

Leg. Finance-House & Senate Finance Comte Files (1991-1992) 903

1 nonprofit corporation owned by a regional aquaculture association if the loan qualifies under (c)
2 of this section. The regional aquaculture association's or nonprofit corporation's repayment may
3 be deferred under this section for a period of time determined by the commissioner that is
4 sufficient to defray the costs of operation of a hatchery that are to be paid from money earned
5 by the hatchery's fish cost recovery program. The deferment period may not exceed one year.

6 (b) Interest on the principal of a loan made under AS 16.10.510 does not accrue during
7 the period of deferral approved by the commissioner under this section.

8 (c) The commissioner may defer repayment of a loan under this section if

9 (1) the association or corporation holding the loan has entered into a multi-year
10 agreement with the state to assume the operational responsibility for and payment of the
11 associated costs of operation of the hatchery;

12 (2) the subject of the agreement is a state-owned hatchery that had insufficient
13 returning adult salmon to support a cost-recovery program while operated by the state;

14 (3) the association or corporation assumed operational responsibility for the
15 hatchery after June 30, 1991; and

16 (4) in the judgment of the commissioner, deferral of repayment of the loan
17 principal would materially assist the association or corporation to pay the costs of operation of
18 the hatchery that are to be paid from money earned by the hatchery's fish cost recovery program.

7-LS1991N
Chenoweth
5/4/92

5-7-92
Adopted
as amended
p. 2 line 5

CS FOR SENATE BILL NO. 416 ()

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

BY

Offered:
Referred:

Sponsor(s): SENATORS ZHAROFF, Jones

A BILL

FOR AN ACT ENTITLED

1 "An Act authorizing the commissioner of commerce and economic development to defer
2 certain principal and interest payments on loans made under the fishery enhancement loan
3 program to accommodate transfer of operational responsibility for state-owned hatcheries."

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

5 * Section 1. PURPOSE. It is the purpose of this Act to provide assistance to qualified regional
6 aquaculture associations and their nonprofit corporations in order to accommodate a transfer of
7 operational responsibility for hatcheries that are or have been operated by the state. Deferral of the
8 principal and interest payments due on fisheries enhancement loans by these associations and
9 corporations would provide these entities necessary operating capital without payment of direct state aid
10 by appropriations of state money necessary to make those hatcheries self-sufficient.

11 * Sec. 2. AS 16.10 is amended by adding a new section to read:

12 Sec. 16.10.527. DEFERRAL OF CERTAIN PAYMENTS ON LOANS. (a) In addition
13 to deferral of repayment of principal under AS 16.10.525, the commissioner may defer repayment
14 of principal on a loan made under AS 16.10.510 to a regional aquaculture association or a

1 nonprofit corporation owned by a regional aquaculture association if the loan qualifies under (c)
2 of this section. The regional aquaculture association's or nonprofit corporation's repayment may
3 be deferred under this section for a period of time determined by the commissioner that is
4 sufficient to defray the costs of operation of a hatchery that are to be paid from money earned
5 by the hatchery's fish cost recovery program. The deferment period may not exceed five years.

6 (b) Interest on the principal of a loan made under AS 16.10.510 does not accrue during
7 the period of deferral approved by the commissioner under this section.

8 (c) The commissioner may defer repayment of a loan under this section if

9 (1) the association or corporation holding the loan has entered into a multi-year
10 agreement with the state to assume the operational responsibility for and payment of the
11 associated costs of operation of the hatchery;

12 (2) the subject of the agreement is a state-owned hatchery that had insufficient
13 returning adult salmon to support a cost-recovery program while operated by the state;

14 (3) the association or corporation assumed operational responsibility for the
15 hatchery after June 30, 1991; and

16 (4) in the judgment of the commissioner, deferral of repayment of the loan
17 principal would materially assist the association or corporation to pay the costs of operation of
18 the hatchery that are to be paid from money earned by the hatchery's fish cost recovery program.



SENATOR FRED F. ZHAROFF
ALASKA STATE LEGISLATURE

P. O. BOX 405, KODIAK, ALASKA 99615 (907) 486-5259

DURING SESSION:

P. O. BOX V, JUNEAU, ALASKA 99811 • (907) 465-3473 • 465-3474

DISTRICT N

ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PRIBILOF ISLANDS • SHUMAGIN ISLANDS

MEMORANDUM

TO: Senator Pat Pourchot
Co-Chair
Senator Jay Kerttula
Co-Chair
Senate Finance Committee

FROM: Senator Fred F. Zharoff

DATE: April 25, 1992

RE: CS For Senate Bill No. 416 - "An Act authorizing the commissioner of commerce and economic development to defer certain principal and interest payments on loans made under the fishery enhancement loan program to accommodate transfer of operational responsibility for state-owned hatcheries."

I respectfully request that SB 416 be brought before the Senate Finance Committee for a hearing at the earliest possible opportunity.

In addition, a proposed CS has been prepared for SB 416 that would substantially lower the fiscal impact of the bill. I respectfully request the committee to adopt this CS for consideration. The CS is attached.

Thank you for your consideration of these requests.

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. Proposed
CSSB 416 (FIN)

Revision Date: _____

Department Affected: Commerce & Econ. Dev.

Title: Defer Fisheries Enhancement Loan
Repayments

BRU: Investments

Sponsor: Zharoff, Jones

Component: _____

Requestor: Senate Finance

COMPONENT SERIAL NO.

0	3	8	4
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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	0	480.0	480.0	567.2	529.2	0
TOTAL OPERATING	0	480.0	480.0	567.2	529.2	0

CAPITAL _____

FERLF 1070

REVENUE FUND RESOURCE:

0	<480.0>	<480.0>	<567.2>	<529.2>	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	480.0	480.0	567.2	529.2	0
FEDERAL FUNDS						
OTHER FUND SOURCE:						
TOTAL	0	480.0	480.0	567.2	529.2	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: 0

ANALYSIS (Attach a separate page if necessary.)

SEE ATTACHED

Prepared By: Martin J. Richard, Director Phone: 465-2510

Division: Investments Date: 4/22/92

Approved by Commissioner: Glenn A. Olds

Agency: Department of Commerce & Economic Development Date: 4.21.92

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

Page 1 of 2

GW/dg11928D-1/042292b

(Rev. 12/91)

FISCAL NOTE - CSSB 416 (FIN)

ANALYSIS:

	<u>CIAA Tutka 7/1/92</u>	<u>SSRAA Beaver Falls 7/1/92</u>	<u>FUND TOTAL</u>
FY 93	---	*312.5	0
FY 94	---	480.0	480.0
FY 95	---	480.0	480.0
FY 96	38.0	529.2	567.2
FY 97	---	529.2	529.2
FY 98	---	---	---

*This figure is included in the Alaska Industrial Development & Export Authority fiscal note.

Revision Date: _____
 Title: Defer Fisheries Enhancement Loan
Repayments
 Sponsor: Zharoff, Jones
 Requestor: Senate Labor and Commerce

Department Affected: Commerce & Econ. Dev.
 BRU: Alaska Industrial Dev. & Export Auth.
 Component: _____

COMPONENT SERIAL NO.

1	2	3	4
---	---	---	---

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	146.9	0	0	0	0	0
TOTAL OPERATING	146.9	0	0	0	0	0

CAPITAL						
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REVENUE FUND RESOURCE:						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	146.9	0	0	0	0	0
FEDERAL FUNDS						
OTHER						
FUND SOURCE:						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: 0

ANALYSIS (Attach a separate page if necessary.)

See Division of Investments, Department of Commerce and Economic Development Fiscal note for analysis. AIDEA fisheries enhancement loans and receipts therefrom are pledged to the repayment of the DeLong Mountain Transportation Project Revenue Bonds

Prepared By: Bill Scott, Executive Director Phone: 561-8050

Division: Alaska Industrial Dev. & Export Auth. Date: 3/17/92

Approved by Commissioner: Glenn A. Olds

Agency: Department of Commerce & Economic Development Date: 3.17.92

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

Page of

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date: _____

Department Affected: Commerce & Econ. Dev.

Title: Defer Fisheries Enhancement Loan
Repayments

BRU: Investments

Component: _____

Sponsor: Zharoff, Jones

Requestor: Senate Labor and Commerce

COMPONENT SERIAL NO.

0	3	8	4
---	---	---	---

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	2,486.1	1,523.0	1,523.0	1,272.2	38.0	0
TOTAL OPERATING	2,486.1	1,523.0	1,523.0	1,272.2	38.0	0

CAPITAL						
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REVENUE FUND RESOURCE: 1070	2,486.1	1,523.0	1,523.0	1,272.2	38.0	0
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FERLF

FUNDING: (Thousands of Dollars)

GENERAL FUND	2,486.1	1,523.0	1,523.0	1,272.2	38.0	0
FEDERAL FUNDS						
OTHER						
FUND SOURCE:						
TOTAL	2,486.1	1,523.0	1,523.0	1,272.2	38.0	0

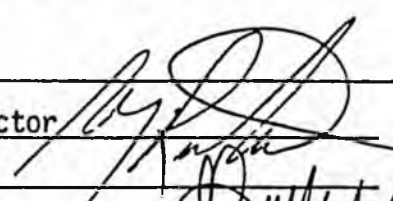
POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year Impact: 0

ANALYSIS (Attach a separate page if necessary.)

SEE ATTACHED

Prepared By: Martin J. Richard, Director  Phone: 465-2510

Division: Investments Date: 2/27/92

Approved by Commissioner: Glenn A. Olds 

Agency: Department of Commerce & Economic Development Date: 2/17/92

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

FISCAL NOTE - SB 416

ANALYSIS:

To adequately reflect the fiscal impact of SB 416, it was necessary to develop the attached spreadsheets for each fiscal year affected. Below is an explanation of these spreadsheets:

Column 1 lists the state-owned hatcheries that are currently being operated by qualified regional aquaculture associations or ones that are projected to be transferred in the near future. The date of transfer or projected date of transfer is also noted and is important because section 2 of the bill says that repayment may be deferred for a period of time that is sufficient to defray costs of operation not to exceed five years from the date that the association assumes operating responsibility for the hatchery.

Columns 2 and 3 indicate the payments that are scheduled to be made by the affected associations, and column 4 displays payments that are projected not to be made in FY 93. These estimates in column 4 have been used in determining the cash flow projections of the Fisheries Enhancement Revolving Loan Fund and the resulting General Fund request to fund loan demand for FY 93.

Column 5 shows the total projected operating costs of the transferred facilities and must be compared to columns 1, 2 and 3 to arrive at the fiscal impact. In FY's 93-97, the payments that are scheduled to be made (columns 2 and 3) minus the anticipated deferments (column 4) is less than the projected operational costs of the transferred facilities.

Columns 7 and 8 break down the fiscal impact according to the investor that is affected. While most of the loans are owned by the Fisheries Enhancement Loan Fund, some are owned by Alaska Industrial Development and Export Authority (AIDEA). A separate fiscal note reflecting the impact on AIDEA's loans as shown in Column 7 has been prepared by AIDEA. The impact borne by the loan fund is shown in column 8 and on the attached fiscal note.

**DIVISION OF INVESTMENTS
ALASKA DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT**

FISCAL NOTE ANALYSIS OF SB 416 FOR FY'93

(Figures are shown in thousands of dollars)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TRANSFERRED HATCHERIES	AIDEA PAYMENTS DUE IN FY'93	FE FUND PAYMENTS DUE IN FY'93	DEFERRED PAYMENTS IN FY'93	OPERATIONAL COSTS DURING FY'93	TOTAL OF FY'93 FISCAL NOTES	AIDEA FISCAL NOTE	FE FUND FISCAL NOTE
COOK INLET AQUACULTURE ASSN.	0.0	0.0	0.0	1,237.0	0.0	0.0	0.0
TRAIL LAKES (7/1/88)				683.0			
TUTKA (7/1/92)				554.0			
KODIAK REGIONAL AQUA. ASSN.	0.0	0.0	0.0	901.0	0.0	0.0	0.0
KIT JI (7/1/88)				703.0			
PILLAR CREEK (7/1/92)				198.0			
NORTHERN S. E. REGIONAL AQUA. ASSN.	0.0	351.5	0.0	997.0	351.5	0.0	351.5
HIDDEN FALLS (6/23/88)				997.0			
PRINCE WILLIAM SOUND AQUA. ASSN.	277.9	1,822.1	0.0	1,969.0	1969.0	146.9	1822.1
CANNERY CREEK (7/1/88)				926.0			
GULKANA (7/1/90)				338.0			
MAIN BAY (7/1/91)				705.0			
SOUTHERN S. E. REGIONAL AQUA. ASSN.	312.5	1,064.2	1,064.2	400.0	312.5	0.0	312.5
BEAVER FALLS (7/1/91)				400.0			
TOTALS	590.4	3,237.8	1,064.2	5,504.0	2,633.0	146.9	2,486.1

DIVISION OF INVESTMENTS
ALASKA DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

FISCAL NOTE ANALYSIS OF SB 416 FOR FY'94

(Figures are shown in thousands of dollars)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TRANSFERRED HATCHERIES	AIDEA PAYMENTS DUE IN FY'93	FE FUND PAYMENTS DUE IN FY'93	DEFERRED PAYMENTS IN FY'93	OPERATIONAL COSTS DURING FY'93	TOTAL OF FY'93 FISCAL NOTES	AIDEA FISCAL NOTE	FE FUND FISCAL NOTE
COOK INLET AQUACULTURE ASSN.	0.0	0.0	0.0	554.0	0.0	0.0	0.0
TRAIL LAKES (7/1/88)							
TUTKA (7/1/92)				554.0			
KODIAK REGIONAL AQUA. ASSN.	0.0	0.0	0.0	198.0	0.0	0.0	0.0
KITOI (7/1/88)							
PILLAR CREEK (7/1/92)				198.0			
NORTHERN S. E. REGIONAL AQUA. ASSN.	0.0	386.1	0.0	0.0	0.0	0.0	0.0
HIDDEN FALLS (6/23/88)							
PRINCE WILLIAM SOUND AQUA. ASSN.	277.9	1,858.8	0.0	1,043.0	1043.0	0.0	1043.0
CANNERY CREEK (7/1/88)							
GULKANA (7/1/90)				338.0			
MAIN BAY (7/1/91)				705.0			
SOUTHERN S. E. REGIONAL AQUA. ASSN.	312.5	1,064.2	0.0	480.0	480.0	0.0	480.0
BEAVER FALLS (7/1/91)				480.0			
TOTALS	590.4	3,309.1	0.0	2,275.0	1,523.0	0.0	1,523.0

DIVISION OF INVESTMENTS
ALASKA DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

FISCAL NOTE ANALYSIS OF SB 416 FOR FY'95

(Figures are shown in thousands of dollars)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	AIDEA PAYMENTS DUE IN FY'93	FE FUND PAYMENTS DUE IN FY'93	DEFERRED PAYMENTS IN FY'93	OPERATIONAL COSTS DURING FY'93	TOTAL OF FY'93 FISCAL NOTES	AIDEA FISCAL NOTE	FE FUND FISCAL NOTE
TRANSFERRED HATCHERIES							
COOK INLET AQUACULTURE ASSN.	0.0	0.0	0.0	554.0	0.0	0.0	0.0
TRAIL LAKES (7/1/88)							
TUTKA (7/1/92)				554.0			
KODIAK REGIONAL AQUA. ASSN.	0.0	0.0	0.0	198.0	0.0	0.0	0.0
KITOI (7/1/88)							
PILLAR CREEK (7/1/92)				198.0			
NORTHERN S. E. REGIONAL AQUA. ASSN.	0.0	386.1	0.0	0.0	0.0	0.0	0.0
HIDDEN FALLS (6/23/88)							
PRINCE WILLIAM SOUND AQUA. ASSN.	277.9	1,858.8	0.0	1,043.0	1043.0	0.0	1043.0
CANNERY CREEK (7/1/88)							
GULKANA (7/1/90)				338.0			
MAIN BAY (7/1/91)				705.0			
SOUTHERN S. E. REGIONAL AQUA. ASSN.	312.5	1,064.2	0.0	480.0	480.0	0.0	480.0
BEAVER FALLS (7/1/91)				480.0			
TOTALS	590.4	3,309.1	0.0	2,275.0	1,523.0	0.0	1,523.0

**DIVISION OF INVESTMENTS
ALASKA DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT**

FISCAL NOTE ANALYSIS OF SB 416 FOR FY'96

(Figures are shown in thousands of dollars)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TRANSFERRED HATCHERIES.	AIDEA PAYMENTS DUE IN FY'93	FE FUND PAYMENTS DUE IN FY'93	DEFERRED PAYMENTS IN FY'93	OPERATIONAL COSTS DURING FY'93	TOTAL OF FY'93 FISCAL NOTES	AIDEA FISCAL NOTE	FE FUND FISCAL NOTE
COOK INLET AQUACULTURE ASSN.	0.0	38.0	0.0	554.0	38.0	0.0	38.0
TRAIL LAKES (7/1/88)							
TUTKA (7/1/92)				554.0			
KODIAK REGIONAL AQUA. ASSN.	0.0	0.0	0.0	198.0	0.0	0.0	0.0
KITOI (7/1/88)							
PILLAR CREEK (7/1/92)				198.0			
NORTHERN S. E. REGIONAL AQUA. ASSN.	0.0	386.1	0.0	0.0	0.0	0.0	0.0
HIDDEN FALLS (6/23/88)							
PRINCE WILLIAM SOUND AQUA. ASSN.	277.9	2,070.3	0.0	705.0	705.0	0.0	705.0
CANNERY CREEK (7/1/88)							
GULKANA (7/1/90)							
MAIN BAY (7/1/91)				705.0			
SOUTHERN S. E. REGIONAL AQUA. ASSN.	312.5	1,064.2	0.0	529.2	529.2	0.0	529.2
BEAVER FALLS (7/1/91)				529.2			
TOTALS	590.4	3,558.6	0.0	1,986.2	1,272.2	0.0	1,272.2

DIVISION OF INVESTMENTS
ALASKA DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

FISCAL NOTE ANALYSIS OF SB 416 FOR FY'97

(Figures are shown in thousands of dollars)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TRANSFERRED HATCHERIES	AIDEA PAYMENTS DUE IN FY'93	FE FUND PAYMENTS DUE IN FY'93	DEFERRED PAYMENTS IN FY'93	OPERATIONAL COSTS DURING FY'93	TOTAL OF FY'93 FISCAL NOTES	AIDEA FISCAL NOTE	FE FUND FISCAL NOTE
COOK INLET AQUACULTURE ASSN.	0.0	38.0	0.0	554.0	38.0	0.0	38.0
TRAIL LAKES (7/1/88)							
TUTKA (7/1/92)				554.0			
KODIAK REGIONAL AQUA. ASSN.	0.0	0.0	0.0	198.0	0.0	0.0	0.0
KITOI (7/1/88)							
PILLAR CREEK (7/1/92)				198.0			
NORTHERN S. E. REGIONAL AQUA. ASSN.	0.0	386.1	0.0	0.0	0.0	0.0	0.0
HIDDEN FALLS (6/23/88)							
PRINCE WILLIAM SOUND AQUA. ASSN.	277.9	2,070.3	0.0	0.0	0.0	0.0	0.0
CANNERY CREEK (7/1/88)							
GULKANA (7/1/90)							
MAIN BAY (7/1/91)							
SOUTHERN S. E. REGIONAL AQUA. ASSN.	312.5	1,064.2	0.0	0.0	0.0	0.0	0.0
BEAVER FALLS (7/1/91)							
TOTALS	590.4	3,558.6	0.0	752.0	38.0	0.0	38.0

**DIVISION OF INVESTMENTS
ALASKA DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT**

FISCAL NOTE ANALYSIS OF SB 416 FOR FY'98

(Figures are shown in thousands of dollars)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TRANSFERRED HATCHERIES	AIDEA PAYMENTS DUE IN FY'93	FE FUND PAYMENTS DUE IN FY'93	DEFERRED PAYMENTS IN FY'93	OPERATIONAL COSTS DURING FY'93	TOTAL OF FY'93 FISCAL NOTES	AIDEA FISCAL NOTE	FE FUND FISCAL NOTE
COOK INLET AQUACULTURE ASSN.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TRAIL LAKES (7/1/88)							
TUTKA (7/1/92)							
KODIAK REGIONAL AQUA. ASSN.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
KITOI (7/1/88)							
PILLAR CREEK (7/1/92)							
NORTHERN S. E. REGIONAL AQUA. ASSN.	0.0	386.1	0.0	0.0	0.0	0.0	0.0
HIDDEN FALLS (8/23/88)							
PRINCE WILLIAM SOUND AQUA. ASSN.	277.9	1,858.8	0.0	*	0.0	0.0	0.0
CANNERY CREEK (7/1/88)							
GULKANA (7/1/90)							
MAIN BAY (7/1/91)							
SOUTHERN S. E. REGIONAL AQUA. ASSN.	312.5	1,064.2	0.0	0.0	0.0	0.0	0.0
BEAVER FALLS (7/1/91)							
TOTALS	590.4	3,309.1	0.0	0.0	0.0	0.0	0.0

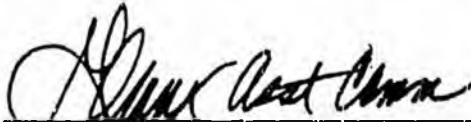
SB 416: "Defer Fisheries Enhancement Loan Repayments"

SB 416 makes changes to the fisheries enhancement loan program to provide financial assistance to regional aquaculture associations and their nonprofit corporations that are taking over hatcheries previously operated by the state. This financial assistance will be accomplished without direct appropriations to the Department of Fish and Game or the regional aquaculture associations by reducing the amount of interest charged to these associations on loans received under the fisheries enhancement loan program. SB 416 allows the department to approve a noninterest accrual and nonpayment period to defray the costs of operation of a state-owned hatchery that has been transferred to a qualified regional aquaculture association. This time period which would be determined by the commissioner could not exceed five years from the date that the association assumes operating responsibility for the hatchery and can only be approved if certain conditions are met.

Those conditions are:

1. the association or corporation holding the loan has entered into or is prepared to enter into an agreement with the state to take over the operation of a state-owned facility; and
2. deferral of repayment of the loan would materially assist the association or corporation to pay the operational costs of the hatchery.

The department is neutral on this legislation. While the passage of SB 416 will result in fewer dollars returning to the loan fund over the next few years and may increase the department's general fund request for this program, there will be savings over the long term due to a reduction in the amount of general fund monies spent by the Department of Fish and Game to operate the facilities being transferred.



Glenn A. Olds, Commissioner

Date:

3.17.92



SENATOR FRED F. ZHAROFF

ALASKA STATE LEGISLATURE

P. O. BOX 405, KODIAK, ALASKA 99615 (907) 486-5259

DURING SESSION:

P. O. BOX V, JUNEAU, ALASKA 99811 • (907) 465-3473 • 465-3474

DISTRICT N

ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PRIBILOF ISLANDS • SHUMAGIN ISLANDS

MEMORANDUM

TO: Senator Pat Pourchot
Co-Chair
Senator Jay Kerttula
Co-Chair
Senate Finance Committee

FROM: Senator Fred F. Zharoff

DATE: April 25, 1992

RE: CS For Senate Bill No. 416 - "An Act authorizing the commissioner of commerce and economic development to defer certain principal and interest payments on loans made under the fishery enhancement loan program to accommodate transfer of operational responsibility for state-owned hatcheries."

BILL SUMMARY: SB 416 would allow the commissioner of commerce to defer repayment of principal and interest on fisheries enhancement loans in order to allow regional aquaculture associations enough time to establish cost recovery programs at former state-operated hatcheries. The deferral period may not exceed five years.

Four conditions must be met for the commissioner to authorize a deferral. First, the regional aquaculture association must have entered into an agreement, or be prepared to enter into an agreement, to take over the operations of a state-owned hatchery. Second, the hatchery involved must have had insufficient salmon returns to support a cost-recovery program while it was operated by the state. Third, the state did not transfer management of the hatchery before June 30, 1991. And fourth, the commissioner must determine that the deferral would materially assist the association in paying the operational costs of the hatchery.

FISCAL IMPACT: The Department of Commerce and Economic Development's fiscal note is \$480,000 for FY 94, \$480,000 for FY 95, \$567,200 for FY 96, \$529,200 for FY 97, and zero for FY 98. The Alaska Industrial and Development Authority's fiscal note is \$312,500 for FY 93. The Department of Fish and Game's fiscal note is zero.

PREVIOUS ACTION: The Senate Labor and Commerce Committee moved the bill on April 14 (1 DP, 4 NR).

BACKGROUND: The state's policy in recent years has been to encourage and facilitate the transfer of state-owned fish hatcheries to qualified regional aquaculture associations. While state hatcheries are entirely dependant on general fund appropriations for operating costs, regional aquaculture associations are allowed to conduct cost-recovery operations, where surplus fish returning to the hatcheries are harvested and sold to cover hatchery operating costs.

Due to natural salmon cycles, varying periods of time are required before the transferred hatcheries can establish viable cost-recovery programs. CSSB 415 would provide the associations with necessary operating capital and a limited period of financial relief -- through deferral of principal and interest on fisheries enhancement loans -- in order to make the transferred hatcheries financially self-sufficient.

The proposed CS was drafted in order to reduce the financial cost to the state's fisheries enhancement loan program by being more specific about the purpose of the deferral and by limiting its applicability to state hatcheries transferred after June 30, 1991.

ATTACHED BACKUP INFORMATION:

1. Fiscal note from the Alaska Industrial Development and Export Authority.
2. Fiscal note from the Department of Commerce and Economic Development.
3. Department of Commerce and Economic Development position paper on the original bill.
4. Fiscal note from the Department of Fish and Game.
5. Letter from Mr. Carl Rosier, Fish and Game commissioner, describing the current status of the state's hatcheries as of April 2, 1992.

STATE OF ALASKA

DEPARTMENT OF FISH AND GAME

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

P.O. BOX 3-2000
SITKA, ALASKA 99833-2000
PHONE: (907) 465-4100

SB 416

5

April 2, 1992

The Honorable Drue Pearce
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

F A X T R A N S M I T T A L M E M O
TO: Ray Gillespie
DEPT: _____ FAX #: _____
FROM: Johnny Holland PHONE: _____
CO: _____ FAX #: _____
Post-it brand fax transmittal memo 7671

NO. OF PAGES
5

Finally!

Dear Senator Pearce:

During the March 18 Senate Subcommittee on Commerce and Labor hearing, Dr. J. S. Holland, Assistant Director of the department's Fisheries Rehabilitation, Enhancement and Development (FRED) Division, responded to questions posed by committee members. The committee requested clarification of the funding status of the state's hatcheries. Also, at one point, Dr. Holland mentioned the FRED Division's public hatchery strategic plan, three copies of which are enclosed.

Of the 20 state-owned hatcheries, nine are currently operated and/or funded by the private sector. Of those contracted hatcheries, Beaver Falls has no long-term contract commitment by the private sector and faces closure in FY 93. Negotiations are ongoing for the Southern Southeast Regional Aquaculture Association (SSRAA) to operate Beaver Falls. A long-term contractual commitment by SSRAA to operate Beaver Falls is dependent on both a hatchery upgrade CIP request (currently on the Governor's CIP list) and on deferment of fishery enhancement loans.

Three of the remaining 11 hatcheries (Clear, Elmendorf, and Ft. Richardson) are sport fish production facilities and, as such, are primarily funded by Sport Fish Restoration Act federal aid funds with matching funds provided from the fish and game fund or general fund. Following development of the enclosed public hatchery strategic plan, the FRED Division learned that Anadromous Fish Conservation Act federal aid funds will no longer be available. This leaves the Deer Mountain Hatchery with only half of the necessary funds needed to operate it in FY 93. The division is seeking additional funding sources for Deer Mountain, but if this funding does not come through, the facility will face closure in FY 93.

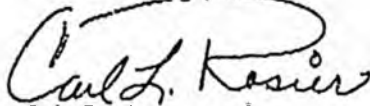
Of the remaining seven state hatcheries, three (Big Lake, Klawock, and Russell Creek) have been slated for closure in FY 93 given the magnitude of the department's proposed FY 93 budget reduction. At

April 2, 1992

this time, there are no private sector salmon producers that have expressed an interest in contracting the operations of any of these facilities, as cost-recovery options are severely limited. The four remaining hatcheries (Crystal Lake, Snettisham, Crooked Creek, and Sikusuilaq Springs) each have unique properties; i.e., major impact on international fisheries treaties, research status, major impact on sport fish production, etc., that require they remain open.

I hope this information is useful when considering Senate Bill 416.

Sincerely,



Carl L. Rosier
Commissioner

Enclosures

cc: Geron Bruce
J. S. Lolland
Jeff Koenings

Alaska Department of Fish and Game—FRED Division
Public Hatchery Strategic Plan

Hatchery	Location	Species	Program * Intent	Comments	Operating Costs	FY92		Oper. Plan FY	Agenc	Percent ** Subsistence	Percent Sport	Percent Commercial	
						Funding Source							
Beaver Falls	Ketchikan	Sockeye	CF	Contracted to SSRAA with GF for FY92 operation.	\$294.8		92	SSRAA	***	0%	100%		
Big Lake	Big Lake	Sockeye	CF, PU	Major production of enhancement fish for Anchorage area. Sockeye shortfunded in FY93.	\$60.0	CIP	92	FRED	14%	1%	85%		
		Coho	SF, CF, PU		\$312.4	GF						5%	65%
Cannery Creek	Whittier	Pink	CF	Operated by PWSAC			89	PWSAC			100%		
Clear	Clear	Arctic char	SF	Major sport fish production facility	\$22.9	GF	92	FRED		100%			
		Arctic grayling	SF	Vital to US/Can chum and chinook programs	\$313.6	DJ/WB						100%	
		Lake trout	SF		\$92.5	F&G						100%	
Crooked Creek	Soldotna	Sockeye	CF, PU	Sockeye contracted to CIAA	\$46.0	CIAA	92	FRED	3%	2%	95%		
		Coho	SF, PU	Contributes substantially to sport fish program through eggtrak	\$340.3	GF						5%	95%
		Steelhead	SF		\$3.8	PGR						100%	
		Chinook	SF	for other facilities.								100%	
Crystal Lake	Peterstburg	Chinook CL rel.	US/C, SF, CF	Large US/Can capital investment including Harding River, Deep Cave, and Farragut River. Provides 5-7 million chinook eggs in addition to its own needs primary stream rehab work from unique isolation modules.	\$602.6	GF	92	FRED	***	44%	56%		
		Chinook remote	US/C, CF		\$15.0	PgR						1%	99%
		Coho	SF, PU, CF		\$12.8	DJ/WB						17%	83%
		Steelhead	SF									100%	
Deer Mountain	Ketchikan	Chinook	RES, SF, CF	Fisheries technology development	\$149.7	GF	92	FRED	***	40%	60%		
		Coho	SF, PU, CF	results supplied to other	\$141.5	ANAD						17%	83%
		Steelhead	SF	state and private programs. Prim	\$13.0	DJ/WB						100%	
		Rainbow	SF	tourist facility, over 250,000 annually. Major role in public education. Urban (SF) fisheries program being developed with Rainbow trout.								100%	

Salchery	Location	Species	Program Intent	Comments	Operating Costs	Funding Source	Operational FY	Plan Ager	Percent ** Subsistence	Percent Sport	Percent Commercial
Elmendorf	Anchorage	Chinook	SF	Major sport fish production facility	\$112.8	F&G	92	FRED	1%	90%	9%
		Coho	SF	High visibility tourist attraction	\$385.2	DJ/WB			3%	87%	10%
Richardson	Anchorage	Chinook	SF	Major sport fish production facility	\$143.9	GF	92	FRED		88%	13%
		Coho	SF		\$596.0	DJ/WB			90%	10%	
		Rainbow	SF, RES		\$181.6	F&G			100%		
Gulkana	Glennallen	Sockeye Chinook	CF, SUB CF, SF, SUB	The most cost effective sockeye facility in the world. 35 million sockeye salmon eggtake annually. FY92 contract for one year, potential long term contract.	\$41.2	GF	92	FRED/ PWSAC	8% 20%	2% 30%	90% 50%
Hidden Falls	Sitka	Chinook	CF	\$2.5 million chinook expansion with US/Can funds. Operated by NSRAA.			89	NSRAA			100%
		Chum	CF		100%						
Kitoi Bay	Kodiak	Pink	CF	Operated by state with funds provided by KRAA.			92	FRED/KRAA			100%
		Chum	CF		100%						
		Coho	SF, CF		50%	50%					
		Sockeye	CF		100%						
Klawock	Klawock	Sockeye	SUB	BIA funds to address local projects. GF used in projects to rehabilitate POW in post-logging years.	\$424.3	GF	92	FRED	100%		93%
		Coho	CF, SUB		\$10.0	PgR(non-existent)			***	7%	
		Slethead	SF		\$18.0	DJ/WB			100%		
Main Bay	Whillier	Sockeye	CF	Operated by PWSAC			92	PWSAC		1%	99%
Pillar Creek	Kodiak	Sockeye	CF	Primarily operated with funds provided by KRAA. Some GF involved.	\$37.9	GF	92	FRED/KRAA	***		100%
Russell Creek	Cold Bay	Chum	CF	FY92 PgR from Aleutian's East Borough. Fisheries developmental facility to be contracted in FY99	\$420.0	GF	99	Reg. Assoc.			100%
		Pink	CF		\$52.8	PgR			1%	99%	
		Coho	SF, CF						50%	50%	

Hatchery	Location	Species	Program Intent *	Comments	Operating Costs	Funding Source	Operational FY	Plat Aqen	Percent Subsistence **	Percent Sport	Percent Commercial
Sikusuilag	Kotzebue	Chum	CF, SUB	Developmental facility for fisheries technology. Potential for subsistence harvest. To be contracted in 1999.	\$390.8	GF	99	Reg. Asso	20%		80%
Snellisham	Juneau	Sockeye CIF	US/C, CF, RE	Tremendous involvement in US/Can projects, transboundary river sock enhancement plus SE Baranof chino Applied technology development for sockeye smolt. Major sport fish production in Juneau recreation project.	\$612.8	GF	92	FRED	***		100%
		Sockeye (small)	US/C, CF		\$108.0	US/CAN			***		100%
		Chinook (Deep)	US/C, CF		\$94.1	W/B				6%	94%
		Chinook (juvenile)	SF							34%	66%
Traill Lakes	Moose Pass	Coho Sockeye	SF, CF CF	Operated by CIAA			89	CIAA	***	75%	25% 100%
Tutka	Homer	Pink	CF	Contracted to CIAA		CIP	92	CIAA	***	2%	98%
		Chum	CF		***		100%				
		Sockeye	CF		***		100%				

* - Legend- subsistence (SUB), sport fish(SF), commercial fish(CF), research (RES), US/Canada (US/C)

** - Includes personal use

*** - Thought to contribute to subsistence but as yet unquantified

**** - SSRAA -Southern Southeast Regional Aquaculture Association

PWSAC- Prince William Sound Aquaculture Corporation

CIAA - Cook Inlet Aquaculture Association

NSRAA - Northern Southeast Regional Aquaculture Association

REG. ASSOC.- as yet unknown aquaculture association.

Pg.R. - program receipts



ALASKA INDUSTRIAL DEVELOPMENT
AND EXPORT AUTHORITY

480 WEST TUDOR • ANCHORAGE, ALASKA 99503-8690 • (907) 561-8050 • FAX (907) 561-8998

Part of AIDEA Fiscal Note, SB 416:

AIDEA fisheries enhancement loans and receipts therefrom are pledged to the repayment of the DeLong Mountain Transportation Project Revenue Bonds.

SB427

SENATE FINANCE COMMITTEE REPORT

DATE: 3/23/92

FURTHER:

DATE TURNED INTO OFFICE: ~~4/27/92~~

The Finance Committee considered

SENATE BILL NO. 427

"An Act relating to products made in Alaska."

and recommends:

- replace with CS 5B 427 (FINANCE)
- or adopt previous CS _____
- attaches amendment(s)

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

adopts _____ Letter of Intent

further referral to the _____

do pass

do not pass

no recommendation

individual recommendations

NEW FISCAL NOTES: Dept/Date

zero fiscal notes _____

fiscal notes

~~DEPT: 1-1-0 GE/Program Receipts~~

appropriation--no fiscal note

PREVIOUS FISCAL NOTES: Dept/Date

zero fiscal notes _____

fiscal notes _____

DO PASS:

Paul Duncan
Al Adams
Frank Shultz
John Kelly
Red Karchel

OTHER RECOMMENDATIONS:

1. *Red Karchel*
Co-Chair: Signature/Recommendation

2. *Paul Duncan*
Co-Chair: Signature/Recommendation

FISCAL NOTE

**STATE OF ALASKA
1992 LEGISLATIVE SESSION**

BILL NO. CSSB 427

Revision Date: 4/27/92

Department Affected: Commerce & Econ. Dev.

Title: An Act relating to Products Made in
Alaska

BRU: Economic Development

Sponsor: Sturgulewski/Pearce

Component: _____

Requestor: Senate Finance

COMPONENT SERIAL NO.

--	--	--	--

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	15.0	15.0	15.0	15.0	15.0	15.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	15.0	15.0	15.0	15.0	15.0	15.0

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

REVENUE FUND RESOURCE:						
-------------------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER GF Program						
FUND SOURCE: Receipts	15.0	15.0	15.0	15.0	15.0	15.0
TOTAL	15.0	15.0	15.0	15.0	15.0	15.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS (Attach a separate page if necessary.)

SEE ATTACHED

Prepared By: Tom Lawson, Section Chief Phone: 465-2017

Division: Economic Development Date: _____

Approved by Commissioner: Glenn A. Olds *(Signature)*

Agency: Department of Commerce & Economic Development Date: _____

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

FISCAL NOTE - SB 427

ANALYSIS:

There are no personal services or travel costs associated with this bill.

Contractual for FY 93:

Printing: \$ 7,500

Cost of printing a one-year supply of tags and stickers:

Silver Hand Tags and Stickers \$5,000
Made-In-Alaska Stickers \$2,500

Brochures, Posters, Other Printed Materials: \$ 2,500

Marketing and Advertising: \$10,000

This will consist of advertising to inform the public of the program and to encourage the public to buy Alaskan products. May include print and TV ads, pamphlets, PSAs on radio and TV, etc.

Total for FY 93* \$20,000

*Note: The FY 92 Authorized includes \$5,000 for the Made-In-Alaska and Silver Hand programs. As a result, only \$15,000 is requested in this fiscal note. Permit application fees will generate general fund program receipts.

CS FOR SENATE BILL NO. 427 ~~(FINANCE)~~
 IN THE LEGISLATURE OF THE STATE OF ALASKA
 SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
 Referred:

Sponsor(s): SENATORS STURGULEWSKI, Pearce

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to articles made in Alaska."

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

3 * Section 1. AS 45.65.010 is amended to read:

4 Sec. 45.65.010. IDENTIFICATION SEALS AND EMBLEMS [SEAL FOR
 5 HANDICRAFTS]. A person who makes an authentic Native [ARTICLE OF] handicraft in the
 6 state may obtain an identification seal as specified in AS 45.65.030(a) [AS 45.65.030] to identify
 7 the article. The identification seal may be affixed only to authentic Native handicrafts
 8 [ARTICLES OF HANDICRAFT] made in the state.

9 * Sec. 2. AS 45.65.010 is amended by adding a new subsection to read:

10 (b) A person may use an emblem described under AS 45.65.030(c) to identify an article
 11 that is made in the state. The emblem may not be used to identify an article made outside the
 12 state.

13 * Sec. 3. AS 45.65.020 is amended to read:

14 Sec. 45.65.020. COMMISSIONER TO ADMINISTER [AS 45.65.010 - 45.65.070]. The

1 commissioner of commerce and economic development is responsible for the administration of
2 AS 45.65.010 - 45.65.070, including

3 (1) subject to AS 45.65.030(a) [AS 45.65.030], the design, method of affixing,
4 preparation, issuance, and control of identification seals [AND DOCUMENTS];

5 (2) the issuance of permits to agents to distribute the seals [AND DOCUMENTS];

6 (3) the supervision of the use of the seals and emblems [DOCUMENTS];

7 (4) subject to AS 45.65.030(c), the design, issuance, and control of emblems;

8 (5) the issuance of permits to agents to issue permits to use the emblems; and

9 (6) [(4)] the enforcement of [THE CIVIL AND CRIMINAL PROVISIONS OF]

10 AS 45.65.010 - 45.65.070.

11 * Sec. 4. AS 45.65.030(a) is amended to read:

12 (a) The official authentic Native handicraft symbol is the silver hand symbol. It must
13 [SHALL] bear the words: "Authentic Native Handicraft from Alaska", and include a blank line
14 for the artist's name and the place of origin of the article. [IF SPACE PERMITS ON THE
15 SEAL, OR, IF NOT, IN AN ACCOMPANYING DOCUMENT, IT SHALL ALSO STATE:
16 "THIS SILVER HAND SYMBOL IS YOUR GUARANTEE THAT THIS IS A GENUINE
17 ARTICLE, MADE IN ALASKA, HAND-CRAFTED AND FINISHED BY AN ALASKAN
18 NATIVE ARTIST OR CRAFTSMAN. WHERE POSSIBLE, ONLY ALASKAN MATERIALS
19 HAVE BEEN USED TO CREATE THIS ARTICLE, AND TO A GREAT EXTENT ONLY
20 TRADITIONAL NATIVE METHODS HAVE BEEN USED."]

21 * Sec. 5. AS 45.65.030 is amended by adding a new subsection to read:

22 (c) The official emblem for an article that is made in the state is a design approved by
23 the commissioner under AS 45.65.020(4) that depicts a mother bear with a cub and states the
24 words "Made in Alaska."

25 * Sec. 6. AS 45.65.040 is ~~repealed and reenacted~~ to read:

26 Sec. 45.65.040. ~~IDENTIFICATION SEAL AND IDENTIFICATION SEAL AGENT~~
27 ~~PERMITS. (a) The identification seal authorized under AS 45.65.010(a) may only be used after~~
28 ~~receiving a permit from the commissioner or from an agent who possesses a current permit under~~
29 ~~(b) of this section.~~

30 (b) A resident of the state may apply to the commissioner for a permit as agent to issue
31 ~~permits to use the identification seals described under AS 45.65.030(a) in the state. The~~

1 commissioner may examine or investigate an applicant to determine whether the applicant has
2 sufficient knowledge of handicrafts, customs, and populace of the area in which the applicant
3 resides to identify authentic Native handicraft, and may issue permits to qualified applicants. The
4 permit may limit the authority of the agent to a certain geographic area or to a particular type
5 of handicraft.

6 (c) The commissioner shall establish forms and fees for the applications and permits to
7 be used or issued under this section, the period for which the permits ~~are valid,~~ and the
8 ~~procedures for renewing~~ the permits.

9 (d) Before issuing a permit for an article under this section, the commissioner or the
10 ~~identification seal agent~~ shall determine that the article is eligible for the ~~identification seal.~~

11 ~~(e) An identification seal agent may report alleged violations of AS 45.65.010 - 45.65.070~~
12 ~~to the commissioner.~~

13 * Sec. 7. AS 45.65 is amended by adding a new section to read:

14 Sec. 45.65.045. EMBLEM AND EMBLEM AGENT PERMITS. (a) The emblem
15 authorized under AS 45.65.010(b) may not be used without receiving a permit from the
16 commissioner or from an agent who possesses a current permit under (b) of this section.

17 (b) A resident of the state may apply to the commissioner for a permit to act as an agent
18 to issue permits to use the emblem. An agent may report alleged violations of AS 45.65.010 -
19 45.65.070 to the commissioner.

20 (c) The commissioner shall establish forms and fees for the applications and permits to
21 be used or issued under this section, the period for which the permits are valid, and the
22 procedures for renewing the permits.

23 (d) Before issuing a permit for an article under this section, the commissioner or the
24 agent shall determine that the article is eligible for the emblem.

25 * Sec. 8. AS 45.65.060 is amended to read:

26 Sec. 45.65.060. PENALTIES. (a) A person who knowingly or wilfully [ISSUES THE
27 DOCUMENT FOR, OR] affixes or attaches the identification seal provided for in AS 45.65.010 -
28 45.65.070 to an article, knowing that it is not an authentic Native [ARTICLE OF] handicraft,
29 [OR AFFIXES OR ATTACHES THE INAPPROPRIATE SEAL, OR ISSUES THE
30 INAPPROPRIATE DOCUMENT, UNDER AS 45.65.030,] is guilty of a class B misdemeanor
31 [, AND UPON CONVICTION IS PUNISHABLE BY A FINE OF NOT MORE THAN \$1,000,

1 OR BY IMPRISONMENT FOR NOT MORE THAN ONE YEAR, OR BY BOTH].

2 (b) A person who knowingly or wilfully sells or offers for sale an article with the seal
3 affixed or attached [AND ISSUES THE DOCUMENT, IF REQUIRED UNDER AS 45.65.030],
4 knowing that the article is not an authentic Native [ARTICLE OF] handicraft [, OR
5 KNOWINGLY OR WILFULLY SELLS OR OFFERS FOR SALE AN ARTICLE WITH THE
6 INAPPROPRIATE SEAL OR DOCUMENT AS PROVIDED IN AS 45.65.030], is guilty of a
7 class B misdemeanor [, AND UPON CONVICTION IS PUNISHABLE BY A FINE OF NOT
8 MORE THAN \$1,000, OR BY IMPRISONMENT FOR NOT MORE THAN ONE YEAR, OR
9 BY BOTH].

10 (c) A person who knowingly or wilfully alters, changes, or counterfeits an identification
11 seal or emblem [DOCUMENT] is guilty of a class B misdemeanor [, AND UPON
12 CONVICTION IS PUNISHABLE BY A FINE OF NOT MORE THAN \$1,000, OR BY
13 IMPRISONMENT FOR NOT MORE THAN ONE YEAR, OR BY BOTH].

14 * Sec. 9. AS 45.65.060 is amended by adding new subsections to read:

15 (d) A person who knowingly or wilfully sells or offers for sale an article that is not made
16 in the state but that bears the emblem is guilty of a class B misdemeanor.

17 (e) A person who knowingly or wilfully uses the emblem for an article that is not made
18 in the state is guilty of a class B misdemeanor.

19 (f) A person who has been issued a permit under AS 45.65.040 to issue ~~permits to use~~
20 ~~the~~ identification seals described under AS 45.65.030(a) is guilty of a class B misdemeanor if the
21 person knowingly or wilfully issues ~~a permit~~ for an article that is not an authentic Native
22 handicraft.

23 (g) A person who has been issued a permit under AS 45.65.045 to issue permits to use
24 the emblem, is guilty of a class B misdemeanor if the person knowingly or wilfully issues a
25 permit for an article that is not made in the state.

26 * Sec. 10. AS 45.65.070 is amended by adding a new paragraph to read:

27 (5) "emblem" means the emblem that is authorized under AS 45.65.010(b).

28 * Sec. 11. AS 45.65.030(b), 45.65.050, and 45.65.070(1) are repealed.

SB 427: "An Act relating to Products Made in Alaska."

The department strongly supports the passage of this bill. It accomplishes three program objectives:

1. it gets the Made-In-Alaska program into statute;
2. it makes some minor changes in the existing Silver Hand statutes; and
3. it repeals the "Silver State" program which has been inactive since the establishment of the Made-In-Alaska program.

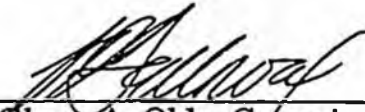
The purpose of both the Silver Hand and the Made-In-Alaska program is twofold:

1. to provide a way to identify Alaska products; and
2. to act as a marketing tool to encourage the purchase of such items, both in-state and for export.

The proposed legislation has been desired by the department for some time and will be a positive step in expanding the promotion of Alaskan products, arts and handicrafts.

At the present time, the Made-In-Alaska program has 1,401 certified logo users for over 4,000 different Alaska made products. The program has enthusiastic producer support and excellent public acceptance. The state support expressed by placing this program in statute will enhance public acceptance and will translate into an increased sales of Alaskan products. Having the program in statute will also afford greater protection against misuse of the logo by increasing the department's enforcement capabilities.

The Silver Hand program has proven an effective marketing tool for ethnic Native Alaskan arts and handicrafts. The changes recommended in the bill are basically housekeeping in nature and reflect present day regulatory climate and market conditions.



Glenn A. Olds, Commissioner

Date: 2-26-92

**MADE IN ALASKA/SILVER HAND FUNDING HISTORY
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT**

Gov.'s FY 93

Made in Alaska/Silver Hand	5.0
Increment for in-state promotional programs	20.0

FY 92

Made in Alaska/Silver Hand	5.0
----------------------------	-----

FY 91

Made in Alaska	40.0
Silver hand	5.0

FY 90

Made in Alaska	40.0
Silver hand (reactivated)	5.0

FY 89

Designated grant to Make it Alaskan Inc. (for assistance on Made in Alaska Program)	25.0
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Pre FY 89

No funding appropriated. MIA program initiated in 1986. Minimal costs paid by Office of Enterprise.

STATE OF ALASKA
1992 LEGISLATIVE SESSION

FISCAL NOTE

No. 1
Version: SB 427
(S) Publish Date: 3-24-92

Revision Date: _____
Title: An Act relating to Products Made in
Alaska
Sponsor: Sturgulewski/Pearce
Requestor: Sturgulewski

Department Affected: Commerce & Econ. Dev.
BRU: Economic Development
Component: _____

COMPONENT SERIAL NO.

--	--	--	--

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	35.0	35.0	36.5	38.0	39.5	41.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	35.0	35.0	36.5	38.0	39.5	41.0

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

REVENUE FUND RESOURCE:						
------------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	35.0	35.0	36.5	38.0	39.5	41.0
FEDERAL FUNDS						
OTHER FUND SOURCE:						
TOTAL	35.0	35.0	36.5	38.0	39.5	41.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS (Attach a separate page if necessary.)

SEE ATTACHED

Prepared By: James E. Wiedeman, Development Specialist Phone: 563-2165

Division: Economic Development Date: 2/24/92

Approved by Commissioner: Glenn A. Olds *[Signature]*

Agency: Department of Commerce & Economic Development Date: 2-26-92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OME/DBR, Gov. Legls. Ofc., and Impacted Agency(ies).
Page 1 of 2

FISCAL NOTE - SB 427

ANALYSIS:

There are no personal services or travel costs associated with this bill.

Contractual for FY 93:

Printing: \$ 7,500

Cost of printing a one-year supply of tags and stickers:

Silver Hand Tags and Stickers	\$5,000
Made-In-Alaska Stickers (FY 93, TF 95 and FY 97)	\$2,500

Brochures, Posters, Other Printed Materials: \$ 7,500

Marketing and Advertising: \$20,000

This will consist of advertising to inform the public of the program and to encourage the public to buy Alaskan products. May include print and TV ads, pamphlets, PSAs on radio and TV, etc.

Total for FY 93 \$35,000

The funding levels in Contractual for FY 95 through FY 98 reflect anticipated cost increases in general.

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

No. 2
Bill Version: CSSA 427 (d+c)

(S) Publish Date: 3-23-92

Revision Date: 3/17/92

Department Affected: Commerce & Econ. Dev.

Title: An Act relating to Products Made in
Alaska

BRU: Economic Development

Component: _____

Sponsor: Sturgulewski/Pearce

Requestor: Pearce

COMPONENT SERIAL NO.

--	--	--	--

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	10.0	35.0	36.5	38.0	39.5	41.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	10.0	35.0	36.5	38.0	39.5	41.0
CAPITAL						

REVENUE FUND RESOURCE:						
------------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	10.0	35.0	36.5	38.0	39.5	41.0
FEDERAL FUNDS						
OTHER						
FUND SOURCE:						
TOTAL	10.0	35.0	36.5	38.0	39.5	41.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS (Attach a separate page if necessary.)
SEE ATTACHED

Prepared By: Tom Lawson, Section Chief Phone: 465-2017

Division: Economic Development Date: _____

Approved by Commissioner: Glenn A. Olds 

Agency: Department of Commerce & Economic Development Date: 3.17.92

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

FISCAL NOTE - SB 427

ANALYSIS:

There are no personal services or travel costs associated with this bill.

Contractual for FY 93:

Printing: \$ 7,500

Cost of printing a one-year supply of tags and stickers:

Silver Hand Tags and Stickers \$5,000
Made-In-Alaska Stickers \$2,500

Brochures, Posters, Other Printed Materials: \$ 7,500

Marketing and Advertising: \$20,000

This will consist of advertising to inform the public of the program and to encourage the public to buy Alaskan products. May include print and TV ads, pamphlets, PSAs on radio and TV, etc.

Total for FY 93* \$35,000

The funding levels in Contractual for FY 95 through FY 98 reflect anticipated cost increases in general.

*Note: The FY 93 Governor's Budget Request includes \$25,000 for the Made-In-Alaska and Silver Hand programs. As a result, only \$10,000 is requested in FY 93 via this fiscal note.

SB429

SENATE FINANCE COMMITTEE REPORT

DATE: 4/29/92

FURTHER:

DATE TURNED INTO OFFICE: _____

The Finance Committee considered SENATE BILL NO. 429

Appropriations to the Alaska Energy Authority for payment as grants for the design and construction of Railbelt transmission interties and electrical service extension; making appropriations for energy conservation purposes; making an appropriation to capitalize the electrical service extension fund; efd.

and recommends:

replace with _____ (FINANCE)
or adopt previous _____
 attaches amendments

same title
 new title
 technical title change (HB only)

DIED

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

DO PASS:

1. _____
Co-Chair: Signature/Recommendation

PREVIOUS FISCAL NOTES: Dept/Date

zero fiscal notes _____

fiscal notes _____

OTHER RECOMMENDATIONS:

2. _____
Co-Chair: Signature/Recommendation

SENATE BILL NO. 429

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

BY SENATORS FRANK, Craft, Pearce, Fischer, Rodey, Sturgulewski

Introduced:	2/18/92	
Referred:	L&C, Finance	
Funding Information:	General Fund	\$116,500,000
	Other Funds	<u>-0-</u>
		\$116,500,000

A BILL

FOR AN ACT ENTITLED

1 "An Act making appropriations to the Alaska Energy Authority for payment as grants for
2 the design and construction of Railbelt transmission interties and electrical service extension;
3 making appropriations for energy conservation purposes; making an appropriation to
4 capitalize the electrical service extension fund; and providing for an effective date."

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

6 * Section 1. The sum of \$90,000,000 and the interest earned on that amount beginning July 1, 1992,
7 is appropriated from the general fund, Railbelt intertie reserve (sec. 159, ch. 208, SLA 1990), to the
8 Alaska Energy Authority for payment as a grant under AS 37.05.316 to a joint action agency comprised
9 of all the interconnected electric Railbelt utilities for the design and construction of a 138 KV
10 transmission intertie between Anchorage and the Kenai Peninsula and a 138 KV transmission intertie
11 between Healy and Fairbanks. This appropriation is conditioned on the participating public utilities
12 having entered into written agreements with the authority that require the utilities to pay at least half the
13 costs of each project with money from sources other than grants from the state. It is the intent of the
14 legislature that the Alaska Energy Authority disburse this appropriation as necessary to pay design and

1 construction costs as they are incurred. It is also the intent of the legislature that all costs for these
2 projects in excess of the amount appropriated in this Act be paid by the participating utilities.

3 * Sec. 2. The sum of \$7,000,000 is appropriated from the general fund, Railbelt intertie reserve
4 (sec. 159, ch. 208, SLA 1990), to the Department of Community and Regional Affairs for payment as
5 grants to electric utilities for electrical end-use conservation programs.

6 * Sec. 3. The sum of \$10,000,000 is appropriated from the general fund, Railbelt intertie reserve
7 (sec. 159, ch. 208, SLA 1990), to the Alaska Energy Authority for capitalization of the electrical service
8 extension fund (AS 44.83.370).

9 * Sec. 4. The sum of \$7,000,000 is appropriated from the general fund, Railbelt intertie reserve (sec.
10 159, ch. 208, SLA 1990), to the Department of Community and Regional Affairs for energy conservation
11 programs, to be allocated as follows:

12	PURPOSE	ALLOCATION
13	Low income weatherization	\$5,000,000
14	Ongoing residential and business	
15	energy efficiency improvement programs	2,000,000

16 * Sec. 5. The sum of \$2,500,000 is appropriated from the general fund, Railbelt energy fund
17 (AS 37.05.520), to the Department of Commerce and Economic Development, Alaska Energy Authority,
18 for payment as a grant under AS 37.05.316 to the Golden Valley Electric Association for extension of
19 electrical service from Cantwell to McKinley Village.

20 * Sec. 6. This Act takes effect July 1, 1992.

SB430

SENATE FINANCE COMMITTEE REPORT

DATE: 3/18/92

FURTHER:

DATE TURNED INTO OFFICE: 3-31-92

The Finance Committee considered SENATE BILL NO. 430

"An Act relating to qualifications for teachers."

and recommends.

replace with _____ CS SB 430 (FINANCE)
or adopt previous _____ CS (/)
 attaches amendment(s)

same title
 new title
 technical title change (HB only)

adopts _____ Letter of Intent

further referral to the _____

do pass

do not pass

no recommendation

individual recommendations

NEW FISCAL NOTES: Dept/Date

zero fiscal notes _____
DOE/POST SECONDARY 3-17-92

fiscal notes DOE 3-31-92 19.0

appropriation--no fiscal note

PREVIOUS FISCAL NOTES: Dept/Date

zero fiscal notes _____

fiscal notes _____

DO PASS:

Al Adams
Dick Skyles
Armen Hoffmann
[Signature]
1. [Signature]

OTHER RECOMMENDATIONS:

2. _____

Co-Chair: Signature/Recommendation

Co-Chair: Signature/Recommendation

REPORTED OUT OF SFC 3-31-92

FISCAL NOTE

STATE OF ALASKA 1992 LEGISLATIVE SESSION

BILL NO. SB 430

Revision Date: 3-31-92

Department Affected: Education

Title: An Act relating to qualifications for teachers.

BRU: Educational Finance and Support Services

Component: Teacher Certification

Sponsor: Senator Shultz

Requestor: (S) Finance

COMPONENT SERIAL NO. 1 2 4 0

Expenditures/Revenues: (Thousands of Dollars)

Table with 7 columns: OPERATING, FY 93, FY 94, FY 95, FY 96, FY 97, FY 98. Rows include PERSONAL SERVICES, TRAVEL, CONTRACTUAL, SUPPLIES, EQUIPMENT, LAND & STRUCTURES, GRANTS, CLAIMS, MISCELLANEOUS, and TOTAL OPERATING.

CAPITAL table with 7 columns: OPERATING, FY 93, FY 94, FY 95, FY 96, FY 97, FY 98.

REVENUE FUND SOURCE table with 7 columns: OPERATING, FY 93, FY 94, FY 95, FY 96, FY 97, FY 98.

FUNDING: (Thousands of Dollars)

Table with 7 columns: GENERAL FUND, FEDERAL FUNDS, OTHER FUND SOURCE: PR, TOTAL. Rows include GENERAL FUND, FEDERAL FUNDS, OTHER FUND SOURCE: PR, and TOTAL.

POSITIONS:

Table with 7 columns: FULL-TIME, PART-TIME, TEMPORARY. Rows include FULL-TIME, PART-TIME, and TEMPORARY.

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

The funding source for this fiscal note is General Fund Program Receipts derived from teacher certification fees. See attached.

Prepared by: Charlie Mae Moore
Division: Educational Finance and Support Services

Phone: 465-2865
Date: 3-31-92

Approved by Commissioner: [Signature] Jerry Covey
Agency: Education

Date: 3-31-92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Logis. Ofc., & Impacted Agency(ies). Rev 10/07/91

Page ___ of ___

Changes in CSSB 430 (FIN) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate. 3-31-92 [Signature] date Comte Aide (initial)

SB 430
Fiscal Note
3-31-92

The costs associated with the implementation of this bill are:

1. Travel: Funds will be used to meet with university and Department of Education personnel in the implementation of this statute.
2. Contractual: Funds will be used to advertise for the public notices concerning regulations, as well as for printing and distribution of same.
3. Supplies: Purchase of necessary supplies needed to implement the act. Implementation of a new certification form and reprogramming computers.

**STATE OF ALASKA
1992 LEGISLATIVE SESSION**

BILL NO. CSSB 430(HES)

Revision Date: _____ Department Affected: Education
 Title: "An Act relating to
qualifications for teachers." BRU: Postsecondary Education Commission
 Sponsor: Senator Schultz Component: Program Administration
 Requestor: (H) HES COMPONENT SERIAL NO.

0	2	1	2
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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0.00					
TRAVEL	0.00					
CONTRACTUAL	0.00					
SUPPLIES	0.00					
EQUIPMENT	0.00					
LAND & STRUCTURES	0.00					
GRANTS, CLAIMS	0.00					
MISCELLANEOUS	0.00					
TOTAL OPERATING	0.00	0.00	0.00	0.00	0.00	0.00
CAPITAL	0.00	0.00	0.00	0.00	0.00	0.00

REVENUE FUND SOURCE:	N/A					
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0.00	0.00	0.00	0.00	0.00	0.00
FEDERAL FUNDS	0.00					
OTHER FUND SOURCE:	0.00					
TOTAL	0.00	0.00	0.00	0.00	0.00	0.00

POSITIONS:

FULL-TIME	0.0					
PART-TIME	0.0					
TEMPORARY	0.0					

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

See Attached

Prepared By: Allan Barnes Phone: 465-2962
 Division: Commission on Postsecondary Education Date: March 17, 1992
 Approved by Commissioner: _____ Date: _____
 Agency: _____ Date: _____

FISCAL NOTE ANALYSIS
CSSB430 (HES)

Staff review of original program intent shows that the Teacher Scholarship Loan Program has been operating at an unanticipatedly low level since 1985. While the expansion of the "rural" definition to include those communities, of a certain maximum size, on road or rail to Anchorage or Fairbanks, may result in a larger number of program participants than the status quo, it is unlikely that the impact would exceed the originally expected level.

For the first few years of the program, it was administered with a 90 nominee per year cap. However, because of the attrition rate experienced by the program, the cap was removed. The most students to participate in any one year was 175 in the 1991-92 academic year. With the addition of seven districts newly eligible to nominate program participants, the level of program activity would be monitored and if necessary in the future, the cap would be reinstated.

It is estimated the the current level of staffing will be adequate to meet any increased program demand.

CS FOR SENATE BILL NO. 430 (FINANCE)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATOR SHULTZ

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to qualifications for teachers; and the teacher scholarship loan program."

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

3 * Section 1. AS 14.20.020 is amended by adding a new subsection to read:

4 (h) A person is not eligible for a teacher certificate unless the person has completed three
5 semester hours in Alaska studies and three semester hours in multicultural education or cross-
6 cultural communications. However, the commissioner may issue a provisional certificate, valid
7 for no longer than two years, to an applicant who has not completed the semester hours required
8 under this subsection at the time of application if there are insufficient applicants for that type
9 of certificate who have completed the semester hours required under this subsection.

10 * Sec. 2. AS 14.20 is amended by adding a new section to read:

11 Sec. 14.20.035. EVALUATION OF TRAINING AND EXPERIENCE. In evaluating an
12 applicant for a position in a district or regional educational attendance area, a district or regional
13 educational attendance area shall give preference to those applicants who demonstrate training
14 or experience that establishes that the applicant is likely to be sensitive to the traditions and

1 culture of the cultural backgrounds represented in the student population.

2 * Sec. 3. AS 14.43.700 is amended to read:

3 Sec. 14.43.700. DEFINITION. In AS 14.43.600 - 14.43.700, "rural" means

4 [(1)] a community [IN THE SECOND, THIRD, OR FOURTH JUDICIAL
5 DISTRICT OF THE STATE] with a population of 5,500 [4,500] or less that is not connected by
6 road or rail to Anchorage or Fairbanks or with a population of 1,500 or less that is connected
7 by road or rail to Anchorage or Fairbanks [; OR

8 (2) A COMMUNITY IN THE FIRST JUDICIAL DISTRICT OF THE STATE
9 WITH A POPULATION OF 4,500 OR LESS].

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 9, 1992

SUBJECT: Qualifications for teachers (CSSB 430 (), dated 3/3/92, Work Order No. 7-LS1581\D)

TO: Senator Dick Shultz

FROM: Teresa B. Cramer *TBC*
Legislative Counsel

You have asked whether CSSB 430 () would be likely to withstand constitutional challenge.

In my opinion, it probably would.

The first two sections of the bill address eligibility for teacher certificates and for evaluating applicants for teaching positions. The third section addresses eligibility for the teacher scholarship loan program.

Section 1 requires that applicants for teaching certificates have training in Alaska studies and multicultural education or cross cultural communications. Teachers may not receive teaching certificates until they complete that course work.

Under state equal protection analysis, the court

uses a "uniform-balancing' test which place[s] a greater or lesser burden on the state to justify a classification depending on the importance of the individual right involved." The minimum burden the state must meet is the rational basis test . . . This rational basis test questions whether the classification is "reasonable, not arbitrary" and rests "upon some ground of difference having a fair and substantial relation to the object of the legislation." . . . The burden on the state increases in proportion to the primacy of the interest involved. Eventually this burden reaches the function equivalent of the federal compelling state interest test in those cases where fundamental rights and suspect categories are at issue.

Senator Dick Shultz
March 9, 1992
Page 2

Herrick's Aero-Auto-Aqua Repair Service v. State, 754 P.2d 1111, 1114 (Alaska 1988) (citations omitted). The opportunity to work has been held to be an important right, requiring the court to closely scrutinize the law. State v. Enserch, 787 P.2d 624 (Alaska 1989). Close scrutiny requires that the state's interest underlying the enactment be an important interest and that the nexus between the enactment and the important interest it serves be close. The court's decision depends on the particular facts and justification presented in the case. It seems likely that the state could justify the requirement for the course work required by sec. 1 of the bill. The classification does not involve a suspect category (race or residence, for example) and the goal of the legislation (better informed teachers) is directly related to the requirement that sets up the two categories of teachers.

Section 2 requires that, in districts in which a significant number of the students are from diverse cultural backgrounds, school districts give preference to applicants demonstrating by training or experience that they are likely to be sensitive to the traditions and culture of the backgrounds represented in the student population. The equal protection analysis discussed above would apply to examination of this bill section, too. If school districts are able to demonstrate an important governmental interest in fostering sensitivity to the diverse cultural background of students at the time of hire, rather than in later on-the-job training, the hiring preference should be able to withstand an equal protection challenge.

Section 3 of the bill changes the definition of rural as it applies to the teacher scholarship loan program. The change made by the bill, increasing the maximum population of a community and including smaller communities that are connected by road or rail to Anchorage or Fairbanks, should be supportable against an equal protection challenge to the amendment. I have not considered the question of whether the rural preference created by the existing statute would be subject to challenge.

If I may be of further assistance, please advise.

TC:p!
92-167.plm

POSITION PAPER: DEPARTMENT OF EDUCATION

Division Educational Finance & Support Services Bill Number S B 430

Bill Title An Act Relating to Qualifications for Teachers

Sponsor Senator Shultz

Position Statement: Explain briefly what the bill does, its impacts and Department's position, i.e., a) support, b) do not support, c) neutral or d) oppose.

This bill provides for a "temporary" teaching certificate, valid for no longer than 2 school years, to be issued to a person lacking 3 semester hours in Alaska studies and 3 semester hours in multicultural education or cross-cultural communications.

The department would request the following changes:

1. Change "temporary" to "provisional" so as not to conflict with existing regulations pertaining to Temporary teacher certificates. *HES CS did this (qual this)*
2. Change "two school years" to "two years" because currently the department's computer system is able to automatically track expiration dates of certificates based on the date of issuance.

This bill will impact school districts by reducing local control in district hires. Districts would not be aware of cleared certificates at time of hire unless the Certification Office has issued the certificates.

The department does not support this legislation.

APPROVED:

Director Duane Guiley Division EFSS

Signature *M. L. Melton for D.G.* Date 3-5-92

Commissioner/Deputy _____ Jerrv Covey

Signature *Karen R. Conner* Date 3/5/92

SB 430
Fiscal Note
3-5-92

The costs associated with the implementation of this bill are:

1. Travel: Funds will be used to meet with university and Department of Education personnel in the implementation of this statute.
2. Contractual: Funds will be used to advertise for the public notices concerning regulations, as well as for printing and distribution of same.
3. Supplies: Purchase of necessary supplies needed to implement the act. Implementation of a new certification form and reprogramming computers.

Rec'd after
bill R/o

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

APR 06 1992 L. NO. CSSB 430 (FIN)

Revision Date: _____ Department Affected: Education
Title: "An Act relating to
qualifications for teachers." BRU: Postsecondary Education Commission
Component: Program Administration
Sponsor: Senator Schultz
Requestor: (S) FIN COMPONENT SERIAL NO.

0	2	1	2
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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 SOURCE:	N/A					
-------------------------	-----	--	--	--	--	--

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

See Attached

Prepared By: Allan Barnes, Executive Director *AB* Phone: 465-2962
Division: Alaska Commission on Postsecondary Education Date: April 3, 1992

Approved by Commissioner: _____ Date: _____
Agency: _____

FISCAL NOTE ANALYSIS
CSSB430 (FIN)

Staff review of original program intent shows that the Teacher Scholarship Loan Program has been operating at an unanticipatedly low level since 1985. While the expansion of the "rural" definition to include those communities, of a certain maximum size, on road or rail to Anchorage or Fairbanks, may result in a larger number of program participants than the status quo, it is unlikely that the impact would exceed the originally expected level.

For the first few years of the program, it was administered with a 90 nominee per year cap. However, because of the attrition rate experienced by the program, the cap was removed. The most students to participate in any one year was 175 in the 1991-92 academic year. With the addition of seven districts newly eligible to nominate program participants, the level of program activity would be monitored and if necessary in the future, the cap would be reinstated.

It is estimated the current level of staffing will be adequate to meet any increased program demand.

SB434

SENATE FINANCE COMMITTEE REPORT

DATE: 5/2/92

FURTHER:

DATE TURNED INTO OFFICE: _____

The Finance Committee considered SENATE BILL NO. 434

"An Act relating to raw milk and goat milk."

and recommends:

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

same title
 new title
 technical title change (HB only)

adopts _____ Letter of Intent

further referral to the _____

Diad

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

NEW FISCAL NOTES: Dept/Date

zero fiscal notes _____

fiscal notes _____

appropriation--no fiscal note

DO PASS:

1. _____

Co-Chair: Signature/Recommendation

PREVIOUS FISCAL NOTES: Dept/Date

zero fiscal notes _____

fiscal notes _____

OTHER RECOMMENDATIONS:

2. _____

Co-Chair: Signature/Recommendation

FISCAL NOTE

No. 1

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Bill Version: SB 434

(S) Publish Date: 5-2-92

Revision Date: _____

Department Affected: Environmental Conservation

Title: "An Act relating to raw milk and goat milk."

BRU: Environmental Health

Component: Animal Health and Palmer Laboratory

Sponsor: Parrick Rodev

Requestor: _____

COMPONENT SERIAL NO.

6	4	7
---	---	---

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	73.8	73.8	73.8	73.8	73.8	73.8
TRAVEL	5.0	5.0	5.0	5.0	5.0	5.0
CONTRACTUAL	2.5	2.5	2.5	2.5	2.5	2.5
SUPPLIES	5.0	5.0	5.0	5.0	5.0	5.0
EQUIPMENT	24.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES						
GRANTS. CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	110.3	86.3	86.3	86.3	86.3	86.3

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

REVENUE						
FUND SOURCE:						

FUNDING: (Thousands of Dollars)

GENERAL FUND	110.3	86.3	86.3	86.3	86.3	86.3
FEDERAL FUNDS						
OTHER FUND SOURCE:						
TOTAL	110.3	86.3	86.3	86.3	86.3	86.3

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	3	3	3	3	3	3
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

Changes in SB 434 (RES) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.
5-2-92 TO By GMR
 date Comte Aide (initial)

Prepared By: Kit Ballentine, Acting Director

Phone: 465-5280

Division: Environmental Health

Date: March 17, 1992

Approved by Commissioner: _____

Agency: _____

Date: _____

SENATE BILL NO. 434

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

BY SENATOR RODEY

Introduced: 2/18/92
Referred: Resources

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to raw milk and goat milk."

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

3 * Section 1. AS 03.05.020(b) is amended to read:

4 (b) In this section,

5 (1) "commissioner" means the commissioner of environmental conservation;6 (2) "milk" includes goat milk and milk that has not been pasteurized.

7 * Sec. 2. AS 03.17.100 is amended by adding a new paragraph to read:

8 (5) "milk" includes goat milk and milk that has not been pasteurized.

9 * Sec. 3. AS 03.17 is amended by adding new sections to read:

10 ARTICLE 2. SALE OF MILK.

11 Sec. 03.17.200. SALE OF GOAT MILK. A person may sell goat milk under the
12 conditions established by the commissioner of environmental conservation under AS 03.05.020(a).13 Sec. 03.17.210. SALE OF RAW MILK. A person may sell goat or cow milk that has not
14 been pasteurized. The sale is subject to the conditions established by the commissioner of

1

environmental conservation under AS 03.05.020(a).

SB435

HOUSE COMMITTEE REPORT

(11)

Date Referred: May 6, 1992

FURTHER REFERRALS:

Date of Committee Action: 5/7/92

The FINANCE Committee considered:

CSSB 435(FIN)

CS FOR SENATE BILL NO. 435 (FINANCE)

CLASS SIZE REDUCTION PROGRAM

"An Act establishing an elementary school class size reduction pilot program; and providing for an effective date."

RECOMMENDATIONS:

be replaced with HCS CS SB 435 (HES) the same title a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: HOUSE HES letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

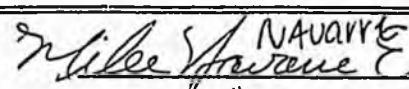
fiscal impact _____

fiscal note(s) DOE 4/23/92

zero fiscal note _____

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
Eileen P. Maclean ^{MACLEAN}	X	Denise Barnes ^{Barnes}		X	
Mike Navarre ^{NAVARRE}	✓	Bob Sharp ^{Sharp}		X	
Mark Boyer ^{Boyer}	X	ROD E. ROO: Phillips ^{Phillips}		✓	
Tan Brown ^{Brown}	✓				
Thomas Kopmen ^{Kopmen}	✓				
George Taylor ^{Taylor}	X				
Ronald J. Larson ^{Larson}	X				
A. Ulmer ^{Ulmer}	X				

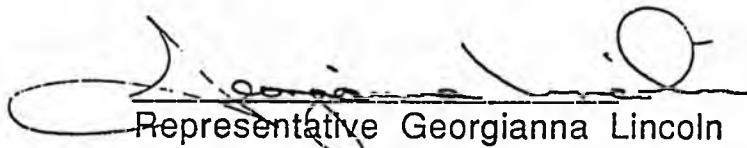
 ^{NAVARRE}
 Mike Navarre Eileen P. Maclean
 CO CHAIRMAN'S SIGNATURE Maclean

May 5, 1992

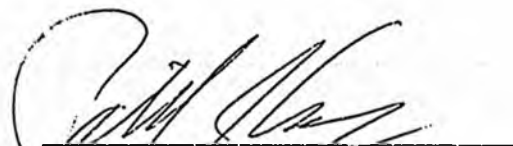
by the House Health, Education and Social Services Committee

Letter of Intent
for
HCS CSSB 435 (HES)

It is the intent of the legislature that existing rural and Bush schools should be included as a factor in the study.



Representative Georgianna Lincoln
Co-Chair



Representative Pat Carney
Co-Chair

FISCAL NOTE

No. 2

Bill Version: CSSB 435(FIN)

(S) Publish Date: 4-23-92

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date: 4/20/92
Title: An Act establishing an elementary school class size reduction pilot program.
Sponsor: Senators Cotten, Collins, Uehling
Requestor: Senate Finance

Department Affected: Education
BRU: EFSS
Component: Foundation

COMPONENT SERIAL NO.

0	1	4	1
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL		20.0	10.0			
CONTRACTUAL	20.0	160.0	145.0	150.0		
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS		978.6	978.6	978.6	0	0
MISCELLANEOUS						
TOTAL OPERATING	20.0	1,158.6	1,133.6	1,128.6	0	0

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	20.0	1,158.6	1,133.6	1,128.6	0	0
FEDERAL FUNDS						
OTHER FUND SOURCE:						
TOTAL	20.0	1,158.6	1,133.6	1,128.6	0	0

POSITIONS:

FULL-TIME	0					
PART-TIME	0					
TEMPORARY	0					

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.) Attached.
Instructional units associated with the new funding communities were computed using the elementary table, AS 14.17.041(b)(1).

Prepared by: Eddy Jeans/Bill Wright
Division: EFSS

Phone: 465-2865
Date: 4/20/92

Approved by Commissioner: _____
Agency: Education

Jerry Covey
Date: 4-21-92

over

ALASKA DEPARTMENT OF EDUCATION
 SB 435 - PILOT PROGRAM FOR CLASSROOM SIZE REDUCTION
 ELEMENTARY TABLE

4-15-92 File:SB435.XLS

	FY93 FOUNDATION ENTITLEMENT BEFORE	ENTITLEMENT AFTER NEW FUNDING COMM.	PRORATED TO \$59,917 NEW FUNDING COMM. INCREMENTAL UNITS HELD HARMLESS
ADAK	\$2,343,590	\$2,343,590	2,337,298
ALASKA GATEWAY	4,352,910	4,352,910	4,346,198
ALEUTIAN REGION	636,514	636,514	635,497
ALEUTIANS EAST	3,884,804	3,884,804	3,878,964
ANCHORAGE	176,971,662	177,359,262	177,057,448
ANNETTE ISLANDS	1,192,253	1,192,253	1,188,602
BERING STRAIT	13,162,733	13,162,733	13,130,886
BRISTOL BAY	1,886,485	1,886,485	1,882,554
CHATHAM	2,715,084	2,715,084	2,710,063
CHUGACH	1,746,910	1,746,910	1,744,315
COPPER RIVER	5,252,592	5,252,592	5,245,159
CORDOVA	2,383,793	2,383,793	2,379,655
CRAIG	2,070,013	2,070,013	2,066,824
DELTA/GREELY	4,714,966	4,714,966	4,707,186
DILLINGHAM	3,669,035	3,669,035	3,662,901
FAIRBANKS	62,247,271	62,449,471	62,345,721
GALENA	1,345,779	1,345,779	1,343,537
HAINES	2,236,367	2,236,367	2,232,595
HOONAH	1,539,688	1,539,688	1,537,333
HYDABURG	1,054,433	1,054,433	1,052,938
IDITAROD	4,658,556	4,658,556	4,651,200
JUNEAU	20,492,222	20,492,222	20,455,667
KAKE	1,136,238	1,136,238	1,134,351
KASHUNAMIUT	1,621,669	1,621,669	1,618,848
KENAI	40,543,658	40,738,058	40,662,394
KETCHIKAN	9,786,999	9,786,999	9,768,384
KLAWOCK	1,410,349	1,410,349	1,408,189
KODIAK	12,169,553	12,169,553	12,148,322
KUSPUK	5,107,998	5,107,998	5,100,311
LAKE AND PENINSULA	5,568,704	5,568,704	5,559,942
LOWER KUSKOKWIM	28,342,526	28,342,526	28,295,714
LOWER YUKON	10,641,779	10,641,779	10,621,510
MAT-SU	49,104,183	49,298,583	49,220,541
NENANA	1,518,737	1,518,737	1,516,547
NOME	5,004,802	5,004,802	4,997,099
NORTH SLOPE	8,740,719	8,740,719	8,721,340
NORTHWEST ARCTIC	12,012,703	12,012,703	11,989,682
PELICAN	562,796	562,796	561,942
PETERSBURG	3,082,048	3,082,048	3,076,773
PRIBILOF	1,462,713	1,462,713	1,460,099
RAILBELT	3,150,512	3,150,512	3,146,126
SITKA	6,882,972	6,882,972	6,870,552
SKAGWAY	847,639	847,639	846,118
SOUTHEAST	4,936,640	4,936,640	4,928,804
SOUTHWEST	5,366,976	5,366,976	5,357,723
ST. MARYS	1,240,055	1,240,055	1,238,268
TANANA	1,069,218	1,069,218	1,067,534
UNALASKA	1,679,250	1,679,250	1,675,819
VALDEZ	3,202,342	3,202,342	3,195,877
WRANGELL	2,446,344	2,446,344	2,442,213
YAKUTAT	1,098,482	1,098,482	1,096,835
YUKON FLATS	4,610,400	4,610,400	4,603,288
YUKON/KOYUKUK	5,801,252	5,801,252	5,791,599
YUPIIT	3,874,216	3,874,216	3,667,804
SUB - TOTALS	\$664,382,132	\$565,360,732	564,391,087
STATE CORR. STUDY	5,469,360	5,469,360	5,461,794
MT. EDGEUMBE SCHOOL	1,709,384	1,709,384	1,707,216
VALDEZ CONTRACT	600,000	600,000	600,000
4 MILL PHASE-IN (SUBSIDY)	0	0	0
PL81-874 PASS THRU	1,277,192	1,277,192	1,277,192
EST. PRIOR YEAR ADJ.	1,500,000	1,500,000	1,500,000
FY93 EST. INCREASES	\$574,138,008	\$575,916,668	\$574,937,280

1) ELEMENTARY SCHOOLS: ORION - ANCHORAGE, EAGLE RIVER - ANCHORAGE,
 UNIVERSITY PARK - FAIRBANKS, REDOUBT - KENAI, IDITAROD - MAT-SU

2 of 2

Fiscal Impact Analysis
SB 435

Department of Education Costs

FY93 costs: \$20,000

- 1) Contractual costs to conduct on-site evaluation design and application packet: \$20,000.

FY94 costs: \$180,000

- 1) Contractual costs to draft regulations, advertise public notices concerning regulations, printing and distribution, conduct on-site evaluation at each selected site and prepare first year report: \$160,000.

- 2) Travel costs to each site two times: \$20,000.

FY95 costs: \$155,000

- 1) Contractual costs to conduct on-site evaluations at each selected site and prepare second year report: \$145,000.

- 2) Travel cost to each site one time: \$10,000.

FY96 costs: \$150,000

- 1) Contractual cost to conduct on-site evaluations at each selected site and prepare final report with conclusions and recommendations: \$150,000.

IMPACT TO FOUNDATION FORMULA: \$972,000

Assumes:

- 1) Elementary school chosen is not already a funding community
- 2) Population is in excess of 200
- 3) Area differential is 1

School Construction costs:

- 1) The average cost per classroom in a new facility is approximately \$350,000. constructed as an addition, approximately \$175,000.

- 2) If portable classrooms can be used, the costs are approximately \$70,000 per unit.

HOUSE CS FOR CS FOR SENATE BILL NO. 435 (HES)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered: 5/6/92
Referred: Finance

Sponsor(s): SENATORS COTTEN, Collins, Uehling, Rodey, Sturgulewski, Menard

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing an elementary school class size reduction pilot program; and providing
2 for an effective date."

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

4 * Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that

5 (1) there is a need for information regarding the effect of reducing the ratio of pupils to
6 a teacher in public elementary school classes;

7 (2) preliminary research has shown that smaller classes have a positive effect on test
8 scores, school discipline, and parent involvement in schools; and

9 (3) a four-year pilot program would allow the state to collect necessary information on
10 the effects of reducing class size in public elementary schools.

11 (b) The purpose of this Act is to establish a program under which certain public elementary
12 schools would reduce the size of their classes and over a four-year period the state would monitor the
13 effect of the smaller class size on test scores, school discipline, teacher innovation, and parent
14 involvement in education.

1 * Sec. 2. ELEMENTARY SCHOOL CLASS SIZE REDUCTION PROGRAM. (a) The elementary
2 school class size reduction program is established in the Department of Education. The program shall
3 include

4 (1) additional state aid provided under (e) of this section for a school in a district that
5 is selected under (c) of this section;

6 (2) a program application and selection process determined by the department;

7 (3) the objectives of the elementary school size reduction program;

8 (4) a method to monitor and review the effects of a smaller class size on students in a
9 school selected to participate in the program; a district selected to participate in the program shall report
10 to the department annually by June 30 while participating in the program; and

11 (5) a certification by the chief school administrator that program funds will be separately
12 accounted for.

13 (b) A district eligible under (c) of this section may apply to participate in the program by
14 submitting an application on a form provided by the department. The application must include

15 (1) the objectives of the program and the district's plan for meeting those objectives;

16 (2) the district's plan for using increased state funds for the purpose of reducing the ratio
17 of students to a teacher in certain schools;

18 (3) the existing ratio of students to a teacher in each elementary school in the district that
19 the district is proposing for participation in the program;

20 (4) if available, the most recent standardized test scores for each grade in each school
21 that is proposed for participation by the district; and

22 (5) a program to train teachers who participate in the class size reduction program.

23 (c) A district is eligible to propose an elementary school in the district for participation in the
24 program described in this section if, prior to participation in the program, the average class ratio of
25 students to a teacher in the elementary school is greater than 25 to 1. In this subsection, "average class
26 ratio" means the average of those ratios taken from each class in the elementary school other than an
27 art, typing, library, music, vocational-technical, or physical education class.

28 (d) The department may not select more than five elementary schools for participation in the
29 program required under this section. A school selected to participate in the program required under this
30 section shall

31 (1) participate until June 30, 1996;

1 (2) maintain a ratio of pupils to a teacher that does not exceed 15 to 1 in a class in
2 grades K - 4; the pupil teacher ratio required under this paragraph does not apply during the final eight
3 weeks of each school year; and

4 (3) endeavor to maintain a ratio of pupils to a teacher that does not exceed 20 to 1 in a
5 class in grades 5 and 6.

6 (e) Each elementary school selected to participate in the program required under this section
7 shall constitute a separate funding community for purposes of AS 14.17.031 and 14.17.041(b)(1). Money
8 required to be expended under this subsection shall be included in the annual operating budget prepared
9 by the department.

10 (f) The department shall include a report on the program established under this Act, as a part
11 of the department's annual report.

12 (g) In this section,

13 (1) "department" means the Department of Education;

14 (2) "district" has the meaning given in AS 14.17.250;

15 (3) "teacher" means a person who is certified under AS 14.20.020 and who is an actual
16 classroom instructor in a regular instructional program.

17 * Sec. 3. It is the intent of the legislature that funding for the program established under sec. 2 of
18 this Act not be reduced if AS 14.17 is amended to change the formula providing state aid for education.

19 * Sec. 4. Sections 1 and 2 of this Act are repealed June 30, 1996.

20 * Sec. 5. This Act takes effect July 1, 1992.

POSITION PAPER: DEPARTMENT OF EDUCATION

Division Educational Program Support Bill Number SB 435

Bill Title An Act establishing an elementary school class size reduction pilot program

Sponsor Sen. Cotten, Sen. Uehling and Sen. Collins

Position Statement: Explain briefly what the bill does, its impacts and Department's position, i.e., a) support, b) do not support, c) neutral or d) oppose.

The Department of Education has been conceptually supportive of student-teacher ratio legislation, yet neutral in it's belief that specific ratios alone will achieve the results envisioned.

Reducing student-teacher ratios will have a significant impact on the foundation program as well as the resulting capital construction of additional classrooms. The Department has been neutral at best on legislation which either places additional financial burden on school districts or the foundation program and is resolutely endeavoring to maintain the Instructional Unit Value at \$60,000.

However, the Alaska 2000 Committee, which is currently working on ideas which will result in innovative approaches to educational reforms will most likely be supportive of a pilot project of this nature.

This bill should be amended to add a section which provides the Department authority to promulgate regulations.

APPROVED:

Director Ed Westlund Division Educational Program Support

Signature _____ Date 2-24-92

Commissioner/Deputy Jerry Covey

Signature *[Handwritten Signature]* Date 2-24-92