revenue

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

Amendments proposed:

Section 37.25.050 (b) of Senate Bill 182 and House Bill 199 should be modified to include within the definition of "public entity" the State of Alaska as well as a subdivision of the State, including a municipality, school district, regional educational attendance area or service area within the unorganized borough; or an organization composed of public entities. The expanded definitions would allow the General Investment Fund of the State to be a participant in the investment pool.

The Department of Revenue believes that the formation of an investment pool for money market securities within the Division of Treasury would offer the following benefits.

1. Use of Treasury's expertise in investment and cash management matters.
2. Treasury's existing arrangements for custodial services can accommodate a participant investment pool.
3. Treasury has already established cash concentration procedures within banks located in Alaska which could be used by public entities to transfer funds to the investment pool.
4. Use of Treasury's existing ACH electronic funds transfer capabilities which accomodates movement of deposits and withdrawals to and from the bank accounts of the participants.
5. Inclusion of the General Investment Fund as a participant would assure the investment pool's objectives of enhanced yields, liquidity and preservation and safety of capital.
6. Probable overall lower cost benefits to all participants.

Treasury would anticipate the following annual costs if it was charged with the responsibility of establishing and managing an investment pool of an assumed size of \$500 million.

Personal	1 FTP Cash mgt position	\$ 50,000
	1/2 FTP Investment officer	40,000
	1 FTP Accountant	50,000
Contractual	Custodial fees @ 5 bps <sup>1</sup>	250,000

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<sup>1</sup>"bps", or "basis points", is the standard of measurements of less than one per cent. One bps equals one percent of one percent.

	External audit	25,000
Equipment/ Supplies	Communications, computer software and equipment enhancements	<u>75,000</u>
Total		\$490,000

\$490,000 represents a cost of 0.00098 (9.8 bps) of the \$500 million pool total. For example, an 8.0 per cent gross investment return will net to 7.9 per cent after Treasury's total expenses. The only variable cost is custodial fees which would increase slightly by additional asset amounts to the investment pool. Because of scales of economy, the impact of Treasury's expenses on gross earnings would be reduced further by investment pools greater than \$500 million.

CS FOR SENATE BILL NO. 182 (FINANCE)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 4/10/91  
Referred: Rules

Sponsor(s): SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to investment pools for public entities; and providing for an effective  
2 date."

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

4 \* Section 1. AS 37.25 is amended by adding a new section to read:

5       Sec. 37.25.050. INVESTMENT POOLS FOR PUBLIC ENTITIES. (a) A public entity  
6       may enter into agreements with other public entities regarding the formation and operation of  
7       investment pools under which funds of the participating public entities are administered and  
8       invested jointly. One or more public entities may form a nonprofit corporation for the purpose  
9       of operating an investment pool. An agreement entered into under this section may provide for  
10       the employment of staff and other matters necessary for the operation of the investment pool.  
11       Each participating public entity is authorized to spend funds necessary for the operation of the  
12       investment pool.

13       (b) The prudent investor rule shall be applied to investments made by investment pools  
14       formed under this section. The prudent investor rule means that the investors shall exercise the

1 judgment and care under the circumstances then prevailing that an institutional investor of  
2 ordinary prudence, discretion, and intelligence exercises in the management of large investments  
3 entrusted to it not in regard to speculation but in regard to the permanent disposition of funds,  
4 considering the probable safety of capital as well as probable income.

5 (c) For purposes of this section, "public entity" means a subdivision of the state,  
6 including a municipality, school district, or regional educational attendance area; or an  
7 organization composed of public entities.

8 \* Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

SB 182

# SENATE FINANCE COMMITTEE REPORT

DATE: 3/22/91

FURTHER:

*Vetoed by Gov. Hickey  
6/18/91*

DATE TURNED INTO OFFICE: 4/9/91

The Finance Committee considered SENATE BILL NO. 182

"An Act relating to investment pools for public entities; and providing for an effective date."

and recommended:

- replace with \_\_\_\_\_ CS SB 182 (Kin)  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):

Dept/Date:

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

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

appropriation-no fiscal note

APPROVES PREVIOUS:

Dept/Date:

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

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

DOR 2/2/91   
CRA 2/2/91

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

*[Handwritten signatures]*

\_\_\_\_\_

1. *[Signature]* 2. *[Signature]*  
Co-Chairs: Signatures and Recommendations

Revision Date: April 2, 1991

Department Affected: Revenue

Title: Investment pools for public entities

BRU: Treasury

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

Sponsor: Senate Community & Regional Affairs

Component Serial No.

Requestor: \_\_\_\_\_

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

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

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

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

ANALYSIS: See attached.

Changes in CS SB 182 (FIN) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.

4/9/91 AL  
Date Comptroller (initial)

Prepared by: Brian C. Andrews *BA*

Phone: 465-2350

Division: Treasury

Date: April 2, 1991

Approved by Commissioner: \_\_\_\_\_ *[Signature]*

Agency: Revenue

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



STATE OF ALASKA  
OFFICE OF THE GOVERNOR

**BILL ANALYSIS**

DEPARTMENT Revenue	DIVISION Treasury	BILL NUMBER CS SB 182 (CRA)	SPONSOR Senate Community & Regional Affairs
SHORT TITLE OF BILL Investment Pools for Public Entities			
DEPARTMENT POSITION See amendments proposed.			
PREPARED BY Brian C. Andrews <i>BCA</i>	DATE 4/2/91	COMMISSIONER'S SIGNATURE <i>[Signature]</i>	DATE 4-3-91

**SUMMARY**

OTHER AGENCIES AFFECTED BY BILL None known	CONSTITUENT GROUP(S) AFFECTED BY BILL
ORGANIZATIONAL SUPPORT FOR BILL Municipalities and other public entities.	ORGANIZATIONAL OPPOSITION TO BILL None known

FISCAL IMPACT:  NONE  FISCAL NOTE ATTACHED

BACKGROUND/LEGISLATIVE INTENT

To allow for the creation of a nonprofit corporation for the purpose of establishing and operating an investment pool of securities for public entities.

ANALYSIS OF BILL/PROGRAM EFFECTS

Through a cooperative effort, public entities would establish a privatized money market mutual fund which may provide for increased investment returns and lower investment risk.

AMENDMENTS PROPOSED

Please see attached.

PLEASE ATTACH A SEPARATE SHEET FOR ADDITIONAL COMMENTS OR ANALYSIS.

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
BILL ANALYSIS

CS SB 182

**Amendments proposed:**

Section 37.25.050 (b) of CS SB 182 and HB 199 should be modified to include within the definition of "public entity" the State of Alaska as well as a subdivision of the State, including a municipality, school district, regional educational attendance area or service area within the unorganized borough; or an organization composed of public entities. The expanded definitions would allow the General Investment Fund of the State to be a participant in the investment pool.

The Department of Revenue believes that the formation of an investment pool for money market securities within the Division of Treasury would offer the following benefits.

1. Use of Treasury's expertise in investment and cash management matters.
2. Treasury's existing arrangements for custodial services can accommodate a participant investment pool.
3. Treasury has already established cash concentration procedures within banks located in Alaska which could be used by public entities to transfer funds to the investment pool.
4. Use of Treasury's existing ACH electronic funds transfer capabilities which accommodates movement of deposits and withdrawals to and from the bank accounts of the participants.
5. Inclusion of the General Investment Fund as a participant would assure the investment pool's objectives of enhanced yields, liquidity and preservation and safety of capital.
6. Probable overall lower cost benefits to all participants.

Treasury would anticipate the following annual costs if it was charged with the responsibility of establishing and managing an investment pool of an assumed size of \$500 million.

Personal:	1 FTP cash management position	\$ 50,000
	1/2 FTP Investment officer	40,000
	1 FTP Accountant	50,000
Contractual:	Custodial fees @ 5 bps <sup>1</sup>	250,000
	External audit	25,000

---

<sup>1</sup> "bps," or basis points, is the standard of measurements of less than one percent. One bps equals one percent of one percent.

Equipment/Communications, computer supplies  
software and equipment enhancements 75,000

TOTAL \$490,000

\$490,000 represents a cost of 0.00098 (9.8 bps) of the \$500 million pool total. For example, an 8.0 per cent gross investment return will net to 7.9 per cent after Treasury's total expenses. The only variable cost is custodial fees which would increase slightly by additional asset amounts to the investment pool. Because of scales of economy, the impact of Treasury's expenses on gross earnings would be reduced further by investment pools greater than \$500 million.

FISCAL NOTE

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

BILL NO. CS SB 182

Revision Date: \_\_\_\_\_ Department Affected: Community & Regional Affairs  
Title: "An act relating to investment pools for public entities.." BRU: \_\_\_\_\_

Sponsor: Senate C&RA Committee Component: \_\_\_\_\_

Requestor: \_\_\_\_\_ COMPONENT SERIAL NO. 

--	--	--	--

Expenditures/Revenues: (Thousands of Dollars)

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

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	-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 CS58182 (FIN) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.  
4/9/91 al  
Date Comptroller Initials

Prepared By: Remond Henderson, Director Phone: 465-4708

Division: Administrative Services Date: 4/2/91

Approved by Commissioner: Edgar Blatchford

Agency: Community & Regional Affairs Date: 4/2/91

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

# STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

- P.O. BOX B  
JUNEAU, ALASKA 99811-2100  
PHONE: (907) 465-4700
- 949 E. 3RD AVENUE, SUITE 400  
ANCHORAGE, ALASKA 99508-4302  
PHONE: (907) 563-1073

April 2, 1991

## POSITION PAPER

RE: CS for Senate Bill 182

SPONSOR: Senate Community and Regional Affairs Committee

Departmental Position: Support

### Program Effects

The bill would provide for certain public entities to form and operate investment pools for public funds which might otherwise lie idle.

### Comments

This concept would provide a much needed tool for public entities to use in maximizing available revenues to offset the cost of services provided within their boundaries. In these times of declining state revenues, it is extremely important that we focus on discovering new sources of revenues for local jurisdictions, and methods whereby existing fiscal activities at the local level can be enhanced to maximize their efficiency. Committee Substitute for Senate Bill 182 directly addresses that concept, and the Department strongly supports its passage.

*Edgar Blatchford*

Edgar Blatchford, Commissioner

CS FOR SENATE BILL NO. 182 <sup>FIN</sup> ~~(GRA)~~

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered: 3/22/91  
Referred: Finance

Sponsor(s): SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to investment pools for public entities; and providing for an effective  
2 date."

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

4 \* Section 1. AS 37.25 is amended by adding a new section to read:

5 Sec. 37.25.050. INVESTMENT POOLS FOR PUBLIC ENTITIES. (a) A public entity  
6 may enter into agreements with other public entities regarding the formation and operation of  
7 investment pools under which funds of the participating public entities are administered and  
8 invested jointly. One or more public entities may form a nonprofit corporation for the purpose  
9 of operating an investment pool. An agreement entered into under this section may provide for  
10 the employment of staff and other matters necessary for the operation of the investment pool.  
11 Each participating public entity is authorized to spend funds necessary for the operation of the  
12 investment pool. ~~#1~~

13 (b) For purposes of this section, "public entity" means a subdivision of the state,  
14 including a municipality, school district, or regional educational attendance area; or an

*Adams Amended*

Adopted  
4/19/91

*investor*

YOUR PRUDENT ~~PERSON~~ LANGUAGE WOULD MOST APPROPRIATELY FIT ON  
PAGE ONE, LINE 12 AFTER THE WORD "POOL"

*Adams  
Am #1*

*investor*

"THE PRUDENT ~~PERSON~~ RULE SHALL BE APPLIED TO INVESTMENTS MADE  
UNDER THIS SECTION. THE PRUDENT PERSON RULE MEANS THAT THE  
INVESTORS SHALL EXERCISE THE JUDGEMENT AND CARE UNDER THE  
CIRCUMSTANCES THEN PREVAILING THAT AN INSTITUTIONAL INVESTOR  
OF ORDINARY PRUDENCE, DISCRETION AND INTELLIGENCE EXERCISES IN  
THE MANAGEMENT OF LARGE INVESTMENTS ENTRUSTED TO IT NOT IN  
REGARDS TO SPECULATION BUT IN REGARD TO THE PERMANENT  
DISPOSITION OF FUNDS, CONSIDERING THE PROBABLE SAFETY OF CAPITAL  
AS WELL AS PROBABLE INCOME."

# 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

March 22, 1991

**SUBJECT:** Investment Pools for Public Entities (CSSB 182(CRA))

**TO:** Senator Arliss Sturgulewski

**FROM:** Tamara Brandt Cook  
Director TBC

CSSB 182(CRA) permits municipalities and school districts to form investment pools under which the funds of the public entities are administered and invested jointly. You have asked what the implications are regarding the state's financial responsibility in the event that an investment pool suffers financial losses.

As a matter of law, losses experienced by an investment pool would not create any particular liability on the part of the state. However, as a practical matter the state is hardly likely to stand by and allow a municipality to sink into financial ruin. With respect to school districts, of course, there exists the additional constitutional responsibility to maintain a system of public education. These considerations exist completely aside from the question of an investment pool, although, to the extent that the investment pool provides an opportunity for larger losses simply because a pool will involve larger amounts of money, I suppose, the cause for concern may increase. This would have to be looked into by someone with financial expertise.

Note, however, that with respect to municipalities CSSB 182(CRA) may not substantially change existing law. AS 29.35.010(13) already grants every municipality the authority " . . . to enter into an agreement, including an agreement for cooperative or joint administration of any function or power with a municipality, the state, or the United States. . ." Since it is quite possible that municipalities could form investment pools right now under this provision of law, it is hard to argue that CSSB 182(CRA) substantially changes the state's potential responsibility in situations involving investment losses of municipal funds.

TBC:gc  
91-165.glc

# STATE OF ALASKA

**DEPT. OF COMMUNITY & REGIONAL AFFAIRS**

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

- P.O. BOX B  
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PHONE: (907) 465-4700
- 949 E. 36TH AVENUE, SUITE 400  
ANCHORAGE, ALASKA 99508-4302  
PHONE: (907) 563-1073

March 20, 1991

## POSITION PAPER

RE: Senate Bill 182

SPONSOR: Senate Community and Regional Affairs Committee

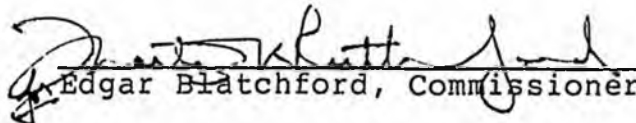
Departmental Position: Support

### Program Effects

The bill would provide for certain public entities to form and operate investment pools for public funds which might otherwise lie idle.

### Comments

This concept would provide a much needed tool for public entities to use in maximizing available revenues to offset the cost of services provided within their boundaries. In these times of declining state revenues, it is extremely important that we focus on discovering new sources of revenues for local jurisdictions, and methods whereby existing fiscal activities at the local level can be enhanced to maximize their efficiency. Senate Bill 182 directly addresses that concept, and the Department strongly supports its passage.

  
Edgar Blatchford, Commissioner



February 1991

Alaska Municipal League  
Investment Pool Legislation and Program Justification

The Alaska Municipal League (AML) urges the passage of legislation to authorize the formation of investment pools under Title 29. The AML wishes to form an investment pool to improve the efficiency and effectiveness of municipalities and other local public entities statewide in the investment of their short-term, "idle," public funds. The objectives of the pool's investments, in order of priority, will be 1) security, 2) liquidity, and 3) return. In the absence of an Alaska "joint powers act," the AML is seeking legislation to authorize a public entity or a nonprofit corporation to form and enter into agreements for the purpose of investing funds.

Many AML member municipalities and school districts do not have banks in their communities much less investment options. In certain cases, municipalities lost funds when several banks folded in the 1980's because their funds were not collateralized. As federal and state financial assistance to municipalities have declined, making the most of local funds through interest revenues continues to be important.

The AML membership of over 125 municipalities passed a resolution in November 1989 directing the AML Board of Directors to investigate the feasibility of a municipal investment pool. The AML formed a committee of municipal officials to investigate the need and feasibility of a pool. The committee surveyed municipalities and school districts in June 1990 to gather information on local investment practices and interest in participating in a pool. Over 50 responses were received indicating:

- o Idle funds may be sufficient to form a pool
- o A significant number of respondents do not have written investment policies
- o Few municipalities and school districts employ investment professionals
- o Few do not collateralize their investments
- o Most respondents invest in a broad variety of investment instruments
- o Some respondents indicated that they had investments of over 2 years in terms which may not be prudent for these public funds
- o An investment pool would broaden the investment options available to even the most sophisticated, investor municipalities/school districts
- o The less sophisticated municipalities/school districts would benefit from safekeeping, yield of a pool, and professional advice.

AML Investment Pool  
February 1991  
Page 2

The committee reviewed investment pools operating in 13 states. These pools are operated within the state treasurer's office or a independent non-profit corporations. The committee is leaning toward using a money market fund limited to very secure types of investments. The return on investments would be improved by increasing volume and term through pooling rather than on increasing risk.

In September 1990, the AML Board authorized the committee to proceed with establishing an investment pool by introducing legislation and distributing a request for proposal for a firm(s) to assist the AML with managing pool and investing the funds on behalf of entities who choose to participate in the pool.

A request for proposal from firms wishing to bid on providing administration, custodial and investment services has been finalized and will be distributed in March. AML is also working with a law firm to develop the necessary legal documents. If the legislation passes this session as planned, it is the intent of the AML to establish the pool and accept funds as of July 1, 1991.

The legislation would have a zero fiscal note and would not affect the State of Alaska. Participation in the pool by eligible public entities would be optional. The AML Board of Directors urges the Legislature to pass the investment pool legislation in the First Session of the 17th Alaska State Legislature to enable the AML to immediately begin to improve the efficiency and effectiveness of participants in the investments of their public funds.

sab2:investwhy

**Resolution of the Alaska Municipal League**

**Resolution No. 90-17**

**A RESOLUTION SUPPORTING THE CREATION OF A COMMITTEE  
TO EXPLORE THE DEVELOPMENT OF A STATEWIDE  
MUNICIPAL INVESTMENT POOL**

WHEREAS, municipalities handle large sums of public funds, and

WHEREAS, municipalities must keep those funds secured, earning interest, and liquid to meet ongoing financial obligations, and

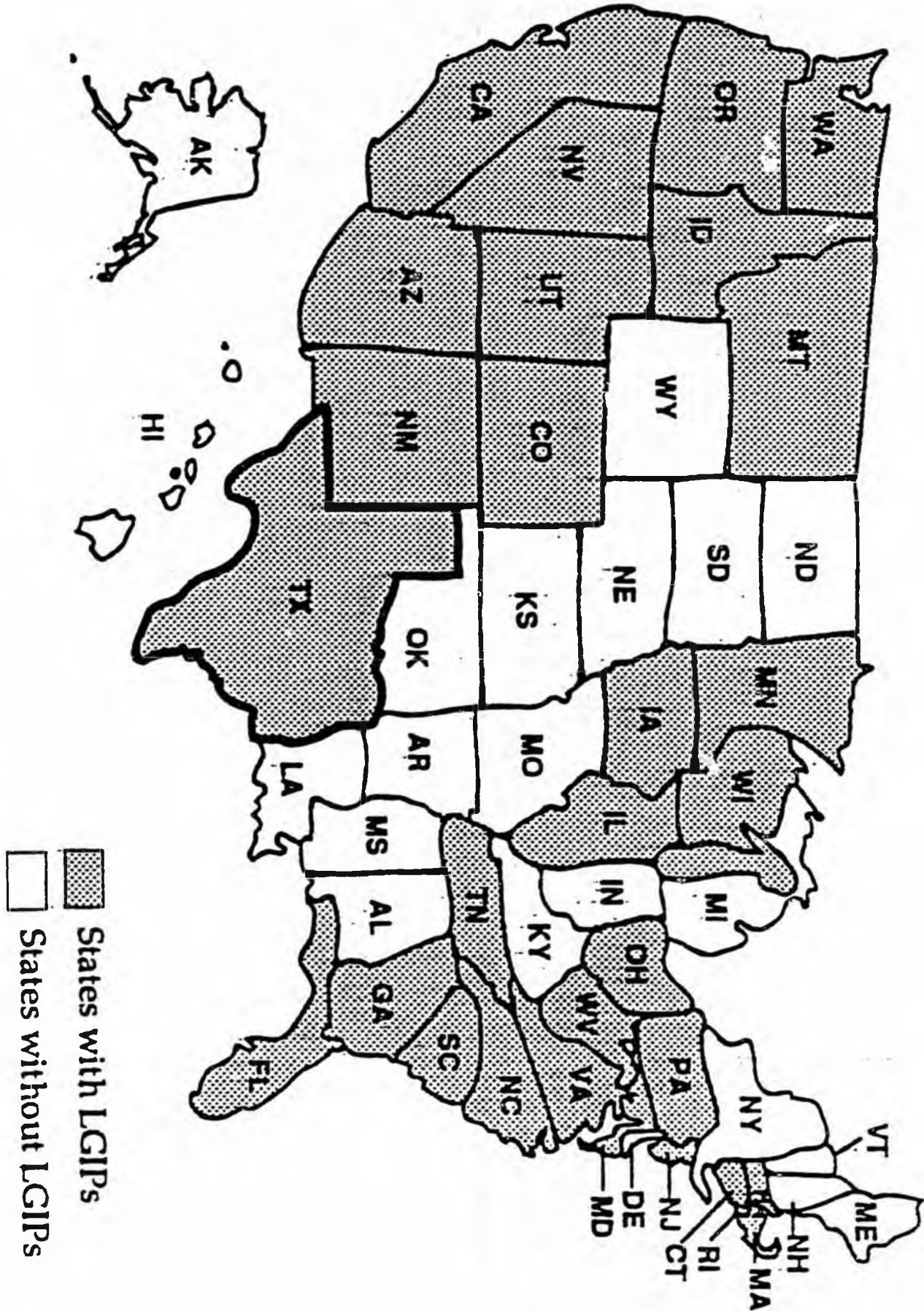
WHEREAS, many municipalities do not have ready access to investment programs and in some cases do not have deposit institutions in their communities, and

WHEREAS, municipalities may be able to work together to develop a program to both protect public funds at low risk and receive a higher rate of return on investments with good liquidity through investment pooling independently or through an appropriate state agency;

NOW, THEREFORE, BE IT RESOLVED that the Alaska Municipal League create a committee of appropriate municipal officials to explore investment options and make a recommendation to the Board of Directors by June 30, 1990.

*Adopted at Annual Business Meeting on November 17, 1989 in Juneau, Alaska*

# States With Local Government Investment Pools



## INVESTMENT

## EXCHANGE

FIDELITY INVESTMENTS NEWS AND ANALYSIS FOR PUBLIC FINANCE PROFESSIONALS

RECEIVED

APR 03 1989

ALASKA MUNICIPAL LEAGUE

## Local Government Investment Pools

By Girard Miller and David Maynard

*Editor's Note: The recent widely publicized collapse of the State of West Virginia's LGIP and ensuing questions raised by readers has prompted the following article.*

Local governments are a major source of capital to the money markets. Public cash managers earn attractive market rates of return by investing their short-term funds. When interest rates are relatively high, as they are now, a community's cash management and investment program is an important contributor to local revenues.

Most local governments invest a segment of their short-term funds

*LGIPs are now operating in 26 states and usually offer the benefits of daily liquidity, money market rates of return and portfolio diversification.*

directly in government securities, bank CDs and other money market instruments. Local officials also have learned to take advantage of the liquidity and services offered by their state's local government investment pool (LGIP). LGIPs are now operating in 26 states

and usually offer the benefits of daily liquidity, money market rates of return and portfolio diversification. Generally, pools operate like SEC-registered money market mutual funds. They combine the cash of local governments to invest in a diversified portfolio of money market securities with earnings paid to participants in proportion to their total investment. Not all pools are alike, however.

### Types of LGIPs

When measured in terms of asset size and participation, the largest local government investment pools are those overseen by state treasurers or other state administrative boards. Presently, 22 states sponsor and operate an investment pool for the benefit of their local governments. In some state pools, local funds are commingled with the

state's liquid assets. In others a completely separate fund for localities is maintained.

Generally, LGIP investment and recordkeeping functions are performed by state officials, although several states have contracted with private firms for investment and administrative services. In some states, an advisory board of local government officials provides consultation and input regarding LGIP policies and practices.

In addition to the state-sponsored pools, local governments in a few states have jointly organized and operate LGIPs pursuant to "joint powers" or "intergovernmental cooperation" agreements. Typically, these non-state-sponsored intergovernmental pools are operated by a private money manage-

*Continued on next page*

## Treasury Finalizes Arbitrage Regulations

The U.S. Treasury Department will soon release preliminary arbitrage regulations governing the calculation of arbitrage rebates. Some highlights:

- Rebates will be based on a "future value," calculated every five years.
- No calculation is required if qualified investments earn less than the issuer's bond yield.
- A \$1,000 computational credit against the rebate will be allowed to help issuers defray expenses.
- Mutual funds are acceptable investments and are used as an example in the regulations.

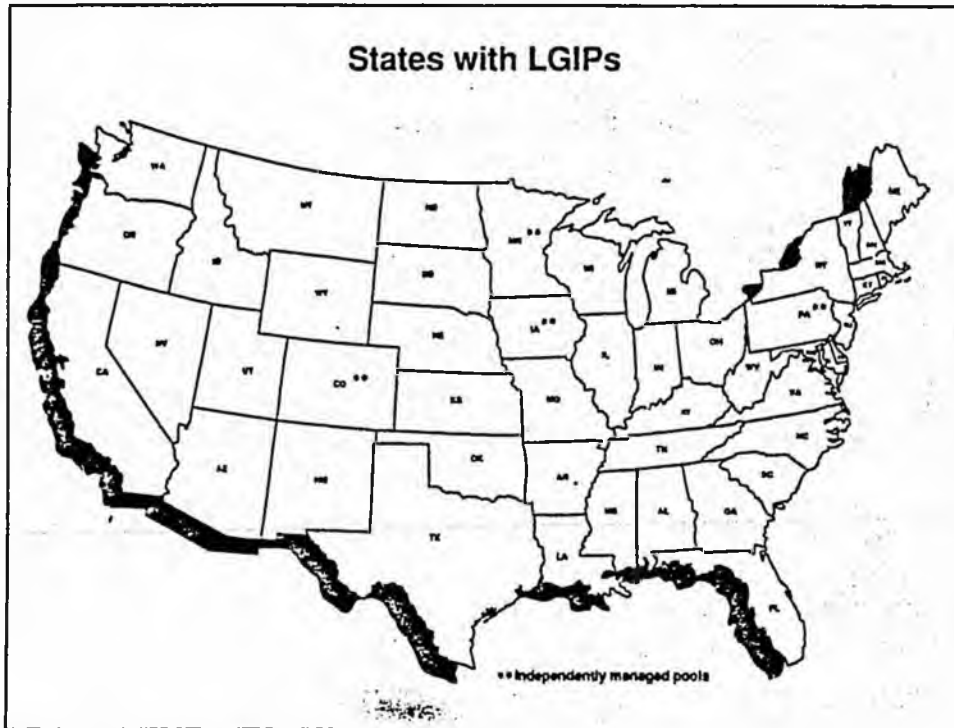
The next issue of INVESTMENT EXCHANGE will discuss the new arbitrage rebate regulations in detail.

ment firm which often is instrumental in organizing and promoting the LGIP. Unlike SEC-registered money market mutual funds, these so-called "joint

liquid short-term securities which can easily be converted to cash without price loss.

In the 15 years since the inception

relatively recent case involved portfolio management that, among other practices, failed to observe the short-term liquidity needs of the pool, investing instead in long-term securities. Although longer-term investments may have higher interest rates and produce capital gains during periods of declining interest rates, an LGIP which holds long-term securities in a rising-rate market may face the problem of price losses. If the market price losses are realized, the LGIP's total return will suffer and concerned local investors may redeem their funds, forcing the portfolio manager to liquidate even more securities at potentially depressed prices. Further compounding this trend, yields on competing money market securities may attract more funds out of pools whose investment portfolios may be "locked up" in long-term but lower-yielding paper.



powers" pools are governed by separate trust agreements and a board of trustees which consists of participating local officials.

A final variant of the LGIP is the county investment pool, usually operated by a county treasurer. In California and Washington, for example, county treasurers are responsible for certain local school funds, which are commingled by some counties for investment purposes.

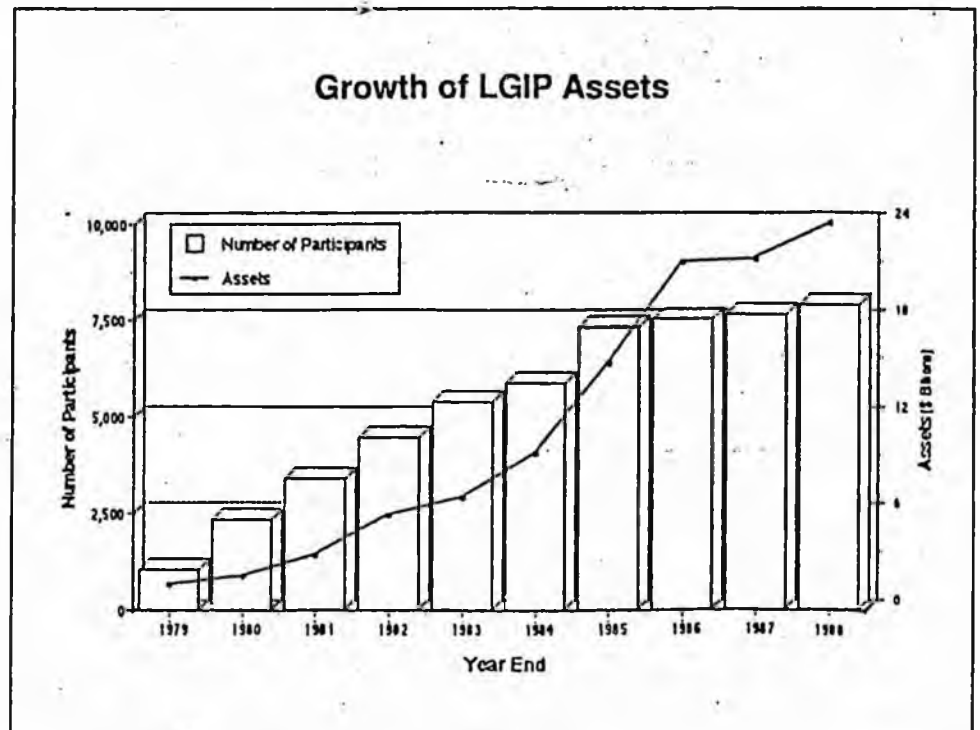
#### Keys to Success

Just as an individual public investor must constantly seek safety and liquidity before yield, so too must the LGIP portfolio manager focus first on safety and liquidity. Local units that invest in an LGIP typically expect to be able to withdraw funds on a same-day basis with no penalty or price loss. Any losses in the LGIP portfolio that adversely affect investors could jar investor confidence and cause a "run" on the pool. Thus, an LGIP portfolio generally should be structured to include a broadly diversified mix of high-quality,

of the first state-sponsored LGIP, there has been only one documented case of investment losses by a LGIP. This

#### Know Your LGIP

When investing in an LGIP, local officials should first study the investment policies and practices of the pool, and obtain information regarding the portfolio's average maturity. As a general rule, LGIPs which follow SEC portfolio guidelines for money market



mutual funds (Rule 2a-7) are unlikely to suffer market price shocks; this is done by maintaining the pool's average maturity below 120 days and by holding individual securities with maturities of less than one year.

#### *Diversification and Credit Research Pays Off*

A major advantage of most state-sponsored LGIPs is their size. Economies of scale are generally realized

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***When investing in an LGIP, local officials should first study the investment policies and practices of the pool, and obtain information regarding the portfolio's average maturity.***

---

through better prices on individual securities and defrayal of administrative expenses such as third-party custodial fees. Also, many LGIPs are able to purchase diversified portfolios of higher-yielding money market securities such as commercial paper. Frequently, individual municipalities are unable to perform thorough credit analysis or to diversify their investment portfolios adequately on their own. However, LGIPs can be managed to accomplish these functions on behalf of their participants.

#### *The Problem With Bond Proceeds*

Some LGIP officials are anxiously awaiting U.S. Treasury Department regulations concerning arbitrage investments of bond proceeds. Presently, some statewide LGIPs have instructed local governments to avoid using their pool for investments of bond proceeds subject to federal arbitrage restriction. Pools which maintain longer average dollar weighted portfolio maturities (in excess of 90 days) and are not valued to market regularly may not meet the Treasury's so called "market price rule" and therefore could be inappro-

## Increasing Interest in Deferred-Compensation Plans

Deferred-compensation plans allow employees to save portions of their incomes untaxed until retirement. Upon retirement, the employee will likely be in a lower personal income-tax bracket, and will be taxed less.

Congress authorized Section 457, public-sector deferred compensation plans in the Revenue Act of 1978, enabling government workers to save for retirement and emergencies. Under Section 457 of the Internal Revenue Code, a public-sector employee may defer up to \$7,500 of income annually.

Typically, deferred-compensation plans allow the employee to choose to have contributions placed in one of several investment options, and to periodically transfer the assets between investment vehicles.

The choices range from straight savings options, which are the most conservative investments, to mutual funds, which are riskier but have the potential for higher yields.

Many deferred-compensation investments are in fixed-rate annuities or in guaranteed investment contracts

Deferred-compensation plans are meant to supplement, rather than replace, other retirement plans. At retirement, a plan member has the

option of withdrawing deferred funds in a single lump sum, in monthly installments or on a schedule based on life expectancy.

appropriate as a vehicle for the investment of bond proceeds. The Treasury's second set of arbitrage regulations, to be issued later this year, will probably address the issue of allocating investment income received from such pools.

#### *The Money Market Mutual Fund Alternative*

In states that lack an LGIP, money market mutual funds can be considered as a viable alternative for local government liquidity investments, provided mutual funds are an authorized investment under state statute. Some institutional money market funds provide subaccounting and arbitrage

recordkeeping services specifically designed for governments, which are not provided by most LGIPs.

The Tax Reform Act of 1986 heightened interest in deferred-compensation plans by placing considerable restrictions on the tax deferral for employee contributions to individual retirement accounts.



*Illustration by William Canty.*

#### *GFOA Guidance*

The Government Finance Officers Association's Standing Committee on Cash Management has previously endorsed local government use of LGIPs and is now studying the various issues associated with proper administration and use of LGIPs. Guidelines for LGIPs will be issued by the National Association of State Treasurers (NAST) later this year. *Investment Exchange* will provide further information on this topic as it becomes available.



(ORDINANCE/ORDER/RESOLUTION)  
AUTHORIZING JOINT INVESTMENT  
OF PUBLIC FUNDS

---

WHEREAS, \_\_\_\_\_ (this "Governmental Entity") is a "local government" within the meaning of The Interlocal Cooperation Act, Article 4413(32c), Vernon's Texas Civil Statutes, as amended (the "Interlocal Act"), and as such is authorized to contract with one or more other such local governments for the joint investment of public funds of such local governments in any investments in which each such local government is authorized to invest its funds:

WHEREAS, this Governmental Entity is authorized by the Public Funds Investment Act of 1987, Article 842a-2, Vernon's Texas Civil Statutes, as amended (the "Public Investment Act"), to invest its public funds in any of the obligations or securities described in section 2 or 3 of the Public Investment Act, as amended.

WHEREAS, the joint investment of local public funds is in the best interest of this Governmental Entity and its inhabitants; and

WHEREAS, this Governmental Entity therefore desires to authorize the joint investment of its public funds with other local governments pursuant to the Interlocal Act and to enter into a contract with such local governments to provide for the terms on which public funds so invested may be combined, invested, secured, and accounted for:

NOW, THEREFORE, BE IT [ORDAINED/ORDERED/RESOLVED] BY THE [CITY COUNCIL/CITY COMMISSION/COMMISSIONERS COURT/BOARD OF TRUSTEES] (THIS "GOVERNING BODY") OF \_\_\_\_\_ THAT:

**Section 1. Authorization of Contract.** The terms of the Common Investment Contract attached hereto as Exhibit A, including the investment objectives and purposes described therein, are hereby approved. The [Mayor/County Judge/President of the Board of Trustees] of the Governmental Entity is hereby authorized and instructed to execute and deliver, and the [Secretary/County Clerk/Secretary of the Board of Trustees] of this Governmental Entity is hereby authorized to attest, a Common Investment Contract substantially in the form and to the effect so attached (the "Interlocal Contract"), and there upon the designations, delegations, approvals, and authorizations described thereby shall be authorized, approved, and granted by this Governmental entity without further act by this Governing Body.

**Section 2. Authorization of Investments.** Upon the execution of the Interlocal Contract by this Governmental Entity, each officer and employee of this Governmental Entity who is designated to be responsible for the investment of public funds of this Governmental Entity pursuant to Article 4413(34c), Vernon's Texas Civil Statutes, as amended (the "Investment Procedures Act"), is authorized to transfer public funds of this Governmental Entity to the Fund to be created by the Interlocal Contract in order to acquire an interest in any Series thereof, provided that, in the case of any Series other than the initial Series created by the Interlocal Contract, (1) the funds of such Series may be invested solely in obligations described in the Public Investment Act or in any other obligations in which this Governmental Entity may lawfully invest its funds and (2) this Governing Body has approved the investment rules and policies governing such investments. All such transfers shall be made in accordance with investment policies and procedures heretofore adopted by this Governmental Entity pursuant to the Investment Procedures Act, as such policies and procedures may be amended from time to time, but to the same extent as if such policies and procedures expressly authorized such transfers as direct investments of public funds of this Governmental Entity.

FISCAL NOTE

No. 2

Bill Version: SB 182

(S) Publish Date: 3/22/91

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Department Affected: Community & Regional Affairs

Title: "An Act relating to investment pools for public entities.." BRU: \_\_\_\_\_

Sponsor: Senate C&RA Committee Component: \_\_\_\_\_

Requestor: \_\_\_\_\_ 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: \_\_\_\_\_

<p>ANALYSIS: (Attach a separate page if necessary.)</p>	<p>Changes in <u>CS 5B 182 (CRA)</u> have no fiscal impact. This fiscal note is appropriate.</p> <p><u>3/21/91</u> <u>Rick Solie</u> Date Comte Aidé (initial)</p>
---	--

Prepared By: Kenyon Henderson, Director Phone: 465-4708  
Division: Administrative Services Date: 3/19/91

Approved by Commissioner: [Signature] 3/20/91  
Agency: Community & Regional Affairs Date: 3/19/91

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

FISCAL NOTE

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

No. 1

Bill Version: SB 182

(S) Publish Date: 3/22/91

Revision Date: March 20, 1991

Department: \_\_\_\_\_

Title: Investment pools for public entities.

BRU: Treasury

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

Sponsor: Senate and House Community & Regional Affairs

Component Serial No.

Requestor: \_\_\_\_\_

1	2	1
---	---	---

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

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

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

Changes in CS SB 182 (CRA)  
have no fiscal impact. This  
fiscal note is appropriate.

ANALYSIS: See attached analysis.

3/21/91  
date Mt. Rick Solie  
Comte Aide (initial)

Prepared by: Brian C. Andrews *CSA*

Phone: 465-2350

Division: Treasury

Date: March 20, 1991

Approved by Commissioner: \_\_\_\_\_

Agency: Revenue

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

# **CORRECTION**

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



(ORDINANCE/ORDER/RESOLUTION)  
AUTHORIZING JOINT INVESTMENT  
OF PUBLIC FUNDS

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WHEREAS, \_\_\_\_\_ (this "Governmental Entity") is a "local government" within the meaning of The Interlocal Cooperation Act, Article 4413(32c), Vernon's Texas Civil Statutes, as amended (the "Interlocal Act"), and as such is authorized to contract with one or more other such local governments for the joint investment of public funds of such local governments in any investments in which each such local government is authorized to invest its funds:

WHEREAS, this Governmental Entity is authorized by the Public Funds Investment Act of 1987, Article 842a-2, Vernon's Texas Civil Statutes, as amended (the "Public Investment Act"), to invest its public funds in any of the obligations or securities described in section 2 or 3 of the Public Investment Act, as amended.

WHEREAS, the joint investment of local public funds is in the best interest of this Governmental Entity and its inhabitants; and

WHEREAS, this Governmental Entity therefore desires to authorize the joint investment of its public funds with other local governments pursuant to the Interlocal Act and to enter into a contract with such local governments to provide for the terms on which public funds so invested may be combined, invested, secured, and accounted for:

NOW, THEREFORE, BE IT [ORDAINED/ORDERED/RESOLVED] BY THE [CITY COUNCIL/CITY COMMISSION/COMMISSIONERS COURT/BOARD OF TRUSTEES] (THIS "GOVERNING BODY") OF \_\_\_\_\_ THAT:

**Section 1. Authorization of Contract.** The terms of the Common Investment Contract attached hereto as Exhibit A, including the investment objectives and purposes described therein, are hereby approved. The [Mayor/County Judge/President of the Board of Trustees] of the Governmental Entity is hereby authorized and instructed to execute and deliver, and the [Secretary/County Clerk/Secretary of the Board of Trustees] of this Governmental Entity is hereby authorized to attest, a Common Investment Contract substantially in the form and to the effect so attached (the "Interlocal Contract"), and there upon the designations, delegations, approvals, and authorizations described thereby shall be authorized, approved, and granted by this Governmental entity without further act by this Governing Body.

**Section 2. Authorization of Investments.** Upon the execution of the Interlocal Contract by this Governmental Entity, each officer and employee of this Governmental Entity who is designated to be responsible for the investment of public funds of this Governmental Entity pursuant to Article 4413(34c), Vernon's Texas Civil Statutes, as amended (the "Investment Procedures Act"), is authorized to transfer public funds of this Governmental Entity to the Fund to be created by the Interlocal Contract in order to acquire an interest in any Series thereof, provided that, in the case of any Series other than the initial Series created by the Interlocal Contract, (1) the funds of such Series may be invested solely in obligations described in the Public Investment Act or in any other obligations in which this Governmental Entity may lawfully invest its funds and (2) this Governing Body has approved the investment rules and policies governing such investments. All such transfers shall be made in accordance with investment policies and procedures heretofore adopted by this Governmental Entity pursuant to the Investment Procedures Act, as such policies and procedures may be amended from time to time, but to the same extent as if such policies and procedures expressly authorized such transfers as direct investments of public funds of this Governmental Entity.

**Section 3. *Notices, Etc.*** All notices, demands, requests, drafts, consents, approvals, waivers, ballots, and other documents and action which may be given or taken by this Governmental Entity under the Interlocal Contract may be given or taken by any officer of this Governmental Entity who at the time is designated pursuant to the Investment Procedures Act as responsible for the investment of public funds of this Governmental Entity.

**Section 4. *Further Acts.*** Each officer of this Governmental Entity is hereby authorized to take any and all action necessary to effect the Interlocal Contract and joint investments authorized hereby and to perform any obligation of this Governmental Entity thereunder.

**Section 5. *Repealer.*** All ordinances, orders, or resolutions, or parts thereof, which are in conflict or inconsistent with any provision hereof are hereby repealed and declared to be inapplicable to the extent of such conflict, and the provisions hereof shall be and remain controlling as to the matters ordained, ordered, or resolved herein.

*Governmental Entities interested in participating in the Fund may utilize the forgoing resolution or you may create your own. The provisions listed below are provided for your convenience and should be included in any resolution created by participating local entities.*

**PROVISIONS TO BE INCLUDED IN ACTION AUTHORIZING  
THE COMMON INVESTMENT CONTRACT CREATING THE  
LOCAL GOVERNMENT INVESTMENTS FUND FOR TEXAS**

1. Authorization for one or more officers of the participant to execute and deliver the Common Investment Contract.
2. Approval of the investment objectives and purposes described in the Contract.
3. Authorization of the transfer for investment of public funds of the participant to the Local Government Investment Fund for Texas.

FISCAL NOTE

No. 2

Bill Version: SB 182

(S) Publish Date: 3/22/91

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Department Affected: Community & Regional Affairs

Title: "An Act relating to investment pools for public entities.." BRU: \_\_\_\_\_

Sponsor: Senate C&RA Committee Component: \_\_\_\_\_

Requestor: \_\_\_\_\_ 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:

<p>ANALYSIS: (Attach a separate page if necessary.)</p>	<p>Changes in <u>CS SB 182 (CRA)</u> have no fiscal impact. This fiscal note is appropriate.</p> <p><u>3/21/91</u> <u>Rick Slic</u> Date Comte Aide (initial)</p>
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Prepared By: Remond Henderson, Director Phone: 465-4708

Division: Administrative Services Date: 3/19/91

Approved by Commissioner: [Signature] 3/20/91

Agency: Community & Regional Affairs Date: 3/19/91

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

FISCAL NOTE

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

No. 1

Bill Version: SB 182

(S) Publish Date: 3/22/91

Revision Date: March 20, 1991

Department /

Title: Investment pools for public entities.

BRU: Treasury

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

Sponsor: Senate and House Community & Regional Affairs

Component Serial No.

Requestor: \_\_\_\_\_

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

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

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

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

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

Changes in CS SB 182 (CRA) have no fiscal impact. This fiscal note is appropriate.

ANALYSIS: See attached analysis.

3/21/91 date MT. Rick Solie Comte Aide (initial)

Prepared by: Brian C. Andrews

Phone: 465-2350

Division: Treasury

Date: March 20, 1991

Approved by Commissioner: \_\_\_\_\_

Agency: Revenue

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

Amendments proposed:

Section 37.25.050 (b) of Senate Bill 182 and House Bill 199 should be modified to include within the definition of "public entity" the State of Alaska as well as a subdivision of the State, including a municipality, school district, regional educational attendance area or service area within the unorganized borough; or an organization composed of public entities. The expanded definitions would allow the General Investment Fund of the State to be a participant in the investment pool.

The Department of Revenue believes that the formation of an investment pool for money market securities within the Division of Treasury would offer the following benefits.

1. Use of Treasury's expertise in investment and cash management matters.
2. Treasury's existing arrangements for custodial services can accommodate a participant investment pool.
3. Treasury has already established cash concentration procedures within banks located in Alaska which could be used by public entities to transfer funds to the investment pool.
4. Use of Treasury's existing ACH electronic funds transfer capabilities which accomodates movement of deposits and withdrawals to and from the bank accounts of the participants.
5. Inclusion of the General Investment Fund as a participant would assure the investment pool's objectives of enhanced yields, liquidity and preservation and safety of capital.
6. Probable overall lower cost benefits to all participants.

Treasury would anticipate the following annual costs if it was charged with the responsibility of establishing and managing an investment pool of an assumed size of \$500 million.

Personal	1 FTP Cash mgt position	\$ 50,000
	1/2 FTP Investment officer	40,000
	1 FTP Accountant	50,000
Contractual	Custodial fees @ 5 bps <sup>1</sup>	250,000

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<sup>1</sup>"bps", or "basis points", is the standard of measurements of less than one per cent. One bps equals one percent of one percent.

	External audit	25,000
Equipment/ Supplies	Communications, computer software and equipment enhancements	<u>75,000</u>
Total		\$490,000

\$490,000 represents a cost of 0.00098 (9.8 bps) of the \$500 million pool total. For example, an 8.0 per cent gross investment return will net to 7.9 per cent after Treasury's total expenses. The only variable cost is custodial fees which would increase slightly by additional asset amounts to the investment pool. Because of scales of economy, the impact of Treasury's expenses on gross earnings would be reduced further by investment pools greater than \$500 million.

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

**INFORMATION, ORDINANCES, AND STATUTES RELATING TO  
PUBLIC INVESTMENT POOLS FROM:**

- 1. THE STATE OF TEXAS**
- 2. IOWA STATUTES**
- 3. OREGON STATE TREASURY INFORMATION AND STATUTES**

**SB 184**

# SENATE FINANCE COMMITTEE REPORT

DATE: 5/6/91

FURTHER:

DATE TURNED INTO OFFICE: 5-14-91

The Finance Committee considered SENATE BILL NO. 184  
"An Act relating to correctional industries."

and recommended:

<input type="checkbox"/>	replace with _____	CS	<input type="checkbox"/>	same title
<input checked="" type="checkbox"/>	or adopt _____	CS	<input checked="" type="checkbox"/>	new title
			<input type="checkbox"/>	technical title change (HB only)
<input type="checkbox"/>	attached amendment(s)			
<input checked="" type="checkbox"/>	<u>5 (LHC)</u>			letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

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

ATTACHES NEW FISCAL NOTE(S):

fiscal note(s) to 3 corrections  
Dept/Date: 4/23/91

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

appropriation-no fiscal note

SIGNING DO PASS:

[Signature]  
[Signature]  
[Signature]  
[Signature]

APPROVES PREVIOUS:

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

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

OTHER RECOMMENDATIONS:

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

1.

[Signature] Do pass  
 Co-Chairs: Signatures and Recommendations

FISCAL NOTE

No. 2

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

Bill Number: CSSB 184 (R+C)

(S) Publish Date: 4/26/91

Revision Date: April 23, 1991 Department Affected: Corrections  
 Title: "AN ACT relating to prison industries." BRU: Statewide Operations  
 Component: Industries Product Cost  
 Sponsor: Senator Duncan  
 Requestor: Senate Labor & Commerce Comm. 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	2.0	2.0	2.0	2.0	2.0	2.0
CONTRACTUAL	.3	.3	.3	.3	.3	.3
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>2.3</b>	<b>2.3</b>	<b>2.3</b>	<b>2.3</b>	<b>2.3</b>	<b>2.3</b>

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

GENERAL FUND						
FEDERAL FUNDS						
OTHER <u>Corr. Ind. Fund</u>	2.3	2.3	2.3	2.3	2.3	2.3
<b>TOTAL</b>	<b>2.3</b>	<b>2.3</b>	<b>2.3</b>	<b>2.3</b>	<b>2.3</b>	<b>2.3</b>

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact:

ANALYSIS: (Attach a separate page if necessary.)	Changes in <u>CSSB 184 (R+C)</u> have no fiscal impact. This fiscal note is appropriate. <u>04 May 91</u> date <u>MAF</u> Comte Aide (initial)
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Prepared By: William Ladwig, Admin. Officer Phone: (907) 465-3376

Division: Administrative Services Date: 04/23/91

Approved by Commissioner: [Signature]

Agency: Department of Corrections Date: 04/23/91

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

# Alaska State Legislature

Senator Drue Pearce, Chair  
Senator Virginia Collins, Vice Chair  
Senator Dick Ellason  
Senator Rick Halford  
Senator Jay Kerttula



## SENATE LABOR AND COMMERCE COMMITTEE

WHILE IN JUNEAU  
P.O. BOX V  
JUNEAU, ALASKA 99811  
(907) 465-3844

3111 C STREET, SUITE 150  
ANCHORAGE, ALASKA 99504  
(907) 561-2018

## SENATE LABOR & COMMERCE COMMITTEE

### LETTER OF INTENT

#### CSSB 184 (L&C)

THE SENATE LABOR & COMMERCE COMMITTEE IS CONCERNED ABOUT THE IMPACT OF THE CORRECTIONAL INDUSTRIES PROGRAM ON EXISTING PRIVATE SECTOR BUSINESSES. IT IS THE INTENT OF THE COMMITTEE TO MEET WITH CORRECTIONAL INDUSTRIES REPRESENTATIVES AND THE CORRECTIONAL INDUSTRIES COMMISSION DURING THE INTERIM TO ASCERTAIN COMPLIANCE WITH THE LEGISLATIVE INTENT OF ONLY INSTITUTING PROGRAMS THAT HAVE A MINIMAL IMPACT ON THE PRIVATE SECTOR. FURTHER, THE CORRECTIONAL INDUSTRIES PROGRAM SHOULD CONTRACT WITH ALASKA PRIVATE ENTERPRISE TO WHOLESAL AND RETAIL THE PRODUCTS IT MANUFACTURES.

## CS FOR SENATE BILL NO. 184 (HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered: 5/6/91  
Referred: Finance

Sponsor(s): SENATOR DUNCAN

## A BILL

## FOR AN ACT ENTITLED

1 "An Act relating to correctional industries and the Correctional Industries Commission;  
2 continuing the correctional industries program; and providing for an effective date."

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

4 \* Section 1. AS 33.32.070(a) is amended to read:

5 (a) The Correctional Industries Commission is established to provide general policy  
6 direction to the correctional industries program through the commissioner of corrections. The  
7 Commission consists of nine [EIGHT] members, seven [SIX] of whom shall be appointed by the  
8 governor to serve staggered terms of four years. The appointed members must include one  
9 representative each from manufacturing, retail and wholesale marketing [PRIVATE  
10 INDUSTRY], agriculture, and the general public; one ex-offender; and two representatives from  
11 organized labor, one of whom must be from the building trades and one of whom must be from  
12 the service industries. The representatives of manufacturing and retail and wholesale  
13 marketing must be associated with businesses that are affected by the correctional industries  
14 program. The commissioner of administration is also a member, as is the commissioner of

1 corrections who shall serve as chairperson.

2 \* Sec. 2. AS 33.32.080(b) is amended to read:

3 (b) The Correctional Industries Commission shall hold public hearings to provide an  
4 opportunity for persons or organizations who may be affected by the plans of the correctional  
5 industries program to appear and present testimony concerning those plans. The Correctional  
6 Industries Commission shall hold a hearing under this section when the correctional  
7 industries program proposes either entering into a new area of industry or expanding the  
8 scope of an existing area of industry beyond the scope considered at a previous hearing.

9 The Correctional Industries Commission shall adopt rules governing the conduct of those  
10 hearings, including provisions to assure that adequate public notice of the hearing is given before  
11 the hearing. The Correctional Industries Commission may also hold public hearings under these  
12 rules on any matter within its jurisdiction. Rules adopted under this subsection are not subject  
13 to the Administrative Procedure Act (AS 44.62).

14 \* Sec. 3. AS 39.50.200(b) is amended by adding a new paragraph to read:

15 (52) Correctional Industries Commission (AS 33.32.070).

16 \* Sec. 4. Section 7, ch. 53, SLA 1982, as amended by sec. 1, ch. 25, SLA 1987, is amended to read:

17 Sec. 7. AS 33.32 is repealed July 1, 1995 [1991].

18 \* Sec. 5. As of the effective date of this Act, the term of the current member of the Correctional  
19 Industries Commission representing private industry under AS 33.32.070(a), before its amendment by  
20 sec. 1 of this Act, is terminated. The governor shall immediately appoint a new member to represent  
21 manufacturing and a new member to represent retail and wholesale marketing, under AS 33.32.070(a),  
22 as amended by sec. 1 of this Act.

23 \* Sec. 6. Except as provided in sec. 5 of this Act, this Act takes effect immediately under  
24 AS 01.10.070(c).

**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**

May 1, 1991

**SUBJECT:** CSSB 184 (HES)

**TO:** Senator Arliss Sturgulewski  
Chair, Senate HESS Committee  
Attn: Melissa Fouse

**FROM:** John B. Gaguine *JBG*  
Legislative Counsel

Enclosed is a draft CSSB 184 (HES), changing the sunset date for the Correctional Industries Commission, as you requested. It also contains a new section 5, providing that section 1 of the bill, expanding the commission to nine members, takes effect on the date of the expiration of the term of the private industry representative.

It was our oversight that this new section was not included in the L&C CS. Without it, it was unclear what would happen to the existing private industry representative if he or she did not meet the qualifications of section 1 - i.e., did not represent manufacturing or marketing, or did not represent a business affected by the correctional industries program. The new section makes it clear that the private industry representative can continue to serve until the end of his or her term, and the expansion of the commission will not occur until then.

If I may be of further assistance, please advise.

JBG:gc  
91-243.glc

Enclosure



# Alaska State Legislature

SENATOR JIM DUNCAN

P. O. BOX V JUNEAU, ALASKA 99811-3100  
(907) 465-4766

COMMITTEES:  
VICE CHAIR –  
FINANCE  
VICE CHAIR –  
STATE AFFAIRS  
RULES  
BUDGET & AUDIT  
ETHICS REFORM

To: Senator Pat Pourchot  
Co-Chair  
Senate Finance Committee

From: Senator Jim Duncan

Subject: Hearing for Senate Bill 184

Date: May 3, 1991

**I request the earliest possible hearing for Senate Bill 184, An act relating to correctional industries.**

Senate Bill 184 is an attempt to address concerns by private enterprise in our state with the Correctional Industries Program.

The Senate Labor and Commerce Committee made a number of changes in its committee substitute as the result of the working group meeting in which you participated.

Section 1 amends 33.32.070(a) and adds an additional business representative to the commission. The seats are designated as manufacturing and retail and wholesale marketing and a stipulation is included that these representatives be associated with businesses impacted by the correctional industries program.

Section 2 amends AS 33.32.080(b) to add new language requiring the Commission to conduct a public hearing before it enters into a new industry or expands an existing industry.

Section 3 includes the sunset provisions incorporated from SB 227 sponsored by Senator Kerttula. In its committee substitute, the Senate Health, Education and Social Services Committee extends the life of the commission until July 1, 1995 rather than July 1, 1993. This reversed an amendment by the Senate Labor and Commerce Committee to reduce the sunset to July 1, 1993.

Section 4 makes commission members subject to the state's conflict of interest laws as outlined in AS 39.50.

The Senate HESS Committee changed Section 5 in its committee substitute. This section requires the Governor to terminate the current business representative on the Commission and immediately appoint new members to represent "manufacturing" and retail and wholesale marketing.

The Labor and Commerce Committee adopted intent language stating that it intends to meet with the Correctional Industry Commission and its

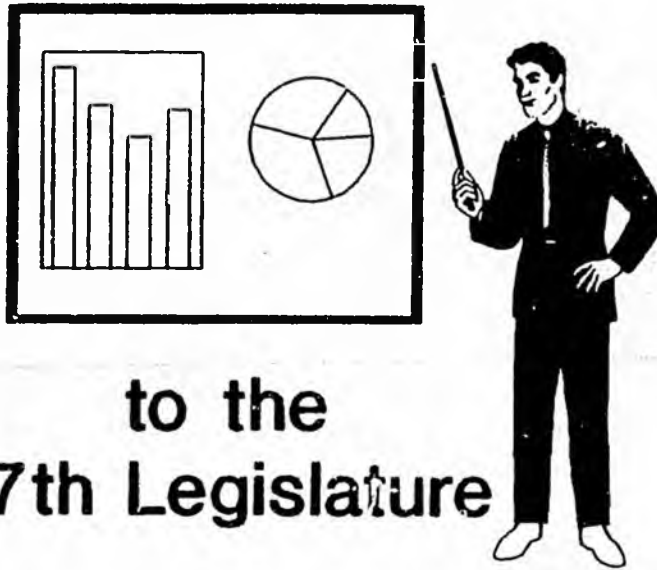
representatives during the interim "...to ascertain compliance with the legislative intent of only instituting programs that have a minimal impact on the private sector." The intent section also calls on Correctional Industries to contract with Alaska private enterprise for the retail and wholesale of products it manufactures.

Current law directs the Department of Corrections to establish programs which have a "minimal negative impact on existing private industry or labor force in the state." I feel the Correctional Industries Commission has not properly gauged the impact of its' programs on Alaska's private enterprise or labor force. I have specific concerns about the furniture manufacturing program. Appeals to the Department of Corrections and the Commission to review the impact of this program have been unsuccessful. This program has been expanded since its initiation several years ago. It is not clear if the Commission ever took steps to properly gauge the impact on private enterprise when it decided to expand this program.

In my dealings with the Department of Corrections over the past several months concerning this problem, it appears the main justification for the furniture manufacturing program is that it is working in other states. I agree that this program may work in areas with larger populations and diversified economies. Such a program may truly have a minimal negative impact in those areas, but not in Alaska. Alaska's economy is not nearly as sophisticated. Private business relies very heavily on state government. I do not feel the impact of this program in states such as California and Arizona can be applied to Alaska. The situations are very different and I don't believe this difference has been properly gauged in our state.

Your favorable consideration of my request is appreciated.

# ALASKA CORRECTIONAL INDUSTRIES Presentation



to the  
17th Legislature

Lloyd Hames, Commissioner  
Rich Bentson, Director  
Wally Roman, General Manager

FY 92

**ALASKA CORRECTIONAL INDUSTRIES PROGRAM**

**COMMISSION MEMBERS**

**GOVERNMENT MEMBERS:**

Millet Keller, Commissioner  
Department of Administration  
P.O. Box C, MS 0200, Juneau, Alaska 99811  
Juneau Office: 465-2200

Lloyd Hames, Commissioner  
Department of Corrections  
P.O. Box T, Juneau, Alaska 99811-2000  
Juneau Office: 465-3376  
Anch. Office: 561-4426

**LABOR REPRESENTATIVES:**

James Carroll  
Ironworker's Union  
315 5th Ave., Fairbanks, Alaska 99701  
Fbx. Office: 456-6960

AnnaBell Stevens  
Laundry & Dry Cleaning Local 333  
825 E. 8th Ave., Anchorage, Alaska 99501  
Anch. Office: 279-1124

**BUSINESS REPRESENTATIVE:**

Roger Lewis  
635 Main Street, Juneau, Alaska 99801  
Juneau Office: 586-1700

**AGRICULTURAL REPRESENTATIVE:**

Joan Koponen  
710 Chena Ridge, Fairbanks, Alaska 99709  
Fbx. Office: 479-6782

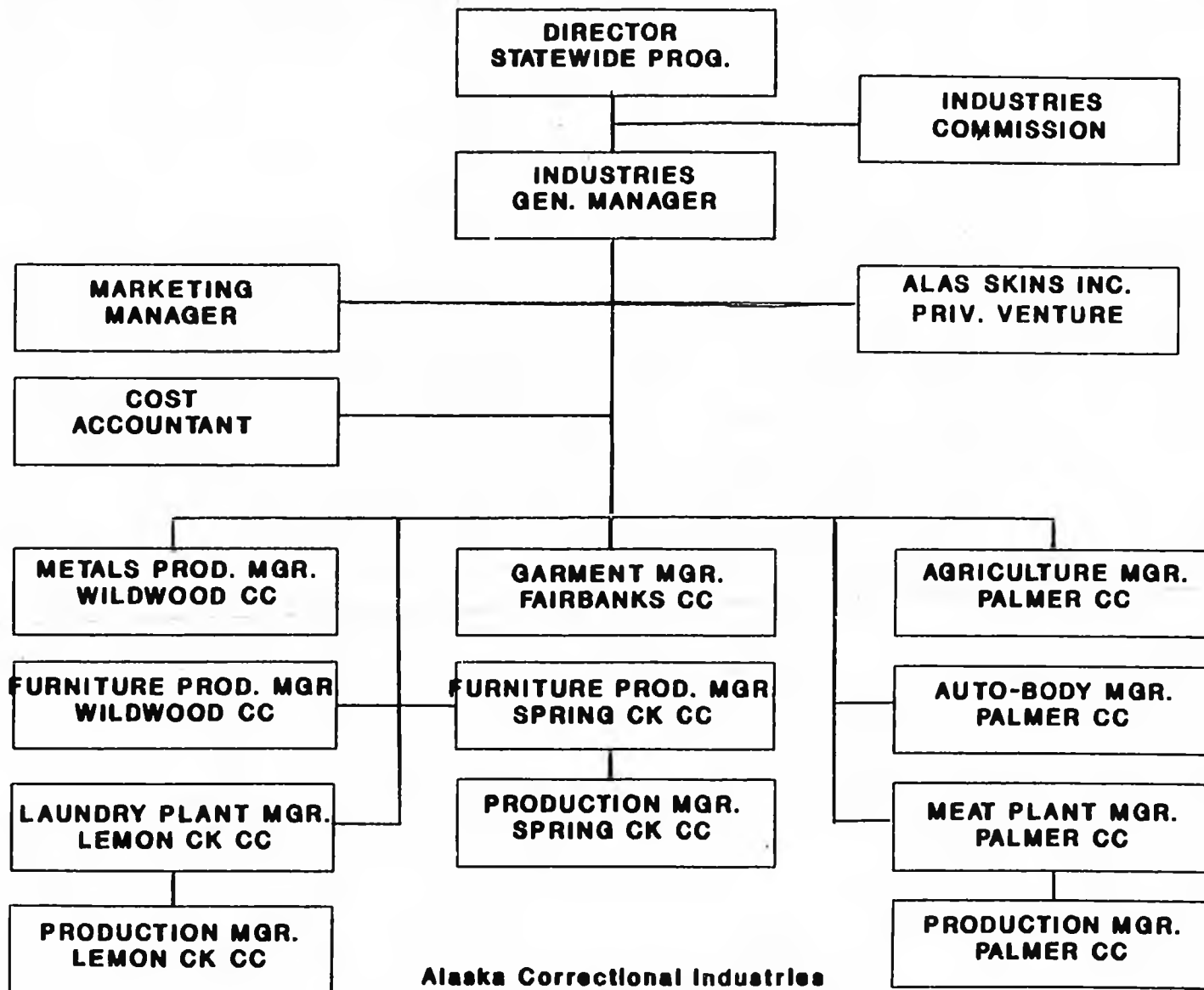
**PUBLIC REPRESENTATIVE:**

Calvin Williams  
P.O. Box 200332, Anchorage, Alaska 99520  
Anch. Office: 786-8585

**EX-OFFENDER REPRESENTATIVE:**

James L. Hesson  
601 West Willoughby, Juneau, Alaska 99801  
Juneau Office: 463-5577

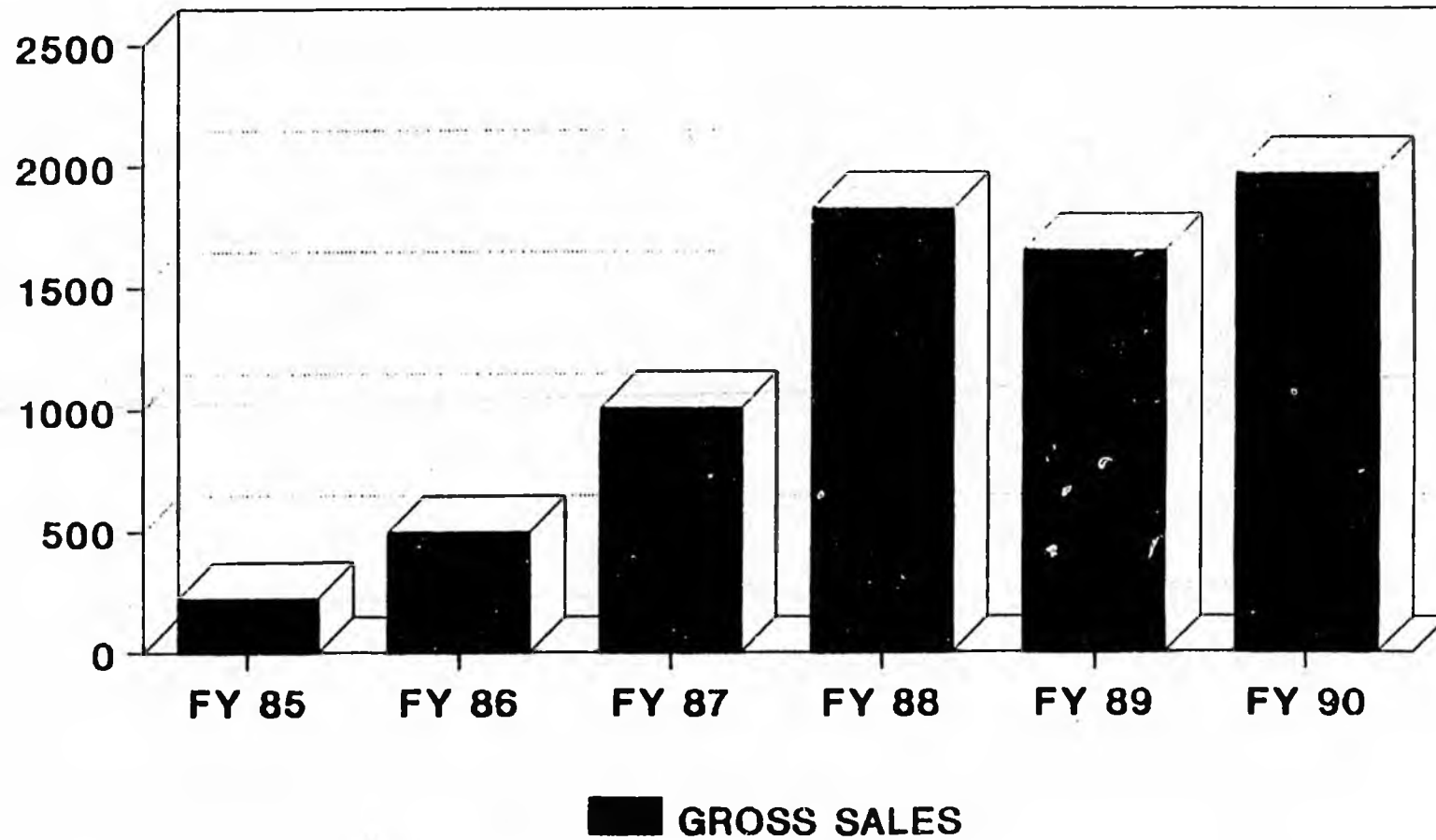
December 19, 1990



Alaska Correctional Industries  
Organizational Chart  
Statewide Programs

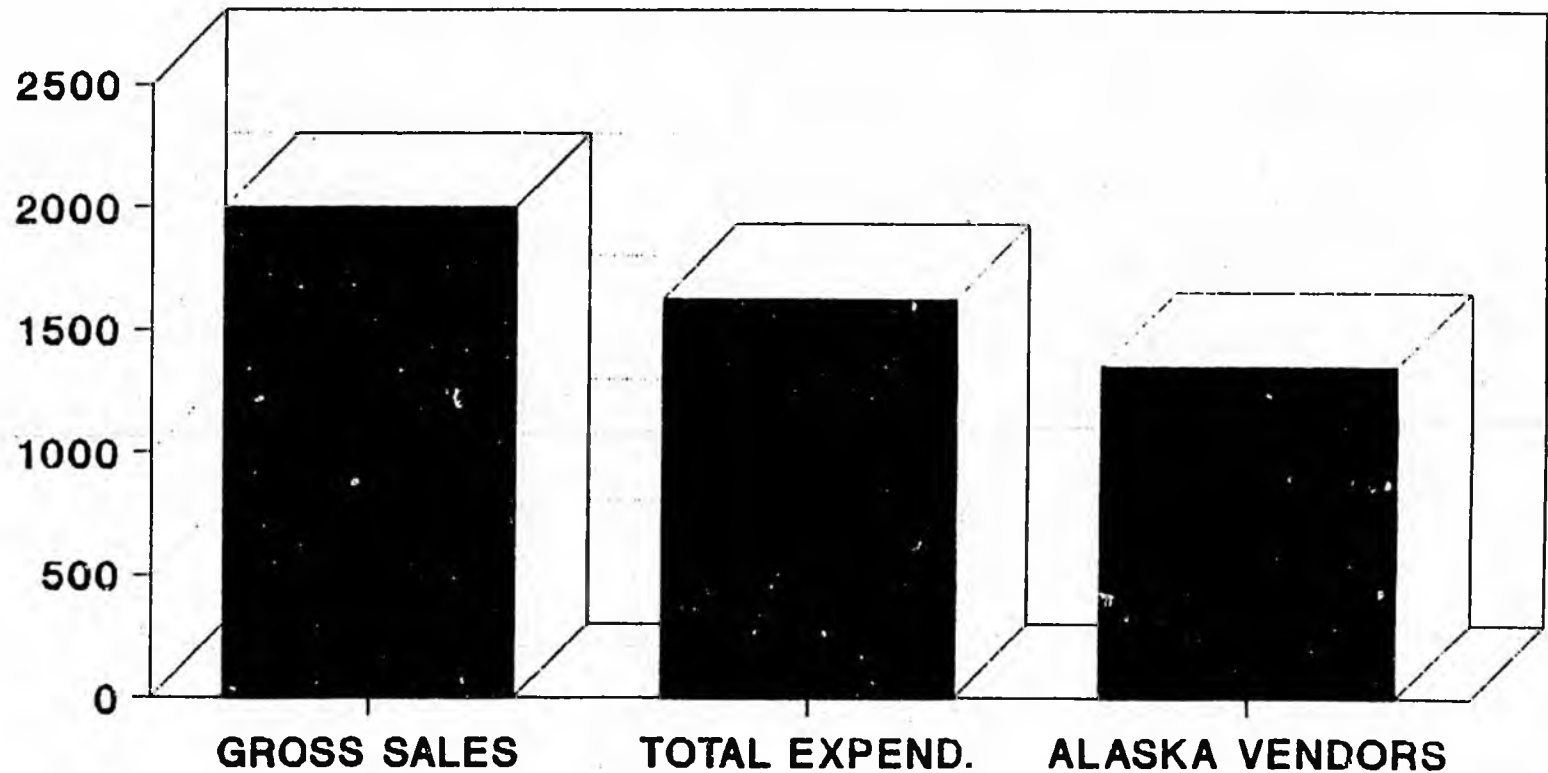
# CORRECTIONAL INDUSTRIES

## Annual Sales



In Thousands

# CORRECTIONAL INDUSTRIES FY 90 SALES



262 ALASKAN VENDORS USED

■ ACI ACTIVITY

OR  
83% OF ALL  
PURCHASES

IN THOUSANDS

## ALASKA CORRECTIONAL INDUSTRIES

### LEGISLATIVE REPORT

March 12, 1991

#### INDUSTRIES OPERATIONS:

The Alaska Correctional Industries program had an active operation by the end of February, 1991 in the following industries:

1. Juneau Commercial Laundry
2. Kenai Metals Plant
3. Kenai Furniture/Office Systems Panels Plant
4. Palmer Farm/Green House Operation
5. Palmer Auto-Body Repair Shop
6. Palmer Mt. McKinley Meat Plant
7. Fairbanks Garment/Flat Goods Shop
8. Seward Furniture Plant

The employment of 160 inmates at the end of February, 1991 represents an increase of 6.6% over the prior year's employment level. This represents employment of approximately 6% of the state's incarcerated inmate population. Since our programs inception in 1982, the program has continued to expand and now in fiscal year 1991 is operating eight industries in six separate locations. Year-to-date in January, the Correctional Industries Program had provided 157,410 hours of inmate labor in the production of its services and products.

#### REVENUE SALES:

FY-88	\$1,827,000
FY-89	\$1,655,000
FY-90	\$1,970,154

The products and services produced by Alaska Correctional Industries are available to local, state, and federal government, school districts, non-profit organizations, and approved designated wholesalers. This year's year to date gross sales as of January was established at approximately \$1.2 million. projections for this fiscal year's gross sales is anticipated to approach \$2.3 million.

#### LEMON CREEK CORRECTIONAL CENTER:

The Juneau Commercial Laundry Operation continues doing excellent work for the Alaska Marine Highway system, as well as meeting the correctional center's needs at the Lemon Creek and the Johnson Youth facilities. The Juneau Recovery Unit and the Shrine of St. Teresa are also active customers. Approximately 97% of this operation's business are receipts from the Alaska Marine Highway system who formerly had its laundry serviced in Seattle, Washington and Prince Rupert, Canada. The total operation's FY-90 Gross Sales of \$270,531 surpassed the FY-89 sales volume of \$243,789. The

Laundry's projection for FY-91 indicates a slight increase in gross sales. Due to labor intensity, the Commercial Laundry operation will remain as one of the mainstays of the Industries program.

Staffing: Two production managers and 29 inmate staff

#### WILDWOOD CORRECTIONAL CENTER:

The Kenai Metal Fabrication Plant came on line in 1986, but did not receive a large production order until 1987. At that time, the plant turned out the metal cell furniture order for the new Spring Creek Correctional Center at Seward, Alaska. The order was originally to be placed with a firm in Hayward, California, but the order was changed so that the correctional industries metal plant could produce the job. Steel was bought from local vendors, the finished products were trucked to the site by local vendors, and the local economy enjoyed an additional \$150,000 of purchases that would otherwise have gone to a California vendor. The plant currently has a small standard product line and will provide custom work for all qualified markets. In FY-90, the shop produced \$60,000 in fish incubator (Kotoi) boxes for the Department of Fish and Game that had previously been awarded to out of state vendors. This shop attained \$145,677 in gross sales which was a large increase over its FY-89 sales level of \$68,536 primarily due to the Fish and Game order.

Staffing: One production manager and 10 inmate staff

The Kenai Furniture Plant began limited operations in 1986 and came fully on line in 1987. Quality control measures have been improved and sales to the State of Alaska agencies have been successful. There are no wholesale sales to the private sector, although several inquiries from private vendors have been received and this market is under analysis for development. The standard products include the more institutional line of couches, chairs, end tables, data tables, conference tables, dorm furniture, and book cases. In January of 1991, the program received the necessary approvals to develop a product line of office panels systems furniture. This product line will replace a majority of products made at the Kenai facility. The current product line will be transferred to the new furniture facility in Seward. The Kenai furniture operation attained a FY-90 gross sales level of \$455,319. \$343,636 was expended to attain this level of sales with 73.5% or \$252,421 of total expenditures through Alaskan vendors.

Staffing: One production manager and 34 inmate staff

#### PALMER CORRECTIONAL CENTER

The Palmer Farm Operation was instituted as a correctional industry in 1984, and has made slow steady progress over the ensuing time. Additional acreage has been prepared to increase the harvest size to meet the needs of the Department of Corrections. The farm continued in FY-90 and FY-91 in selling potatoes and vegetables to Southcentral Correctional Facilities and other State Institutions

as well as flowers which are utilized by the Anchorage International Airport and for various state beautification projects. The very favorable growing conditions during last summer allowed a banner crop of 330 tons of potatoes to be harvested in FY-90. The very favorable crop success and available sales volume of \$66,753 allowed a modest profit for FY-90.

Staffing: one production manager and 10 inmate staff

The Palmer Auto-Body Repair Shop began as a correctional industry in 1984 with the purchase of new equipment that allowed the shop to produce repairs of commercially acceptable quality. The Auto-Body Shop continues to do all auto-body repair on state vehicles primarily in the Southcentral region of Alaska, providing fast turnaround and high quality work. During FY-90, this operation attained \$71,130 in gross sales. The program is currently working in conjunction with the DOT State Equipment Fleet staff to identify heavy equipment that could be refurbished by this operation to expand the capabilities of this industry.

Staffing: One production manager and 6 inmate staff

The Mt. McKinley Meat and Sausage Company operates in conjunction with the Palmer Correctional Center but is located within the town of Palmer. This operation was acquired under a lease agreement with the Division of Agriculture, Department of Natural Resources in 1987 and was brought back on line after sitting dormant for one year. The original private sector owner of the plant was losing in excess of \$1,000,000 per year due to high labor costs and too low a level of production. While the correctional industry operation has lost money in FY-87, 88, 89, and 90, the operation has continued to improve in its goal to be self-sufficient. Due to increased market demands involving the processing of reindeer, and the ability to sell wholesale to private sector entities, this plant should be able to break even during FY-91. The operation experienced \$910,795 in gross sales in FY-90 and it is estimated it will exceed \$1,000,000 in gross sales during FY-91. Mt. McKinley Meats has been well received by the Alaska Farmers and Stockgrowers Association and the association supports its continuation in providing a stable wholesale market for Alaskan meat products.

Staffing: Two production managers and 28 inmate staff

#### FAIRBANKS CORRECTIONAL CENTER

The Fairbanks Garment/Flat Goods Operation was approved for implementation in FY-90 and began operations in FY-91. This industry is now in operation and is providing products to the Department of Corrections only. This is due to the concerns of negatively impacting existing private sector businesses. Any additional markets for this operation will be opened only after evaluation by the Correctional Industries Commission and review by the Commissioner of the Department of Corrections. The operation currently produces inmate clothing and flat goods for institutional use. All capital expenditures to open this industry were financed through revenues from the correctional industries program. Year-to-date FY91 sales in January attained the level of \$41,929.

Staffing: One production manager and 15 inmate staff

#### SPRING CREEK CORRECTIONAL CENTER

The Seward Furniture Plant was developed in FY-90 and became fully operational in FY-91. As noted, this industry will manufacture the program's line of oak furniture that was previously produced at the Kenai Furniture Plant. The new facility will provide additional space and is more conducive to the manufacturing of wood furniture products.

Staffing: Two production managers and a current inmate staff level of 24

#### ADMINISTRATIVE FUNCTIONS

A Correctional Industries General Manager, Marketing Representative, and Accountant perform the day to day administrative functions of managing and coordinating the Correctional Industries Program. 3 inmates provide assistance in the clerical, marketing, and accounting functions.

#### OVERVIEW

The entire staffing (14 staff positions) of the correctional industries program is comprised of 11 production managers, 1 accountant, 1 marketing representative, and 1 general manager. The program operates under the supervision of the Director of Statewide Programs, Department of Corrections.

The Correctional Industries program operates under Chapter 32, Section 33 of the Alaska Statutes as approved by the legislature in 1982.

Alaska Correctional Industries has become a major resource to the State of Alaska by keeping tax dollars at home and by providing needed products at affordable prices. However, to an even greater extent, the value of the ACI program lies in its ability to return productive citizens to our society. By providing greater numbers of prisoners with work opportunities to learn employable skills and a positive work ethic, ACI helps to reduce recidivism and reduce the cost of incarceration.

SOURCE: CORRECTIONAL INDUSTRIES ASSOC. 1990 DIRECTORY

## GENERAL INFORMATION

State	Open Market Law?		Sales With Other States?		Statutes Allowing Business Participation?		Wages Paid? (In Dollars \$)	State/Agency Use Law?	
	YES	NO	YES	NO	YES	NO		YES	NO
Alabama		●		●	●		7.00	●	
Alaska		●	●		●		.90	●	
Arizona	●		●		●		3.21	●	
Arkansas		●	●		●		N/R	●	
California		●	●			●	.30 - .95/Hr.	●	
California Youth	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R
Colorado	●		●		●		2.00	●	
Connecticut		●	●		●		.39 - .74/Hr.		●
Delaware	●			●	●		1.80		●
District of Columbia		●	●			●	.75	●	
Florida	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R	
Georgia		●	●			●	N/R	●	
Hawaii		●	●			●	4.00		●
Idaho	●		●		●		.62/Hr.	●	
Illinois		●		●		●	4.50	●	
Indiana	●			●	●		1.49	●	
Iowa	●		●		●		3.25	●	
Kansas		●	●		●		1.05		●
Kentucky	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R
Louisiana		●	●		●		.32 - .80		●
Maine	●			●	●		N/R	●	
Maryland		●	●			●	3.70	●	
Massachusetts		●		●		●	.50 - 1.00	●	
Michigan		●	●		●		4.50	●	
Minnesota	●			●	●		.40 - 4.15/Hr.	●	
Mississippi		●		●		●	2.50	●	
Missouri		●		●		●	1.00	●	
Montana		●		●	●		4.65	●	
Nebraska	●			●	●		5.50	●	
Nevada	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R
New Hampshire	●		N/R	N/R	N/R	N/R	3.00	●	
New Jersey		●	●			●	2.00 - 2.40	●	
New Mexico		●	●		●		N/R	●	
New York	N/R	N/R		●		●	N/R	N/R	N/R
North Carolina		●	●			●	.70	●	
North Dakota	●		●			●	9.45	●	
Ohio	●		●			●	N/R		●
Oklahoma	●		●		●		2.30	●	
Oregon	●		●			●	2.00 - 6.00	●	
Pennsylvania		●	●			●	6.50	●	
Rhode Island	N/R		●			●	2.00 - 3.00	●	
South Carolina	●			●	●		1.85	●	
South Dakota		●		●		●	2.55	●	
Tennessee		●	●		●		5.46	●	
Texas		●	●		●		N/A	●	
Utah		●	●		●		.75 - 4.00 Hr.	●	
Vermont		●	●			●	5.00		●
Virginia		●	●			●	3.00	●	
Washington	N/R	N/R	●		●		.20 (Class II)	●	
West Virginia		●	●			●	2.00	●	
Wisconsin		●		●		●	4.69	●	
Wyoming		●	●			●	1.19	●	
Canada	N/R	N/R	N/R	N/R	●		6.00	●	
Federal		●		●		●	6.16	●	

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

Version: SB 184

(S) Publish Date: 4/26/91

Revision Date: \_\_\_\_\_ Department Affected: CORRECTIONS  
 Title: "An Act relating to prison industries." BRU: STATEWIDE OPERATIONS  
 Component: INDUSTRIES PRODUCT COST  
 Sponsor: Senator Duncan  
 Requestor: \_\_\_\_\_ 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	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

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

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Tom Sutton, Director Phone: (907) 465-3376

Division: Administrative Services Date: 04/02/91

Approved by Commissioner: X

Agency: Department of Corrections Date: 04/02/91

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

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

**CORRESPONDENCE FROM:**

- 1. JUNEAU CHAMBER OF COMMERCE - OPPOSITION TO  
MANDATORY PURCHASE REQUIREMENT**
- 2. KAWERAK, INC. - SUPPORTING CONTINUATION OF  
THE CORRECTIONAL INDUSTRIES PROGRAM**
- 3. SUNRISE BAKERY, ANCHORAGE - CITING CONCERNS  
REGARDING BIDDING DISADVANTAGES**
- 4. CAPITAL OFFICE SUPPLY, JUNEAU - OPPOSITION TO  
MANDATORY PURCHASE REQUIREMENT**

**SB 184**

(ii)

# HOUSE COMMITTEE REPORT

Date Referred: May 17, 1991

FURTHER REFERRALS:

Date of Committee Action: 5/17/91

The FINANCE Committee considered:

CSSB 184(HES)

CS FOR SENATE BILL NO. 184 (HES)

CORRECTIONAL INDUSTRIES PROGRAM CHANGES

"An Act relating to correctional industries and the Correctional Industries Commission; continuing the correctional industries program; and providing for an effective date."

### RECOMMENDATIONS:

be replaced with \_\_\_\_\_

HCS CS SB 184 (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: Senate labor : Commerce letter of Intent

ATTACHES NEW FISCAL NOTE(s): \_\_\_\_\_ (Dept)

APPROVES PREVIOUS: \_\_\_\_\_ (Dept/Date)

fiscal impact D of Corrections

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

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

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

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<u>Mike Navarre</u> NAVARRE	<input checked="" type="checkbox"/>	<u>Mark Boyer</u> Boyer		<input checked="" type="checkbox"/>	
<u>Ronald J. Larson</u> Larson	<input checked="" type="checkbox"/>	<u>Ray Brown</u> Brown		<input checked="" type="checkbox"/>	
<u>J. Ulmer</u> Ulmer	<input checked="" type="checkbox"/>	<u>Thomas Koponen</u> Koponen		<input checked="" type="checkbox"/>	
		<u>E.C. Phillips</u> Phillips		<input checked="" type="checkbox"/>	
		<u>Ed Machean</u> Machean		<input checked="" type="checkbox"/>	
		<u>Bob Machean</u> Machean		<input checked="" type="checkbox"/>	

Mike Navarre NAVARRE Ed Machean Machean  
 CHAIRMAN'S SIGNATURE

# Alaska State Legislature

Senator Drus Pearce, Chair  
Senator Virginia Collins, Vice Chair  
Senator Dick Eliason  
Senator Rick Halford  
Senator Jay Kerttula



## SENATE LABOR AND COMMERCE COMMITTEE

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## SENATE LABOR & COMMERCE COMMITTEE

### LETTER OF INTENT

#### CSSB 184 (L&C)

THE SENATE LABOR & COMMERCE COMMITTEE IS CONCERNED ABOUT THE IMPACT OF THE CORRECTIONAL INDUSTRIES PROGRAM ON EXISTING PRIVATE SECTOR BUSINESSES. IT IS THE INTENT OF THE COMMITTEE TO MEET WITH CORRECTIONAL INDUSTRIES REPRESENTATIVES AND THE CORRECTIONAL INDUSTRIES COMMISSION DURING THE INTERIM TO ASCERTAIN COMPLIANCE WITH THE LEGISLATIVE INTENT OF ONLY INSTITUTING PROGRAMS THAT HAVE A MINIMAL IMPACT ON THE PRIVATE SECTOR. FURTHER, THE CORRECTIONAL INDUSTRIES PROGRAM SHOULD CONTRACT WITH ALASKA PRIVATE ENTERPRISE TO WHOLESALE AND RETAIL THE PRODUCTS IT MANUFACTURES.