

Leg. Finance-House & Senate Finance Comte Files (1991-1992) 864

Fiscal Note Analysis of Bill to Change Interest Rate Statute

This Bill would make two fundamental changes in the interest rate on unpaid and overpaid taxes and royalties from state resources. First, instead of a fixed rate of 12 percent the interest rate would be set at 5 percentage points above the rate charged member banks for short term advances by the 12th Federal Reserve District effective the first day of the calendar quarter. Second, instead of simple annual interest, interest will be computed on a quarterly compounded basis. Accrued interest on taxes and royalties due prior to the effective date of this Act would not be subject to compounding.

The short term rate quoted by the 12th Federal Reserve District in effect on January 1, 1991 was 6.5%. The current rate as of February is 6%. This means that under this Act, the applicable interest rate for the first quarter of 1991 would be 11.5%. If the current rate does not change on or before April 1, the applicable rate would be 11% for the second quarter of 1991.

Obviously the floating rate for the first quarter of 1991 is lower than the current law provides and unless there is a change in Federal monetary policy, the rate for the second quarter would be even lower. The real impact of the proposed change contained in this Bill is in the use of compounded interest. Because the interest on outstanding taxes or royalties due is charged interest quarterly, the amount of interest due builds at an accelerating rate over time. The following table illustrates the power of compounding compared to the current simple interest provision assuming \$1000 in overdue/overpaid taxes or state royalties.

	Simple Interest 12%	Quarterly Compound Interest		
		11%	12%	13%
Year 1	\$120	\$115	\$126	\$136
2	120	128	141	155
3	120	142	159	176
4	120	159	179	200
5	120	176	202	228
Total	600	720	806	896

As can be seen from the table, the use of compounding can be a powerful incentive to speed the resolution of disputes over the correct amount of taxes and royalties due.

WALTER J. HICKEL
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 1, 1991

The Honorable Richard I. Eliason
President of the Senate
P.O. Box V
Juneau, AK 99811

Dear President Eliason:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the interest rate on certain unpaid and overpaid taxes, royalties, and net profit share payments. This bill addresses a significant problem in current law that creates an incentive for taxpayers and others to withhold payments due the state and prolong disputes indefinitely.

Under present AS 43.05.225, the interest rate chargeable on certain unpaid and overpaid taxes is a simple interest rate of 12 percent. Because the interest is not compounded, taxpayers have an incentive to under-report and prolong disputes over back taxes, since the longer that back taxes remain unpaid, the lower the effective interest rate becomes. As a result, the state ends up loaning billions of dollars to its taxpayers at very low interest rates.

With respect to unpaid royalties and net profit share payments, current law does not specify the applicable rate of interest. Under this bill, the interest rate for unpaid taxes, royalties, and net profit share payments is set at five points above the Federal Reserve rate, adjusted and compounded quarterly. New AS 38.05.135(d) and amended AS 43.05.225. Under new AS 38.05.135(e) and amended 43.05.280(a), this same rate will also apply to interest that the state must pay for overpayment of a tax, royalty, or net profit share payment. This interest rate is similar to the federal (IRS) system and systems used by other states.

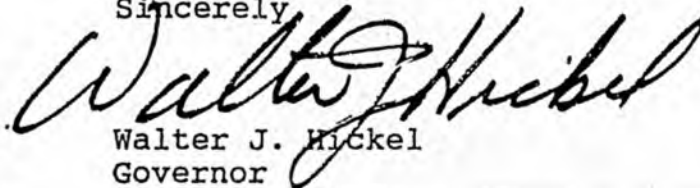
AGO 10050623

The Honorable Richard Eliason - 2 -

In addition, new AS 38.05.135(c) provides for a due date for royalties and net profit share payments so that interest on an underpayment or overpayment can be accurately calculated.

The bill will not affect the rate of interest charged on delinquent charitable gaming fees, delinquent payments under the Uniform Disposition of Unclaimed Property Act, and delinquent child support payments. I urge your support of this legislation.

Sincerely

A handwritten signature in cursive script, reading "Walter J. Hickel".

Walter J. Hickel
Governor

SB 158

HOUSE COMMITTEE REPORT

(11)

Date Referred: April 22, 1991

FURTHER REFERRALS:

Date of Committee Action: 5/6/91

The FINANCE Committee considered:

CSSB 158(FIN)(efd am)

CS FOR SENATE BILL NO. 158 (FINANCE)(efd am)

INTEREST RATE/DUE DATE: TAXES & ROYALTIES

"An Act relating to the interest rate on unpaid and overpaid taxes and to the due dates for and interest on unpaid and overpaid royalties and net profit share payments from state resources; and providing for an effective date."

RECOMMENDATIONS:

be replaced with #CS CSSB 158(FIN)(efd am) 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) DU: Gas Audit 4/2/91

zero fiscal note _____

zero fiscal note(s) _____

SIGNING <u>DQ</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Mike Yavane</i> NAVARRE	<input checked="" type="checkbox"/>	<i>Eileen P. Maclean</i> Maclean		<input checked="" type="checkbox"/>	
<i>Jan Brown</i> BROWN	<input checked="" type="checkbox"/>	<i>Kamona Barnes</i> Barnes		<input checked="" type="checkbox"/>	
<i>Koponen</i> Koponen		<i>Red E. Phillips</i> Phillips		<input checked="" type="checkbox"/>	
<i>Jack J. Sharp</i> JACKP	<input checked="" type="checkbox"/>	<i>Ben Sharp</i> Sharp		<input checked="" type="checkbox"/>	
<i>Wm. Hanson</i> Wm.	<input checked="" type="checkbox"/>				
<i>Ronald J. Lann</i> LANNON	<input checked="" type="checkbox"/>				

AGO 10050625

Mike Yavane NAVARRE
Eileen P. Maclean Maclean
 CHAIRMAN'S SIGNATURE

FISCAL NOTE

No. 2

Bill Version: CSSB 158(F.N)

(S) Publish Date: 4/2/91

**STATE OF ALASKA
1991 LEGISLATIVE SESSION**

Revision Date: March 28, 1991 Department Affected: Revenue
 Title: "An Act relating to the Interest BRU: _____
 Rate on Unpaid & Overpaid Taxes..." Component: _____
 Sponsor: Senate Rules/Governor
 Requestor: _____ COMPONENT SERIAL NO.

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Expenditures/Revenue: (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	52,000	72,000	94,000	118,000	145,000	145,000
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FUNDING: (Thousands of Dollars)

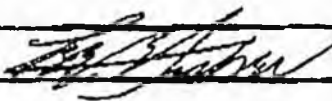
GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact:

ANALYSIS: (Attach a separate page if necessary.)
 See attached.

Prepared By: Charles L. Logsdon Phone: 277-5627
 Division: Oil & Gas Audit Date: _____
 Approved by Commissioner: 
 Agency: _____ Date: 3-28-91

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

Fiscal Note Analysis of Bill to Change Interest Rate Statute

This bill would make two fundamental changes in the interest rate on unpaid and overpaid taxes and royalties from state resources. First, instead of a fixed rate of 12 percent the interest rate would be set at 5 percentage points above the rate charged member banks for short term advances by the 12th Federal Reserve District effective the first day of the calendar quarter, or a fixed rate of 11 percent, whichever is greater. Second, instead of simple annual interest, interest will be computed on a quarterly compounded basis as of the effective date. Accrued interest on taxes and royalties due prior to the effective date of this bill would be subject to compounding.

The short term rate quoted by the 12th Federal Reserve District in effect on March 1, 1991 was 6.0%. This means that under this bill, if the current rate does not change on or before July 1, the applicable rate would be 11% for the third quarter of 1991, the first quarter effected by this bill.

Obviously the current floating rate is lower than the current law provides. However, the real impact of the proposed change contained in this bill is in the change from simple to compounded interest. Because the interest on outstanding taxes or royalties due and accrued interest prior to the effective date is charged interest quarterly, the amount of interest due builds at an accelerating rate over time.

The revenue impact outlined in this Fiscal Note assumes an interest rate of 11 percent, \$1000 million in overdue/overpaid taxes or state royalties and accrued interest of \$500 million. This is roughly 50% of current outstanding tax assessments plus interest, a conservative assumption to allow for partial resolution and payments. The following table shows the impact for other higher interest rates possible under this bill.

Analysis of CS SB158
 March 28, 1991
 Page 2

Compound Interest Example for Interest Statute
 (Millions \$)

Amount Overdue/Overpaid = 1000
 Prior Accrued Interest = 500

	CURRENT INTEREST DUE (12% SIMPLE)	PROPOSED INTEREST LAW DUE (FED DIS + 5% COMP QUART)					
		11% Dif	12% Dif	13% Dif	14% Dif	15% Dif	16% Dif
Year 1	120	172	52	188	68	205	85
2	120	192	72	212	92	233	113
3	120	214	94	238	118	264	144
4	120	238	118	268	148	300	180
5	120	268	145	303	183	341	221
Total	600	1081	481	1210	610	1344	744

As can be seen from the table, the use of compounding can be a powerful additional monetary incentive to speed the resolution of disputes over the correct amount of taxes.

HOUSE CS FOR CS FOR SENATE BILL NO. 158 (FINANCE)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): SENATE RUL/S\GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the interest rate on unpaid and overpaid taxes and to the due dates
2 for and interest on unpaid and overpaid royalties and net profit share payments from
3 state resources; and providing for an effective date."

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

5 * Section 1. AS 38.05.135 is amended by adding new subsections to read:

6 (c) Payment of a royalty or a net profit share payment to the state under a lease issued
7 under AS 38.05.135 - 38.05.181 becomes due on the date and in the manner specified in the lease
8 or in a regulation adopted by the commissioner.

9 (d) If a royalty or net profit share payment to which the state is entitled under
10 AS 38.05.135 - 38.05.181 is not paid when it becomes due under (c) of this section, the royalty
11 or payment bears interest in a calendar quarter at the rate of five percentage points above the
12 annual rate charged member banks for advances by the 12th Federal Reserve District as of the
13 first day of that calendar quarter, or at the annual rate of 11 percent, whichever is greater,
14 compounded quarterly as of the last day of that quarter.

1 (e) Interest at the rate and in the manner provided in (d) of this section shall be allowed
2 and paid on an overpayment of a royalty or net profit share payment made under AS 38.05.135 -
3 38.05.181.

4 * Sec. 2. AS 43.05.225 is amended to read:

5 Sec. 43.05.225. INTEREST [ON TAXES]. Unless otherwise provided,

6 (1) when a tax levied in this title becomes delinquent, it bears interest in a
7 calendar quarter at the rate of five percentage points above the annual rate charged member
8 banks for advances by the 12th Federal Reserve District as of the first day of that calendar
9 quarter, or at the annual rate of 11 percent, whichever is greater, compounded quarterly
10 as of the last day of that quarter;

11 (2) the interest rate is 12 percent a year for

12 (A) delinquent fees payable under AS 05.15.095(c);

13 (B) arrearages for child support as provided in AS 25.27.025 unless
14 a lesser rate authorized by that section applies; and

15 (C) unclaimed property that is not timely paid or delivered, as allowed
16 by AS 34.45.470(a).

17 * Sec. 3. AS 43.05.280(a) is amended to read:

18 (a) Interest shall be allowed and paid on an overpayment of a tax under this title at the
19 rate and in the manner provided [PRESCRIBED] in AS 43.05.225(1) [AS 43.05.225].

20 * Sec. 4. AS 43.31.141 is amended to read:

21 Sec. 43.31.141. WHEN TAX DUE, EXTENSION AND INTEREST. The tax imposed
22 by this chapter is due and payable 15 months after the decedent's death [,] and shall be paid by
23 the executor to the department. If the department finds that the payment on the due date of tax
24 or any part of the tax would impose undue hardship upon the estate, the department may extend
25 the time for payment of any part, but no extension may be for more than one year and the
26 aggregate of extensions with respect to an estate may not exceed five years from the due date.
27 In that case, the amount in respect of which the extension is granted shall be paid on or before
28 the date of the expiration of the period of the extension unless a further extension is granted.
29 If the time for the payment is extended, there shall be collected, as part of this amount, interest
30 on the tax as [AT THE RATE] provided in AS 43.05.225(1) [AS 43.05.225] from the due date
31 of the tax to the date the tax is paid.

1 * Sec. 5. AS 43.55.060 is amended to read:

2 Sec. 43.55.060. DELINQUENCY. When the tax provided for in this chapter becomes
3 delinquent, it bears interest as provided [AT THE RATE PRESCRIBED] in AS 43.05.225(1)
4 [AS 43.05.225]. If any person fails to make a report required by this chapter, within the time
5 prescribed by law for the report, the department shall examine the books, records, and files of
6 the person to determine the amount and value of the production to compute the tax, and the
7 department shall add to the tax the cost of the examination, together with any penalties accrued.

8 * Sec. 6. APPLICABILITY OF COMPOUNDED INTEREST. Beginning on the effective date of
9 this Act, interest accrues on underpayments and overpayment of royalties, net profit share payments, and
10 taxes, and on any interest accrued on them before the effective date of this Act, at the rates and in the
11 manner specified in AS 38.05.135(d), added by sec. 1 of this Act, and AS 43.05.225, as amended by sec.
12 2 of this Act.

13 * Sec. 7. This Act takes effect December 31, 1991.

AGO 10050628

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 7, 1991

SUBJECT: HCS CSSB 158 (Finance)

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

FROM: Jack Chenoweth
Legislative Counsel

This is a revenue bill. Changes made by revenue bills are generally geared to the first day of the state fiscal year or of a calendar year.

It may be no more than a matter of "dotting i's" and "crossing t's" but, to be accurate and to make the agencies' administration of the provisions of this measure a little less difficult, section 7 of this bill, the effective date provision, should be rewritten to read:

* Sec. 7. This Act takes effect January 1, 1992, and applies to tax years beginning after December 31, 1991.

JBC:lmb
91-161.lmb

Enclosure

AGO 10050632

Sectional Analysis

- Section 1. Clarifies the date upon which royalties are due. Sets the rate of interest for unpaid royalty payments under AS 38.05.145 - 38.05.181 at five percentage points above the rate charged member banks by the 12th Federal Reserve District, or 11 percent, whichever is higher, compounded quarterly. Without the amendment, royalty interest is determined under AS 09.30.070 (Interest on Judgments), currently 10.5%, and does not compound. If an interest rate is set in a lease, the contract rate would be unaffected by this provision. Provides that interest on overpayments is the same as interest on underpayments.
- Section 2. Sets the rate of interest for unpaid taxes under AS 43 at five percentage points above the rate charged member banks by the 12th Federal Reserve District, or 11 percent, whichever is higher, compounded quarterly. Without the amendment, the rate is 12% simple interest. This statutory section has historically applied to the charitable gaming program; to the unclaimed property program; and to the child support enforcement program. The amendment retains the old 12% simple interest provision for those programs.
- Section 3. Conforming amendment to ensure that interest on overpayments remains the same as interest on underpayments.
- Sections 4 and 5. Conforming amendments necessary to refer other sections of the tax laws to the tax portion of the section providing for interest.
- Section 6. Applies the new floating interest rate and the compounding provision to the principal of royalties and taxes that were outstanding on the effective date of the act and to interest that has accrued on those royalties and taxes on that date.
- Section 7. Provides for an October 31, 1991 effective date.

ATTACHMENT # 3
5/6/91
SB 158

ALASKA LEGISLATURE

Committees
JUDICIARY
LABOR & COMMERCE
BUDGET SUBCOMMITTEE
ADMINISTRATION



JUNEAU
BOX V
JUNEAU ALASKA 99811
3071 465-2647
ANCHORAGE
BOX 10-1776
ANCHORAGE, ALASKA 99510
3071 562-1776

Kevin "Pat" Parnell
Representative
University-Midtown, Anchorage

May 6, 1991

TO: House Finance Committee

FM: Kevin "Pat" Parnell, Member

RE: SB 158

If there is to be a phase in time on this legislation to take affect in October or sometime fairly soon I respectfully suggest the following concept be added:

BOTH PARTIES TO THE NEGOTIATION SHALL SUBMIT TO LEGISLATIVE COUNCIL THEIR UPDATE AND UNDERSTANDING OF PROGRESS MADE TOWARD SETTLEMENT.

THIS APPROACH DOES NOT PRECLUDE THIS SAME INFORMATION BEING SUBMITTED TO THE EXECUTIVE BRANCH AT THE SAME TIME.

LEGISLATIVE COUNCIL SHALL REVIEW AND DETERMINE PROGRESS. IF NEEDED, INFORMATION MAY BE MADE PUBLIC BY LEGISLATIVE COUNCIL WHICH PERTAINS TO THE MECHANICS OF PROGRESS, BUT NOT TERMS OF THE PROPOSED NEGOTIATED SETTLEMENT.

In Anchorage, the Assembly uses this approach, although somewhat more complex in arriving at this point.

My feeling is, this will eliminate each sides arguement that the other party is stalling and dragging their heels.

AGO 10050638

AMENDMENT
5/6/91
SB 158

5/6/91

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE NAVARRE

TO: CSSB 158 (Finance) (efd am)

Page 3, Line 13, amend as follows:

* Sec. 7. This Act takes effect December 31 [OCTOBER 31], 1991.

SB 160

(11)

FINANCE COMMITTEE REPORT

Date Referred: May 14, 1991

FURTHER REFERRALS:

Date of Committee Action: 5/15/91

The FINANCE Committee considered:

CSSB 160(FIN)

CS FOR SENATE BILL NO. 160 (FINANCE)

SALARY SCHEDULE FOR STATE EMPLOYEES

"An Act relating to salaries for officers and employees who are not members of a collective bargaining unit; and providing for an effective date."

RECOMMENDATIONS:

be replaced with _____ the same title

have attached amendmen.s(s) a new title

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 _____

zero fiscal note(s) ALL 3-1-91

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Mike Yavane</i>	X	<i>Donald J. ...</i>		X	
<i>Ropona</i>	✓	<i>Bob ...</i>		✓	
<i>Jan Brown</i>	✓	<i>R.D. E. ...</i>		✓	
<i>Mark ...</i>		<i>George ... Jr.</i>		X	
<i>Mike Yavane</i>					
<i>Edgar P. ...</i>	✓				
<i>Hanona ...</i>	X				

Mike Yavane *Ed Meehan*
CHAIRMAN'S SIGNATURE

FISCAL NOTE

No. 1

Bill Version: SB 160

(S) Publish Date: 3/1/91

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Revision Date: _____ Department Affected: All Agencies

Title: "...relating to salaries for officers

and employees who are not members" BRU: _____

Sponsor: Rules Committee Component: _____

Requestor: Governor 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: None

ANALYSIS: (Attach a separate page if necessary.)
Appropriation necessary to fund new salary schedule requested in accompanying legislation.

Prepared By: Cheryl Frasca, Director *Cheryl Frasca* Phone: 465-3568

Division: Office of Management, Division of Budget Review Date: 2/28/91

Approved by Commissioner: _____

Agency: Office of the Governor Note: _____

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

Changes in CS5B 160 (Fin) have no fiscal impact. This fiscal note is appropriate.

5-1-91 date KL Comte Aide (initial)

FIN

CS FOR SENATE BILL NO. 160 (FINANCE)
 IN THE LEGISLATURE OF THE STATE OF ALASKA
 SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 5/3/91
 Referred: Rules

Sponsor(s): SENATE RULES/GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to salaries for officers and employees who are not members of a
 2 collective bargaining unit; and providing for an effective date."

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

4 * Section 1. AS 22.05.140(a) is amended to read:

5 (a) Except as provided in (d) of this section, the [THE] monthly base salary of the
 6 chief justice is \$8,333 and for each other justice, the monthly base salary is \$8,292.

7 * Sec. 2. AS 22.05.140 is amended by adding a new subsection to read:

8 (d) Beginning January 1, 1991, if the monthly basic salary for Step E, Range 28, of the
 9 salary schedule set out in AS 39.27.011 increases, the monthly base salary of the chief justice
 10 and the other justices shall increase by the same percentage. The increase takes effect when the
 11 salary increase under AS 39.27.011 takes effect and may be retroactive if consistent with the
 12 change in AS 39.27.011. The commissioner of administration shall, by regulation, establish the
 13 percentage at which the salary is increased and the increased salary amount.

14 * Sec. 3. AS 22.07.090(a) is amended to read:

1 (a) Except as provided in (c) of this section, the [THE] monthly base salary of a judge
2 of the court of appeals is \$7,833. The compensation of a judge may not be diminished during
3 the term of office, unless by a general law applying to all salaried officers of the state.

4 * Sec. 4. AS 22.07.090 is amended by adding a new subsection to read:

5 (c) Beginning January 1, 1991, if the monthly basic salary for Step E, Range 28, of the
6 salary schedule set out in AS 39.27.011 increases, the monthly base salary of the judges of the
7 court of appeals shall increase by the same percentage. The increase takes effect when the salary
8 increase under AS 39.27.011 takes effect and may be retroactive if consistent with the change
9 to AS 39.27.011. The commissioner of administration shall, by regulation, establish the
10 percentage at which the salary is increased and the increased salary amount.

11 * Sec. 5. AS 22.10.190(a) is amended to read:

12 (a) Except as provided in (d) of this section, the [THE] monthly base salary for each
13 superior court judge is \$7,667.

14 * Sec. 6. AS 22.10.190 is amended by adding a new subsection to read:

15 (d) Beginning January 1, 1991, if the monthly basic salary for Step E, Range 28, of the
16 salary schedule set out in AS 39.27.011 increases, the monthly base salary of the judges of the
17 superior court shall increase by the same percentage. The increase takes effect when the salary
18 increase under AS 39.27.011 takes effect and may be retroactive if consistent with the change
19 to AS 39.27.011. The commissioner of administration shall, by regulation, establish the
20 percentage at which the salary is increased and the increased salary amount.

21 * Sec. 7. AS 22.15.220(a) is amended to read:

22 (a) Except as provided in (e) of this section, the [THE] monthly base salary for each
23 district court judge is \$6,500.

24 * Sec. 8. AS 22.15.220 is amended by adding a new subsection to read:

25 (e) Beginning January 1, 1991, if the monthly basic salary for Step E, Range 28, of the
26 salary schedule set out in AS 39.27.011 increases, the monthly base salary of the judges of the
27 district court shall increase by the same percentage. The increase takes effect when the salary
28 increase under AS 39.27.011 takes effect and may be retroactive if consistent with the change
29 to AS 39.27.011. The commissioner of administration shall, by regulation, establish the
30 percentage at which the salary is increased and the increased salary amount.

31 * Sec. 9. AS 39.27.011(a) is repealed and reenacted to read:

1 (a) The following monthly basic salary schedule is approved as the pay plan for classified
 2 and partially exempt employees in the executive branch of the state government who are not
 3 members of a collective bargaining unit established under the authority of the Public Employment
 4 Relations Act and employees of the legislature under AS 24.10 and AS 24.20:

5	Range	Step	Step	Step	Step	Step	Step
6	No.	A	B	C	D	E	F
7	05	1504	1546	1591	1635	1683	1728
8	06	1591	1635	1683	1728	1778	1830
9	07	1583	1728	1778	1820	1887	1945
10	08	1778	1830	1887	1945	2001	2064
11	09	1887	1945	2001	2064	2131	2191
12	10	2001	2064	2131	2191	2258	2327
13	11	2131	2191	2258	2327	2405	2480
14	12	2258	2327	2405	2480	2565	2652
15	13	2405	2480	2565	2652	2745	2845
16	14	2565	2652	2745	2845	2945	3057
17	15	2745	2845	2945	3057	3156	3276
18	16	2945	3057	3156	3276	3394	3516
19	17	3156	3276	3394	3516	3637	3762
20	18	3394	3516	3637	3762	3885	4032
21	19	3637	3762	3885	4032	4155	4310
22	20	3885	4032	4155	4310	4442	4605
23	21	4155	4310	4442	4605	4750	4921
24	22	4442	4605	4750	4921	5084	5270
25	23	4750	4921	5084	5270	5446	5650
26	24	5084	5270	5446	5650	5841	6039
27	25	5446	5650	5841	6039	6262	6497
28	26	5650	5841	6039	6262	6497	6731
29	27	5841	6039	6262	6497	6731	6987
30	28	6039	6262	6497	6731	6987	7230
31	29	6262	6497	6731	6987	7230	7485

2 * Sec. 10. AS 39.27.011 is amended by adding a new subsection to read:

3 (d) The commissioner of administration shall adopt the regulations required under
4 AS 22.05.140(d), AS 22.07.090(c), AS 22.10.190(d), and AS 22.15.220(e). The regulations relate
5 to the internal management of state agencies and their adoption is not subject to the Administrative
6 Procedure Act (AS 44.62). The regulations shall be published in the Alaska Administrative
7 Register and Code for informational purposes.

8 * Sec. 11. EMPLOYEES OF THE JUDICIAL AND LEGISLATIVE BRANCHES, AND CERTAIN
9 EXEMPT EMPLOYEES OF THE EXECUTIVE BRANCH. The following employees are entitled to
10 receive salary adjustments comparable to those received by the classified and partially exempt employees
11 of the executive branch under AS 39.27.011(a) as that subsection is reenacted in sec. 9 of this Act:

- 12 (1) judges and permanent and temporary employees of the judicial branch;
13 (2) legislators and permanent and temporary employees of the legislative branch, including
14 staff of the ombudsman's office;

15 (3) permanent and temporary employees of the executive branch who are in the exempt
16 service under AS 39.25, who are not members of a collective bargaining unit established under the
17 Public Employment Relations Act (AS 23.40), and who are not otherwise covered by AS 39.27.011(a).

18 * Sec. 12. EMPLOYEES OF THE UNIVERSITY OF ALASKA. The employees of the University
19 of Alaska who are not members of a collective bargaining unit are entitled to receive salary increases
20 in accordance with the compensation policy of the board of regents of the University of Alaska.

21 * Sec. 13. This Act is retroactive to January 1, 1991.

22 * Sec. 14. This Act takes effect immediately under AS 01.10.070(c).

SB 160

SENATE FINANCE COMMITTEE REPORT

DATE: 3/21/91

FURTHER:

DATE TURNED INTO OFFICE: 5-1-91

The Finance Committee considered SENATE BILL NO. 160

"An Act relating to salaries for officers and employees who are not members of a collective bargaining unit; and providing for an effective date."

and recommended:

replace with _____ CS SB 160 (FIN) same title
 or adopt _____ CS _____ new title
 attached amendment(s) technical title change (HB only)
 _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

ATTACHES NEW FISCAL NOTE(S):

APPROVES PREVIOUS:

fiscal note(s) _____ Dept/Date: _____

fiscal note(s) _____ Dept/Date: _____

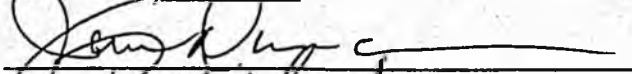
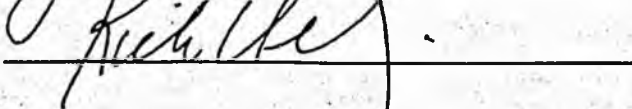
zero fiscal note(s) _____

zero fiscal note(s) Gov. 2/28/91

appropriation-no fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

Al Adams - DO NOT PASS

Lynne Hoffman - No Pass

Dirk Shultz - No Rec

1. Pat Lambert no rec

2. Arthur no rec

Co-Chairs: Signatures and Recommendations

FISCAL NOTE

No. 1

Bill Version: SB160

(S) Publish Date: 3/1/91

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Revision Date: _____ Department Affected: All Agencies

Title: "...relating to salaries for officers

and employees who are not members " BRU: _____

Sponsor: Rules Committee Component: _____

Requestor: Governor COMPONENT SERIAL NO.

--	--	--	--

Expenditures/Revenues: (Thousands of Dollars)

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

CAPITAL	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: None

ANALYSIS: (Attach a separate page if necessary.)
Appropriation necessary to fund new salary schedule requested in accompanying legislation.

Prepared By: Cheryl Frasca, Director *Cheryl Frasca* Phone: 465-3568

Division: Office of Management - Division of Budget Review Date: 2/28/91

Approved by Commissioner: _____

Agency: Office of the Governor Date: _____

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

Changes in CS5B160 (Fin) have no fiscal impact. This fiscal note is appropriate.

Rev 10/90

5-1-91 LL
date Comte Aide (initial)

CS SENATE BILL NO. 160 (*Fin.*)

IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 3/1/91
Referred: L&C and Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to salaries for officers and employees who are not members of a
2 collective bargaining unit; and providing for an effective date."

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

4 * Section 1. AS 39.27.011(a) is repealed and reenacted to read:

5 (a) The following monthly basic salary schedule is approved as the pay plan for classified
6 and partially exempt employees in the executive branch of the state government who are not
7 members of a collective bargaining unit established under the authority of the Public Employment
8 Relations Act and employees of the legislature under AS 24.10 and AS 24.20:

9	Range	Step	Step	Step	Step	Step	Step
10	No.	A	B	C	D	E	F
11	05	1504	1546	1591	1635	1683	1728
12	06	1591	1635	1683	1728	1778	1830
13	07	1683	1728	1778	1830	1887	1945
14	08	1778	1830	1887	1945	2001	2064

1	09	1887	1945	2001	2064	2131	2191
2	10	2001	2064	2131	2191	2258	2327
3	11	2131	2191	2258	2327	2405	2480
4	12	2258	2327	2405	2480	2565	2652
5	13	2405	2480	2565	2652	2745	2845
6	14	2565	2652	2745	2845	2945	3057
7	15	2745	2845	2945	3057	3156	3276
8	16	2945	3057	3156	3276	3394	3516
9	17	3156	3276	3394	3516	3637	3762
10	18	3394	3516	3637	3762	3885	4032
11	19	3637	3762	3885	4032	4155	4310
12	20	3885	4032	4155	4310	4442	4605
13	21	4155	4310	4442	4605	4750	4921
14	22	4442	4605	4750	4921	5084	5270
15	23	4750	4921	5084	5270	5446	5650
16	24	5084	5270	5446	5650	5841	6039
17	25	5446	5650	5841	6039	6262	6497
18	26	5650	5841	6039	6262	6497	6731
19	27	5841	6039	6262	6497	6731	6987
20	28	6039	6262	6497	6731	6987	7230
21	29	6262	6497	6731	6987	7230	7485
22	30	6497	6731	6987	7230	7485	7749

23 * Sec. 2. EMPLOYEES OF THE JUDICIAL AND LEGISLATIVE BRANCHES, AND CERTAIN
24 EXEMPT EMPLOYEES OF THE EXECUTIVE BRANCH. The following employees are entitled to
25 receive salary adjustments comparable to those received by the classified and partially exempt employees
26 of the executive branch under AS 39.27.011(a) as that subsection is reenacted in sec. 1 of this Act:

- 27 (1) permanent and temporary employees of the judicial branch;
- 28 (2) permanent and temporary employees of the legislative branch, including staff of the
29 ombudsman's office;
- 30 (3) permanent and temporary employees of the executive branch who are in the exempt
31 service under AS 39.25, who are not members of a collective bargaining unit established under the

- 1 Public Employment Relations Act (AS 23.40), and who are not otherwise covered by AS 39.27.011(a).
- 2 * Sec. 3. EMPLOYEES OF THE UNIVERSITY OF ALASKA. The employees of the University
3 of Alaska who are not members of a collective bargaining unit are entitled to receive salary increases
4 in accordance with the compensation policy of the board of regents of the University of Alaska.
- 5 * Sec. 4. This Act is retroactive to January 1, 1991.
- 6 * Sec. 5. This Act takes effect immediately under AS 01.10.070(c).

3FL-91
Court System 5-1-91
Amend # /
Adopted
(JD)
7-GS0075A.2
Cramer
03/26/91

A M E N D M E N T

OFFERED IN THE SENATE

TO: SB 160

Page 1, after line 3:

Insert new bill sections to read:

** Section 1. AS 22.05.140(a) is amended to read:

(a) Except as provided in (d) of this section, the [THE] monthly base salary of the chief justice is \$8,333 and for each other justice, the monthly base salary is \$8,292.

* Sec. 2. AS 22.05.140 is amended by adding a new subsection to read:

(d) Beginning January 1, 1991, if the monthly basic salary for Step E, Range 28, of the salary schedule set out in AS 39.27.011 increases, the monthly base salary of the chief justice and the other justices shall increase by the same percentage. The increase takes effect when the salary increase under AS 39.27.011 takes effect and may be retroactive if consistent with the change in AS 39.27.011. The commissioner of administration shall, by regulation, establish the percentage at which the salary is increased and the increased salary amount.

* Sec. 3. AS 22.07.090(a) is amended to read:

(a) Except as provided in (c) of this section, the [THE] monthly base salary of a judge of the court of appeals is \$7,833. The compensation of a judge may not be diminished during the term of office, unless by a general law applying to all salaried officers of the state.

* Sec. 4. AS 22.07.090 is amended by adding a new subsection to read:

(c) Beginning January 1, 1991, if the monthly basic salary for Step E, Range 28, of the salary schedule set out in AS 39.27.011 increases, the monthly base salary of the judges of the court of appeals shall increase by the same percentage. The increase takes effect when the salary increase under AS 39.27.011 takes effect and may be retroactive if consistent with the change to AS 39.27.011. The commissioner of administration shall, by regulation, establish the percentage at which the salary is increased and the increased salary amount.

* Sec. 5. AS 22.10.190(a) is amended to read:

(a) Except as provided in (d) of this section, the [THE] monthly base salary for each

superior court judge is \$7,667.

* Sec. 6. AS 22.10.190 is amended by adding a new subsection to read:

(d) Beginning January 1, 1991, if the monthly basic salary for Step E, Range 28, of the salary schedule set out in AS 39.27.011 increases, the monthly base salary of the judges of the superior court shall increase by the same percentage. The increase takes effect when the salary increase under AS 39.27.011 takes effect and may be retroactive if consistent with the change to AS 39.27.011. The commissioner of administration shall, by regulation, establish the percentage at which the salary is increased and the increased salary amount.

* Sec. 7. AS 22.15.220(a) is amended to read:

(a) Except as provided in (e) of this section, the [THE] monthly base salary for each district court judge is \$6,500.

* Sec. 8. AS 22.15.220 is amended by adding a new subsection to read:

(e) Beginning January 1, 1991, if the monthly basic salary for Step E, Range 28, of the salary schedule set out in AS 39.27.011 increases, the monthly base salary of the judges of the district court shall increase by the same percentage. The increase takes effect when the salary increase under AS 39.27.011 takes effect and may be retroactive if consistent with the change to AS 39.27.011. The commissioner of administration shall, by regulation, establish the percentage at which the salary is increased and the increased salary amount."

Page 1, line 4:

Delete "Section 1"

Insert "Sec. 9"

Renumber the following bill sections accordingly.

Page 2, after line 22:

Insert a new bill section to read:

** Sec. 10. AS 39.27.011 is amended by adding a new subsection to read:

(d) The commissioner of administration shall adopt the regulations required under AS 22.05.140(d), AS 22.07.090(c), AS 22.10.190(d), and AS 22.15.220(e). The regulations relate to the internal management of state agencies and their adoption is not subject to the Administrative Procedure Act (AS 44.62). The regulations shall be published in the Alaska Administrative Register and Code for informational purposes."

Renumber the following bill sections accordingly.

Page 2, line 26:

Delete "sec. 1"

Insert "sec. 9"

Page 2, line 27, after "(1)":

Insert "judges and"

Page 2, line 28, after "(2)":

Insert "legislators and"

Amend # 2 3FC-91 5-1-91

Failed 7-GS0075A.3
Cramer ✓
04/30/91

AMENDMENT

OFFERED IN THE SENATE
TO: SB 160

BY SENATOR POURCHOT

Page 3, lines 5 - 6:

Delete all material.

Insert new bill sections to read:

"* **Sec. 4.** EMPLOYEES IN THE CLASSIFIED SERVICE WHO ARE NOT MEMBERS OF A COLLECTIVE BARGAINING UNIT. The amendment to AS 39.27.011(a), as that section is reenacted by sec. 1 of this Act, is retroactive to January 1, 1991, for employees in the classified service of the executive branch of state government who are excluded from collective bargaining by order of the Labor Relations Agency or by a unit clarification agreement between the state and a bargaining organization representing state employees.

* **Sec. 5.** Section 4 of this Act takes effect immediately under AS 01.10.070(c).

* **Sec. 6.** Except for sec. 4 of this Act, this Act takes effect July 1, 1991."

WALTER J. HICKEL
GOVERNOR



SB 166

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 1, 1991

The Honorable Richard I. Eliason
President of the Senate
P.O. Box V
Juneau, AK 99811

Dear President Eliason:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that grants a 5.0 percent pay increase to certain state employees not covered by collective bargaining agreements.

Section 1 of the bill increases the pay of certain legislative and classified and partially exempt executive-branch employees who are not covered by a collective bargaining agreement. It repeals and reenacts AS 39.27.011(a), the statutory salary schedule for such workers.

Section 2 provides the same increase to permanent employees of the judicial and legislative branches, the chief clerk of the house of representatives and the clerk's staff, the senate secretary and staff, and permanent and temporary employees of the executive branch in the exempt service not otherwise covered by AS 39.27.011(a). The salaries of certain other officers, such as the ombudsman, are affected by the change, as they are tied to AS 39.27.011(a).

Section 3 provides that University of Alaska employees not covered by a collective bargaining agreement are entitled to receive salary increases in accordance with the university's compensation plan. All provisions of the bill, including the pay increases, are retroactive to January 1, 1991.

This legislation should put these state employees on an equal footing with employees in collective bargaining units who will receive a 5.0 percent cost-of-living increase by operation of negotiated contracts agreed to in 1990.

Sincerely,

A handwritten signature in cursive script that reads "Walter J. Hickel".

Walter J. Hickel
Governor

SB 161

HOUSE COMMITTEE REPORT

(11)

Date Referred: May 13, 1991

FURTHER REFERRALS:

Date of Committee Action: 5-15-91

The FINANCE Committee considered:

CSSB 161(FIN)

CS FOR SENATE BILL NO. 161 (FINANCE)

APPROP: PUBLIC EMPLOYEES COLA, FY 91

"An Act making appropriations for contract settlement costs and an arbitration award for public employees who are members of collective bargaining units, and for salary adjustments for public employees who are not members of a bargaining unit; and providing for an effective date."

RECOMMENDATIONS:

be replaced with HCSCS SB 161 (Fin) the same title
 a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

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

APPROVES PREVIOUS: (Dept/Date) _____

fiscal impact _____

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>John Wilmer</i>	X	<i>Ronald J. ...</i>		X	
<i>Thomas Barnes</i>	X	<i>Bill E. ...</i>		✓	
<i>...</i>	✓	<i>Best ...</i>		✓	
<i>Jan Brown</i>	✓	<i>George ... Jr</i>		X	
<i>...</i>	✓				
<i>E.P. ...</i>	✓				
<i>Mike ...</i>	✓				

Mike ... E.P. ...
 CHAIRMAN'S SIGNATURE

HOUSE CS FOR CS FOR SENATE BILL NO. 161 (FINANCE)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:

Referred:

Funding Information:	General Fund	\$15,093,479
	Other Funds	<u>7,141,700</u>
		\$22,235,179

Sponsor(s): SENATE RULES/GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act making appropriations for contract settlement costs and an arbitration award for
 2 public employees who are members of collective bargaining units, and for salary
 3 adjustments for public employees who are not members of a bargaining unit; and
 4 providing for an effective date."

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

6 * Section 1. The sum of \$14,151,300 is appropriated to the Office of the Governor, office of
 7 management and budget, to pay a cost-of-living salary adjustment for executive branch employees for
 8 the period January 1, 1991, through June 30, 1991, from the following sources:

9	Federal Receipts	\$1,784,300
10	General Fund Match	356,800
11	General Fund	7,756,200
12	General Fund/Program Receipts	428,000
13	General Fund/Mental Health	215,600
14	Interagency Receipts	584,000

1	Agricultural Loan Fund	15,800
2	State Corporation Receipts	283,300
3	Fish and Game Fund	172,100
4	Science and Technology Endowment Income	6,500
5	Highways Equipment Working Capital Fund	178,300
6	International Airports Revenue Fund	449,600
7	Public Employees' Retirement Fund	49,000
8	Second Injury Fund Reserve Account	2,200
9	Disabled Fisherman's Reserve Account	2,500
10	Surplus Property Revolving Fund	3,000
11	Teachers' Retirement System Fund	37,400
12	Veterans' Revolving Loan Fund	7,100
13	Commercial Fishing Loan Fund	22,000
14	Real Estate Surety Fund	1,200
15	Judicial Retirement System	500
16	Public Law 81-874 Receipts	800
17	National Guard Retirement System	400
18	Training and Building Fund	11,800
19	Permanent Fund Dividend Fund	74,700
20	Oil and Hazardous Substance Release Response Fund	256,800
21	Small Business Loan Fund	1,100
22	Tourism Revolving Loan Fund	900
23	Capital Improvement Project Receipts	1,391,100
24	Housing Assistance Loan Fund	28,800
25	Mining Revolving Loan Fund	3,400
26	Child Care Revolving Loan Fund	800
27	Historical District Revolving Loan Fund	200
28	Fisheries Enhancement Loan Fund	5,000
29	Alternative Energy Revolving Loan Fund	4,300
30	Residential Energy Conservation Loan Fund	4,100
31	Power Development Revolving Loan Fund	11,700

1 * Sec. 2. The sum of \$4,923,000 is appropriated to the University of Alaska to pay salary adjustments
2 for employees of the university who are not members of a collective bargaining unit in accordance with
3 the compensation policy of the board of regents for the period January 1, 1991, through June 30, 1991,
4 from the following sources:

5	Federal Receipts	\$332,100
6	General Fund	3,253,500
7	Interagency Receipts	321,100
8	U/A Student Tuition/Fees/Services	810,100
9	U/A Indirect Cost Recovery	42,600
10	University Restricted Receipts	163,600

11 * Sec. 3. The sum of \$675,200 is appropriated from the general fund to the Alaska State Legislature
12 to pay a 5.0 percent cost-of-living salary adjustment for legislative branch employees for the period
13 January 1, 1991, through June 30, 1991.

14 * Sec. 4. The sum of \$750,000 is appropriated from the general fund to the Alaska Court System to
15 pay a 5.0 percent cost-of-living salary adjustment for court system employees for the period January 1,
16 1991, through June 30, 1991.

17 * Sec. 5. The sum of \$245,000 is appropriated from the general fund to the Department of
18 Administration to satisfy an arbitration award regarding monetary terms of the agreement with the Public
19 Safety Employees Association for the fiscal year ending June 30, 1991.

20 * Sec. 6. The sum of \$77,500 is appropriated from the International Airports Revenue Fund to the
21 Department of Transportation and Public Facilities, Alaska international airport system, to satisfy the
22 monetary terms of the collective bargaining agreement with the Alaska Public Employees Association
23 for fiscal years 1988, 1989, 1990, and 1991.

24 * Sec. 7. The sum of \$79,300 is appropriated from the general fund to the Department of
25 Transportation and Public Facilities, Alaska marine highway system, to satisfy the monetary terms of
26 the collective bargaining agreement with the International Organization of Masters, Mates, and Pilots for
27 the fiscal year ending June 30, 1991.

28 * Sec. 8. The sum of \$23,279 is appropriated from the general fund to the Department of Public
29 Safety for costs relating to the village public safety officers program for wage claims for wages paid in
30 1987, for the fiscal year ending June 30, 1991.

31 * Sec. 9. The sum of \$90,600 is appropriated from the general fund to the Department of

1 Transportation and Public Facilities, Alaska marine highway system, to satisfy the monetary terms of
2 the collective bargaining agreement with the Marine Engineers Beneficial Association for the fiscal year
3 ending June 30, 1991.

4 * Sec. 10. The sum of \$1,220,000 is appropriated from the general fund to the University of Alaska
5 for the fiscal year ending June 30, 1991, to pay the cost of the ACCFT arbitration decision issued
6 April 27, 1991.

7 * Sec. 11. This Act takes effect immediately under AS 01.10.070(c).

SB 161

SENATE FINANCE COMMITTEE REPORT

DATE: 3/22/91

FURTHER:

DATE TURNED INTO OFFICE: 5-1-91

The Finance Committee considered SENATE BILL NO. 161

"An Act making appropriations for contract settlement costs and arbitration awards for public employees who are members of collective bargaining units, and for salary adjustments for public employees who are not members of a bargaining unit; and providing for an effective date."

and recommended:

replace with _____ CS SB 161 (Fix) 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) _____

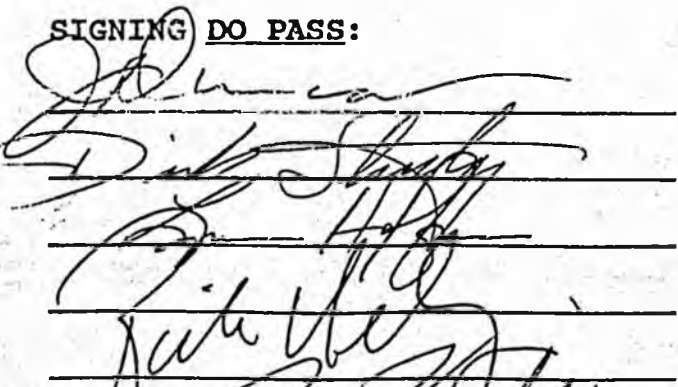
appropriation-no fiscal note

APPROVES PREVIOUS:
Dept/Date:

fiscal note(s) _____

zero fiscal note(s) _____

SIGNING DO PASS:



OTHER RECOMMENDATIONS:

Al Adams - No Rec

1. Pat [unclear] no rec 2. [unclear] do pass
 Co-Chairs: Signatures and Recommendations

5-1-91
SFC-91
Adopted
WORK DRAFT

7-GS0076G ✓
Cramer
4/30/91

Amend. #1
p. 3 Line 20

CS FOR SENATE BILL NO. 161 (FINANCE)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:

Referred:

Funding Information:	General Fund	\$14,604,600
	Other Funds	<u>6,294,200</u>
		\$20,898,800

Sponsor(s): SENATE RULES/GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act making appropriations for contract settlement costs and an arbitration award for
2 public employees who are members of collective bargaining units, and for salary
3 adjustments for public employees who are not members of a bargaining unit; and
4 providing for an effective date."

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

6 * Section 1. The sum of \$14,151,300 is appropriated to the Office of the Governor, office of
7 management and budget, to pay a cost-of-living salary adjustment for executive branch employees for
8 the period January 1, 1991, through June 30, 1991, from the following sources:

9	Federal Receipts	\$1,784,300
10	General Fund Match	356,800
11	General Fund	7,756,200
12	General Fund/Program Receipts	428,000
13	General Fund/Mental Health	215,600
14	Interagency Receipts	584,000

	WORK DRAFT	WORK DRAFT	WORK DRAFT
1	Agricultural Loan Fund		15,800
2	State Corporation Receipts		283,300
3	Fish and Game Fund		172,100
4	Science and Technology Endowment Income		6,500
5	Highways Equipment Working Capital Fund		178,300
6	International Airports Revenue Fund		449,600
7	Public Employees' Retirement Fund		49,000
8	Second Injury Fund Reserve Account		2,200
9	Disabled Fisherman's Reserve Account		2,500
10	Surplus Property Revolving Fund		3,000
11	Teachers' Retirement System Fund		37,400
12	Veterans' Revolving Loan Fund		7,100
13	Commercial Fishing Loan Fund		22,000
14	Real Estate Surety Fund		1,200
15	Judicial Retirement System		500
16	Public Law 81-874 Receipts		800
17	National Guard Retirement System		400
18	Training and Building Fund		11,800
19	Permanent Fund Dividend Fund		74,700
20	Oil and Hazardous Substance Release Response Fund		256,800
21	Small Business Loan Fund		1,100
22	Tourism Revolving Loan Fund		900
23	Capital Improvement Project Receipts		1,391,100
24	Housing Assistance Loan Fund		28,800
25	Mining Revolving Loan Fund		3,400
26	Child Care Revolving Loan Fund		800
27	Historical District Revolving Loan Fund		200
28	Fisheries Enhancement Loan Fund		5,000
29	Alternative Energy Revolving Loan Fund		4,300
30	Residential Energy Conservation Loan Fund		4,100
31	Power Development Revolving Loan Fund		11,700

1 * Sec. 2. The sum of \$4,923,000 is appropriated to the University of Alaska to pay salary adjustments
 2 for employees of the university who are not members of a collective bargaining unit in accordance with
 3 the compensation policy of the board of regents for the period January 1, 1991, through June 30, 1991,
 4 from the following sources:

5	Federal Receipts	\$332,100
6	General Fund	3,253,500
7	Interagency Receipts	321,100
8	U/A Student Tuition/Fees/Services	810,100
9	U/A Indirect Cost Recovery	42,600
10	University Restricted Receipts	163,600

11 * Sec. 3. The sum of \$675,200 is appropriated from the general fund to the Alaska State Legislature
 12 to pay a 5.0 percent cost-of-living salary adjustment for legislative branch employees for the period
 13 January 1, 1991, through June 30, 1991.

14 * Sec. 4. The sum of \$750,000 is appropriated from the general fund to the Alaska Court System to
 15 pay a 5.0 percent cost-of-living salary adjustment for court system employees for the period January 1,
 16 1991, through June 30, 1991.

17 * Sec. 5. The sum of \$245,000 is appropriated from the general fund to the Department of
 18 Administration to satisfy an arbitration award regarding monetary terms of the agreement with the Public
 19 Safety Employees Association for the fiscal year ending June 30, 1991.

20 * Sec. 6. The sum of ^{\$77.5 Adopted 5-1-91}~~\$75,000~~ is appropriated from the International Airports Revenue Fund to the
 21 Department of Transportation and Public Facilities, Alaska international airport system, to satisfy the
 22 monetary terms of the collective bargaining agreement with the Alaska Public Employees Association
 23 for fiscal years 1988, 1989, 1990, and 1991.

24 * Sec. 7. The sum of \$79,300 is appropriated from the general fund to the Department of
 25 Transportation and Public Facilities, Alaska marine highway system, to satisfy the monetary terms of
 26 the collective bargaining agreement with the International Organization of Masters, Mates, and Pilots for
 27 the fiscal year ending June 30, 1991.

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

5-1-91
Adopted

WALTER J. HICKEL, GOVERNOR

Amend. #1

OFFICE OF THE GOVERNOR

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

**OFFICE OF MANAGEMENT AND BUDGET
DIVISION OF BUDGET REVIEW**

April 30, 1991

WILL REQUIRE
REVISION TO
FIN CS.

The Honorable Pat Pourchot
Senate Finance Committee
P. O. Box V
Juneau, Alaska 99811

Dear Senator Pourchot:

In OMB's letter of April 25th to the committee concerning Senate Bill 161, the FY 91 COLA legislation, I requested the committee's consideration of including funding to meet the terms of a Letter of Understanding for payment of retroactive pay for Airport Safety Officer supervisors.

Originally the Department of Transportation and Public Facilities indicated the cost of meeting the agreement's terms was \$75,000. Its most recent correspondence, however, has revised this amount upward to \$77,500. A copy of the department's calculation is attached for your reference.

The committee's consideration of incorporating the additional funding will be appreciated.

Sincerely,

Cheryl Frasca

Cheryl Frasca
Director

attachment

cc: Commissioner Frank Turpin
Commissioner Millett Keller

MEMORANDUM

State of Alaska

Department of Transportation and Public Facilities

TO: Cheryl Frasca, Director
Division of Budget Review
Office of Management and Budget
Office of the Governor

DATE: April 26, 1991

FILE NO.:

TELEPHONE NO.: 465-3900

FROM: Frank G. Turpin
Commissioner



SUBJECT: Supplemental
Appropriation for
Airport Safety
Officer Supervisors

The Department of Transportation and Public Facilities requests that a supplemental appropriation be made available to provide the authority for retroactive pay for Airport Safety Officer supervisors at the International Airports. It is estimated that the total retroactive salary obligation for these positions, based on an updated calculation using employee retroactive pay plus 25.5% in benefits, is \$77,500 (see attachment). Although a letter of agreement has been signed to provide this pay to Airport Safety Officers V and VI between the period May 16, 1988 through November 6, 1990, the funding must be appropriated.

Attachment

cc: Bruce Cummings, Director, Division of Labor Relations, Department of Administration
Janet Ignell, Personnel Officer, Department of Transportation and Public Facilities
Millett Keller, Commissioner, Department of Administration
Ron B. Lind, Director, Plans, Programs and Budget
D. Randy Simmons, Deputy Commissioner, Finance and Management

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

AIRPORT SAFETY OFFICER SUPERVISORS

CALCULATION OF PERSONAL SERVICES RETROACTIVE SALARY OBLIGATION

PCN	CLASSIFICATION TITLE	LOCATION	RETRO DUE TO EMPLOYEE
25-2757	Airport Safety Officer VI	Anchorage	\$10,631
25-2758	Airport Safety Officer V	Anchorage	\$16,307
25-2759	Airport Safety Officer V	Anchorage	\$18,833
25-3013	Airport Safety Officer V	Fairbanks	\$15,988
		Subtotal	<u>\$61,758</u>
	Benefits at approximately 25.5%		\$15,748
		TOTAL	<u>\$77,506</u>

A M E N D M E N T

OFFERED IN THE SENATE

BY SENATOR POURCHOT

TO: CSSB 161 (FINANCE)

Page 1, line 3, after "for":

Insert "certain"

Page 1, line 6, through page 3, line 16:

Delete all material.

Insert a new bill section to read:

"* **Section 1.** The sum of \$12,326,827 is appropriated to the Office of the Governor, office of management and budget, to pay a cost-of-living salary adjustment for executive branch employees in the classified service for the period January 1, 1991, through June 30, 1991, from the following sources:

Federal Receipts	\$1,760,713
General Fund Match	345,720
General Fund	6,686,179
General Fund/Program Receipts	342,610
General Fund/Mental Health	174,128
Interagency Receipts	434,112
Agricultural Loan Fund	15,800
State Corporation Receipts	577
Fish and Game Fund	167,489
Highways Equipment Working Capital Fund	176,703
International Airports Revenue Fund	435,879
Public Employees' Retirement Fund	40,757
Second Injury Fund Reserve Account	2,200
Disabled Fisherman's Reserve Account	2,500
Surplus Property Revolving Fund	3,000
Teachers' Retirement System Fund	31,727

Veterans' Revolving Loan Fund	7,100
Commercial Fishing Loan Fund	21,954
Real Estate Surety Fund	1,082
Judicial Retirement System	500
Public Law 81-874 Receipts	800
National Guard Retirement System	400
Training and Building Fund	11,800
Permanent Fund Dividend Fund	72,271
Oil and Hazardous Substance Release Response Fund	239,589
Small Business Loan Fund	1,100
Tourism Revolving Loan Fund	225
Capital Improvement Project Receipts	1,306,984
Housing Assistance Loan Fund	26,424
Mining Revolving Loan Fund	3,400
Child Care Revolving Loan Fund	43
Historical District Revolving Loan Fund	200
Fisheries Enhancement Loan Fund	4,832
Alternative Energy Revolving Loan Fund	4,092
Residential Energy Conservation Loan Fund	3,937"

Renumber the following bill sections accordingly.

Adjust the funding information accordingly.

STATE OF ALASKA

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET
DIVISION OF BUDGET REVIEW

WALTER J. HICKEL, GOVERNOR

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

April 29, 1991

The Honorable Pat Pourchot
Co-Chairman
Senate Finance Committee
P. O. Box V
Juneau, Alaska 99811

Dear Senator Pourchot:

Today OMB was notified of the monetary terms for the collective bargaining agreement with the Masters, Mates and Pilots.

For Fiscal Year 1991, the Department of Transportation and Public Facilities calculates the cost of meeting these terms at \$79,300 in general funds. I request the Finance Committee's consideration of incorporating these additional dollars in Senate Bill 161.

For your reference, attached is the Department of Administration's notification. If I can provide additional information, please let me know.

Thank you.

Sincerely,



Cheryl Frasca
Director

attachment

MEMORANDUM

State of Alaska

TO: Cheryl Frasca
Director
Division of Budget Review
Office of Management and Budget
Office of the Governor

DATE: April 29, 1991

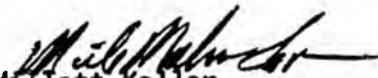
FILE NO:

TELEPHONE NO: 465-2200

THRU:

SUBJECT: Monetary Terms of Agreement
with International
Organization of Masters,
Mates, and Pilots

FROM:


Mittett Keller of Administration
Commissioner
Department of Administration

RECEIVED
APR 29 1991

BUDGET REVIEW

On April 25, 1991, the State reached agreement with the Masters, Mates and Pilots on a full collective bargaining agreement for this unit. As you are aware, the Department of Administration must submit the monetary terms of an agreement to the legislature. I am transmitting the monetary terms for the employees in this bargaining unit to the President of the Senate and the Speaker of the House simultaneously with this memorandum to you.

Monetary Terms

Monetary terms of an agreement are defined in AS 23.40.250(4) as changes that require an appropriation for their implementation, result in a change in State revenues, or result in a change in productive work hours for State employees.

A. Require Appropriation

1. Subject to legislative funding, the agreement calls for the wage rates set out in Rule 17 to be increased by an amount equal to a five percent increase in the bargaining unit wage cost incurred by the Alaska Marine Highway System in the previous calendar year. The effective date is April 1, 1991.
2. The above increase will be applied across the board to the wages, not including Cost of Living Differential (COLD), at the rate of five and six-tenths percent (5.6%) for all classifications in the Southeast system.

M/V LE CONTE class masters will be paid at the M/V COLUMBIA rate. This "increase" is offset by the fact that relief Masters assigned to M/V LE CONTE class vessels are paid at M/V COLUMBIA rates under the terms of prior agreements and by elimination of one vacation relief Master upon filling of the permanent Master's position.

M/V BARTLETT: The Master's pay and nonwatch pay shall be at the M/V COLUMBIA rate. Base wages for all classifications shall be increased by four and five-tenths (4.5%). Rule 25.01 will be as in the M/V TUSTUMENA agreement.

The sum of money allocable to the M/V TUSTUMENA shall be applied to offset the increase in Master's pay and Master's nonwatch pay to the M/V COLUMBIA rate and to offset the cost of accruing "A" days in the yard as if on the run. The wage rates, not including COLD, of all classifications shall be increased by one percent (1%).

B. State Revenues

There are no provisions in this agreement that would change State revenues.

C. Productive Work Hours

Accrual of "A" days for M/V TUSTUMENA while in yard status may result in a change of productive hours for some employees, but will not require an appropriation.

Other Terms

There are other terms to the collective bargaining agreement that do not meet the statutory definition of "monetary terms" that will be of interest to you.

- On or after July 1, 1991, the Employer may convert to the semimonthly pay system currently in effect for all other State employees except the Marine Engineers. This reduces the cost and inconvenience to the Department of Administration of running a separate payroll for marine employees.

Conclusion

Funding for the monetary terms is required. Please prepare and forward to the legislature the necessary documents. Please feel free to call on the staff of the Division of Labor Relations for any assistance desired.

MK/AC/lt

9/8/1160694.wp

cc: Frank Turpin

Commissioner

Department of Transportation and
Public Facilities

Jim Ayers

Director

Alaska Marine Highway System

Department of Transportation and
Public Facilities

Bruce Cummings

Director

Division of Labor Relations

Department of Administration

STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

OFFICE OF THE GOVERNOR

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

OFFICE OF MANAGEMENT AND BUDGET DIVISION OF BUDGET REVIEW

April 25, 1991

The Honorable Pat Pourchot
Co-Chairman
Senate Finance Committee
Post Office Box V
Juneau, Alaska 99811

Dear Senator Pourchot:

Thank you for scheduling Senate Bills 160 and 161, legislation which will provide a Fiscal Year 1991 cost of living allowance for state employees. I will take this opportunity to provide you with some additional information concerning the Labor and Commerce Committee Substitute as well as request Senate Finance Committee's consideration of several additional amendments.

CSSB 161(L&C)

At the request of the Governor, Senate Labor and Commerce made a net reduction of \$666,000 in Section 1 which reflects the following:

1. The reaching of a wage agreement with Labor, Trades and Crafts since introduction of the original bill. The additional funding necessary to meet the terms of this agreement is \$1,656,300. The Department of Administration's notification of the "monetary terms" of this contract is attached for your review; and
2. Correction of an error based on an incorrect date which was originally reflected regarding the effective date of the COLA for General Government Unit "Class 1" employees. The effective date for this group is July 1, 1991, instead of January 1, 1991. Accordingly, a reduction of \$2,322,900 is possible. For your reference, I have also included this information as well.

Proposed Amendments to CSSB 161 (L&C)

University of Alaska

The University has requested section 2 be amended to reflect similar language included in SB 160, the amended salary schedule. This change is:

* Sec. 2. The sum of \$4,923,000 is appropriated to the University of Alaska to pay salary adjustments for employees of the University of Alaska who are not members of a collective bargaining unit in accordance with the compensation policy of the board of regents for the period January 1, 1991, through June 30, 1991, from the following sources: (no changes to amounts or funding sources).

Airport Safety Officers

The Department of Transportation and Public Facilities has agreed to a Letter of Understanding for supervisory Airport Safety Officers which requires the appropriation of funds to meet its monetary terms. Please consider a new section which reflects the following:

* Sec. . The sum of \$75,000 is appropriated from the International Airports Revenue Fund to satisfy monetary terms of the agreement with the Alaska Public Employees Association for fiscal years 1988, 1989, 1990, and 1991.

Technical Corrections

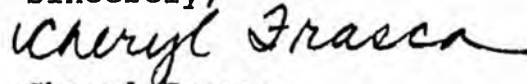
Upon further review of the distribution of funding for the salary adjustment, a series of technical corrections are necessary. A marked-up copy of CSSB 161(L&C) reflecting these changes is attached.

Distribution of Funding for Covered and Non-Covered

Per your staff's request, attached is a distribution of the allocation of funding provided in section 1 for covered and non-covered employees.

Please let me know if there is any additional information I can provide.

Sincerely,



Cheryl Frasca
Director

cc: Senator Jalmar Kerttula
Shelby Stastny, Office of Management and Budget
Bruce Kendall, Office of the Governor

FY91 COLA SUPPLEMENTAL

FUND SOURCE	PSEA	EXCL	GGU	CONF	LTC	SPVR	TCHR	XMPT	IBU	TOTAL
1002 Federal Receipts	13,353		1,488,518	759	47,681	210,422		23,587		1,784,300
1003 General Fund Match	1,128		282,748		11,918	49,925		11,080		356,800
1004 General Fund	618,477	22,230	3,628,588	157,676	923,870	977,386	54,976	1,070,021	302,976	7,756,200
1005 Program Receipts/GF	3,145	1,883	283,893		9,623	44,067		85,390		428,000
1006 Mental Health/GF			64,199	497	66,328	43,104		41,472		215,600
1007 Inter-Agency	3,208		291,449	12,704	29,357	51,478	45,916	149,88E		584,000
1021 Agricultural Loan Fund			14,299			1,501				15,800
1022 State Corp. Receipts			577					282,723		283,300
1024 Fish & Game Fund			144,057		343	23,089		4,611		172,100
1025 Sci/Tech Endowment Income								6,500		6,500
1026 Highway Working Capital		1,957	30,440	2,317	124,845	17,144		1,597		178,300
1027 International Airports	189,985	484	52,076	3,528	158,477	31,329		13,721		449,600
1029 Public Employees Retirement			34,468			6,289		8,243		49,000
1031 Second Injury Fund			2,200							2,200
1032 Disabled Fishermen			1,231			1,209				2,500
1033 Surplus Property			1,246		1,061	693				3,000
1034 Teachers Retirement			25,635			6,092		5,673		37,400
1035 Veterans Loan Fund			5,655			1,445				7,100
1036 Comm Fishing Loan Fund			17,252			4,702		46		22,000
1040 Real Estate Surety Fund			1,082					118		1,200
1042 Judicial Retirement			500							500
1043 Public Law 81-874/GF			800							800
1045 National Guard Retirement			400							400
1049 Training & Building Fund			9,052			2,748				11,800
1050 Permanent Fund Div Fund			61,424			10,847		2,429		74,700
1052 Oil/Hazardous Waste			232,225	1,434		5,930		17,211		256,800
1057 Small Business Loan Fund			1,031			69				1,100
1058 Tourism Revolving Loan			225					675		900
1061 CIP Receipts			854,820		282,811	169,353		84,116		1,391,100
1064 Housing Assistance			22,600	327		3,497		2,376		28,800
1087 Mining Revolving Loan Fund			3,272			128				3,400
1088 Child Care Revolving Loan			43					757		800
1089 Hist Distr Revolving Loan						200				200
1070 Fisheries Enhance Rev Loan			4,402			430		168		5,000
1071 Alt Energy Rev Loan Fund			3,226			866		208		4,300
1072 Res Energy Cons Rev Loan			3,502			435		163		4,100
1073 Pwr Dev Rev Loan Fund								11,700		11,700
TOTAL FUNDS	829,296	26,553	7,567,136	179,242	1,656,294	1,664,437	100,892	1,824,473	302,976	14,151,300
GENERAL FUND	822,750	24,112	4,259,429	158,173	1,011,739	1,114,481	54,976	1,207,963	302,976	8,756,600

Public Safety Employees(PSEA) Excluded(EXCL) General Government(GGU) Confidential(CONF) Labor, Trades & Crafts(LTC) Supervisory(SPVR) Teachers(TCHR) Exempt/Partially Exempt(XMPT) Inland Boatmen(IBU)

Distribution of 5% COLA Increase
Proposed Amendments to CSSB161(L&C)

The following table is a breakdown between non-covered ie., exempt employees, and covered employees.

	Non-Covered	Covered
Federal Receipts	23,587	1,760,713
General Fund Match	11,080	345,720
General Fund	1,070,021	6,686,179
General Fund/Program Receipts	85,390	342,610
General Fund/Mental Health	41,472	174,128
Interagency Receipts	149,888	434,112
Agricultural Loan Fund		15,800
State Corporation Receipts	282,723	577
Fish and Game Fund	4,611	167,489
Science and Technology Endowment Income	6,500	
Highway Working Capital Fund	1,597	176,703
International Airports Revenue Fund	13,721	435,879
Public Employees' Retirement Fund	8,243	40,757
Second Injury Fund Reserve Account		2,200
Disabled Fisherman's Reserve Account		2,500
Surplus Property Revolving Fund		3,000
Teachers' Retirement System Fund	5,673	31,727
Veterans' Revolving Loan Fund		7,100
Commercial Fishing Loan Fund	46	21,954
Real Estate Surety Fund	118	1,082
Judicial Retirement System		500
Public Law 81-874 Receipts		800
National Guard Retirement System		400
Training and Building Fund		11,800
Permanent Fund Dividend Fund	2,429	72,271
Oil and Hazardous Response Fund	17,211	239,589
Small Business Loan Fund		1,100
Tourism Revolving Loan Fund	675	225
Capital Improvement Project Receipts	84,116	1,306,984
Housing Assistance Loan Fund	2,376	26,424
Mining Revolving Loan Fund		3,400
Child Care Revolving Loan Fund	757	43
Historical District Revolving Loan Fund		200
Fisheries Enhancement Loan Fund	168	4,832
Alternative Energy Revolving Loan Fund	208	4,092
Residential Energy Conservation Loan Fund	163	3,937
Power Development Revolving Loan Fund	11,700	
TOTAL	1,824,473	12,326,827

FY 91 COLA Legislation

5-1-91
 Cheryl
 Franca
 Handout
 JB161

	GF	OF	Total
Sec. 1 EXECUTIVE BRANCH (includes technical amd)	8,756.6	5,394.7	14,151.3
Sec. 2 UA	3,253.5	1,669.5	4,923.0
Sec. 3 LEGISLATURE	675.2		
Sec. 4 COURT SYSTEM	750.0		
Sec. 5 PSEA Arbitration	245.0		
	13,680.3	7,064.2	20,744.5
Amendments:			
Airport Safety Officers		77.5	
MMP	79.3		
TOTAL	13,759.6	7,141.7	20,901.3

MEMORANDUM

State of Alaska

TO: Cheryl Frasca
Director
Division of Budget Review
Office of the Governor

DATE: March 12, 1991

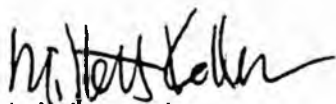
FILE NO:

TELEPHONE NO: 465-4404

THRU:

SUBJECT: Monetary Terms of Labor,
Trades and Crafts (LTC)
Contract

FROM: Millett Keller
Commissioner
Department of Administration



As indicated in our January 7, 1991, memorandum regarding "monetary terms" for FY 91, the State has been negotiating with Local #71, the representative of the Labor, Trades and Crafts (LTC) unit. The negotiations have been completed. We were notified on March 12 that union membership had ratified the contract changes. I am herewith providing you with the monetary terms so that supplemental and budget amendment requests may be made to the legislature. Simultaneously, I am providing the legislature with the monetary terms, as required by law.

Monetary Terms

Monetary terms of an agreement are defined in AS 23.40.250(4) as changes that require an appropriation for their implementation, changes that will result in a change in State revenues, or changes that will result in a change in production work hours for State employees.

I. Require Appropriation.

- A. For the period January 1 through June 30, 1991, each employee in the bargaining unit is to receive \$65.00 for each of the twelve pay periods in which they work. At the time of negotiations, there were 1,671 active employees in the unit. Information on the change in number of employees during the period, and the number of part-time or seasonal employees who may not work in each period, will not be known precisely until the period ends. A supplemental appropriate slightly larger than

1,671 X \$780
+ benefits (except health insurance)

should be sufficient. You may have information with which to refine the amount needed.

B. For FY 92, there are several changes to the wage structure.

1. The wage scale for employees other than Class 1 employees (not allowed to strike) is increased 4.5 percent effective July 1, 1991. Class 1 employees will be moved to this schedule also. For them, it is a 3.2 percent increase. Class 1 employees make up approximately 23 percent of the unit, but only 20 percent of the wages.
2. In addition, the service bonus (equivalent of longevity) provision was modified from a cents-per-hour basis to a percentage basis. Instead of 30¢ and 60¢, the two service bonus steps will be 3 percent each.
3. The subsistence (equivalent to geographic differential) provision was also changed. The rate was increased by 3¢ per step per day. Further, subsistence will be calculated as an hourly rate (based on a normal workweek) and added to the regular hourly rate. Employees in the Aleutian Islands and Bristol Bay election districts will have their subsistence increased from seven steps to eight steps.
4. Finally, the hourly payments to nonpermanent employees in lieu of benefits was increased from \$1.50 to \$1.65 per hour.

In total, the FY 92 costs for positions in this unit are increased by 5 percent. This includes both wages and earnings-based benefits (all benefits except health insurance). Because the subsistence and service bonus increases do not apply uniformly to all employees, a flat 5 percent increase in appropriation may not distribute the increase where it is needed. We would be happy to work with you and your staff to refine the PACS data, if feasible, in time for a more accurate allocation.

II. State Revenue.

There are no provisions in the agreement that would change State revenues.

III. Productive Work Hours.

For the period July 1 through December 31, 1991, Class 1 employees in this unit will receive an additional 1.05 hours of annual leave per pay period. This provision will potentially effect the productive work hours of these employees.

Other Terms

There are other terms to the collective bargaining agreement that do not meet the statutory definition of "monetary terms," that will be of interest to you.

- Upon promotion, employees in this unit will be treated like most other State employee, with the potential of a lower step placement than the step held prior to the promotion.
- The probationary period has been extended from 60 to 120 days.
- Double-time pay for overtime on the seventh day of a workweek will only be paid if the employee also worked on the sixth day.

Conclusion

Funding for the monetary terms is required. Please prepare and forward to the legislature the necessary documents. Please feel free to call on the staff of the Division of Labor Relations for any assistance desired.

BC/MPM/pal
6/4D2/030809-1

cc: Division of Labor Relations
Department of Administration

MEMORANDUM

State of Alaska

TO: Cheryl Frasca
Director
Division of Budget Review
Office of Management and Budget
Office of the Governor

DATE: March 4, 1991

FILE NO:

TELEPHONE NO: 465-4404

THRU: ^{MEM FOR} Millett Keller
Commissioner
Department of Administration

SUBJECT: Cost of Living Allowance
(COLA) Pay Increases
(REVISED)

FROM: Bruce Cummings
Director
Division of Labor Relations
Department of Administration

We have just been advised by the U.S. Bureau of Labor Statistics that the Consumer Price Index for All Urban Consumers (CPI-U) for Anchorage, Alaska, rose by seven percent (7%) for calendar year 1990. Consequently, Cost of Living Allowances (COLAs) to salaries/wages are contractually due for the bargaining units noted below; since the COLA due may not exceed five percent (5%) in most of our collective bargaining agreements, each group listed is eligible for a five percent (5%) COLA; exceptions are discussed in ensuing paragraphs.

The following groups are eligible for a five percent (5%) COLA, on the dates noted.

<u>BARGAINING UNIT</u>	<u>EFFECTIVE DATE/COMMENT</u>
1. General Government Unit (GGU)	
a. "Class 1" employees [AS 23.40.200(a)(1)]	Full COLA (5%) effective July 1, 1991.
b. "Class 2 and 3" employees [AS 23.40.200(a)(2) and (3)]	COLA effective January 1, 1991.
2. Supervisory Unit (SU)	Full COLA (5%) applied to schedule for employees subject to AS 23.40.200(a) (2) and (3); all salaries to be converted to this schedule effective January 1, 1991.
3. Confidential Employees Association (CEA) (K)	Effective January 1, 1991.
4. Public Safety Employees Association (PSEA)	Effective January 1, 1991.
5. Centralized Correspondence Study Education Association (CCSEA)	Effective January 1, 1991.

<u>BARGAINING UNIT</u>	<u>EFFECTIVE DATE/COMMENT</u>
6. Teachers' Education Association of Mt. Edgecumbe (TEAME)	Effective July 1, 1991.
7. Inlandboatmen's Union of the Pacific (IBU)	Effective April 1, 1991.

In addition to these COLAs, we also have an uncapped COLA clause in the contract with the Alaska Vocational Technical Center Teachers' Association, entitling them to a full seven percent (7%) COLA, effective July 1, 1991. (This agreement was negotiated with State Board of Education under Title 14, and does not expire until June 30, 1992.)

Please prepare the requests for appropriation which are necessary to fulfill our contractual obligations for these COLAs. Additional appropriation needs may exist in the near future for bargaining units discussed below:

1. We have recently received tentative agreement on wage adjustments for the Labor, Trades and Crafts (LTC) bargaining unit. However, the tentative agreement is subject to ratification balloting, the results of which are due March 12. If the contract is ratified, we will advise you by separate cover of the "monetary terms" subject to legislative approval and appropriation.
2. 1991 wage negotiations with the International Organization of Masters, Mates & Pilots (MM&P) and Marine Engineers Beneficial Association, AFL-CIO (MEBA), are just commencing. If negotiations are concluded while the legislature is in session, any "monetary terms" will be reported and we will ask you to seek any necessary appropriations. If negotiations are not concluded within that time, terms will be reported and funding sought in the next session.

Please do not hesitate to contact me if you have any questions on these matters.

BC/lr
9/8/0501486.wg

MEMORANDUM

State of Alaska

TO: Cheryl Frasca
Director
Division of Budget Review
Office of Management and Budget
Office of the Governor

DATE: March 4, 1991

FILE NO:

TELEPHONE NO: 465-4404

THRU: *MEM FOR*
Millett Keller
Commissioner
Department of Administration

SUBJECT: COLA Error; GGU "Class 1"

FROM: Bruce Cummings
Director
Division of Labor Relations
Department of Administration

My February 21 memorandum to you on contractual cost-of-living adjustments (COLAs) was in error regarding the effective date of the COLA for General Government Unit "Class 1" employees [AS 23.40.200(a)(1)]. Per the arbitrator's award for this subgroup, the scheduled COLA does not take effect until July 1, 1991 (Article 21, Section 2-A of the agreement).

I sincerely apologize for any inconvenience my error created. For ease of reference and to minimize perpetuation of the error, I have attached a revised memorandum listing all units and effective dates.

BC/pab
8/8/0631861.wp
Attachment: COLA Memorandum

LETTER OF AGREEMENT
between the
STATE OF ALASKA
and the
ALASKA PUBLIC EMPLOYEES ASSOCIATION

RE: Pay Rate for Airport Safety Officers V/VI

It is agreed and understood between the parties that the following terms shall apply regarding pay rates for the period May 16, 1988, through November 6, 1990:

1. Airport Safety Officer VI

The incumbent(s) of PCN 252757, Airport Safety Officer VI, shall be paid at the appropriate step of Range 21.

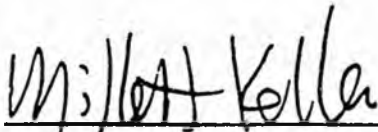
2. Airport Safety Officer V

Incumbents of PCNs 253013, 252758, 252759, Airport Safety Officer V positions, shall be paid at the appropriate step of Range 20.

3. Time-frames for disputes regarding calculation of retroactive payments shall be processed in accordance with the contractual grievance procedures.

The parties recognize that funding for this agreement is subject to legislative approval in accordance with AS 23.40.215.

FOR THE STATE OF ALASKA:

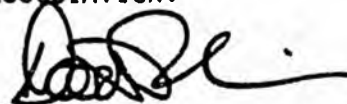


Commissioner Millett Keller
Department of Administration

1/24/91

Date

FOR THE ALASKA PUBLIC EMPLOYEES
ASSOCIATION:



David R. Kaiser
Alaska Public Employees Association

1/18/91

Date

WALTER J. HICKEL
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 1, 1991

The Honorable Richard I. Eliason
President of the Senate
P.O. Box V
Juneau, AK 99811

Dear President Eliason:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill making appropriations to pay the costs of a 5.0 percent cost-of-living salary adjustment for public employees, and the costs of an arbitration award regarding the Public Safety Employees Association. The appropriations are for costs during the period January 1, 1991 through June 30, 1991.

Sincerely,

Walter J. Hickel

Walter J. Hickel
Governor

SB 162

Waived from JFC 5/20/91.

CS FOR SENATE BILL NO. 162 (L&C)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered: 4/17/91
Referred: Finance

Sponsor(s): SENATE LABOR AND COMMERCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act authorizing off-track parimutuel wagering as charitable gaming, and relating to
2 criminal history records checks for applicants for charitable gaming operator's licenses and
3 certain employees of those applicants."

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

5 * Section 1. AS 05.15.110(a) is amended to read:

6 (a) The commissioner may issue a permit to a municipality or qualified organization.
7 The permit gives the municipality or qualified organization the privilege of conducting bingo,
8 raffles and lotteries, pull-tab games, ice classics, rain classics, goose classics, mercury classics,
9 salmon classics, dog mushers' contests, fish derbies, off-track parimutuel wagering events, and
10 contests of skill.

11 * Sec. 2. AS 05.15.115(c) is amended to read:

12 (c) A permittee may not contract with more than one operator at a time to conduct the
13 same type of activity. For the purposes of this subsection, bingo games, raffles, lotteries, pull-tab
14 games, ice classics, rain classics, goose classics, mercury classics, salmon classics, dog mushers'

1 contests, fish derbies, off-track parimutuel wagering events, contests of skill, and all activities
2 permitted under AS 05.15.100(b) are each a different type of activity.

3 * Sec. 3. AS 05.15.122 is amended by adding a new subsection to read:

4 (e) The department shall request from the Department of Public Safety a criminal history
5 records check of an applicant for an operator's license and a person employed by an applicant
6 for an operator's license in a managerial or supervisory capacity.

7 * Sec. 4. AS 05.15.128(a) is amended to read:

8 (a) The department shall revoke the license of an operator who does not, with regard
9 to income derived from activities other than off-track parimutuel wagering events,

10 (1) report an adjusted gross income of at least 15 percent of gross income for two
11 consecutive quarters based on the total operation of the operator; or

12 (2) pay to each authorizing permittee for two consecutive quarters at least 15
13 percent of the adjusted gross income, as determined under (1) of this subsection, received from
14 activities conducted on behalf of the authorizing permittee.

15 * Sec. 5. AS 05.15.128 is amended by adding a new subsection to read:

16 (c) The department shall revoke the license of an operator who does not, with regard to
17 income derived from off-track parimutuel wagering, pay to each authorizing permittee and to the
18 department the amounts required by AS 05.15.189(a) and (c).

19 * Sec. 6. AS 05.15.160(a) is amended to read:

20 (a) The only expenses that may be incurred or paid in connection with the operation of
21 an activity under a permit issued under this chapter are bona fide expenses reasonably necessary
22 for

23 (1) goods, wares, [AND] merchandise, and, in the case of off-track parimutuel
24 wagering events, televising rights, necessary for the operation of the activity;

25 (2) personal services involved with the operation of the activity, including those
26 performed by

27 (A) an employee of the permittee; or

28 (B) an operator hired by the permittee to conduct the activity if the
29 compensation is not related to the receipts from the activity.

30 * Sec. 7. AS 05.15.180(a) is amended to read:

31 (a) Except as provided in AS 05.15.100(b), this chapter does not authorize the use of

1 playing cards, dice, roulette wheels, coin-operated instruments or machines, or other objects or
2 instruments used, designed, or intended primarily for gaming or gambling or any other method
3 or implement not expressly authorized by the commissioner. Equipment for the processing of
4 parimutuel wagers may be used in off-track parimutuel wagering events.

5 * Sec. 8. AS 05.15.180(b) is amended to read:

6 (b) With the exception of raffles, lotteries, bingo games, pull-tab games, rain classics,
7 goose classics, mercury classics, salmon classics, off-track parimutuel wagering events, and
8 other activities authorized under AS 05.15.100(b), an activity may not be licensed under this
9 chapter unless it existed in the state in substantially the same form and was conducted in
10 substantially the same manner before January 1, 1959.

11 * Sec. 9. AS 05.15.180(f) is amended to read:

12 (f) A person under the age of 19 years may not play a bingo game and a person under
13 the age of 21 years may not engage in off-track parimutuel wagering.

14 * Sec. 10. AS 05.15.180(g) is amended to read:

15 (g) A municipality or a qualified organization may award a maximum of \$1,000,000 in
16 prizes each year in activities authorized under this chapter; however, if a municipality or a
17 qualified organization contracts with an operator to conduct on its behalf activities authorized
18 under this chapter, the municipality or qualified organization may award a maximum of \$500,000
19 in prizes each year. In this subsection, "activities authorized under this chapter" means all
20 activities subject to this chapter other than bingo and off-track parimutuel wagering events.

21 * Sec. 11. AS 05.15 is amended by adding a new section to article 2 to read:

22 Sec. 05.15.189. OFF-TRACK PARIMUTUEL WAGERING. (a) A permittee that wishes
23 to conduct off-track parimutuel wagering under its permit shall enter into a contract with an
24 operator under AS 05.15.115. The contract must provide that

25 (1) the permittee shall receive at least two percent of the gross receipts received
26 by the operator under the permittee's permit, or at least 50 percent of the operator's net profit
27 for the period that the operator was conducting off-track parimutuel wagering under the
28 permittee's permit, whichever is greater;

29 (2) the operator shall pay the permittee no later than one week after the end of
30 the period during which the operator conducted off-track parimutuel wagering under the
31 permittee's permit; and