

Leg. Finance-House & Senate Finance Comte Files (1991-1992) 899

Attachment
5/5/92

**DIVISION OF LEGAL SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA**

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

240 Main Street, Suite 500
Juneau, Alaska 99801-2101

MEMORANDUM

March 19, 1992

SUBJECT: Different Treatment of In-state and Out-of-State Investment Managers (CSSB 374(FIN))

TO: Senator Al Adams

FROM: Tamara Brandt Cook
Director TBC

The bill dealing with investment pools for public organizations requires that pools established under the chapter provide for management of investments by only certain entities listed in Sec. 37.23.050. Under paragraph 1 certain broker-dealers may manage investments, but only if they are employed by a company with a permanently staffed office located in the state. Under paragraph 4 certain financial institutions may manage investments, but only if their principal offices are in the state. You have asked whether these two requirements which favor in-state businesses raise constitutional questions.

It appears that these requirements could be challenged under the state equal protection provision. I cannot predict whether a challenge would be successful, but the outcome would depend upon the purpose behind the distinctions made between businesses with offices in the state and others.

It is clear that corporations which are authorized to do business in the state are afforded protection under the equal protection clause. Discrimination between resident businesses and nonresident businesses based solely on a purpose of assisting the one class over the other economically will not be upheld under equal protection analysis. (Lynden Transport, Inc. v. State, 532 P.2d 700 (Alaska 1975)) With respect to the paragraphs at issue, I cannot think of what the purpose would be of treating in-state and out-of-state businesses differently if the different treatment is not economically motivated. However, if there is a legitimate purpose behind the different treatment (perhaps safety of investments), then the state will be in a much better position to defend the distinction.

TBC:lmb
92-065.lmb



May 3, 1992

Position Paper

CS SB 374 (FINANCE) - Investment Pools for Public Entities

The Alaska Municipal League supports CS SB 374 (FINANCE), an Act relating to investment pools for public entities. Such legislation authorizing the formation and operation of investment pools by and for public entities, such as municipalities, school districts, and organizations composed of public entities, is a legislative priority of the Alaska Municipal League. SB 374 represents a compromise on behalf of the AML and the administration to meet their objections which resulted in Governor Hickel's veto of SB 182, introduced last year by the Senate Community and Regional Affairs Committee at the request of the League. It is the intent of the AML to form an investment pool under the legislation to assist municipalities and other public entities with the safekeeping, investment, and return on their funds. See a copy of the AML's Municipal Platform statement on investment pool legislation attached.

The major difference between SB 374 and CS for SB 182 (Finance), the legislation approved by the legislature last year, is one of philosophy. As authorizing legislation requiring cooperative agreements, CS for SB 182 (Finance) relied on the agreements or contracts between the public entities (which did not include the State of Alaska and state funds) choosing to participate in an investment pool to spell out in detail investment criteria and policies. SB 374, which also requires such agreements, puts many of the investment criteria and policies, such as a list of authorized investments, collateralization and reporting requirements, and liability limitations, in statute. The result is a longer bill with perhaps less flexibility on the part of the pool to respond to the sometimes rapidly changing world of finance. However, the effect will be the same - an investment alternative for public entities to realize maximum returns on short-term, non-pension funds consistent with the preservation of capital and liquidity. SB 374 would allow municipalities, school districts, and the AML to form, operate, and invest in an investment pool for public entities. CS SB 374 (FINANCE) amends the original bill in a few relatively minor ways, and the AML does not object to any of the changes.

The AML has spent considerable time and money researching and developing an investment pool and has been ready to proceed with the formation of a pool for public entities under this or similar legislation for over a year. The Alaska Municipal League urges the passage of SB 374 as soon as possible.

Attachment

SAB6:SB374.503



Investment Pooling for Public Entities

The Alaska Municipal League urges the legislature and the governor to approve legislation authorizing public entities to enter into agreements with other public entities regarding the formation and operation of investment pools under which funds of the participating public entities can be administered and invested jointly.

Governor Hickel vetoed investment pool legislation (SB 182) introduced at the request of the Alaska Municipal League and passed by the 17th Legislature in 1991. The League continues to support such legislation to allow formation of a pool to provide professional investment advice and services to "public entities" for short-term, non-pension funds. Investments in such a pool would emphasize security and liquidity while providing a good rate of return. Investment policies and procedures would be included in the agreement between the pool and the entity choosing to participate. The pool would utilize only prime grade securities with short-term maturities and those with active secondary markets. "Public entities" should include municipalities, municipal school districts, REAA's, and organizations composed of such entities.

Such legislation would clarify the "joint powers" statute (AS 29.35.010 (13)) to specifically authorize such pools, give the AML the authority to establish the pool as a service program, and assist the pool in receiving a favorable IRS tax ruling. The AML is not seeking the assistance of the state in operating the pool. No state funds would be involved, and therefore there is no liability on the state. This is an example of how municipalities and school districts can work together to assist themselves and reduce their dependence on the state.

Local government investment pools exist in over 28 states. Some are operated by the state treasury and some are independent of the state. In November 1989, the AML membership, representing 125 municipalities, passed a resolution asking the AML Board of Directors to investigate the feasibility of a municipal investment pool. After a great deal of research and expense, the AML 1) determined the feasibility of such a pool and decided to proceed with the formation of a pool, 2) introduced legislation to clarify the League's authority to form and operate a pool, and 3) after sending out a request for proposals, selected a professional investment management firm and financial institution to assist the League with the formation and operation of the pool. Unfortunately, even though the legislation was approved by the legislature, Governor Hickel vetoed the legislation, delaying the implementation of the League pool.

The AML is waiting for the passage of legislation to establish a pool to provide investment services to public entities to protect and make the most of public funds.

WALTER J. HICKEL
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 29, 1992

*The Honorable Richard I. Eliason
President of the Senate
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182*

Dear President Eliason:

Under authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to investment pools for public entities.

Section 2 of the bill amends AS 14.08.101 by allowing a regional educational attendance area (REAA) to participate in an investment pool, but only if approved by the commissioner of education. This will provide state oversight of an REAA's desire to participate in an investment pool. I believe such oversight is necessary because of the potential state liability problems associated with REAA's (which do not enjoy a distinct legal existence separate from the state). However, because only temporarily available surplus cash is allowed to be invested in an investment pool, the commissioner of education can determine whether a particular REAA is financially healthy and should be allowed to participate.

Section 3 of the bill amends AS 29 by requiring a municipality's governing body to consent to the municipality participating in an investment pool established under AS 37.27 before it may join.

Section 4 of the bill adds a new chapter on investment pools for public entities to AS 37. Specific investment criteria, objectives and guidelines, audit requirements, and disclosure policies to be followed by participants in an investment pool are set out in this section. Additionally, investment portfolio restrictions are established.

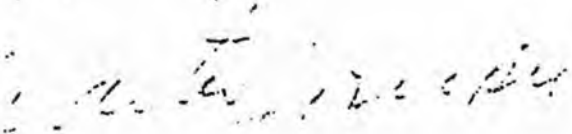
The Honorable Richard I. Eliason
January 29, 1992
Page 2

The bill provides that public entities participating in an investment pool may form nonprofit corporations for the purpose of overseeing the management of a pool. A nonprofit corporation and the participants in a pool are given explicit authority to spend money reasonably necessary for the management of the pool, including the hiring of necessary employees. However, the nonprofit corporation may not provide direct investment services. Instead, all investment pools (whether managed by nonprofit corporations or not) must provide for investment management and related services by contracting with one of the following: (1) an investment advisor registered under the Investment Advisors Act of 1940 (15 U.S.C. 80b-1 - 80b-2); (2) the state Department of Revenue; or (3) an Alaska financial institution having trust powers. Investment managers are subject to the prudent-expert rule in performance of investment management and related services.

Finally, the bill defines those public entities allowed to participate in an investment pool as including all classes of municipalities and their subdivisions, school districts, REAA's (with the approval of the commissioner of education), organizations composed of political subdivisions (such as the Alaska Municipal League). Villages and nonprofit community corporations are excluded as public entities for the purposes of this bill.

I urge your support of this bill. Investment pools for public entities have been highly successful in other states that allow such investments. By allowing our public entities to invest jointly in investment pools, it is my hope that these entities will realize maximum investment returns with preservation of capital and liquidity and, eventually, help alleviate the growing local government burden on decreasing state revenue.

Sincerely,


Walter J. Hickel
Governor

SB374

SENATE FINANCE COMMITTEE REPORT

DATE: 2/26/92

FURTHER:

DATE TURNED INTO OFFICE:

The Finance Committee considered

SENATE BILL NO. 374

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

and recommends:

replace with
or adopt previous CS ()
 attaches amendment(s)

same title
 new title
 technical title change (HB only)

adopts Letter of Intent

further referral to the

do pass

do not pass

no recommendation

individual recommendations

NEW FISCAL NOTES: Dept/Date

zero fiscal notes

fiscal notes

appropriation--no fiscal note

PREVIOUS FISCAL NOTES: Dept/Date

zero fiscal notes

fiscal notes

DO PASS:

OTHER RECOMMENDATIONS:

 No Rec.
 No Rec.

1.
Co-Chair: Signature/Recommendation

2. No Rec.
Co-Chair: Signature/Recommendation

STATE OF ALASKA
1992 LEGISLATIVE SESSION

FISCAL NOTE
REPORTED OUT OF
SFC 3/10/92

NO. 2

Bill Version: SB 374

(S) Publish Date: 2-26-92

Revision Date: _____

Department Affected: Commerce & Econ. Dev.

Title: Investment Pools for Public Entities

BRU: Banking, Securities & Corporations

Sponsor: Senate Rules

Component: _____

Requestor: _____

COMPONENT SERIAL NO.

1	2	3
---	---	---

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

Estimate of current year impact:

ANALYSIS (Attach a separate page)

Changes in CS SB 374 (FIN) have no fiscal impact. This fiscal note is appropriate.

3-10-92 date [Signature] Comte Aide (initial)

Changes in CS SB 374 (CRA) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.

2/25/92 date [Signature] Comte Aide (initial)

Prepared By: Willis F. Kirkpatrick, Director

Phone: 465-2521

Division: Banking, Securities & Corporations

Date: _____

Approved by Commissioner: Glenn A. Olds

Agency: Department of Commerce & Economic Development

Date: 2-13-92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Oic., and Impacted Agency(ies).

Page 1 of 1

WFK/dg11452D-1/021392a

(Rev. 12/91)

STATE OF ALASKA
1992 LEGISLATIVE SESSION

FISCAL NOTE
REPORTED OUT OF
SFC 3/10/92

No. 3
Bill Version: SB 374
E (S) Publish Date: 2-26-92

Revision Date: _____
Title: Investment pools for public entities
Sponsor: Senate Rules by Request of Governor
Requestor: (S) CRA Committee

Department Affected: Community and Regional Affairs
BRU: _____
Component: _____

COMPONENT SERIAL NO.

0	0	0	0
---	---	---	---

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS						
OTHER FUND SOURCE:						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

Estimate of current year impact No impact

ANALYSIS: (Attac) Changes in CS5B 374 (FIN) have no fiscal impact. This fiscal note is appropriate.
3/10/92 date [Signature] Comte Aide (initial)

Changes in CS5B 374 (CRA) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.
2/25/92 date [Signature] Comte Aide (initial)

Prepared By: Remond Henderson
Division: Administrative Services Division

Phone: 465-4708
Date: 2/10/92

Approved by Commissioner: [Signature]
Agency: Department of Community and Regional Affairs

Date: 2-12-92

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date: 2/6/92

Title: An act relating to investment pools for public entities; and providing for an effective date.

Sponsor: Rules Committee

Requestor: Senator Frank

FISCAL NOTE
REPORTED OUT OF
SFC 3/10/92

No. 4

Bill Version: SB 374

(S) Publish Date: 2-26-92

Department Affected: Revenue

BRU: Operations

Component: Treasury Management

Component Serial No.

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

Expenditures/Revenues: (Thousands of Dollars)

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

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND/Unrestricted						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS:

Prepared by: Brian C. Andrews

Phone: 465-2350

Division: Treasury

Date: February 6, 1992

Approved by Commissioner: David Reynolds

Agency: Revenue

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

Rev 12/91

Changes in CS SB 374 (FIN) have no fiscal impact. This fiscal note is appropriate.

3-10-92

[Signature]
Comptroller (initial)

Changes in CS SB 374 (ORA) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.

2/25/92
date

[Signature]
Comptroller (initial)

Page ___ of ___

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date: 2/7/92
Title: An Act relating to investment pooling by public entities.
Sponsor: Senate Rules Committee
Requestor: Governor

Department Affected: Education
BRU: Executive Administration
Component: Commissioner's Office

COMPONENT SERIAL NO.

1	8	9
---	---	---

Expenditures/Revenues: (Thousands of Dollars)

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

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

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact:

ANALYSIS: (Att) Changes in CSSB 374 (FIN) have no fiscal impact. This fiscal note is appropriate.
date 3/10/92 [Signature]
Comte Aide (initial)

Changes in CSSB 374 (CRA) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.
date 2/12/92 [Signature]
Comte Aide (initial)

Prepared by: Mike Maher
Division: Commissioner's Office

Phone: 465-2800
Date: 2/7/92

Approved by Commissioner: [Signature]
Agency: Education

Jerry Covey
Date: February 7, 1992

CS FOR SENATE BILL NO. 374 (FINANCE)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

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. PURPOSE.** The purpose of this Act is to provide a means for certain public entities to
5 secure the maximum investment return consistent with the preservation of capital and liquidity by
6 pooling money temporarily available for investment. The Act allows for the establishment of

7 (1) centralized investment through pooling of certain available money by participating
8 public entities; and

9 (2) operational and investment criteria for investment pools in order to attain the
10 maximum investment return for the public entities' money consistent with the preservation of capital and
11 liquidity.

12 * **Sec. 2.** AS 29.35 is amended by adding a new section to read:

13 **Sec. 29.35.015. INVESTMENT POOLS.** A municipality may invest money in
14 investment pools for public entities as authorized under AS 37.23 only if that municipality has

1 obtained the consent of its governing body through an ordinance authorizing the participation.

2 * Sec. 3. AS 37 is amended by adding a new chapter to read:

3 CHAPTER 23. INVESTMENT POOLS FOR PUBLIC ENTITIES.

4 Sec. 37.23.010. INVESTMENT POOL PARTICIPATION. (a) Subject to this chapter,
5 a public entity may enter into an agreement with other public entities to form and manage an
6 investment pool under which funds of the participating public entities are administered and
7 invested jointly. A public entity, by itself or with other public entities, may form a nonprofit
8 corporation for the purpose of managing an investment pool.

9 (b) A public entity participating in an investment pool or a nonprofit corporation formed
10 under (a) of this section may spend money reasonably necessary for the management of the pool,
11 including the employment of staff. Income from investments of the pool may be used for
12 management costs.

13 (c) The registration requirements of AS 45.55 do not apply to an investment pool formed
14 under this chapter or to participating public entities with respect to activities of the pool.

15 Sec. 37.23.020. AUTHORIZED INVESTMENTS. An investment pool may invest only
16 in securities that have a final maturity date within 13 months after the date of purchase.
17 Investments may only include

18 (1) obligations of the United States and of an agency or instrumentality of the
19 United States;

20 (2) repurchase and reverse repurchase agreements secured by the Treasury of the
21 United States and obligations of an agency or instrumentality of the United States;

22 (3) certificates of deposit, bankers acceptances, and other similar obligations of
23 a bank domiciled in the United States that has

24 (A) outstanding debt rated A or higher by at least one of the nationally
25 recognized rating services; and

26 (B) a combined capital and surplus aggregating at least \$500,000,000;

27 (4) commercial paper and other short-term taxable instruments that, at the time
28 of investment, maintain the highest rating by at least two nationally recognized rating services;

29 (5) obligations of a corporation domiciled in the United States or obligations of
30 a municipality that are taxable under federal law, if the obligations are rated A or higher by at
31 least two nationally recognized rating services at the time of investment;

1 (6) certificates of deposit that are issued by a state or federally chartered financial
2 institution that is a commercial or mutual bank, savings and loan association, or credit union, if
3 the institution's principal office is in the state, and if the institution's accounts are insured
4 through the appropriate federal insuring agency of the United States, regardless of whether the
5 institution meets the requirements of (3) of this section;

6 (7) money market funds in which the securities of the fund consist of obligations
7 listed in this section and otherwise meet the requirements of this chapter;

8 (8) other cash equivalent investments with a maturity date of one year or less after
9 date of the investment that are of similar quality to those listed in (1) - (7) of this section, are
10 rated A or higher by at least one of the nationally recognized rating services, and are approved
11 by the public entities participating in that investment pool.

12 Sec. 37.23.030. COLLATERALIZATION. Investment in certificates of deposit under
13 AS 37.23.020(6) and the entire amount of principal and interest payable upon maturity of the
14 certificates must be collateralized by a combination of securities that are marked to market at
15 least monthly and have maturity dates that do not exceed five years. Only the following
16 securities may serve as collateral:

17 (1) obligations of the United States with a maturity date of five years or less after
18 the date of the pool's investment transaction, and with a market value of at least 102 percent;

19 (2) securities in United States agencies or instrumentalities that are actively traded,
20 other than mortgage pass-through securities, with a maturity date of

21 (A) one year or less after the date of the pool's investment transaction, and
22 with a market value of at least 103 percent;

23 (B) of more than one year and less than five years after the date of the
24 pool's investment transaction, and with a market value of at least 107 percent;

25 (3) mortgage pass-through securities issued by the Government National Mortgage
26 Association with a market value of at least 120 percent;

27 (4) obligations of the state or its political subdivisions secured by the full faith,
28 credit, and taxing power of the state or its political subdivisions, rated A or higher by at least one
29 of the nationally recognized rating services, with a maturity date of

30 (A) one year or less after the date of the pool's investment transaction, and
31 with a market value of at least 102 percent;

1 (B) more than one and less than five years after the date of the pool's
2 investment transaction, and with a market value of at least 107 percent.

3 Sec. 37.23.040. PORTFOLIO RESTRICTIONS. The portfolio of an investment pool
4 under this chapter may not contain

5 (1) more than five percent of total investments in securities of one issuer unless
6 the securities are an obligation of or guaranteed by the United States;

7 (2) more than 30 percent of total investments in securities of companies whose
8 principal business is in the same industry; or

9 (3) transactions in futures, options, derivative securities, or short sales.

10 Sec. 37.23.050. INVESTMENT MANAGEMENT. The public entities participating in
11 an investment pool under this chapter shall provide for management of investments in the pool
12 by contracting for investment management and related services with

13 (1) a securities broker-dealer registered under AS 45.55.030 and under 15 U.S.C.
14 78o (Securities Exchange Act of 1934) if the broker-dealer is employed by a company with a
15 permanently staffed office located in the state;

16 (2) an investment adviser registered under AS 45.55.030 and under 15 U.S.C.
17 80b-3 (Investment Advisers Act of 1940);

18 (3) the Department of Revenue; or

19 (4) a financial institution that is a state or federally chartered commercial or
20 mutual bank, savings and loan association, or credit union, if the institution's principal office is
21 in the state, if the institutions's accounts are insured through the appropriate federal insuring
22 agency of the United States, and if the institution has trust powers under state or federal law.

23 Sec. 37.23.060. INVESTMENT RESPONSIBILITIES. The management and investment
24 of assets by investment pools shall be done with the care, skill, prudence, and diligence under
25 the circumstances then prevailing that an institutional investor would use in the conduct of an
26 enterprise of a like character and with like aims.

27 Sec. 37.23.070. REPORTS; DISCLOSURE STATEMENT. (a) The manager of an
28 investment pool shall provide to the participating public entities a monthly report on the
29 allocation of income of investments of the pool and describing activities of the pool. At least
30 annually, the manager of an investment pool shall provide a disclosure statement on the
31 management and operation of the pool to each public entity participating in the pool. The

1 disclosure statement must include a copy of the annual audit required under AS 37.23.080.

2 (b) A public entity participating in an investment pool that is an organization composed
3 of political subdivisions of the state shall promptly provide a copy of each report or statement
4 received under (a) of this section to its members who are participating in the investment pool.

5 (c) The manager of an investment pool shall provide to a prospective participant in the
6 pool copies of monthly reports prepared under (a) of this section for the past year, and a copy
7 of the most recent disclosure statement prepared under (a) of this section.

8 Sec. 37.23.080. ANNUAL AUDIT. By September 30 of each year, the manager of an
9 investment pool shall submit to the participating public entities an audit of the pool's investments
10 as of June 30 of that year. The audit must be performed by a certified public accountant licensed
11 under AS 08.04 who is not

12 (1) an employee of a public entity participating in the investment pool; or

13 (2) a contractor or an employee of a contractor who performed investment
14 services for the investment pool.

15 Sec. 37.23.090. LIMITATION OF LIABILITY. The state, except when providing
16 investment management and related services under AS 37.23.050(3), and participating public
17 entities are not liable for any acts or omissions of an investment manager with whom the
18 participating entities have contracted for investment management and related services under
19 AS 37.23.050.

20 Sec. 37.23.900. DEFINITION. For purposes of this chapter, "public entity" means a
21 political subdivision of the state, including a municipality and its subdivisions, a school district,
22 a regional educational attendance area, or an organization composed of political subdivisions of
23 the state.

24 * Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR POURCHOT

TO:CSSB 374 (FIN) Draft: Cook 3/6/92

Page 4, lines 14-15 after "1934)"

Delete (IF THE BROKER-DEALER IS EMPLOYED BY A COMPANY WITH A PERMANENTLY STAFFED OFFICE LOCATED IN THE STATE)

Page 4, lines 20-21 after "credit union,"

Delete (IF THE INSTITUTION'S PRINCIPAL OFFICE IS IN THE STATE)

~~FINANCE CS~~
~~CHANGES. See~~
~~Page 4, Lines 13-15~~

7-GS2031NG ✓
Cook
3/6/92

CS FOR SENATE BILL NO. 374 (FINANCE)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

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. PURPOSE.** The purpose of this Act is to provide a means for certain public entities to
5 secure the maximum investment return consistent with the preservation of capital and liquidity by
6 pooling money temporarily available for investment. The Act allows for the establishment of

7 (1) centralized investment through pooling of certain available money by participating
8 public entities; and

9 (2) operational and investment criteria for investment pools in order to attain the
10 maximum investment return for the public entities' money consistent with the preservation of capital and
11 liquidity.

12 * **Sec. 2.** AS 29.35 is amended by adding a new section to read:

13 **Sec. 29.35.015. INVESTMENT POOLS.** A municipality may invest money in
14 investment pools for public entities as authorized under AS 37.23 only if that municipality has

1 obtained the consent of its governing body through an ordinance authorizing the participation.

2 * Sec. 3. AS 37 is amended by adding a new chapter to read:

3 CHAPTER 23. INVESTMENT POOLS FOR PUBLIC ENTITIES.

4 Sec. 37.23.010. INVESTMENT POOL PARTICIPATION. (a) Subject to this chapter,
5 a public entity may enter into an agreement with other public entities to form and manage an
6 investment pool under which funds of the participating public entities are administered and
7 invested jointly. A public entity, by itself or with other public entities, may form a nonprofit
8 corporation for the purpose of managing an investment pool.

9 (b) A public entity participating in an investment pool or a nonprofit corporation formed
10 under (a) of this section may spend money reasonably necessary for the management of the pool,
11 including the employment of staff. Income from investments of the pool may be used for
12 management costs.

13 (c) The registration requirements of AS 45.55 do not apply to an investment pool formed
14 under this chapter or to participating public entities with respect to activities of the pool.

15 Sec. 37.23.020. AUTHORIZED INVESTMENTS. An investment pool may invest only
16 in securities that have a final maturity date within 13 months after the date of purchase.
17 Investments may only include

18 (1) obligations of the United States and of an agency or instrumentality of the
19 United States;

20 (2) repurchase and reverse repurchase agreements secured by the Treasury of the
21 United States and obligations of an agency or instrumentality of the United States;

22 (3) certificates of deposit, bankers acceptances, and other similar obligations of
23 a bank domiciled in the United States that has

24 (A) outstanding debt rated A or higher by at least one of the nationally
25 recognized rating services; and

26 (B) a combined capital and surplus aggregating at least \$500,000,000;

27 (4) commercial paper and other short-term taxable instruments that, at the time
28 of investment, maintain the highest rating by at least two nationally recognized rating services;

29 (5) obligations of a corporation domiciled in the United States or obligations of
30 a municipality that are taxable under federal law, if the obligations are rated A or higher by at
31 least two nationally recognized rating services at the time of investment;

1 (6) certificates of deposit that are issued by a state or federally chartered financial
2 institution that is a commercial or mutual bank, savings and loan association, or credit union, if
3 the institution's principal office is in the state, and if the institution's accounts are insured
4 through the appropriate federal insuring agency of the United States, regardless of whether the
5 institution meets the requirements of (3) of this section;

6 (7) money market funds in which the securities of the fund consist of obligations
7 listed in this section and otherwise meet the requirements of this chapter;

8 (8) other cash equivalent investments with a maturity date of one year or less after
9 date of the investment that are of similar quality to those listed in (1) - (7) of this section, are
10 rated A or higher by at least one of the nationally recognized rating services, and are approved
11 by the public entities participating in that investment pool.

12 Sec. 37.23.030. COLLATERALIZATION. Investment in certificates of deposit under
13 AS 37.23.020(6) and the entire amount of principal and interest payable upon maturity of the
14 certificates must be collateralized by a combination of securities that are marked to market at
15 least monthly and have maturity dates that do not exceed five years. Only the following
16 securities may serve as collateral:

17 (1) obligations of the United States with a maturity date of five years or less after
18 the date of the pool's investment transaction, and with a market value of at least 102 percent;

19 (2) securities in United States agencies or instrumentalities that are actively traded,
20 other than mortgage pass-through securities, with a maturity date of

21 (A) one year or less after the date of the pool's investment transaction, and
22 with a market value of at least 103 percent;

23 (B) of more than one year and less than five years after the date of the
24 pool's investment transaction, and with a market value of at least 107 percent;

25 (3) mortgage pass-through securities issued by the Government National Mortgage
26 Association with a market value of at least 120 percent;

27 (4) obligations of the state or its political subdivisions secured by the full faith,
28 credit, and taxing power of the state or its political subdivisions, rated A or higher by at least one
29 of the nationally recognized rating services, with a maturity date of

30 (A) one year or less after the date of the pool's investment transaction, and
31 with a market value of at least 102 percent;

1 (B) more than one and less than five years after the date of the pool's
2 investment transaction, and with a market value of at least 107 percent.

3 Sec. 37.23.040. PORTFOLIO RESTRICTIONS. The portfolio of an investment pool
4 under this chapter may not contain

5 (1) more than five percent of total investments in securities of one issuer unless
6 the securities are an obligation of or guaranteed by the United States;

7 (2) more than 30 percent of total investments in securities of companies whose
8 principal business is in the same industry; or

9 (3) transactions in futures, options, derivative securities, or short sales.

10 Sec. 37.23.050. INVESTMENT MANAGEMENT. The public entities participating in
11 an investment pool under this chapter shall provide for management of investments in the pool
12 by contracting for investment management and related services with

13 ~~(1) a securities broker-dealer registered under AS 45.55.030 and under 15 U.S.C.~~
14 ~~780 (Securities Exchange Act of 1934) if the broker-dealer is employed by a company with a~~
15 ~~permanently staffed office located in the state;~~

16 (2) an investment adviser registered under AS 45.55.030 and under 15 U.S.C.
17 80b-3 (Investment Advisers Act of 1940);

18 (3) the Department of Revenue; or

19 (4) a financial institution that is a state or federally chartered commercial or
20 mutual bank, savings and loan association, or credit union, if the institution's principal office is
21 in the state, if the institutions's accounts are insured through the appropriate federal insuring
22 agency of the United States, and if the institution has trust powers under state or federal law.

23 Sec. 37.23.060. INVESTMENT RESPONSIBILITIES. The management and investment
24 of assets by investment pools shall be done with the care, skill, prudence, and diligence under
25 the circumstances then prevailing that an institutional investor would use in the conduct of an
26 enterprise of a like character and with like aims.

27 Sec. 37.23.070. REPORTS; DISCLOSURE STATEMENT. (a) The manager of an
28 investment pool shall provide to the participating public entities a monthly report on the
29 allocation of income of investments of the pool and describing activities of the pool. At least
30 annually, the manager of an investment pool shall provide a disclosure statement on the
31 management and operation of the pool to each public entity participating in the pool. The

1 disclosure statement must include a copy of the annual audit required under AS 37.23.080.

2 (b) A public entity participating in an investment pool that is an organization composed
3 of political subdivisions of the state shall promptly provide a copy of each report or statement
4 received under (a) of this section to its members who are participating in the investment pool.

5 (c) The manager of an investment pool shall provide to a prospective participant in the
6 pool copies of monthly reports prepared under (a) of this section for the past year, and a copy
7 of the most recent disclosure statement prepared under (a) of this section.

8 Sec. 37.23.080. ANNUAL AUDIT. By September 30 of each year, the manager of an
9 investment pool shall submit to the participating public entities an audit of the pool's investments
10 as of June 30 of that year. The audit must be performed by a certified public accountant licensed
11 under AS 08.04 who is not

12 (1) an employee of a public entity participating in the investment pool; or

13 (2) a contractor or an employee of a contractor who performed investment
14 services for the investment pool.

15 Sec. 37.23.090. LIMITATION OF LIABILITY. The state, except when providing
16 investment management and related services under AS 37.23.050(3), and participating public
17 entities are not liable for any acts or omissions of an investment manager with whom the
18 participating entities have contracted for investment management and related services under
19 AS 37.23.050.

20 Sec. 37.23.900. DEFINITION. For purposes of this chapter, "public entity" means a
21 political subdivision of the state, including a municipality and its subdivisions, a school district,
22 a regional educational attendance area, or an organization composed of political subdivisions of
23 the state.

24 * Sec. 4. This Act takes effect immediately under AS 01.10.070(c).




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

February 28, 1992

MEMORANDUM

TO: Senator Pat Pourchot, Co-Chairman, Senate Finance Committee

FROM: Scott A. Burgess, Executive Director 

SUBJECT: Hearing Request for SB 374 - Investment Pools

I would appreciate your scheduling a hearing on SB 374, An Act relating to investment pools for public entities, on Monday, March 16, 1992 or as soon thereafter as possible. As you know, this bill incorporates a legislative priority of the Alaska Municipal League. I will be in Washington, D.C. on business March 5-14, 1992 and am told the Committee's schedule will not permit a hearing prior to those dates.

CS for SB 374 (CRA) passed out February 26, 1992 and has a further referral to the Finance Committee. The Alaska Municipal League supports the CS as an improvement over the bill as introduced. In addition to drafting changes made by Legal Services, the CS (marked copy attached) makes substantive changes in two areas:

1. Deleted the original language in Section 2. The original language referenced investment pools and REAA's in AS 14 and approval by the Commissioner of Education. This was determined to be unnecessary by the CRA Committee because DOE does not oversee any other investments by REAA's, DOE objected as not having the expertise to determine proper investments but does audit REAA's, and the bill limits authorized investments. The AML supports this deletion.
2. Clarifies the application of the Alaska Security Act. The language in (c) on lines 13-14 on page 2 of the CS clarifies that the pool is exempted from the registration requirements (not the fraud provisions) of the Alaska Security Act as are political subdivisions; and, on line 13, page 4, adds that an investment adviser must be registered under AS 45.55.030 (Alaska Securities Act) as well as under the federal securities act. The Division of Banking and Securities and AML support these additions.

While removing the Department of Revenue as a contractor in Section 37.23.050(2) was discussed, the Department objected and no change was made. AML does not intend to use the Department but it does not object to the language providing another contract option given the legislation does not authorize the state to form or invest in a public entity pool.

Thank you for scheduling SB 374 for March 16 or soon thereafter, and for your support.

Attachment



February 10, 1992

Position Paper

SB 374 - Investment Pools for Public Entities

The Alaska Municipal League supports SB 374, an Act relating to investment pools for public entities. Such legislation authorizing the formation and operation of investment pools by and for public entities, such as municipalities, school districts, and organizations composed of public entities, is a legislative priority of the Alaska Municipal League. SB 374 represents a compromise on behalf of the AML and the administration to meet their objections which resulted in Governor Hickel's veto of SB 182, introduced last year by the Senate Community and Regional Affairs Committee at the request of the League. See a copy of the AML's Municipal Platform statement on investment pool legislation attached.

The major difference between SB 374 and CS for SB 182 (Finance), the legislation approved by the legislature last year, is one of philosophy. As authorizing legislation requiring cooperative agreements, CS for SB 182 (Finance) relied on the agreements or contracts between the public entities (which do not include the State of Alaska and state funds) choosing to participate in an investment pool to spell out in detail investment criteria and policies. SB 374, which also requires such agreements, puts many of these criteria and policies, such as a list of authorized investments, collateralization and reporting requirements, and liability limitations, in statute. The result is a longer bill with perhaps less flexibility on the part of the pool to respond to the sometimes rapidly changing world of finance; but, the effect will be the same - an investment alternative for public entities to realize maximum returns on short-term, non-pension funds consistent with the preservation of capital and liquidity. SB 374 would allow municipalities, school districts, and the AML to form, operate, and invest in an investment pool for public entities.

The AML has spent considerable time and money researching and developing an investment pool and has been ready to proceed with the formation of a pool for public entities under this or similar legislation for over a year. The Alaska Municipal League urges the passage of SB 374 or similar legislation as soon as possible.

Attachment

8^36:SB374HB4.32



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

Investment Pooling for Public Entities

The Alaska Municipal League urges the legislature and the governor to approve legislation authorizing public entities to enter into agreements with other public entities regarding the formation and operation of investment pools under which funds of the participating public entities can be administered and invested jointly.

Governor Hickel vetoed investment pool legislation (SB 182) introduced at the request of the Alaska Municipal League and passed by the 17th Legislature in 1991. The League continues to support such legislation to allow formation of a pool to provide professional investment advice and services to "public entities" for short-term, non-pension funds. Investments in such a pool would emphasize security and liquidity while providing a good rate of return. Investment policies and procedures would be included in the agreement between the pool and the entity choosing to participate. The pool would utilize only prime grade securities with short-term maturities and those with active secondary markets. "Public entities" should include municipalities, municipal school districts, REAA's, and organizations composed of such entities.

Such legislation would clarify the "joint powers" statute (AS 29.35.010 (13)) to specifically authorize such pools, give the AML the authority to establish the pool as a service program, and assist the pool in receiving a favorable IRS tax ruling. The AML is not seeking the assistance of the state in operating the pool. No state funds would be involved, and therefore there is no liability on the state. This is an example of how municipalities and school districts can work together to assist themselves and reduce their dependence on the state.

Local government investment pools exist in over 28 states. Some are operated by the state treasury and some are independent of the state. In November 1989, the AML membership, representing 125 municipalities, passed a resolution asking the AML Board of Directors to investigate the feasibility of a municipal investment pool. After a great deal of research and expense, the AML 1) determined the feasibility of such a pool and decided to proceed with the formation of a pool, 2) introduced legislation to clarify the League's authority to form and operate a pool, and 3) after sending out a request for proposals, selected a professional investment management firm and financial institution to assist the League with the formation and operation of the pool. Unfortunately, even though the legislation was approved by the legislature, Governor Hickel vetoed the legislation, delaying the implementation of the League pool.

The AML is waiting for the passage of legislation to establish a pool to provide investment services to public entities to protect and make the most of public funds.



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.

invpool:investwh

STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

April 9, 1989

- P.O. BOX B
JUNEAU, ALASKA 99811-2100
PHONE: (907) 465-4700
- 949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 563-1073

The Honorable Al Adams
Alaska State Senate
P.O. Box V
Juneau, AK 99811

Dear Senator Adams:

RE: EFFECT OF SB 182 ON LOCALLY GENERATED REVENUES FOR STATE
"REVENUE SHARING PROGRAM PURPOSES

This is in response to your inquiry before the Senate Finance Committee on April 9, of the potential effect SB 182 may have on locally generated revenues under the State Revenue Sharing Program. Pursuant to Alaska Statute 29.60.010 (c)(2)(B) (enclosed), revenue derived from interest earned on investments is excluded in the calculation for the State Revenue Sharing payment under the Municipal Tax Resource Equalization Account.

Please feel free to contact me at 465-4733 should you have further questions.

Sincerely,


Edgar Blatchford
Commissioner

cc: Senator Kerttula, Co-Chairman
Senator Pourchot, Co-Chairman
Senator Duncan, Vice-Chairman
Senator Hoffman, Committee Member
Senator Shultz, Committee Member
Senator Uehling, Committee Member
Senate Finance Committee

Robert H. Knight, Director
Pauline Valha, State Revenue Sharing Program Manager
Municipal and Regional Assistance Division

- 5. Community Facilities Grants (Secs. 29.60.400 - 29.60.440)
- 6. Shared Fisheries Business Tax (Sec. 29.60.450)

**ARTICLE 1. Municipal Tax Resource
Equalization.**

Section

- | | |
|---|---|
| <ul style="list-style-type: none"> 10. State equalization of tax resources for municipal services 20. Determination of population 30. Determination of millage rate equivalent | <ul style="list-style-type: none"> 40. Reports 50. Limitation on computation and use of payments 60. Tax equalization account 70. Administration 80. Definitions |
|---|---|

Sec. 29.60.010. State equalization of tax resources for municipal services. (a) During each state fiscal year the department shall compute an equalization entitlement for municipal services provided by a taxing unit for payment the following state fiscal year.

(b) The equalization entitlement computed for a taxing unit is based on the population, relative ability to generate revenue, and local tax burden of the taxing unit and is determined by the application of the formula

$$\text{Entitlement} = P \times R$$

where P=population, and

R=millage rate equivalent, determined by dividing the sum of the locally generated revenue of the taxing unit by one-tenth of one percent of the full and true value of assessed property of the taxing unit determined under AS 29.60.030(d); however, the per capita property value used under this subsection may not be less than 15 percent of the statewide average per capita full and true assessed property value.

(c) For purposes of this section, locally generated revenue (1) includes

- (A) the actual revenue derived from the levy and collection of local taxes in the taxing unit for municipal services;
- (B) motor vehicle payments received by the municipality under AS 28.10.431;

(C) revenue from fees, rentals, leases, penalties, licenses, or permits received by the municipality for a function or service over which it has control, including revenues derived from parks and recreation services, mass transit, off-street parking, and garbage and solid waste disposal services;

(D) special assessments received; and

(E) payments received by a municipality from a utility that are in place of taxes levied and collected by the municipality;

(2) excludes

(A) revenue derived from the levy and collection of municipal taxes and appropriated for the operating expenses and debt service of utilities;

(B) revenue from interest earned on investments and from the sale and lease of land or equipment; and

(C) all other revenue from whatever service derived;

(3) is calculated on the basis of the actual revenue received during the fiscal year of the taxing unit preceding the year in which the department's determination of the millage rate equivalent is made under AS 29.60.030. (Sec. 16 ch 74 SLA 1985; am sec. 1 ch 10 SLA 1987)

EFFECT OF AMENDMENTS

The 1987 amendment in subsection (a) inserted "state" preceding "fiscal year" and added "for payment the following state fiscal year" at the end of the subsection; in subsection (c)(1) deleted "during the preceding fiscal year of the taxing unit" at the end of subparagraph (A), deleted "during the preceding fiscal year" following "municipality" in subparagraph (B), deleted "during the preceding fiscal year" following "permits received" in subparagraph (C), and deleted "during the preceding fiscal year" at the end of subparagraph (D); and added subsection (c)(2)(C)(3).

Sec. 29.60.020. Determination of population. For purposes of AS 29.60.010 - 29.60.080, the population of a taxing unit shall be determined annually by the latest figures of the United States Bureau of the Census or other population data that in the judgment of the department is reliable. (Sec. 16 ch 74 SLA 1985)

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

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

April 18, 1986

Honorable Bill Sheffield
Governor
State of Alaska
P.O. Box A
Juneau, AK 99811

Re: HCS CSSB 57(Fin) --
preferential use of Alaska
agricultural and fisheries
products
Our File No. 883-86-0016

Dear Governor Sheffield:

At Jim Ayers' request on your behalf, we have reviewed HCS CSSB 57(Fin), which relates to the preferential use of Alaska agricultural and fisheries products when state money is spent for their purchase. The bill was introduced last session by Senators Kerttula and Eliason, was accompanied by a "zero" fiscal note, and recently passed the legislature. While the bill raises significant constitutional and legal questions, we do not believe that they provide a basis for not signing the bill.

The bill adds a new chapter 16 to AS 36. Section 1 of bill has two components. The first component is a new AS 36.16.010. It would require that when "state money" is spent, only agricultural products (including timber) harvested in Alaska and seafood products harvested or processed in Alaska may be purchased, when such products are otherwise competitively priced, available, and of like quality with those harvested or processed outside Alaska. The second component is a new AS 36.16.020. It would require insertion of a clause containing the substance of the new AS 36.16.010 in all calls for bids and in "all contracts awarded" that involve the use of agricultural or seafood products.

With respect to the new AS 36.16.010, a Letter of Intent adopted by the House (1986 H.J. 2611) and by the Senate (1986 S.J. 2266) expressed an intent that "state money" be construed to include, but not be limited to, state reimbursement of municipalities and school districts for school or related construction, foundation funding for

SFC 3-10-92
SB374

BILL SHEFFIELD, GOVERNOR

REPLY TO:

1031 W 4th AVENUE
SUITE 200
ANCHORAGE, ALASKA 99501
PHONE: (907) 276-3550

1st NATIONAL CENTER
100 CUSHMAN ST.
SUITE 400
FAIRBANKS, ALASKA 99701
PHONE: (907) 452-1568

P.O. BOX K-STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

Honorable Bill Sheffield, Governor
HCS CSSB 57(Fin)

April 18, 1986
Page 2

education to municipalities and school districts, municipal assistance, revenue sharing, and general fund financing for capital projects.

Passage of HCS CSSB 57(Fin) follows closely in time your own Administrative Order No. 87 dated March 15, 1986, which effectuates the same policy as embodied in the bill. Unlike the bill, however, Administrative Order No. 87 expressly directs the commissioner of the Department of Administration to undertake responsibility for implementing the policy. Also, unlike the bill, Administrative Order No. 87 directs in its paragraph 2(c) that "No state agency may violate any requirement of a state or federal statute or constitution provision" in implementing the Order. This is, in essence, a direction to state administrators to ensure that each project and contract potentially subject to the policy be individually assessed so that insertion of the preference as a contractual requirement does not run afoul of any other legal requirement.

Both HCS CSSB 57(Fin) and Administrative Order No. 87 touch on a sensitive and somewhat unsettled area of case law concerning the Commerce Clause, U.S. Const. art. I, § 8. Absent express Congressional consent, the Commerce Clause prohibits a state from regulating interstate or foreign commerce when the reason that a state does so is solely to favor its local economic interests over nonresident interests. Pike v. Bruce Church, Inc., 397 U.S. 137, 145 (1970). When, however, a state uses its own funds as a participant in a market, rather than a regulator of the market, it may elect to favor its local economic interests over those outside its borders. Hughes v. Alexandria Scrap Corp., 426 U.S. 794, 806 (1976). Thus, a state ordinarily may, in purchasing goods and services to fulfill its own needs, favor its local businesses over nonresident businesses without incurring Commerce Clause scrutiny. Id. at 808, 810. See also Reeves, Inc. v. Stake, 447 U.S. 429, 437 n.9 (1980) (citing favorably two state court cases upholding statutes requiring home-state purchasing preferences by counties as well as state agencies); Perkins v. Lukens Steel Co., 310 U.S. 113, 127 (1940) ("Like private individuals and businesses, the Government enjoys the unrestricted power to produce its own supplies, to determine those with whom it will deal, and to fix the terms and conditions upon which it will make needed purchases"); American Yearbook Co. v. Askew, 339 F. Supp. 719 (M.D. Fla.), summarily aff'd, 409 U.S. 904 (1972) (distinguishing state purchases of goods for its own use from other state burdens imposed on interstate commerce).

When, however, a state sells its own resources and attempts to reach too far "downstream" so as to interfere with

Honorable Bill Sheffield, Governor
HCS CSSB 57(Fin)

April 18, 1986
Page 3

natural market forces, the fact that state funds or resources are used in making the sale may not necessarily insulate a state contractual requirement from Commerce Clause scrutiny. See Southcentral Timber Development, Inc. v. Wunnicke, 104 U.S. 2237 (1984) (district court enjoined in-state primary manufacturing contract requirement in a sale of state-owned timber, and later four of nine justices of the United States Supreme Court agreed that the requirement violated the Commerce Clause). It is not exactly clear how the current United States Supreme Court will treat state home-state purchasing preference laws when such "downstream" effects are substantial. However, home-state purchasing preference laws have received substantial criticism in the legal literature, and comparable "Buy American" state laws have received very mixed court reactions. Thus, to avoid Commerce Clause challenges to calls for bids and contracts that contain the substance of the new AS 36.16.010, state and municipal corporation administrators using state money to finance public projects should be cautious about reaching too far into the market place beyond those directly supplying to and contracting with public agencies, and should be especially cautious when foreign commerce is involved.

On its face and so administered, HCS CSSB 57(Fin) should pose no Commerce Clause problems, even though it may impose obligations beyond state government to municipal corporations and other state-created entities, since "[A] municipal corporation is merely a political subdivision of the State from which its authority derives." United Building and Construction Trade Council v. Mayor and Council, 465 U.S. 208 (1984).

While the Commerce Clause should pose no problems, those charged with the responsibility to administer HCS CSSB 57(Fin) will also need to use caution when the state uses federal matching or other federal funds, since federal money may have special restrictions that would prevent application of a purchasing preference contractual requirement.

HCS CSSB 57(Fin) does not direct the Department of Administration to adopt implementing regulations. However, AS 37.05.020 and AS 37.05.220 already give the department authority to do so, consistent with paragraph 2(c) of your Administrative Order No. 87. Regulations might be helpful in

Honorable Bill Sheffield, Governor
HCS CSSB 57(Fin)

April 18, 1986
Page 4

more fully delineating the requirements of both the Order and HCS
CSSB 57(Fin) so as to insure their consistency with applicable
state and federal law.

Sincerely yours,

Harold M. Brown
Attorney General

HMB:MJF:amh

58374

WALTER J. HICKEL
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 29, 1992

*The Honorable Richard I. Eliason
President of the Senate
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182*

Dear President Eliason:

Under authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to investment pools for public entities.

Section 2 of the bill amends AS 14.08.101 by allowing a regional educational attendance area (REAA) to participate in an investment pool, but only if approved by the commissioner of education. This will provide state oversight of an REAA's desire to participate in an investment pool. I believe such oversight is necessary because of the potential state liability problems associated with REAA's (which do not enjoy a distinct legal existence separate from the state). However, because only temporarily available surplus cash is allowed to be invested in an investment pool, the commissioner of education can determine whether a particular REAA is financially healthy and should be allowed to participate.

Section 3 of the bill amends AS 29 by requiring a municipality's governing body to consent to the municipality participating in an investment pool established under AS 37.27 before it may join.

Section 4 of the bill adds a new chapter on investment pools for public entities to AS 37. Specific investment criteria, objectives and guidelines, audit requirements, and disclosure policies to be followed by participants in an investment pool are set out in this section. Additionally, investment portfolio restrictions are established.

53374

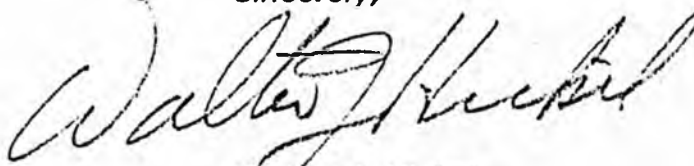
The Honorable Richard I. Eliason
January 29, 1992
Page 2

The bill provides that public entities participating in an investment pool may form nonprofit corporations for the purpose of overseeing the management of a pool. A nonprofit corporation and the participants in a pool are given explicit authority to spend money reasonably necessary for the management of the pool, including the hiring of necessary employees. However, the nonprofit corporation may not provide direct investment services. Instead, all investment pools (whether managed by nonprofit corporations or not) must provide for investment management and related services by contracting with one of the following: (1) an investment advisor registered under the Investment Advisors Act of 1940 (15 U.S.C. 80b-1 - 80b-2); (2) the state Department of Revenue; or (3) an Alaska financial institution having trust powers. Investment managers are subject to the prudent-expert rule in performance of investment management and related services.

Finally, the bill defines those public entities allowed to participate in an investment pool as including all classes of municipalities and their subdivisions, school districts, REAA's (with the approval of the commissioner of education), organizations composed of political subdivisions (such as the Alaska Municipal League). Villages and nonprofit community corporations are excluded as public entities for the purposes of this bill.

I urge your support of this bill. Investment pools for public entities have been highly successful in other states that allow such investments. By allowing our public entities to invest jointly in investment pools, it is my hope that these entities will realize maximum investment returns with preservation of capital and liquidity and, eventually, help alleviate the growing local government burden on decreasing state revenue.

Sincerely,



Walter J. Hickel
Governor



**(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.

SB380

SENATE FINANCE COMMITTEE REPORT

DATE: 2/12/92

FURTHER:

DATE TURNED INTO OFFICE: 2/10/92

The Finance Committee considered

SENATE BILL NO. 380

"An Act relating to the issuance of citations and medallions to members of the armed forces serving in the conflict with Iraq; and providing for an effective date."

and recommends:

replace with CS 54380 (FINANCE)
or adopt previous CS _____ (_____)
 attaches amendment(s)

same title
 new title
 technical title change (HB only)

adopts STWA transfer of intent
 further referral to the _____

- do pass
- do not pass
- no recommendation
- individual recommendations

NEW FISCAL NOTES: Dept/Date
 zero fiscal notes _____

PREVIOUS FISCAL NOTES: Dept/Date
 zero fiscal notes _____

fiscal notes DMIA 943.1 3/10/92

fiscal notes _____

appropriation--no fiscal note

DO PASS:

OTHER RECOMMENDATIONS:

1. [Signature]
Co-Chair: Signature/Recommendation

2. [Signature]
Co-Chair: Signature/Recommendation

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

REPORTED OUT OF
SFC 3-10-92

BILL NO. CSSB 380 (FIN)

Revision Date: 3/1 3/10/92 Department Affected: Military & Veterans Affairs
 Title: Citations and Medallions for Persian Gulf Veterans BRU: Veterans Affairs
 Component: Veterans Services
 Sponsor: Senator Craft
 Requestor: Senate Finance 3/10/92 COMPONENT SERIAL NO.

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	43.1					
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	43.1					

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

REVENUE						
FUND SOURCE:						

FUNDING: (Thousands of Dollars)

GENERAL FUND	43.1					
FEDERAL FUNDS						
OTHER FUND SOURCE:						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: Zero

ANALYSIS: (Attach a separate page if necessary.)

. See attached page.

Prepared By: Jeff Morrison Phone: 465-4600
 Division: Administrative and Support Services Date: 3/10/92
 Approved by Commissioner: *J Morrison* for Hugh L. Cox III
 Agency: Military and Veterans Affairs Date: 3/10/92

FISCAL NOTE TO CSSB 380 (FIN)
DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

The bill provides for the issuance of both medallions and citations. There are three expenditure elements to the fiscal note: design competition and administrative expenses; medallion production costs; and citation production costs. Guidance provided by the legislative committees hearing this bill affects the fiscal impact as follows: 1) there will be no sale of medallions to the public, and any surplus medallions will be melted down and the silver disposed of as surplus state property; and 2) advertising expenses regarding the availability of the medallions and citations will be kept to an absolute minimum.

Per legislative intent, the medallions will be numbered, with number 1 being presented to the family of the one Alaskan known to have been killed during the war.

There are approximately 1200 Alaskans eligible to qualify for this recognition, as determined by a statistical analysis based on the total number of Americans participating in the war. In order to ensure that there are enough medallions if the estimate is low, an estimating contingency factor of 25% has been added. The fiscal note is based on a total of 1500 eligible Alaskans.

EXPENDITURE INFORMATION

Design competition and administrative expenses:	11.3
Design competition costs include \$1000 in advertising and promotion, and \$1000 for each of two winners (totalling \$2000 - two sides to the medallion). Administrative expenses include \$1000 for advertising in military publications and other publications to inform the potential recipients of the medals and citations of the need to apply for them, and the procedures to apply for them. Postage to mail out the citations and medallions to recipients is estimated at \$4.90 each [(priority mail, less than two pounds is \$2.90) + (certified, return receipt for \$2.00)], for up to 1500 recipients, for a postage budget of \$7350.	
Medallion production costs:	24.3
Fiscal note assumes the production of 1500 each 2 ounce silver medallions (about 2" diameter). Die casting is \$1800 for both sides. Unit costs of medallions includes: \$3.00 striking cost; \$3.00 packaging and shipping; and \$9.00 silver (2oz. @ \$4.50/oz). [\$15 each x 1500 units, plus \$1800 die charge, totals \$24,300]	
Citation Production costs	7.5
Fiscal note is based on unit cost of \$5.00 for citation and presentation folder, for 1500 citations.	
TOTAL EXPENSES	43.1

SFC 3-10-92
Adopted



Official Business

Alaska State Legislature

Senate

Pouch V
State Capitol
Juneau, Alaska 99811

Senate State Affairs Committee

LETTER OF INTENT

CSSB-380(STA)

Citations/Medallions for Alaskans
Serving in the Iraqi Conflict

It is the intent of the legislature that, to the degree possible, minerals, materials, and labor used to produce the medallions distributed under this program be of Alaskan origin.

It is further the intent of the legislature that the medallions be consecutively numbered, beginning with number (1), and that medallion number one be awarded posthumously to Sergeant David Q. Douthit, the only known Alaskan to have died while in service to his country during the Iraqi conflict.

CS FOR SENATE BILL NO. 380 (FINANCE)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): SENATORS CRAFT, Rodey, Uehling, Sturgulewski, Fischer

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the issuance of citations and medallions to members of the armed
2 forces serving in the conflict with Iraq; and providing for an effective date."

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

4 * **Section 1. MEDALLIONS AND CITATIONS.** (a) The Department of Military and Veterans'
5 Affairs shall award a medallion and issue a citation to the following persons who served in the armed
6 forces of the United States during the conflict with Iraq:

7 (1) Alaska residents who sacrificed their lives in the conflict;

8 (2) other Alaskans as determined by the department.

9 (b) An individual is not eligible for a medallion and citation unless the individual served on
10 active duty in the Persian Gulf and nearby areas, including the Mediterranean, Turkey, and Israel, in
11 response to the conflict.

12 (c) Except as otherwise provided by (d) of this section, the department shall contract or
13 otherwise arrange for the design and minting of the medallions for the persons identified under (a) of
14 this section.

1 (d) The design of the medallions shall be determined in a competition conducted by the
2 department from among state residents. The department shall award \$1,000 to the winner of the
3 competition.

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

SFC 3/10/92
Adopted

AMENDMENT

TO: ~~CS SB 380 (SIA)~~
OFFERED BY: Senator Pourchot
DATE: March 9, 1992

DELETION:

Page 1, Line 9

Delete (sub-section (3): (PERSONS PERMANENTLY STATIONED
IN ALASKA IMMEDIATELY BEFORE SERVICE IN THE CONFLICT.)

Rationale: This change recognizes that each state should honor its own residents. The state will realize a savings of approximately \$7.5 by not issuing citations and medallions to non-resident members of the armed forces.

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 10, 1992

SUBJECT: Residency requirement for artists in CSSB 380(Finance)

TO: Senator Pat Pourchot, Chair
Senate Finance Committee
Attn: Leeann

FROM: Theresa L. Bannister *TB*
Legislative Counsel

This memo accompanies the final CSSB 380(Finance) that you requested relating to the issuance of medallions and citations to Persian Gulf veterans.

Please be aware that the restriction of the design competition to Alaska residents raises an issue under the privileges and immunities clause (sec. 2, art. IV, Constitution of the United States). This issue was not caused by the committee's change, but already existed in the bill.

If a right to participate in the competition is considered to be a "fundamental right that involves basic and essential activities", the clause will apply and must be satisfied. Although the right does not seem very fundamental at first glance, one can argue that some artists earn their living by the money they receive from governmental art competitions. If considered the right to earn a living, the clause would apply.

If the clause applies, discrimination against nonresidents is prohibited unless the state has a substantial justification for the discrimination, and the means employed by the statute are closely related to the interests served by the statute. Robison v. Francis, 713 P.2d 259 (Alaska 1986). To overcome a challenge based on the clause, the state would have to show that nonresidents are "a peculiar source of the evil" which the state's action is meant to remedy, and that the state's purpose is something other than protecting residents from competition. Robison v. Francis, 713 P.2d 259 (Alaska 1986). It is unclear whether the arguments for having an Alaskan design an Alaska veteran's medallion would satisfy this criteria.

The state is given certain leeway in preferring its own residents in its own activities. In Robison v. Francis, 713 P.2d 259, 265 (Alaska 1986), the court indicated it could

Senator Pat Pourchot

March 10, 1992

Page 2

give little deference to the state, despite the fact that the state was acting as a "market participant" (owner), because all municipal and state construction projects were covered by the resident preference and because those projects amounted to 60 - 70% of all commercial construction in the state. In this case, however, the state could make a healthy argument that it is entitled to deference in this case, since the restricted activity is limited to a single event and to a relatively small amount of money.

In conclusion, although the limited competition raises a privileges and immunities clause issue, the outcome of the challenge is unclear.

If I may be of further assistance, please advise.

TLB:gc
92-219.glc

Enclosure



THE AMERICAN LEGION

DEPARTMENT OF ALASKA
 P.O. BOX 201949
 ANCHORAGE, ALASKA 99520-1949
 (907) 278-8598 Headquarters
 (907) 276-8211 Service Office
 (907) 278-0041 Fax Number

Richard D. Heim
 Department Commander
 519 West 8th Avenue
 Anchorage, Alaska 99501

William Bishop
 National Executive Committeeman
 302 Marine Way
 Kotlik, Alaska 99615

Joseph T. Craig
 Alternate NEC
 2323 First Avenue
 Ketchikan, Alaska 99901

Warren C. Colver
 Department Adjutant/Service Officer
 519 West 8th Avenue
 Anchorage, Alaska 99501

April 18, 1991

The Honorable Richard Foster
 Representative
 Alaska State Legislature
 PO Box V
 Juneau, Alaska 99811

RE: HB-188 - Citation/Medals for Persian Gulf Veterans.

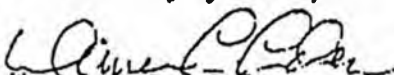
Dear Representative Foster,

This is to advise that The American Legion, Department of Alaska, wholeheartedly endorses and supports HB-188 - Citation/Medals for Persian Gulf Veterans.

We can think of no more fitting tribute to our Desert Storm Comrades than the commission and stamping of this important medal. Like the flag, the medal represents the passion and commitment our Alaskan Desert Storm troops gave to their State during the recent Gulf crisis.

Thank you for allowing us to comment and make known our support for HB-188.

Sincerely yours,


 Warren C. Colver

Department Adjutant/Legislative Representative

WCC/tl

STATE OF ALASKA

XEROX COPY
WALTER J. HICKEL, GOVERNOR

**DEPARTMENT OF MILITARY
AND VETERANS AFFAIRS**

DIMOND CENTER TOWER
800 EAST DIMOND BLVD.
SUITE 3-460
ANCHORAGE, ALASKA 99515-2097
PHONE: (907) 249-1623
AUTOVON 628-1523

OFFICE OF THE ADJUTANT GENERAL

April 9, 1991

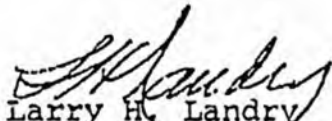
Mr. John Walsh
Office of Representative Richard Foster
P. O. Box V
Juneau, Alaska

Dear Mr. Walsh:

The office of the Director of Veteran Affairs wholeheartedly supports the issuance of citations and medallions to members of the Armed Forces serving in the conflict with Iraq.

Further, the idea of design competition to Alaska residents even adds to the Alaska flavor of the award.

If I can be of further assistance, please call on me.


Larry H. Landry
Director
Division of Veteran Affairs

 FAX TRANSMITTAL MEMO
 TO: JOHN WALSH
 DEPT: _____ FAX #: 465-3200
 FROM: LANDRY PHONE: 249-1241
 CO: DMJA FAX #: 249-1507
 Post-It brand fax transmittal memo 1/871

NO. OF PAGES
1

FISCAL NOTE

No. 1

Bill Version: SB 380

(S) Publish Date: 2-12-92

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date: _____ Department Affected: Military & Veterans Affairs
 Title: Citations and medallions for BRU: Veterans Affairs
Persian Gulf Veterans Component: Veterans services
 Sponsor: Sen Craft
 Requestor: Sen Craft 2/6/92 COMPONENT SERIAL NO.

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	50.6 43.1					
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	<u>50.6</u> 43.1					

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

REVENUE						
FUND SOURCE:						

FUNDING: (Thousands of Dollars)

*Purchase Amendment
Dept. to provide new fiscal note.*

GENERAL FUND	50.6 43.1					
FEDERAL FUNDS						
OTHER						
FUND SOURCE:						
TOTAL						

Changes in CSA-380 (STA)
reflect NO FISCAL CHANGE from the original
fiscal note. This fiscal note is appropriate.

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

2/11/92 MAK: j.
date Comite Aide (initial)

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Fiscal note identical to fiscal note for CHSB 188(STA). See attached page.

Prepared By: Jeff Morrison Phone: 465-4600
 Division: Administrative Support and Services Date: 7 Feb. 92
 Approved by Commissioner: Jeff Morrison for Hugh L Cox III
 Agency: Military and Veterans Affairs Date: 7 Feb 92

FISCAL NOTE TO SB 380
DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

The bill provides for the issuance of both medallions and citations. There are three expenditure elements to the fiscal note: design competition and administrative expenses; medallion production costs; and citation production costs. Guidance provided by the legislative committees hearing this bill affects the fiscal impact as follows: 1) there will be no sale of medallions to the public, and any surplus medallions will be melted down and the silver disposed of as surplus state property; and 2) advertising expenses regarding the availability of the medallions and citations will be kept to an absolute minimum.

There are two factors used in estimating the number of people to receive benefits under this bill:

1. Alaskan residents include all Alaskans who participated in the conflict. This has been estimated to be about 1200 individuals, although efforts to obtain exact information from DOD have been unsuccessful.
2. Military members stationed in Alaska prior to deployment. This has been estimated to number about 300 individuals assigned to the units deployed from Alaska.

The probable number of actual recipients is therefore estimated to be about 1500. This fiscal note assumes a maximum number of potential recipients of 1800, in order to cover a possible margin of error in estimating.

EXPENDITURE INFORMATION

Design competition and administrative expenses:	12.8
Design competition costs include \$1000 in advertising and promotion, and \$1000 for each of two winners (totalling \$2000 - two sides to the medallion). Administrative expenses include \$1000 for advertising in military publications and other publications to inform the potential recipients of the medals and citations of the need to apply for them, and the procedures to apply for them. Postage to mail out the citations and medallions to recipients is estimated at \$4.90 each [(priority mail, less than two pounds is \$2.90) + (certified, return receipt for \$2.00)], for up to 1800 recipients, for a postage budget of \$8820.	
Medallion production costs:	28.8
Fiscal note assumes the production of 1800 each 2 ounce silver medallions (about 2" diameter). Die casting is \$1800 for both sides. Unit costs of medallions includes: \$3.00 striking cost; \$3.00 packaging and shipping; and \$9.00 silver (2oz. @ \$4.50/oz). [\$15 each x 1800 units, plus \$1800 die charge, totals \$28,800]	
Citation Production costs	9.0
Fiscal note is based on unit cost of \$5.00 for citation and presentation folder, for 1800 citations.	
TOTAL EXPENSES	50.6

SB384

SENATE FINANCE COMMITTEE REPORT

DATE: 5/6/92

FURTHER:

DATE TURNED INTO OFFICE: 5/16/92

The Finance Committee considered SENATE BILL NO. 384

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

and recommends:

replace with CS 384 (FINANCE) same title
or adopt previous _____ CS _____ new title
 attaches amendment(s) technical title change (HB only)

adopts _____ Letter of Intent

further referral to the _____

- do pass
- do not pass
- no recommendation
- individual recommendations

CS SB 384 (FIN)
to follow

NEW FISCAL NOTES: Dept/Date
 zero fiscal notes CS 384 5/1/92

fiscal notes _____

appropriation--no fiscal note

PREVIOUS FISCAL NOTES: Dept/Date
 zero fiscal notes _____

fiscal notes _____

DO PASS
[Signature]

OTHER RECOMMENDATIONS:
Alpinder No Rec
Lynn Hoffman No Rec
[Signature]

1. [Signature] Depon
Co-Chair: Signature/Recommendation

2. [Signature]
Co-Chair: Signature/Recommendation

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. CSSB 384

Revision Date: May 8, 1992
Title: Oil and Hazardous Substance

Department Affected: Department of Revenue
BRU: Revenue Operations
Component: Income and Excise Audit

Sponsor: Sen. Menard
Requestor: Senate Resources

COMPONENT SERIAL NO. 1 | 1 | 3

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LANDS & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE FUND SOURCE	4,600.0	4,600.0	4,600.0	4,600.0	0.0	0.0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: 0.0

ANALYSIS: Attach a separate page if necessary.

SEE ATTACHED

Prepared By: Paul E. Dick *PD* Phone: (907) 465-2320
Division: Income and Excise Audit Date: May 8, 1992

Approved by Commissioner: Darrel J. Rexwinkel *Darrel Rexwinkel*
Agency: Department of Revenue Date: 5/11/92

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

Fiscal Note Analysis, CSSB 384 (RES)
Income and Excise Audit Division
Prepared by Paul Dick
May 8, 1992
Page 2

Analysis

Section 2 of this bill adds a 1 cent per gallon surcharge on highway motor fuel sold, transferred or consumed in the state for funding the storage tank assistance fund under the Department of Environmental Conservation. The surcharge becomes effective July 1, 1992 and would be automatically repealed effective July 1, 1996 under section 9 of this bill.

Based on FY 91 consumption, the 1 cent surcharge would generate an additional \$4.6 million.

CS FOR SENATE BILL NO. 384 (FINANCE)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 5/11/92
Referred: Rules

Sponsor(s): SENATOR MENARD

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the financial assistance program for underground storage tanks and
2 storage tank systems; and authorizing use of not more than \$5,000,000 of the oil and
3 hazardous substance release response fund to support certain activities related to the
4 underground petroleum storage tank program during FY 1993; and providing for an
5 effective date."

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

7 * Section 1. AS 46.03.410 is amended by adding a new subsection to read:

8 (d) In the award of grants and loans authorized by (b)(2) and (3) of this section, subject
9 only to the requirement under AS 46.03.420(a) that tank systems presenting the greatest threat
10 or potential threat to human health shall be given first priority, the commissioner shall give a
11 preference to

12 (1) applicants who can demonstrate financial need, a lack of available alternative
13 financial assistance, and an inability to qualify for self-insured status under applicable federal and
14 state regulations; and

1 (2) owners of one facility with fewer than 12 underground storage tanks.

2 (e) The provisions of (d) of this section do not apply to municipalities and school
3 districts that own or operate tank systems and apply for a grant or loan under this section.

4 * Sec. 2. USE OF OIL AND HAZARDOUS SUBSTANCE RELEASE RESPONSE FUND FOR
5 UNDERGROUND PETROLEUM STORAGE TANK CLEANUP PROGRAM DURING FISCAL YEAR

6 1993. (a) In addition to the objects of expenditure for which the commissioner of environmental
7 conservation may use money in the oil and hazardous substance release response fund established in
8 AS 46.08.010, the commissioner may, after June 30, 1992, and before July 1, 1993, use not more than
9 \$5,000,000 of the money from the fund to pay for the grants and loans described in AS 46.03.410(b)(2)
10 and (3).

11 (b) Notwithstanding AS 46.08.070(a), the commissioner of environmental conservation is not
12 required to seek reimbursement under AS 46.03.760(e), AS 46.08.070, or federal law of money spent
13 under (a) of this section if the commissioner finds that

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

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

21 (c) The prohibition of AS 46.08.010(c) against use of money in the oil and hazardous substance
22 release response fund for capital improvements does not apply to the grants authorized by (a) of this
23 section.

24 * Sec. 3. Section 2 of this Act is repealed July 1, 1993.

25 * Sec. 4. Section 1 of this Act takes effect immediately under AS 01.10.070(c).

26 * Sec. 5. Sections 2 and 3 of this Act take effect July 1, 1992.

SECTIONAL ANALYSIS FOR CS SB 384 ()
(workdraft 7-LS1926/E, dated 5/11/92)

- SECTION 1:** Provides a preference for underground petroleum storage tank (UST) program grants and loans based on financial need for small facility owners. Exemption for municipalities.
- SECTION 2:** Provides \$6 million in funds for the UST program for 1 year from the Oil and Hazardous Substance Release Response Fund (.470 fund). No reimbursement requirement for the UST program.
- SECTION 3:** Provides for repeal of Section 2, .470 funding authorization, on 7/1/93.
- SECTION 4:** Provides that the financial need preference take effect immediately.
- SECTION 5:** Provides that the .470 funding authorization and the repealer clause take effect 7/1/92.

F I S C A L N O T E

REQUEST:
Revision Date: _____ Affected Agency: Environmental Conser.
Title: Relating to the UST program BRU: Spill Prevention
funding
Sponsor: Sen. Menard Components: Storage Tank Assist.
Requestor: Senate Finance

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS) 1623

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

FUNDING: (THOUSANDS OF DOLLARS)

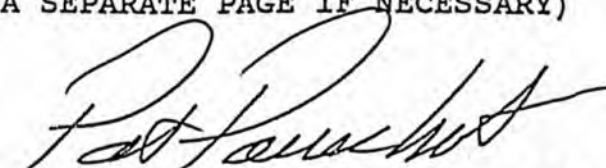
General Fund						
Federal Fund						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

Full-Time						
Part-Time						
Temporary						

ANALYSIS: (ATTACH A SEPARATE PAGE IF NECESSARY)

Prepared By:



Senator Pat Pourchot, Co-chairman
Senate Finance Committee

Date: 5-11-92
Phone: 465-3879

DISTRIBUTION (BY PREPARER)
LEGISLATIVE FINANCE
LEGISLATIVE SPONSOR

REQUESTOR
OFFICE OF MANAGEMENT AND BUDGET
AGENCY (IES)

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. CS SB 384 (RES)

Revision Date: 5-8-92 Department Affected: Environmental Conservation
 Title: Relating to the UST Program BRU: Spill Prevention & Response
 Funding: _____ Component: Storage Tank Assistance Program
 Sponsor: Senator Menard
 Requestor: Senate Finance COMPONENT SERIAL NO.

1	6	2	3
---	---	---	---

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

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

REVENUE						
FUND SOURCE:						

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER Program Receipts						
FUND SOURCE: 1052*	4.5	4.1	4.1	4.1	0	0
TOTAL						

POSITIONS:

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

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

* OHSRRF will be used for FY93 only. FY94-96 funding source represents program receipts from the motor fuels surcharge.

Prepared By: Janice Adair Phone: 465-5010
 Division: Commissioner's Office Date: 5/8/92
 Approved by Commissioner: *Janice Adair*
 Agency: Environmental Conservation Date: 5/8/92

FISCAL NOTE

No. 1

Bill Version: SB 384

BILL (S) Publish Date: 5-5-92

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date: _____
Title: Amending Purposes of OHSRRI
Sponsor: Senator Menard
Requestor: Senator Menard

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

COMPONENT SERIAL NO.

1	6	2	3
---	---	---	---

EXPENDITURES/REVENUES:

(Thousands of Dollars)

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

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

REVENUE						
FUND SOURCE:						

FUNDING: (Thousands of Dollars)

GENERAL FUND	(6,715.8)					
FEDERAL FUNDS						
OTHER						
FUND SOURCE: 1052	6,715.8	6,715.8	6,715.8	6,715.8	6,715.8	6,715.8
TOTAL	6715.8	6715.8	6715.8	6715.8	6715.8	6715.8

POSITIONS: 0.0

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

This Fiscal note is intended to show only a change in funding source for the department's underground storage tank program. We have used the amount requested for FY 93 as the amount anticipated for each subsequent fiscal year.

Prepared by: Janice Adair
Division: Commissioner's Office

Phone: 465-5050
Date: 2/20/92

Approved by Commissioner: *Jan D. Foulds*
Agency: Environmental Conservation

Date: 2/20/92

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

DRAFT

**STORAGE TANK ASSISTANCE PROGRAM
SUMMARY OF FINANCIAL ASSISTANCE REQUESTS FOR FY93
FROM INDIVIDUALS/SMALL COMPANIES, INSURABLE COMPANIES, AND LOCAL GOVERNMENTS**

	INDIVIDUALS/SMALL CO.			INSURABLE COMPANIES			LOCAL GOVERNMENTS		
	#	DOLLARS	% TOTAL	#	DOLLARS	% TOTAL	#	DOLLARS	% TOTAL
FY93 PROGRAMS									
CLEANUP - GRANTS	101	\$11,115,445	47%	00	\$10,873,590	46%	15	\$1,886,031	8%
CLEANUP - LOANS		\$832,968	46%		\$815,407	45%		\$157,235	8%
* UPGRADE	45	\$1,358,956	56%	10	\$914,081	38%	9	\$147,683	6%
* CLOSURE	143	\$1,698,392	57%	22	\$658,099	22%	55	\$815,248	21%
TOTAL FY93	289	\$15,003,761	48%	92	\$13,250,157	43%	79	\$2,806,197	9%

FOOTNOTES

* Applications without cost estimates are not included

289 or 63% of the applications are from Individuals or Small Companies, 92 or 20% are from Insurable Companies and 79 or 17% are from Local Governments.

TANK CLEANUP PROGRAM
FINANCIAL ASSISTANCE REQUESTS FOR FY 93

DRAFT 5-8-92

NO	OPERATOR	FAO	NAME	NO	AMOUNT	NO	AMOUNT	TOTAL	NO
	A & M Investments		Continental Motor Co.	2201	1,128		125	1,253	1
	Ak Farmers Co-op, Inc		Mile 267.6 Richardson Hwy	1076	48,600		5,400	54,000	1
	Ak Sales & Service		National Car Rental	1255	12,068		1,341	13,409	1
	AK Sales & Service		1300 E 5th	1952	65,431		7,270	72,701	1
	AK Sales & Service, Inc.		Truck Center-1345 E. 8th Ave	1959	7,233		804	8,037	1
	Ak Sightseeing Tours		Ak Sightseeing Tours	1857	199,912		22,213	222,125	1
	Alaska Mechanical, Inc.		Alaska Mechanical, Inc.	0186	13,500		1,500	15,000	1
	Alaska West Express		Alaska West Express	1524	4,267		474	4,741	1
	Alaskan Federal Cr Union		SJ Chapman Subdiv	2422	311,158		25,000	336,158	1
	Alyeska Seafoods, Inc		Alyeska Seafoods, Inc	1170				No Cost Estimate	1
	AMP Industries		AMP Warehouse	UNK	14,897		1,855	16,552	1
	Anch Baptist Temple Inc		ABT Preschool & Bus shop	1144	18,000		2,000	20,000	1
	Anch Baptist Temple Inc		Anch Baptist Temple Inc	1145	16,089		1,788	17,877	1
	Anch Fueling & Service Co		AFSC Plant No.4	1270	443,139		25,000	468,139	1
	Arctic Slope Regional Corp		Executone, Inc-Fbks	UNK	49,006		5,445	54,451	1
	Arnoldy, Marty		Summit Lk Lodge - Moose Pass	0818	279,563		25,000	304,563	1
	B-J's Services, Inc		B-J's Services, Inc	2463				No Cost Estimate	1
	Balley, Frederick		Balley's Rental	UNK	20,012		2,223	22,235	1
	Bettles Lodge Inc		Bettles Lodge Inc	1535				No Cost Estimate	1
	Bigfoot Auto Svc, Inc		Bigfoot Auto Svc-Haines	1235	18,409		2,045	20,454	1
	Bradford, Gary		Peninsula Automotive	UNK				No Cost Estimate	1
	Bratrud, Robert		3002 Spanard, Anchorage	UNK	7,894		877	8,771	1
	Brunquist, Norm		4618 Lk Spanard	1479				No Cost Estimate	1
	Butler, Roger		R & J Enterprises	UNK	21,488		2,387	23,875	1
	Campbell, David		Campbell & Sons Fuel	0741	722,749		25,000	747,749	1
	CDE Co.		The Office Place 116 Minnie St	UNK	14,708		1,634	16,340	1
	Chuck Higgins Co.		Princess Tours Bus Maint	2127	39,016		4,335	43,351	1
	Chumley's Inc		Chumley's Inc	UNK				No Cost Estimate	1
	Cohen, David		Sheep Mt Lodge	2005				No Cost Estimate	1
	Columbus Distributing Co.		Soldotna Texaco	1391	237,325		25,000	262,325	1
	Continental Motor Co.		6239 Mackay St	0847	542		60	602	1
	Continental Motor Co.		4940 Old Seward	0052	173,093		19,233	192,326	1

TANK CLEANUP PROGRAM

DRAFT 5-8-92

FINANCIAL ASSISTANCE REQUESTS FOR FY 93

OWNER/ADDRESS	FACILITY NAME	APPLIC	ESTIM	ESTIM	ESTIM	ESTIM
Cook, John	Cook's Sterling Tesoro	2286	425,000	25,000	450,000	1
Cordova Outboard Shop	Cordova Outboard Shop	0289	67,500	7,500	75,000	1
Courtney, Estate of	Courtney's Tudor Service	2375	32,400	3,600	36,000	1
Darby, Ted	Space 424, Lake Hood	2445			No Cost Estimate	1
Decker, Robert	University Car Care	2285	184,061	20,451	204,512	1
Danell Fuel Co.	Hartzell Road	0542	42,008	4,667	46,675	1
Danell Fuel Co.	Equipment Sales, Inc	0537	78,862	8,540	85,402	1
Dentech	Dentech 1313 Laona Circle	2004	4,931	554	5,535	1
Empire Airlines Inc.	Empire Airlines Inc.	2615	7,238	804	8,040	1
Empire Airlines Inc.	Empire Airlines Inc.	2615	4,522	503	5,025	1
Estate of Wm G Knight	Rampart Property	1121	139,212	15,468	154,680	1
Falcon Properties	Gate 28 West Ramp Fbks Airpt	0022	2,898	322	3,221	1
Foster, Corrine	Cache Creek Chevron	0328			No Cost Estimate	1
Gana A Yoo Ltd	Fbks Int'l Airport Bk 101 Lt 1	2046	83,597	9,289	92,886	1
Garrett, Nelson	Garrett's Tesoro	2627	238,795	25,000	264,795	1
Gavrilovich, Louie	Lake Air Complex	2450	64,783	7,198	71,981	1
GO Investments	B&B Tool Supply	1914	37,892	4,221	42,213	1
Hammon, Fred	Soldotna Y Chevron	0518	94,761	10,529	105,290	1
Hellinger, Carl	Northside Grocery & Gas	0204	383,380	25,000	408,380	1
Hermon Bros Constr Co.	Hermon Brothers Equip Yard	0787	22,725	2,525	25,250	1
Homer Electric Assoc	3977 Lake St, Homer	1261	48,187	5,354	53,541	1
Hull, Ron	Former H&H Tesoro	UNK	198,171	22,019	220,190	1
Hutchison, Harry	Hutchison Chevron	1462	28,912	3,212	32,124	1
Miles, Worrell & Riley	Stop N Shop	2315	425,000	25,000	450,000	1
IWW Partnership	700 I street	2142	6,962	774	7,736	1
JD&S Rentals	Kodlak Rental Center	0639	42,641	4,738	47,379	1
Jones, Troy	Big Su lodge	2320	90,000	10,000	100,000	1
K&L Distributors, Inc	K & L Anchorage	1503	135,000	15,000	150,000	1
Kelly, Bud	Kelly's Tire & Wheel	1460	425,000	25,000	450,000	1
Kenal Airport Fuel Svc Inc	Kenal Airport Fuel Service Inc	2187	40,241	4,471	44,712	1
Ketchum Air Service, Inc	Ketchum Air Service Lk Hood	1143	185,150	18,350	183,500	1
Lefsever, Darrel	3rd&Ingra, 4th & Ingra (Anch)	UNK	416,253	25,000	441,253	1

TANK CLEANUP PROGRAM

DRAFT 5-8-92

FINANCIAL ASSISTANCE REQUESTS FOR FY 93

OWNER/OPERATOR	FACILITY NAME	PERMITS	AMOUNT	CONTRIBUTION	TOTAL	NUMBER
Lovejoy, Dorthsa	Bailey's Rent-All	0329	975,000	25,000	1,000,000	1
Marlay, William & Judy	The Roost	0359	12,011	1,335	13,346	1
McMahan, Ronald	Ron's Service	1478			No Cost Estimate	1
Miller, Dale	Alaska Chevron	0556	641,835	15,500	657,335	1
Mindoro Partners	775 E 100th Ave Anchorage	2541			No Cost Estimate	1
Mountain Corp	Mountain Market	2616	49,254	5,473	54,727	1
MPH Trust % Hodge & Leksch	Loomis Armored Inc	0394	10,082	1,120	11,202	1
Myers, Carole	Aerotwin (Merill Field)	2404	8,057	995	9,952	1
Nenana Heating Svcs	A-Frame Services	1623	49,500	5,500	55,000	1
Nickerson, Vicki	Goldstream General Store	1068	\$8,456	\$839	9,295	1
Ninlichik Native Assoc	Ididastop, Clam Gulch	1592	11,610	1,290	12,900	1
Nistler Enterprises	Nistler Enterprises	0594	69,300	7,700	77,000	1
Nixon, William	Anchorage Clean Sweep	1233	108,650	11,850	118,500	1
Olson Gas Service #1	Olson Gas Service #1	2288	225,000	25,000	250,000	1
Olson Gas Service #2	Olson Gas Service #2	2287	375,000	25,000	400,000	1
Ornl Enterprises, Inc.	DeHart's Store	0107	102,458	11,384	113,842	1
Prato, Marcel	Cascade Liquor	2508	12,180	1,353	13,533	1
Renner, Darrel	Renner's Chevron Full Service	2324	225,000	25,000	250,000	1
Renner, Terry	Renner's Gas & Save #3	2327	225,000	25,000	250,000	1
Rountree, Richard	Aero Services	1960	10,602	1,178	11,780	1
Schwanke, Roland	Sterling Chevron	0642			No Cost Estimate	1
SEND International	SEND Int'l Glennallen	1913	10,800	1,200	12,000	1
Slater's Construction	Slater's Construction	UNK	49,472	5,497	54,969	1
Spenard Builders Supply	SBS 4412 Lois Dr	1526	22,500	2,500	25,000	1
Stephens, Ronald	Peters Creek Chevron	2587	15,577	1,730	17,307	1
Sunny Chevron Service Inc.	Sunny Chevron Service Inc.	0413			No Cost Estimate	1
Transpacific Resources	USPS-Arctic Carrier Annex	2051	57,884	6,431	64,315	1
Tundra Tours	Tundra Tours	UNK			No Cost Estimate	1
Tyonek Native Corp	Native Village-Timber Camp	UNK	49,050	5,450	54,500	1
Valley Service Ctr, Inc	Valley Chevron	0455	114,182	12,688	126,880	1
Wards Cove Packing	WCP Kanal	1459	62,403	6,934	69,337	1
Weber, Gary	Wasilla Chevron	1896	425,000	25,000	450,000	1

TANK CLEANUP PROGRAM

DRAFT 5-8-92

FINANCIAL ASSISTANCE REQUESTS FOR FY 93

GENERATOR	REASON NAME	FAS ID#	EST. COST	PAID	REMAINING	STATUS
Wilson, Don	Wilson/Bahner	2529	28,550	2,950	29,500	1
World Wide Movers	World Wide Movers	1890	408,000	25,000	433,000	1
Wortham, William C	College Ctr Svc Station	UNK	46,886	5,209	52,095	1
Wright Air Service	Wright Air Service	0563	14,261	1,584	15,845	1
Yukon Equipment Co., Inc	Yukon Equip Co.	UNK	20,519	2,280	22,799	1
Subtotal Individual/Small Co.			11,115,445	832,968	11,948,413	101
Ak Cleaners, Inc.	Ak Cleaners, Inc.	0821	19,863	2,207	22,070	2
Alascom Inc.	Eagle River Earth Station	1155	15,941	1,771	17,712	2
Alascom Inc.	Glennallen	0333	18,241	1,805	18,046	2
Alascom Inc.	Pedro Dome	1674	14,587	1,621	18,208	2
Alascom Inc.	Sawmill	0367	17,284	1,922	19,216	2
Alascom Inc.	Sitka	0114	28,273	3,141	31,414	2
Alascom Inc.	Talkeetna Bartlett	1139	18,046	2,005	20,051	2
Alascom Inc.	Tok	UNK	13,635	1,504	15,039	2
Alascom Inc.	Tolsona	0322	14,888	1,654	16,542	2
Alaska Airlines	Ak Airlines Term-Wrangell	1369	41,355	4,595	45,950	2
Anderson Trucking Svc	Anderson Trucking Service, Inc	2008	38,652	4,295	42,947	2
CEM Leasing	Gate 28 W Ramp, Fbks Airpt	0201	12,699	1,411	14,110	2
ERA Aviation Inc	ERA Helicopters-Juneau	0477	438,879	25,000	463,879	2
ERA Aviation Inc	ERA Helicopters-Fbks	0223	420,715	25,000	445,715	2
Green Alaska, Inc.	Green Construction Co.	0387	178,830	19,870	198,700	2
Int'l In-Flight Catering Co.	Int'l In-Flight Catering Co.	0449	78,236	8,471	84,706	2
Lakdlaw Transit	Lakdlaw Transit, Soldotna	1254	196,444	21,716	217,160	2
Lakdlaw Transit(FDIC)	Lakdlaw Transit, Eagle River	0083	135,263	15,028	150,281	2
Lynden Transport	Lynden Transport-Fbks	0218	20,528	2,281	22,807	2
Lynden Transport Inc	3001 Poger Rd Fbks	0218	10,512	1,168	11,680	2
Mammoth of Alaska, Inc	Mammoth of Alaska, Inc	1698	310,000	25,000	335,000	2
Mapco Express Inc.	#5001 1405 Bragaw(Anch)	1496	235,973	25,000	260,973	2
Mapco Express Inc.	#5002 Mile 7.5 Old Seward(Anch)	1493	377,656	25,000	402,656	2
Mapco Express Inc.	#5003 2730 Spenard(Anch)	0014	253,739	25,000	288,739	2
Mapco Express Inc.	#5004 5159 Old Seward(Anch)	1500	220,686	24,520	245,205	2
Mapco Express Inc.	#5006 1501 E Dimond(Anch)	1505	226,855	25,000	251,855	2

TANK CLEANUP PROGRAM

DRAFT 5-8-92

FINANCIAL ASSISTANCE REQUESTS FOR FY 93

OWNER/CREATOR	FACILITY NAME	FACILITY ID	ESTIMATE	EXPENSE	TOTAL	PERCENT
Mapco Express Inc.	#5007 5497 E No Lights(Anch)	1510	297,148	25,000	322,146	2
Mapco Express Inc.	#5008 717 E. No. Lights(Anch)	0050	354,417	25,000	379,417	2
Mapco Express Inc.	#5009 1209 Gambel(Anch)	0756	153,361	17,040	170,401	2
Mapco Express Inc.	#5010 1500 E 5th(Anch)	1512	277,493	25,000	302,493	2
Mapco Express Inc.	#5012 150 W Tudor(Anch)	1513	198,945	22,105	221,050	2
Mapco Express Inc.	#5014 1900 Muldoon(Anch)	1517	208,618	23,180	231,798	2
Mapco Express Inc.	#5015 S/E Minn/No Lts(Anch)	UNK	49,964	5,551	55,515	2
Mapco Express Inc.	#5017 1773 College(Fbks)	1333	211,582	23,509	235,091	2
Mapco Express Inc.	#5018 205 E Third(Fbks)	0866	158,206	17,578	175,784	2
Mapco Express Inc.	#5021 8010 Old Seward(Anch)	0727	632,632	25,000	657,632	2
Mapco Express Inc.	#5022 2300 Cushman(Fbks)	2546	356,262	25,000	381,262	2
Petro Products	Renner's Gas N Save	1421	74,520	8,280	82,800	2
Petro Products	Petro 1	1418	53,530	5,948	59,478	2
Petro Star Fuel, Inc	Sourdough Fuel Inc	0090	247,951	25,000	272,951	2
Temco Helicopters Inc	Temco-Ketchikan(tank#5)	1761	5,443	605	6,048	2
Temco Helicopters Inc	Temco-Ketchikan(tanks #1-4)	1761	13,786	1,532	15,318	2
Tesoro	Former 7-11 #104(550 3rdFbks)	1098	134,100	14,900	149,000	2
Tesoro Ak Petroleum Co	Former Eagle River Auto Parts	0798	61,159	6,795	67,954	2
Tesoro Ak Petroleum Co	North Rd Kenal Tesoro	1138	68,400	7,600	76,000	2
Tesoro Northshore	7-11 #65 (Wasilla)	1981	37,800	4,200	42,000	2
Tesoro Northshore	7-11 #106(1246 Noble-Fbks)	1983	112,902	12,545	125,447	2
Tesoro(Carr Gottstein)	Tesoro Huffman Carwash	1984	7,095	788	7,883	2
Tesoro(Interior Fuels)	Interior Fuels	0084	99,697	11,077	110,774	2
Tesoro(Laurence Intl)	7-11 #59 (12870 Old Seward)	0784	12,419	1,380	13,799	2
Tesoro(Petro Products)	Petro #1	1418	18,258	2,029	20,287	2
Tesoro(R. Cosgrave)	7-11 #111(3678 College-Fbks)	1112	545,250	25,000	570,250	2
Texaco Refining & Mktg	Sand Lake Texaco	0912	975,000	25,000	1,000,000	2
Texaco Refining & Mktg	Boniface Texaco	0878	191,520	21,280	212,800	2
Unocal Corp	#5057 4351 Int'l Airt-Anch	0023	348,000	25,000	373,000	2
Unocal Corp	#4854 2730 Spenard-Anch	0014	70,200	7,800	78,000	2
Unocal Corp	#4581 636 C St-Anch	0003	91,800	10,200	102,000	2
Unocal Corp	#4852 1441 C St-Anch	0011	166,500	18,500	185,000	2

TANK CLEANUP PROGRAM
FINANCIAL ASSISTANCE REQUESTS FOR FY 93

DRAFT 5-8-92

APPLICANT/OPERATOR	FACILITY NAME	FAS ID#	GRANT	LOAN	TOTAL	TYPE
Usibell Coal Mine Inc.	Lignite Creek	0264	301,958	25,000	326,958	2
Usibell Coal Mine Inc.	Healy Creek	0267	975,000	25,000	1,000,000	2
Subtotal Insurable Companies			10,873,590	815,407	11,688,997	60
AK Railroad Corp	Various Sites	UNK	407,582	25,000	432,582	3
City of Craig	Public Works	1708	7,315	813	8,128	3
City of Homer	Public Works	2522	13,021	1,447	14,468	3
City of Palmer	Equipment Yard	0652	354,945	25,000	379,945	3
City of Seward	Public Works Shop	1491	166,320	18,480	184,800	3
City of Unalaska	Unalaska Dept of Public Wks	0089	58,725	6,525	65,250	3
City & Borough of Juneau	PW Utilities Div	1177	5,850	650	6,500	3
City & Borough of Juneau	Juneau Airport	2157			No Cost Estimate	3
City & Borough of Juneau	Eaglecrest Skd Area	1891	8,059	895	8,954	3
City & Borough of Juneau	Parks & Recreation	2158	8,231	914	9,145	3
Fbks North Star Borough	Westcott Pool	1253	32,804	3,645	36,449	3
MOA ATU	600 Telephone Ave	2502	227,391	25,000	252,391	3
MOA AWWU	Pump Station #12	1292	381,000	25,000	406,000	3
MOA AWWU	Pump Station #2	1288	93,420	10,380	103,800	3
MOA Facility Maintenance	Klatt Maintenance	1415	121,368	13,486	134,854	3
Subtotal Government			1,886,031	157,235	2,043,266	15
TOTAL NEW APPLICATIONS SUBMITTED FOR FY 93 FUNDING			\$23,875,068	\$1,805,610	\$25,080,678	178

TYPE LEGEND

- 1 = INDIVIDUAL/SMALL CO.
 2 = INSURABLE COMPANY
 3 = GOVERNMENT

TANK UPGRADE AND CLOSURE PROGRAM
FINANCIAL ASSISTANCE REQUESTS FOR FY 93

DRAFT 5-8-92

OWNER/OPERATOR	FACILITY NAME	FAC ID#	UPGRADE	CLOSURE	TOTAL	TYPE
40-Mile Air Ltd.	Tanacross Hanger	UNK		\$4,920	\$4,920	1
A & W Services	2425 Merrill Field Dr (Anch)	2426		\$5,204	\$5,204	1
Abbott, Rohn D.	Shannon & Wilson-Fbks	0609		\$846	\$846	1
Air Tek Inc	Air Tek Inc	2478		\$8,541	\$8,541	1
AK Childrens Services	Jesse Lee Home	UNK		\$7,789	\$7,789	1
Ak Electric Light&Power Co.	Ak Electric Light&Power Co. (Juneau)	0812		\$840	\$840	1
AK Farmers Co-op	Mile 287.5 Richardson Hwy	1076		\$9,250	\$9,250	1
AK Helicopters, Inc	AK Helicopters, Inc	1345		\$19,874	\$19,874	1
Ak Industrial Hardware	Ak Industrial Hardware	0178		\$18,000	\$18,000	1
Ak Sales & Service	National Car Rental	1255		\$18,012	\$18,012	1
AK Sales & Service, Inc.	Truck Ctr-1345 E 8th Ave	1969		\$25,640	\$25,640	1
AK Sales & Service, Inc.	1300 E. 5th	1952		\$33,995	\$33,995	1
Alaska Aerofuel Inc	FAI Gate #38	1529	\$39,600	\$20,400	\$60,000	1
Alaska Pacific Transport	Alaska Pacific Transport	1245		\$7,500	\$7,500	1
Alaska Pacific University	Alaska Pacific University	UNK		\$6,480	\$6,480	1
Alaska West Express	Alaska West Express	1524		\$2,037	\$2,037	1
Allwine, Steven/Tollefson, Karla	Mendenhall Auto Ctr	2146		\$12,193	\$12,193	1
America Rents	America Rents	0240		\$2,142	\$2,142	1
AMP Industries Inc.	AMP Warehouse	UNK		\$3,840	\$3,840	1
Anch Baptist Temple, Inc	ABT Preschool & Bus Shop	1144		\$2,795	\$2,795	1
Anch Baptist Temple, Inc	Anch Baptist Temple, Inc	1145		\$6,686	\$6,686	1
Anch Fueling&Service Co.	AFSC Plant #4	1270		\$57,240	\$57,240	1
Apling, Floyd	Plaschem Supply & Consulting	UNK		\$1,710	\$1,710	1
Arnoldy, Marty	Summit Lake Lodge-Moose Pass	0818		\$17,572	\$17,572	1
Bettles Lodge, Inc	Bettles Lodge, Inc	1535	\$60,000		\$60,000	1
Bigfoot Auto Svc., Inc	Bigfoot Auto Svc	1235	\$45,600	\$14,400	\$60,000	1
Billy E. Thompson	Thompson's Gas Service	1172	\$60,000		\$60,000	1
Birchwood Camp of AkMtsConf	Birchwood Methodist Camp	2460		\$4,942	\$4,942	1
Boyd, Roger	One Stop Grocery	2266	\$1,668		\$1,668	1
Bradley Sky Ranch Inc	Bradley Sky Ranch Inc	0197		\$7,200	\$7,200	1
Brady's Floor Covering, Inc.	Brady's Floor Covering, Inc.	0992		\$5,400	\$5,400	1
Branham Adventures	Branham Adventures	0207	\$4,740	\$1,530	\$6,270	1

TANK UPGRADE AND CLOSURE PROGRAM
FINANCIAL ASSISTANCE REQUESTS FOR FY 93

DRAFT 5-8-92

OWNER/OPERATOR	FACILITY NAME	FAC ID#	UPGRADE	CLOSURE	TOTAL	TYPE
Brannon, Ernest & Donna	Burkeshore Marina	0498		\$4,555	\$4,555	1
Bratrud, R(c/o Marston Prop)	3002 Spenard Road	UNK		\$7,844	\$7,844	1
Budlona Inc	Budlona Inc	2567		\$9,000	\$9,000	1
C.R. Lewis Co., Inc.	C.R. Lewis Co., Inc.	768/1432		\$30,000	\$30,000	1
CDE Co.	The Office Place(Fbks)	UNK		\$1,455	\$1,455	1
Central Plumbing & Heating	Central Plumbing & Heating	2290		\$20,381	\$20,381	1
Charlie's Sport Shop	Charlie's Sport Shop	1777		\$5,727	\$5,727	1
Chris Berg Inc	Chris Berg Inc - Fbks	UNK		\$3,194	\$3,194	1
Chris Berg, Inc	Chris Berg, Inc	0807		\$13,948	\$13,948	1
Commercial Contractors, Inc.	Allen & Petersen Co.	0286		\$13,800	\$13,800	1
Cook, John	Cook's Corner Sterling Tesoro	2286	\$57,402		\$57,402	1
Copper Center Lodge	Copper Center Lodge	UNK	\$48,000	\$12,000	\$60,000	1
Coulter, Maurice	Parks Highway Truck Stop	1206		\$10,709	\$10,709	1
Crabb's Corner	Crabb's Corner	0341		\$7,085	\$7,085	1
Cunningham, John T	Homer School Bus Terminal	1581		\$4,680	\$4,680	1
Dan's Aircraft Repair	Dan's Aircraft Repair	UNK		\$9,420	\$9,420	1
Dancing Eagles Corp	12512 Old Glenn Hwy	0180		\$18,000	\$18,000	1
Denali Fuel Co.	Hartzell Road	0542		\$2,018	\$2,018	1
Douglas Trucking, Inc	Douglas Trucking, Inc	1266		\$3,360	\$3,360	1
DOWL, Inc	DOWL Engrs/Ak Testlab	0747		\$9,364	\$9,364	1
Eames, Mike	St. Elias Auto Center	0536		\$1,566	\$1,566	1
Earth Movers of Fbks, Inc	Earth Movers of Fbks, Inc.	0631	\$12,420		\$12,420	1
Empire Airlines	Empire Airlines	2615		\$3,504	\$3,504	1
Enterprise Co.	SKW Constructors, Inc	0805		\$5,569	\$5,569	1
Estate of Don C Chandler	Chandler Plumbing & Heating	2384		\$1,815	\$1,815	1
Estate of Don C Chandler	Acme Elect Bldg	2384		\$6,118	\$6,118	1
Estate of Wm G Knight	Moosehorn Property	1124		\$40,014	\$40,014	1
Ev-Jo Inc	Columbus Diet Co., Inc	2065		\$6,555	\$6,555	1
Falcon Properties	Gate 28 West Ramp Fbks Airpt	0022		\$4,576	\$4,576	1
Fbks Street Investor's	Fbks St Investor's Commercial Buld	2485		\$6,000	\$6,000	1
Floyd & Sons, Inc	Thrifty Car Rental-Anchorage	0625		\$5,625	\$5,625	1
Four Aces	Four Aces	0172		\$7,200	\$7,200	1

TANK UPGRADE AND CLOSURE PROGRAM
FINANCIAL ASSISTANCE REQUESTS FOR FY 93

DRAFT 5-8-92

OWNER/OPERATOR	FACILITY NAME	FAC ID#	UPGRADE	CLOSURE	TOTAL	TYPE
Fox General Store, Inc	Fox General Store, Inc	0049	\$60,000		\$60,000	1
Frederick, Richard	Sportsmen's Paradise	2314		\$6,243	\$6,243	1
Gamble, Edward	Fritz Creek General Store	0245		\$6,000	\$6,000	1
Gavrilovich, Louie	Lake Air Complex	2450		\$14,797	\$14,797	1
Generator Venture-KAKM	Goose Bay Tower	1050	\$19,500		\$19,500	1
Gerl, Warren	Hangar-Merrill Field	2601		\$2,520	\$2,520	1
Greer Tank & Welding Inc	Greer Tank & Welding Inc	0154	\$24,307	\$10,860	\$35,167	1
Haines Home Bldg Supply	Haines Home Bldg Supply	2656		\$1,452	\$1,452	1
Halliburton Co.	Halliburton Geophysical Svcs	1886		\$19,928	\$19,928	1
Haltness, Erik	Johnson Sand & Gravel	1393		\$6,606	\$6,606	1
Hammon, Fred	Soldotna Y Chevron	0518		\$19,029	\$19,029	1
Harrt Plumbing & Heating Inc	AK Laundry & Cleaners Inc	0512		\$2,400	\$2,400	1
Heflinger, Carl	Northside Grocery & Gas	0204		\$2,128	\$2,128	1
Hermon Bros Constr Co.	Hermon Bros Constr Shop	0787		\$17,380	\$17,380	1
Herrick, James	Herrick's Aero-Auto-Aqua	0493		\$15,600	\$15,600	1
Homer Electric Assoc	HEA-Seldovia	1249		\$2,326	\$2,326	1
Homer Electric Assoc	HEA-Homer	1261		\$14,958	\$14,958	1
Homer Electric Assoc	HEA-Kenal	0231		\$34,406	\$34,406	1
Hornell Investments	Glenallen Chevron	2282	\$26,249		\$26,249	1
Hull, Ronald	Former H&H Tesoro	UNK		\$1,993	\$1,993	1
Hutchison, Harry	Hutchison Chevron	1462		\$14,474	\$14,474	1
Int'l Aviation Service, Inc	Int'l Aviation Service, Inc	0409		\$4,320	\$4,320	1
IWW Partnership	700 I Street	2142		\$21,094	\$21,094	1
JD & S Rentals	Kodlak Auto Center	1645		\$9,033	\$9,033	1
JD&S Rentals	Kodlak Auto Ctr #2	1643		\$5,841	\$5,841	1
Johnston, William N. Jr	B.J.'s Gas & Grocery	UNK	\$50,400	\$9,600	\$60,000	1
Jones, Troy C.	Big Su Service	2320	\$30,000	\$30,000	\$60,000	1
Juneau Ready-Mix Inc.	Juneau Ready-Mix Inc.	0317		\$8,300	\$8,300	1
Kenal Air Ak, Inc	Kenal Air Ak, Inc	0985		\$6,600	\$6,600	1
Kenal Airport Fuel Svc Inc	Kenal Airport Fuel Svc Inc	2187	\$39,600	\$20,400	\$60,000	1
Kenal Natives Assoc	Wildwood Village	1686		\$10,560	\$10,560	1
Ketchikan Air Service	Ketchikan Air Service	1335	\$25,200	\$34,800	\$60,000	1