

ALASKA LEGISLATURE

HOUSE and SENATE FINANCE COMMITTEE FILES, 1993-1994

973

477

opportunity and the hospital's medical records clerk who prepares the birth certificate, obtains the paternity acknowledgments. In Grand Rapids, the medical records clerk performs both functions, with some of the groundwork laid by a social worker.

All three programs provide training to hospital personnel involved in paternity establishment—medical records clerks, vital statistics registrars, and supervisors. Also, the usual practice is for state CSE programs to pay the hospital a nominal fee of \$10 to \$20 per acknowledgment, which is eligible for federal financial participation. Clements points out that the fee can in no way compensate for the time the hospital spends with the patients, basically donated time.

Questions of Law

The programs include carefully informed consent, providing the mother and father with information which explains the benefits of paternity establishment and the availability of support enforcement services. Kent County has a resource person available at the agency for the hospital to refer any additional questions to, particularly of a legal nature.

How is legal paternity formalized? In Virginia and Washington, paternity is legally established when the hospital-notarized affidavits or declarations of paternity are filed with the state vital records departments. In Washington, the father has several opportunities to later contest the acknowledgment or the support order that results. In Grand Rapids, paternity is legally established when the affidavits are filed with the court.

Community Outreach

Kent County has done a lot of outreach with pregnant, unmarried women, so they and the fathers will be prepared when they enter the hospital. It distributes brochures to doctors' offices, health clinics, hospital-run prenatal clinics, and schools with unwed mothers. The



Brochure from Kent County Michigan

hope is that if unmarried fathers have information and have had time to discuss and think about the benefits of paternity to their child, they may be more receptive to acknowledging it when they come to the hospital. In Virginia, posters placed in the hospitals encourage

employees to obtain training in the hope that they can help "market" the program.

Cost Savings

In operational terms, the cost savings to state IV-D program can be substantial. Virginia estimates that in-hospital paternity establishment saves about \$440 per case over the cost of getting paternity processed through the courts. In one year, the Virginia CSE program has realized an estimated savings of \$126,700 for 288 hospital-established paternities.

The true benefits of "happy hour" paternity establishment are, of course, for the children. Says Nancy Sterk, District Manager with the Office of Child Support in Kent County, Michigan, "The children can leave the hospital with two legal parents instead of one, starting life on a positive basis." And, with paternity established at birth, and a support order entered soon after, the mother has earlier access to child support enforcement services, if and when she and her child need them.

For further information about these in-hospital paternity establishment programs, contact: Kent County, Michigan: Nancy Sterk, 616-247-6230; Virginia: Jane Clements, 804-662-7469; and Washington: John Hoover, 206-586-3555. ■



Deadbeat Dads

BY STEVEN WALDMAN

John Lock goes to court in Chicago next week to explain why he owes back child support, but his ex-wife Esther isn't expecting much. They have, after all, been through more than 100 court hearings about child support and their divorce over the past 19 years. And, according to the state of Illinois, he still owes more than \$160,000 for his four children. She's feeling needy now because she lost her job as a social worker 17 months ago, but she remembers more desperate times, like February 1977. "Our electricity was being turned off," she recalls. "We were lighting the house with candles. We were on what we called the 'white diet'—a lot of rice and cereal. No medical coverage, no dental." Her ex-husband, then a dentist, was living in the affluent suburb of Highland Park with his new family. "I knew he didn't want the kids so I figured I'd use it as a scare tactic," says Esther. She gave their two teenage sons overnight packs and dropped them off in front of their father's house in subzero weather. He called the police. "He told the Highland Park police that there were two boys outside trespassing," she says. "I'm not proud of it, but I was desperate."

John Lock admits he called the police but says he had to because one of his sons was on the verge of "kicking the door down." He concedes he didn't pay the \$1,100 monthly child support for nine years, and admits he fled to Costa Rica for three years because he was "physically, emotionally, financially devastated." But he says he had paid regularly prior to 1977, owes "significantly less" than the state claims and thinks that his ex-wife and the state of Illinois are obsessed with trying to put him in jail. He no longer practices dentistry and works part time delivering flowers in Ida, Mich. "The kids were my world," he wrote in a recent letter to *Newsweek*. "I did my best to give them a nice life." In an interview, he added, "This has gone on to a point where there's no hope." His oldest son, Byron, now 32, agrees. He says he still can't comprehend his father's behavior. "We were his children," he says. "Why would he want to hurt us? That's what was so confusing about the whole deal—why would a father turn his back on a child?"

In battles like these, nobody ever comes out a winner. Fierce struggles over child support pit parent against parent and inevitably spray the children with emotional shrapnel. Increasingly, the private family traumas are spilling into public view. Posters of most-wanted deadbeat dads began peppering subways and bulletin boards in Massachusetts this month, and police quickly arrested the fathers. They also hauled in Frederick Grimaldi, who



IRA WYMAN FOR NEWSWEEK

Checking out delinquent dads in Saugus, Mass. (above), Rose Brown and son Tony in Louisville, Ky. (right), and a Baltimore city sheriff arrests a man for nonpayment of support

owes \$22,142 and was working in Florida as, of all things, a deputy sheriff, according to Massachusetts officials. Grimaldi has pleaded not guilty to charges of criminal nonpayment, and his lawyer says he owes just \$19,000, some of which accumulated while Grimaldi was unemployed. Next month an association of state child-support enforcement agencies will release its second annual national Wanted list, which will include a Louisiana attorney who owes \$123,000 and a Tennessee man who

owes his quadriplegic daughter \$21,500. These small steps reflect a growing awareness on the part of public officials of just how potent an issue this has become. Consultants for former Louisiana governor Buddy Roemer were surprised to discover that in focus groups during the 1991 campaign, middle-class voters spontaneously mentioned child support as one of their most important concerns. Bill Clinton, in campaign speeches, regularly urges tougher enforcement.

It's easy to understand why: of the 5 million women who are supposed to receive child support, only half reported receiving full payment, according to a 1990 U.S. Census Bureau study. One quarter of the women got partial payment, and one quarter got nothing. An additional 2.7 million women said they wanted support but were never able to obtain an award. Deadbeatness cuts across income groups: college graduates are about as likely to have a negligent ex-spouse or ex-boyfriend as high-school grads. It even spans gender lines. Fifteen percent of custodial parents are now men, and mothers in those cases have an equally dismal record of supporting their children. The consequences of nonpayment are staggering. On average, the family income of the mother retaining custody drops 23 percent after divorce or separation—a disparity that could be wiped out for many families if full child-support payments were made. Families headed by a mother alone are six times as likely to be poor as those with two parents.

These dreary statistics have recently led social-policy thinkers of many ideological stripes to the same conclusion: child support is key both to fighting poverty and to sustaining middle-class fam-

SEEKING NEW SOLUTIONS



RICH FRISHMAN

As Leslie Fernen and Jeffrey Smith took turns holding their newborn baby boy last week at Swedish Hospital Medical Center in Seattle, staffer Dorothy Mitchell handed them a brochure. Because they are not married, Mitchell explained, Smith would have to sign a paternity statement if he wanted his name on the birth certificate. This enables the state to "go after you if you were to break up," she added—"but we don't even want to think about that now."

The proud parents may not want to think about it, but the state of Washington sure does. About one in every four children is born outside a marriage, and enforcing child support is most difficult in cases where paternity has not been established. So Washington decided to get men on the hook while they're most proud of fatherhood. In about 40 percent of out-of-wedlock births the father is now acknowledging paternity at the hospital. Smith was one who gladly signed.

Washington's program is one of many innovative approaches states have devised to beef up collections. Taken as a whole, the record of the government's network of locally run, federally financed agencies is pathetic. But prodded by major laws passed by Congress in 1984 and 1988, the agencies have pursued several avenues of reform:

Hit 'Em Where They Work. Government officials thought they had the magic bullet in the mid-1980s: take the child support directly out of the father's paycheck. But this approach loses track of people like

Kent Patterson of Seattle, who switched construction jobs 24 times in 11 months. In 1990, Washington state began requiring many employers to give the names and social-security numbers of all hires to the child-support agency so it could track them. By 1994 all states are also supposed to garnish paychecks automatically, without waiting for the father to become delinquent.

Putting Blood in the Stone. You can lead a deadbeat to court, but you can't make him pay if he doesn't have any money. So several states have begun requiring fathers to join job-search programs. A Grand Rapids, Mich., program found jobs for 432 of 1,077 employees during an eight-month period—and their child-support payments jumped by more than 300 percent.

Private Eyes. Agency workers juggling 1,000 cases can often spend only a few minutes on each case. So some states, and increasing numbers of desperate mothers, are turning to private collection services for help. They are often quite effective, but firms can take a big cut of whatever they collect, while the government collects it all (in theory) for free. Parents can increase their odds by consulting groups like the Association for Children for Enforcement of Support (1-800-537-7072) and the National Child Support Advocacy Coalition (P.O. Box 420, Hendersonville, Tenn. 37077). Noncustodial parents can try the National Council for Children's Rights (202-547-NCCR).

The Big Fix. Some child-support experts believe the state-by-state enforcement system is too bureaucratic to ever work well. One proposed solution: turn it over to the IRS. Some advocates go further with a proposal called child-support assurance. The government steps up enforcement, but if the father doesn't pay fully, the state fills the gap. States could then eliminate one of the counterproductive parts of the current law: when poor men do pay support, the state keeps most of it to help finance its welfare operation. Like many of these reforms, the goal here is somewhat unusual for the government: forcing parents, instead of the state, to take care of kids.

S.W. with LORRAINE IANNELLO

in the beginning he was just hurt because I left him," Willis says. "He didn't want to go back into it and bring back up that hurt." Despite his long absence, Itchner carried his kids' pictures in his wallet for more than a decade and on a few occasions drove by their house or to a nearby park and watched them from a distance. His daughter Jewel, who has for several years kept Itchner's service medals in a box by her night stand, recently started a correspondence with him. During a recent interview he pulled out photographs of the girls at the ages of 4 and 2. "You look at those pictures," Itchner says. His eyes well up. "And you look at these," he points to pictures of them at 13 and 15. "How much have they gone through? How much have I missed? How much have they missed from not being with me? All three of us have lost out on the deal, and now we're trying to get it back."

In truth, some men never really develop any relationship with their children, so not paying child support doesn't arouse guilty feelings. Roger Hollenbeck of Des Plaines, Ill., met Rose Brown at a pig roast in Louisville, Ky., in 1980. He describes the relationship as a brief fling (she says they lived together seven months) and was furious to learn she was pregnant because she had told him that a medical condition made that impossible. He left town a few months later and over the next 10 years missed \$21,000 in payments. Hollenbeck's explanation for why he didn't pay: he didn't realize he owed any child support. (This seems unlikely, since the IRS in 1985 intercepted his tax refund for nonpayment of child support.) Under threat of a jail sentence, Hollenbeck recently paid \$10,000 of back support and spoke with his son. "Do you hate my mother?" the boy asked, according to Hollenbeck. "I said, 'No. We were friends, and I moved away.'"



DAVID WALBERG

But asked later what kind of relationship he expects he will have with his son, Hollenbeck says, "absolutely nothing. I know that sounds cold to say, but facts are facts."

Some fathers make so little money that their child-support payments feel like an enormous burden. Since payments are usually based on a percentage of parental income, however, even wealthy fathers can feel the pinch. Washington, D.C., lawyer Grier Raclin currently pays \$4,150 per month to his ex-wife Victoria Reggie, a well-paid Washington lawyer who is about to marry Sen. Edward M. Kennedy. Despite their lucrative jobs, the parents regularly bickered over child support, according to correspondence filed in court. Raclin tried to get reimbursed for camping gear he had bought for a trip with his son. "I absolutely refuse," Reggie replied in October 1990. "I have already paid \$100 for Cub Scouts—an activity for which you said you would be responsible—and I will not pay for the gear you decided you need to take Curran camping . . . If you try to deduct anything from the

The father of Eric and Allsa Marcelles of Melrose Park, Ill., fell thousands of dollars behind in support. He says his wife kept him away from the kids.

mother can turn to the local government for free—and enter a surreal world where social workers juggle 1,000 cases at a time, a prosecutor might handle 100 cases a week and fathers evade pursuit for years by merely moving a few miles away across state lines. "There's a fiction that we're working everybody's cases," says Darryl Grubbs, until recently a top official of the Texas child-support-enforcement division. "Good Lord. We're not coming close." Jim Harreiston, until last November an investigator in Ft. Worth, Texas, was supposed to look through his 2,800 cases and chase the most delinquent parents. In fact, he usually ended up responding to whichever irate mother called the most, and he got 30 to 40 calls a day. The squeaky-wheel system pays little attention to which mother is neediest, and the caseload can push overwhelmed employees to the edge. "There's nothing I can do!" one fuming caseworker yelled at a parent on the phone in Prince Georges County, Md. "I can't make him a good person!"

Among the many difficulties caseworkers face, one is frighteningly basic: figuring out who the father is. A startling 27 percent of all American children are born out of wedlock; two thirds of all black kids are. Identifying the father is much easier now than 10 years ago because blood tests show, with 98 or 99 percent certainty, whether a man fathered a child. Yet the system solves fewer than half its paternity cases. Many welfare mothers



don't cooperate, fearing they'll lose benefits if the father is found, but even when they do identify the man, states must find him and get him into court, a process that can take years. Sometimes the results are ghoulish: a Maryland judge decided that a man who had fathered a child through a sexual assault should legally be considered the father, paying child support—and getting visitation rights.

Knowing who the father is doesn't mean knowing where he is, how much he earns or how to collect from him. Roughly one third of all child-support cases involve parents living in different states—and women in such cases were twice as likely to get nothing as those with the father nearby, according to a 1990 General Accounting Office study.

The system is routinely maddening for women, but can sometimes be merciless to men, too. Fathers who want to have visitation orders enforced or who've hit hard times and want to have their support payments reduced will have to hire their own lawyers, even if they have no money; most states represent mothers for free in collection cases, fathers not at all. One Las Vegas man ended up paying for a judicial mistake for a decade. He had been dating a woman in Derry, N.H., for just about two months when she announced she was pregnant. He married her, but a year later, he says, he came home to discover she had cleaned out the house and left. Bitter and suspicious about the experience, he asked the court for a blood test to see if he was actually the father of the baby girl, but

the court denied the request out of fear that doing so would raise the child with the "implication of illegitimacy." He paid \$100 a month in child support sporadically, falling about \$5,500 behind at one point. He saw the girl a total of four or five weeks over the next 10 years and shifted between feeling defiant and guilty. "I never treated her like a real father treats a real daughter," he says. "You see dads all bright and aglow; I never had that. I kept thinking I was a bad dad." Finally, at the prompting of his new wife, he tricked his daughter into taking a blood test while she was visiting him in Las Vegas—and the test showed he was not her father.

Despite the many examples of government foul-ups, the system works much better than it did 10 years ago. Although the average support award is just \$57.59 per week, most courts have increased payment levels because Congress in 1984 required states to write specific child-support guidelines. As the issue has become politically

hot, it has even seeped into electoral politics in sometimes troubling ways. A fathers-rights group in Las Vegas is running a slate of candidates in the elections for family-court judges, backing only those who, the group thinks, will lean more toward fathers in custody and support cases.

Reforming child-support policy may prevent a few families from entering into the war zone inhabited by people like John Chappell of Port St. Lucie, Fla., and his ex-wife Linda Place of Springfield, Va. She says he owes his three children more than \$20,000 in child support and reimbursement of medical expenses. Eleven-year-old Matthew spends weeks at a time in a hospital with a serious immune disorder; Place has so far been unable to afford specialized treatment at Duke University. Chappell used to earn \$26,000 a year as a medical-bill collector, but he was, until last Friday, unemployed. Place believes he was intentionally not working to avoid paying the \$540 a month and medical expenses. "There's



WILSON—NEWSWEEK (TOP), SLOAN—NEWSWEEK

Carolyn and Jewel Itzchner have kept the service medals of their father, Drew (right), even though they haven't seen him for 12 years

nothing wrong with him that he could not maintain a job," says Place, who works 32 hours a week as a nurse and often sleeps in a cot by Matthew's bed. "He's removed himself from the situation so it's not real anymore. He doesn't go to the hospital every day and see Matthew with IVs and needles."

Chappell complains bitterly that his ex-wife is pursuing him out of "raw hate" and turning the children against him. He says his new job in a convenience store will enable him to pay more. "To me, this is a battle between her and me—not the kids," he says. He's right that the parents are the combatants, but he shouldn't delude himself about the names of the casualties. Matthew is growing up thinking that his debilitating illness might be better treated if only his father would pay more in child support. Chappell's oldest son, Chris, speaks in more emotional terms. "Not getting stuff hurts," says 14-year-old Chris, "but thinking that Dad doesn't care enough to support you—that really hurts. I don't think I'm ever going to forgive him. It's just too hard." Chris visited his father in Florida just last summer, and Chappell brought him on a special afternoon outing—to court. There, Chris got to watch the judge chastise his father for failure to pay child support, put him in handcuffs and lead him off to jail. ■

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HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred: April 20, 1993

FURTHER REFERRALS:

Date of Committee Action: 2/7/94

The FINANCE Committee considered:

HB 132

HOUSE BILL NO. 132

EXTEND RESOURCE EXTRACTION PERMIT/LEASE

"An Act extending the time period of all permits issued by the state relating to the extraction or removal of resources if the holder of the permits is involved in litigation concerning the issuance or validity of any permit related to the extraction or removal."

RECOMMENDATIONS:

be replaced with CS HB 132 (FIN) the same title a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

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

APPROVES PREVIOUS: _____ (Dept/Date)

fiscal impact _____

fiscal note(s) _____

zero fiscal note DNR; FSH; QAMG; DCED; DEC zero fiscal note(s) _____

SIGNING <u>DO PASS</u>	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Eileen Maclean</i> Maclean	<input checked="" type="checkbox"/>	<i>Tom Hoffman</i> Hoffman		<input checked="" type="checkbox"/>	
<i>Russell J. Larson</i> Larson	<input checked="" type="checkbox"/>				
<i>Mark Hanley</i> Hanley	<input checked="" type="checkbox"/>				
<i>Terry Martin</i> Martin	<input checked="" type="checkbox"/>				
<i>Paul Parnell</i> Parnell	<input checked="" type="checkbox"/>				
<i>Ben Grussendorf</i> Grussendorf	<input checked="" type="checkbox"/>				
<i>Mike Navarre</i> Navarre	<input checked="" type="checkbox"/>				
<i>Lay Brown</i> Brown	<input checked="" type="checkbox"/>				
<i>Tom Thernan</i> Thernan	<input checked="" type="checkbox"/>				
<i>Richard Rosta</i> Rosta	<input checked="" type="checkbox"/>				

Russell J. Larson *Eileen Maclean*
 CHAIRMAN'S SIGNATURE
 Larson Maclean

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. CSHB 132 (FIN)

Revision Date: _____
Title: An act extending the time period of all permits issued by the state for resource extraction or removal

Dept. Affected: Fish and Game
BRU: Habitat and Restoration

Sponsor: Reps. Brice, Kott, James, Foster, MacLean
Requestor: House Finance

Component: Habitat
COMPONENT SERIAL NO. 486

Expenditures/Revenues	(Thousands of Dollars)					
	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
OPERATING EXPENDITURES						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL EXPENDITURES	0	0	0	0	0	0
CHANGE IN REVENUES ()	0	0	0	0	0	0

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0	0	0	0	0	0

Estimate of any current year (FY 94) cost: \$ 0

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: This measure requires a one-time dedication of staff and fiscal resources for adoption of implementing regulations.

Prepared By: Frank Rue *Frank Rue* Phone: 465-4105
 Division: Habitat and Restoration Date: 2/8/94
 Approved by Commissioner: *[Signature]*
 Agency: Alaska Department of Fish and Game Date: 2/8/94

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FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. CSHB 132

Revision Date: 2/7/94
Title: Extending resource extraction permits
Sponsor: Representative Brice
Requestor: Representative Brice

Department Affected: Commerce and Economic Development
BRU: Mining
Component: Economic Development
COMPONENT SERIAL NO. _____

Expenditures/Revenues:

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
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 EXPENDITURES	0	0	0	0	0	0
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CHANGE IN REVENUES ()	0	0	0	0	0	0
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FUND SOURCE

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MITIA	0	0	0	0	0	0
Other	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

Estimate of current year (FY 94) cost: \$ 0

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Paul Fuhs, Commissioner
Division: Commissioner's Office

Phone: 465-2500
Date: _____

Approved by Commissioner: Paul Fuhs
Agency: Commerce and Economic Development

Date: 2/7/94

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FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. CSHB 132

Revision Date: _____
Title: Extend Resource Extraction Permit/Lease
Sponsor: Representative Brice
Requestor: House Finance

Department Affected: Environmental Conservation
BRU: Environmental Quality
Component: Various

COMPONENT SERIAL NO. _____

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipt						
1006 GF/MITTA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY94) cost: \$ _____

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: *[Signature]*
Division: Director TALS

Phone: 465-5010
Date: 2/8/94

Approved by Commissioner: *[Signature]* FOR
Agency: Department of Environmental Conservation

Date: 2/8/94

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FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. CSHB132 (FIN)

Revision Date: 7-Feb-94 Dept Affected: Natural Resources
 Title: "An Act extending the time period of all permits issued by the state relating to the extraction or..." BRU: Resource Development
 Sponsor: Representative Brice Component: Various
 Requestor: House Finance Committee Component Serial No. Various

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY95	FY96	FY97	FY98	FY99	FY00
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 EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY94) cost: \$ None

POSITIONS

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

ANALYSIS:

(Attach a separate page if necessary)

The intent of the bill is to acknowledge the impact of delays due to litigation on time limited activity authorization (permits).

Prepared by: Jerry Gallagher, Legislative Liaison Phone: 465-2400
 Division: Commissioner's Office Date: 7-Feb-94
 Approved by Commissioner: Harry A. Noah Date: 7-Feb-94
 Agency: Natural Resources

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE



Representative Tom Brice

ALASKA STATE LEGISLATURE

119 N. Cushman, Ste. 205
Fairbanks, AK 99701
907-456-7423
While in Juneau
State Capitol
Juneau, AK 99801-1182
907-465-3466

Sponsor Statement for CSHB 132(JUD)

Many resource development projects in Alaska are delayed by time consuming litigation. These delays can not only drive up the costs of a project, they can kill it.

Most of the lawsuits filed on resource development projects are over federal permits. While the developer is tied up in court, the clock is still running on the state permits for the project. Even if the permit holder wins in court, the useful time span of state permits will be shortened or may even run out, requiring another round of permit applications and fees. The Alaska Minerals Commission and the Governor's Task Force on Regulatory Reform both recommend extensions of permits foreshortened by court proceedings.

CSHB 132(JUD) will help to fix this problem. All state issued permits relating to a resource extraction or removal project will be extended when the permit holder or issuing agency (state or federal) is sued over the issuance of a permit and the permit holder or agency wins in court. The state permits will then be extended by the amount of time lost to the lawsuit, not to exceed the original length of the permit. The state would not be able to impose a fee or charge for the extension.



119 N. Cushman, Ste. 205
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907-456-7423
While in Juneau
State Capitol
Juneau, AK 99801-1182
907-465-3466

Representative Tom Brice

ALASKA STATE LEGISLATURE

provided by Representative Tom Brice

Sectional Summary of CSHB 132 (JUD)

Section 1:

Adds a new section AS 46.35.300

(a) The state will extend the time period of all state issued resource extraction or removal permits under certain conditions:

(a)(1) The permit holder or issuing agency must be sued by a third party over a state or federal permit.

(a)(2) The permit holder must be prevented from operating by a court order from that lawsuit.

(a)(3) The permit holder or agency must win in court.

(a)(4) The permit holder must notify the state about the outcome of the proceedings.

(b) Any state permits related to that resource extraction or removal will be extended by the amount of time lost to the lawsuit.

(c) The permit holder would not have to pay additional fees for the extension.

(d) A permit is broadly defined to include a permit, lease, authorization, license or other necessary determination.

Section 2:

(a) Applies to all permits as defined in AS 46.35.300(d) affected by qualifying lawsuits after the effective date.

(b) Permit has the meaning of AS 46.35.300(d) in Sec. 1 above.



House Bill 182

The Department of Commerce and Economic Development supports passage of House Bill 182.

Resource developers are frequently faced with third-party legal challenges after they have received agency approvals for their projects. Permits are typically issued for a defined period of time. The usable term of a permit may be reduced or eliminated if a permittee is prohibited from operating under the permit by a court as the litigation proceeds. Even if the court rules in favor of the permittee, the permittee is damaged not only by the project delay, but also by the loss of operational time originally allowed under the permit.

This legislation eliminates the loss of operational time allowed a permittee under a permit which is issued by the state and is caused by legal actions initiated by persons other than the state.

House Bill 182 provides those who have successfully met the regulatory requirements of the state an assurance that the state will be aggressive in its support of the operational term of the permit. House Bill 182 also helps limit the utility of third-party use of the courts to impair the development of approved projects.

The effectiveness of this legislation could be improved by:

1. Defining "permit" to mean a permit, lease, authorization, license, or any other determination necessary for completion of a project.
2. Expanding the application beyond resource extraction or removal projects to include any type of development project, including infrastructure developments (ports, schools, etc.).


Paul Fuhs, Commissioner

3-25-93
Date

Back-up

ALASKA MINERALS COMMISSION

1993 Report to the Governor and Alaska State Legislature

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THE COMMISSION RECOMMENDS THAT:

14. *The Governor should direct the Commissioner of the Department of Natural Resources to take the necessary steps to allow Miscellaneous Land Use Permits to be issued for periods of up to 5 years.*

FINDING: There is currently a requirement that a best interest finding be made before an offshore prospecting permit (OPP) can be issued by the DNR. The process of generating a best interest finding is being used to restrict DNR from normal issuance of OPPs.

THE COMMISSION RECOMMENDS THAT:

15. *The Governor should direct the Commissioner of the Department of Natural Resources to review regulations governing offshore prospecting permits such that they not be required to be subject to best interest findings, being exempted in a manner similar to leases of land for onshore fishery sites, mineral claims or upland mining leases. A.S.38.05.035(e) should be changed by adding "(6) an offshore prospecting permit or lease issued under A.S.38.05.250."*

FINDING: The usable term of a permit may be reduced or eliminated when a permittee is prohibited from operating under their permit due to third party litigation challenging the issuance, validity, completeness or other aspects of the permit. Though the litigation may not be successful, the permittee has still been damaged. Statutory action should be taken to remedy this situation.

THE COMMISSION RECOMMENDS THAT:

16. *The Legislature should enact legislation creating an automatic extension of permits foreshortened by court proceedings.*

CITIZEN'S ADVISORY COMMISSION ON FEDERAL AREAS

FINDING: The Citizens Advisory Commission on Federal Areas was established by the Alaska Legislature in 1981 shortly after the enactment of the Alaska National Interest Lands Conservation Act. The Commission is composed of 16 members, half of whom are appointed by the Governor and half by the Legislature, including four sitting legislators. The Commission analyzes federal legislation, regulations and management decisions, determines the impact of these actions on Alaska's citizens, and makes recommendations to both State and Federal agencies for corrective actions to problems identified.

Development of Federal lands and regulations for access across them is important to the State's economy. The Commission provides a valuable and cost-effective mechanism through which State concerns regarding management of all Federal lands can be expressed.

THE COMMISSION RECOMMENDS THAT:

17. *The Governor and Legislature should provide expanded budgetary and programmatic support to the Citizen's Advisory Commission on Federal Areas.*

COASTAL ZONE MANAGEMENT

FINDING: Alaska Statute, Sec. 46.40.100 (b) does not allow applicants to petition the Coastal Policy Council when relief is sought on decisions made by the coastal resource district or state agency. The State administration is evaluating the role and functions of the Coastal Policy Council in relation to the power it has over decisions

FINAL REPORT
OF THE
GOVERNOR'S TASK FORCE
ON
REGULATORY REFORM

MARCH 19, 1993

SI 12. Eliminate all reference standards and requirement for turbidity for water. 18 AAC 70.020

The federal EPA maintains and requires no standards or references to water turbidity. This is a State of Alaska requirement. This particular requirement has caused massive costs to mining operations, and in many cases, has resulted in operation closures, for economic inability to meet the standards.

In a "common sense" test, it is illogical to require that miners return water to glacial silt streams of a turbidity quality not achieved by City of Fairbanks tap water.

The Task Force believes that a proposed ADEC regulation that requires users to return water to its source in a condition similar to that which exists upstream from the point of extraction will more than adequately address the real need and intent of the turbidity standard.

SI 13. The natural resource regulations should be amended to require an automatic extension of durable time for permits and other administrative decisions that are foreshortened by administrative appeals and or court actions. 11 AAC 02.new section

The net usable term of a permit or other delivered authorization may be reduced significantly or eliminated entirely when a person receiving authorization is prohibited from using it due to a third party intervention. Any third party may challenge administrative permits or decisions for a variety of reasons, and although litigation or other administrative remedies may not change the prior decision regarding a permit or authorization, a person may become damaged by the foreshortening of time guaranteed by the original approval. The process of intervention in these decisions currently is structured in favor of the challenger, with no equal footing supplied to the permittee even when they prevail in the dispute. Delays presented by these challenges can effectively deny an individual or business the right to provide a living for themselves and others, or even more devastating, cause the possible loss of a business investment.

SI 14. The Alaska Department of Environmental Conservation (ADEC) should amend the water quality regulations to allow the natural levels of contaminants and the physical properties of a receiving water to dictate which water quality criteria should be applied for a designated use category. 18 AAC 70.010 (c)

ADEC regulation 18 AAC 70.010(c) requires that "water with natural characteristics of higher quality than the water quality criteria for the use classes set out in 18 AAC 70.020 must be kept at existing quality...." This approach to water quality is called the ANTI DEGRADATION POLICY which is intended to limit the degree of human influence as a result of their actions. This policy does not, however, address the case of many Alaskan water bodies where the naturally occurring water quality is no where near its protected use class.



Charlie Boddy
Vice President Government Relations

.. March 23, 1993

Representative Tom Brice
Alaska State Legislature
Juneau, Alaska

HOUSE BILL NO. 132 - An Act Extending the Time Periods of Permits

Dear Representative Brice,

I wish to take this opportunity to thank you and your staff for keeping me appraised of the continuing work on this most important piece of legislation. I offer these comments and observations prior to your hearing schedule starting. For your reference, similar comments were included in a report forwarded to Governor Hickel as part of a task force report on regulatory reform.

The net usable term of a permit or other delivered authorization sometimes is reduced significantly or even eliminated entirely when a person or company is prohibited from using it due to some action by an intervening third party. Any third party may challenge administrative decisions regarding permits and other authorizations for a variety of frivolous reasons. A person or company can then become damaged by the foreshortening of durable time guaranteed by a permit or other authorization.

This legislation will provide for more equal footing by restoring the time guaranteed in the original approval. You have provided in this legislation a remedy to those who suffer monetary or other damage, a mechanism for recovery that has been sorely missing for many years. I am sure that others from the mining community will provide the committees numerous comments and examples of past problems.

If I can be of any assistance during hearing process, please don't hesitate to call. With best regards, I remain,



ALASKA MINERS ASSOCIATION, INC.

501 West Northern Lights Boulevard, Suite 203, Anchorage, Alaska 99503 fax: (907) 278-7997 telephone: (907) 278-0347

March 26, 1993

Honorable William Williams
Chairman
House Resources Committee
Alaska State Legislature
Juneau, AK 99801-1182

Re: HB-132, An Act Extending The Time Period of Permits

Dear Representative Williams,

I am writing on behalf of the Alaska Miners Association in support of House Bill 132.

The cost of developing a mine or any other resource project in Alaska is significant and the potential problems are many. In particular, when a company decides to develop minerals in Alaska there are many challenges that are expected. These challenges include the lack of infrastructure, the climate, the difficulty of locating an economic ore deposit, the difficulty of obtaining the financing and finally the difficulty of obtaining all the myriad of permits. These challenges are part of the business.

There are however other impediments to developing a mine that are not based on the merits of the project. One such case is where third party suits are filed. Such suits and opposition are often based on a philosophical viewpoint that there should be no development in Alaska the "big park" or at least "not in my backyard". HB-132 seeks to address one aspect of this issue.

We see two important benefits associated with passage of this bill. The first and most obvious benefit is that although the project owner may be delayed, he will not lose the investment made in obtaining the necessary permits and will not run the risk of being forced to go through the permitting process before he has the opportunity to exercise the permits. If third party litigation against the project delays start-up until the term of the permits has lapsed, or nearly lapsed, the project owner would be forced to go through the permitting process again. This bill would require that the term of the permits be extended for whatever period the project owner was affected by the litigation.

The second benefit is less material but yet it may be even more important for the future of the State. This benefit is the in the message that such a bill will have for the international mining



ALASKA MINERS ASSOCIATION, INC.

industry. That message is that Alaska wants to see mineral development and that the State wants to change the negative image that continues to prevail in the industry.

There are two locations in the bill that should be modified. The first is on page one line 12. We would suggest the phrase be modified to read "...shall be extended by the agencies issuing the permits if the holder of the permits or an agency...". In most instances it is an agency involved in some aspect of issuing a permit that is the sued rather than the company receiving the permit. The suggested change would insure that the permits would be extended if an agency, in addition to the applicant, is sued.

The second modification is on page two line 19 where we would suggest referencing the existing definitions with the words "...all permits relating to resource extraction or removal as defined by 46.35.200(4) that are affected by litigation...". This minor modification will further clarify the applicability of this new Section 1.

Alaska is now in fierce competition for exploration and development funding with countries all around the world. Many countries are changing their laws for mining, investment, ownership of property, repatriation of profits and permitting to encourage minerals investment. We must also do everything practical and possible to improve the business climate or Alaska will not experience the mineral development and associated job creation that is otherwise possible.

Sincerely,

Steven C. Borell, P.E.
Executive Director

cc: Representative Tom Brice

March 26, 1993

To: Representative Tom Brice

From: *C. C. Hawley - signed*
Chuck Hawley, Mining Geologist, # 300-941 E Dowling,
Anchorage, Ak 99518

Subject: H B 132, a bill to extend the time period for permits

This brief note is to support H B 132. It would be an important tool to support warranted development in Alaska.

My view is derived from the circumstances surrounding a project that I was involved in at Nyac, Alaska during the early 1980's, and still am involved in trying to clean up.

Briefly, Nyac is an important placer mining camp in Southwest Alaska, about 100 miles east of Bethel. It has been mined nearly continuously by bucket-line dredges and washing plants since 1928. In 1980, I was general partner in Northland Gold Dredging.

Our company leased mining claims at Nyac, and in 1980 rebuilt a dredge at a cost in excess of \$1,000,000. We operated in 1981 and 1982. In 1983, we began to repermit the operation so that we could move the dredge to the lower part of the reserves and begin a systematic "upstream" operation in the broad flood plain of the Tuluksak River. Mining "upstream" in a broad valley with a bucket line dredge, means that you have a bank of tailings below the operation that assists in filtering any effluent of the operation and protects downstream water quality.

We were successful, in a difficult two-year period, of obtaining the necessary permits to mine. The main permits came from Corps of Engineers, BLM, EPA, on the federal side and DEC and DFG on the State side. We also passed Coastal Zone consistency review.

After Northland received its permits, the agencies granting the permits were sued. Critical suits were in Federal Court against the BLM, and in State Court against a favorable Coastal Zone management decision. (Nyac was not in the coastal zone, but it could be construed that the operation might affect the coastal zone).

Although the lawsuits were never fully resolved, and indeed coastal zone was never heard, the ultimate result was that the project finally failed.

It would be inappropriate to say that a bill like H B 132 would have saved the project, because the circumstances were more complex. But at all times, we had difficulty holding our investment base, partly because of the uncertain nature of our permits after the conclusion of the lawsuits.

It appears that H B 132 would not have a negative environmental effect, because if lawsuits against the project were successful, the resolution of litigation should be that a project could be modified so that it accepts necessary and valid corrections.

Finally, I would like to express my appreciation to the committee for considering this legislation. It means that they are aware of the tremendous impediments to development that exist in Alaska. I believe the results at Nyac were not even close to a win-lose situation, let alone a win-win deal. No one won anything. The investors finally lost nearly \$3,000,000; southwest Alaska lost about 25-well paying jobs that would have been in existence for many years. The environmental work done over many years at Nyac shows that mining resulted in gains as well as losses to the biologic productivity of the region, but on balance gains from mining appear to at least equal any losses that could have occurred because of mining--so there was not even an environmental gain from killing the project.

HVB

1 3 3

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred: February 25, 1993

FURTHER REFERRALS:

Date of Committee Action: 3/9/93

The FINANCE Committee considered:

HB 133

HOUSE BILL NO. 133

DEFINITION OF VALUE FOR FISHERIES TAX

"An Act amending the definition of 'value' for purposes of administration of fisheries taxes; and providing for an effective date."

RECOMMENDATIONS: the same title
 be replaced with _____ a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

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

APPROVES PREVIOUS: (Dept/Date) _____

fiscal impact _____

fiscal note(s) Revenue 2/17/93

zero fiscal note _____

zero fiscal note(s) _____

SIGNING <u>DO PASS</u>	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
Eileen P. Maclean <small>Maclean</small>	✓				
Ronald J. Larson <small>Larson</small>	X	<i>Tom Hoff</i> Hoffman			✓
Mark Stanley <small>Stanley</small>	X	<i>Taylor Brown</i> Brown			✓
Larry Martin <small>Martin</small>	X				
Leah K. Parnell <small>Parnell</small>	X				
Ben Grussen <small>Grussen</small>	X				
<i>Therese</i> Therese	X				
<i>Foster</i> Foster	X				

Ronald J. Larson Larson
 CO-CHAIRMAN'S SIGNATURE *E. Maclean*
Maclean

FISCAL NOTE

No. 1
 Bill Version: HB 133
 (H) Publish Date: 2/17/93

STATE OF ALASKA
 1993 LEGISLATIVE SESSION

Revision Date: February 15, 1993 Dept. Affected: Revenue
 Title: Amending the definition of "value" for purposes of administration of BRU: Revenue Operations
fisheries taxes Component: Income and Excise Audit
 Sponsor: House Special Committee on Fisheries
 Requestor: House Special Committee on Fisheries COMPONENT SERIAL NO. 113

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
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						
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REVENUE FUND SOURCE: General Fund	10.0	550.0	550.0	550.0	550.0	550.0
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ _____

ANALYSIS: (Attach a separate page if necessary)

(See Attached)

Prepared by: Larry E. Meyers, Director Phone: 465-2320
 Division: Income and Excise Audit Division Date: February 16, 1993
 Approved by Commissioner: Darrel J. Rexwinkel Date: February 16, 1993
 Agency: Department of Revenue

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HB 133
No. 1

HB 133
Fiscal Note Analysis
February 16, 1993
Page 2 of 2

Analysis

HB 133 clarifies the definition of "value" which is used as the basis for calculating fisheries business and salmon enhancement taxes under AS 43.75 and AS 43.76, respectively. This bill amends the current definition of value under AS 43.75.290 to specify that amounts paid for delivery are included as part of the value of fisheries resources. The department has noted through its audit efforts that some taxpayers deduct actual or imputed costs of delivery when determining value for tax computations. This bill strengthens the department's position that amounts paid for delivery are part of the value of fisheries resources. Inclusion of delivery costs will eliminate understatements of value by fisheries businesses thereby increasing fisheries business and salmon enhancement taxes collected by the State.

Alaska State Legislature

Representative Carl E. Moses



CHAIRMAN
HOUSE RULES COMMITTEE

CHAIRMAN
HOUSE SPECIAL FISHERIES COMMITTEE

MEMBER
FINANCE SUBCOMMITTEES
FISH AND GAME
PUBLIC SAFETY

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HB 133

The Definition of "Value" for Purposes of Fisheries Taxes

House Bill 133 is substantially similar to existing law [AS 43.75.290(11)], but restructures the definition of "value" used in administering fisheries taxes in order to enhance clarity.

The bill is identical to Resources CSHB 448, introduced by Representative Gail Phillips last session, with some further clarification recommended by the Division of Legal Services. The legislation has not received any known opposition.

In the past, processors and fishermen have disputed the definition of value in paying the raw fisheries tax and salmon enhancement tax. The argument is that bonuses and delivery costs are not part of the actual amount paid fishermen for their fish. This interpretation leaves an opening for processors to pay lower prices for the fish, and make up for this low price by giving bonuses for services such as delivery or handling. HB 133 clarifies exactly what services and forms of payment are subject to these taxes.

HB 133 would take effect on January 1, 1994.

DEPARTMENT OF FISH AND GAME
POSITION PAPER

Bill No: HB 133
Sponsor: House Fisheries Committee
Division: Commercial Fisheries
Bill Title: "An Act amending the definition of 'value' for purposes of administration of fisheries taxes; and providing for an effective date."
Department Position: Neutral

This legislation would plug some loopholes in the administration of the fisheries business tax. This legislation has no fiscal impact upon the department. The department has no position for or against this legislation.

Commissioner's Signature

Tom Samerick
for

Date: 2/16/93

Ray Gillespie
Gillespie & Associates
Lobbying & Governmental Affairs



Mailing Address:
9478 Riverbend Court
Juneau, Alaska 99801

Telephone: (907) 463-3375
Fax: (907) 463-5522

Office Address:
318 Fourth Street
Juneau, Alaska 99801

February 16, 1993

Representative Carl Moses
Chairman, House Special Committee on Fisheries
Alaska State Capitol
Juneau, Alaska 99801

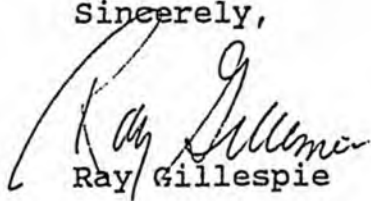
Re: House Bill 133

Dear Representative Moses:

On behalf of Cook Inlet Aquaculture Association, Prince William Sound Aquaculture Corporation, Northern Southeast Regional Aquaculture Association, and Southern Southeast Regional Aquaculture Association, I would like to express our complete support for House Bill 133.

This legislation will close loop-holes in the definition of "fisheries value." By closing the loop-holes, the incidents of tax avoidance or evasion in the collection of enhancement taxes will be minimized. This legislation is needed to give the Department of Revenue complete tools in its efforts to fully collect taxes derived from the self-imposed enhancement taxes used to support regional aquaculture programs.

Sincerely,


Ray Gillespie

fej

Alaska State Legislature

Representative Carl E. Moses



CHAIRMAN
HOUSE RULES COMMITTEE

CHAIRMAN
HOUSE SPECIAL FISHERIES COMMITTEE

MEMBER
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FAX: (907) 581-2875

MEMORANDUM

TO: Representative Eileen MacLean, Co-Chairman
Representative Ron Larson, Co-Chairman
House Finance Committee

FROM: Representative Carl Moses @Em

DATE: February 24, 1993

RE: Request for scheduling

I would respectfully request that you schedule for a hearing in your committee House Bill 133, relating to the definition of "value" for purposes of fisheries taxes. HB 133 is substantially similar to existing law [AS 43.75.290(11)], but restructures the definition of "value" used in administering fisheries taxes in order to enhance clarity.

The bill is identical to Resources CSHB 448, introduced by Representative Gail Phillips last session, with some further clarification recommended by the Division of Legal Services. The legislation has not received any known opposition. HB 133 would take effect on January 1, 1994, and would generate more than \$550,000 in raw fisheries tax paid to the State.

This bill has passed through both the House Fisheries and House Resources Committees with no opposition.

Thank you for your consideration of this request.

HB

133

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 4/21/93

FURTHER:

DATE TURNED INTO OFFICE: 5-3-93

The Finance Committee considered HOUSE BILL NO. 133

"An Act amending the definition of 'value' for purposes of administration of fisheries taxes; and providing for an effective date."

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 _____

do pass

do not pass

no recommendation

individual recommendations

NEW FISCAL NOTES

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTES

Department	Date	Zero	Fiscal
DOR	4/16/93	0	

10,000,000.

Appropriation No Fiscal Note

DO PASS:

Steve Ruff

George Miller

Bob May

OTHER RECOMMENDATIONS:

1. *Steve Ruff*
 Co-Chair: Signature/Recommendation

2. *George Miller*
 Co-Chair: Signature/Recommendation

FISCAL NOTE

No. 1
 Bill Version: HB 133
 (H) Publish Date: 2/17/93

STATE OF ALASKA
 1993 LEGISLATIVE SESSION

Revision Date: February 16, 1993 Dept. Affected: Revenue
 Title: Amending the definition of "value" for purposes of administration of BRU: Revenue Operations
fisheries taxes Component: Income and Excise Audit
 Sponsor: House Special Committee on Fisheries
 Requestor: House Special Committee on Fisheries COMPONENT SERIAL NO. 113

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
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						
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REVENUE FUND SOURCE: General Fund	10.0	550.0	550.0	550.0	550.0	550.0
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ _____

ANALYSIS: (Attach a separate page if necessary)

(See Attached)

Prepared by: Larry E. Meyers, Director *Larry E. Meyers* Phone: 465-2320
 Division: Income and Excise Audit Division Date: February 16, 1993
 Approved by Commissioner: Darrel J. Rexwinkel *Darrel J. Rexwinkel* Date: February 16, 1993
 Agency: Department of Revenue

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HB 133

No. 1

HB 133
Fiscal Note Analysis
February 16, 1993
Page 2 of 2

Analysis

HB 133 clarifies the definition of "value" which is used as the basis for calculating fisheries business and salmon enhancement taxes under AS 43.75 and AS 43.76, respectively. This bill amends the current definition of value under AS 43.75.290 to specify that amounts paid for delivery are included as part of the value of fisheries resources. The department has noted through its audit efforts that some taxpayers deduct actual or imputed costs of delivery when determining value for tax computations. This bill strengthens the department's position that amounts paid for delivery are part of the value of fisheries resources. Inclusion of delivery costs will eliminate understatements of value by fisheries businesses thereby increasing fisheries business and salmon enhancement taxes collected by the State.

Alaska State Legislature

Representative Carl E. Moses



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HB 133

The Definition of "Value" for Purposes of Fisheries Taxes

House Bill 133 is substantially similar to existing law [AS 43.75.290(11)], but restructures the definition of "value" used in administering fisheries taxes in order to clarify exactly what payments are included in that definition.

The bill is identical to Resources CSHB 448, introduced by Representative Gail Phillips last session, with some further clarification recommended by the Division of Legal Services. The legislation has not received any opposition.

In the past, a few processors and fishermen have disputed the definition of value in paying the raw fisheries tax and salmon enhancement tax. The argument is that bonuses and delivery costs are not part of the actual amount paid fishermen for their fish. This interpretation leaves an opening for processors to pay lower prices for the fish, and make up for this low price by giving bonuses for services such as delivery or handling. HB 133 clarifies exactly what services and forms of payment are subject to these taxes.

HB 133 would take effect on January 1, 1994.

DEPARTMENT OF FISH AND GAME
POSITION PAPER

Bill No: HB 133
Sponsor: House Fisheries Committee
Division: Commercial Fisheries
Bill Title: "An Act amending the definition of
'value' for purposes of administration of
fisheries taxes; and providing for an
effective date."
Department Position: Neutral

This legislation would plug some loopholes in the administration of the fisheries business tax. This legislation has no fiscal impact upon the department. The department has no position for or against this legislation.

Commissioner's Signature

Sam Lawrence

Date:

3/16/93

for

Ray Gillespie
Gillespie & Associates
Lobbying & Governmental Affairs



Mailing Address:
9478 Riverbend Court
Juneau, Alaska 99801

Telephone: (907) 463-3375
Fax: (907) 463-5522

Office Address:
318 Fourth Street
Juneau, Alaska 99801

February 16, 1993

Representative Carl Moses
Chairman, House Special Committee on Fisheries
Alaska State Capitol
Juneau, Alaska 99801

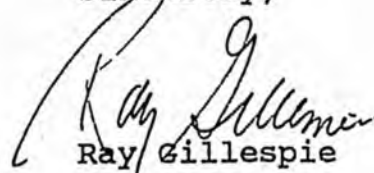
Re: House Bill 133

Dear Representative Moses:

On behalf of Cook Inlet Aquaculture Association, Prince William Sound Aquaculture Corporation, Northern Southeast Regional Aquaculture Association, and Southern Southeast Regional Aquaculture Association, I would like to express our complete support for House Bill 133.

This legislation will close loop-holes in the definition of "fisheries value." By closing the loop-holes, the incidents of tax avoidance or evasion in the collection of enhancement taxes will be minimized. This legislation is needed to give the Department of Revenue complete tools in its efforts to fully collect taxes derived from the self-imposed enhancement taxes used to support regional aquaculture programs.

Sincerely,


Ray Gillespie

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Sec. 43.75.290. Definitions. In this chapter

(1) *[Repealed. § 7 ch 79 SLA 1986.]*

(2) *[Repealed. § 38 ch 168 SLA 1990.]*

(3) "developing commercial fish species" means those species of fish and shellfish annually designated by the commissioner of fish and game under AS 16.05.050(11);

(4) "fisheries business" means a person who engages in processing fisheries resources for sale by freezing, cooking, salting, or other method and includes but is not limited to canneries, cold storages, freezer ships, and processing plants;

(5) "fishery resource" means fin fish, shellfish and fish by-products, including but not limited to salmon, halibut, herring, flounder, crab, clam, cod, shrimp, and pollock;

(6) "floating fisheries business" means a fisheries business which is not a shore-based fisheries business; the term includes, but is not limited to, a shore-based fisheries business as defined in (9)(B) of this section when it is removed from the state;

(7) *[Repealed. § 7 ch 79 SLA 1986.]*

(8) *[Repealed. § 7 ch 79 SLA 1986.]*

(9) "shore-based fisheries business" means a fisheries business

(A) operated from a facility which is permanently attached to the land; or

(B) operated from a facility which remains in the same location in the state for the entire tax year;

(10) "taking" means pursuing, fishing, capturing, or harvesting a fisheries resource in any manner;

(11) "value" means the actual price paid for the fisheries resource by the fisheries business, including indirect consideration such as fuel, supplies, or gear, whether paid at the time of purchase of the fisheries resource or tendered as a deferred or delayed payment, except that "value" means the market value of the fishery resource if the taking of the fishery resource is done in company-owned or company-subsidized boats operated by employees of the fisheries business or in boats which are operated under lease or other arrangement. (§ 3 ch 79 SLA 1979; am § 46 ch 94 SLA 1980; am § 46 ch 113 SLA 1980; am §§ 11, 12 ch 117 SLA 1981; am §§ 5, 7 ch 79 SLA 1986; am § 38 ch 168 SLA 1990)

Effect of amendments. — The 1986 January 1, 1992, repealed those paragraphs (1), (7) and (8), and, effective amendment, effective July 1, 1986, added paragraphs.

Definition of "value" for raw fish tax.

(1) a petition is presented to the commissioner of commerce and economic development requesting termination of the salmon enhancement tax which is signed by at least 25 percent of the number of persons who voted under AS 43.76.015 in the election approving the salmon enhancement tax in the region;

(2) the commissioner of commerce and economic development determines that there are no outstanding loans to the qualified regional association under AS 16.10.510 that are secured by the tax;

(3) an election is held in accordance with AS 43.76.015; the ballot must ask the question whether the salmon enhancement tax for the region shall be terminated; the ballot must be worded so that a "yes" vote is for continuation of the salmon enhancement tax and a "no" vote is for termination of the salmon enhancement tax;

(4) a majority of the eligible interim-use permit and entry permit holders who vote in the election cast a ballot for the termination of the salmon enhancement tax; and

(5) the qualified regional association provides notice of the election in accordance with AS 43.76.015 within two months after receiving notice from the commissioner of commerce and economic development that a valid petition under (1) of this subsection has been received. (§ 2 ch 154 SLA 1980; am § 15 ch 117 SLA 1981; am §§ 4, 5 ch 33 SLA 1989)

Effect of amendments. — The 1989 amendment inserted the reference to "43.76.012" in subsection (a) and, in subsection (b), added present paragraph (2) and redesignated paragraphs (2) — (4) as paragraphs (3) — (5).

Sec. 43.76.025. Collection of tax and disposition of proceeds.

(a) A buyer who acquires fisheries resources that are subject to a salmon enhancement tax imposed by AS 43.76.010, 43.76.011, or 43.76.012 shall collect the salmon enhancement tax at the time of purchase, and shall remit the total salmon enhancement tax collected during each month to the department by the last day of the next month.

(b) A buyer who collects the salmon enhancement tax shall

(1) maintain records reflecting the region designated under AS 16.10.375 in which the fishery resource was caught; and

(2) report to the Department of Revenue by March 1 of each year the total value, as defined in AS 43.75.140, of the salmon caught in each region designated under AS 16.10.375 which the buyer has acquired during the preceding year.

(c) The salmon enhancement tax collected under AS 43.76.010 — 43.76.030 shall be deposited in the general fund. The legislature may make appropriations based on this revenue to the Department of Commerce and Economic Development for the purpose of providing financing for qualified regional associations. The legislature may base an appropriation for a qualified regional association operating within a

HB

135

HFIN

FILE

Supplemental/Special/Reappropriations
House and Senate Compared

WD J HB135 SEC. #	AGENCY	PROGRAM/PURPOSE	HOUSE				SENATE			GF H v S DIFF
			TOTAL GF	OTHER FUNDS	TOTAL FUNDS	TOTAL GF	OTHER FUNDS	TOTAL FUNDS		
N/A	Governor	ANWR: grant to Arctic Power, reapprop not to exceed \$250.0	0.0		0.0	0.0		0.0	0.0	
N/A	Governor	ANWR - extend lapse	0.0		0.0	0.0		0.0	0.0	
N/A	Governor	Elections: operating costs	0.0		0.0	175.0		175.0	-175.0	
1	Administration	Longevity Bonus Payments	1,980.7		1,980.7	1,980.7		1,980.7	0.0	
2	Administration	Public Defender: increased operating costs	383.0		383.0	300.0		300.0	83.0	
3	Administration	RATNet: operating costs	200.0		200.0	138.4		138.4	61.6	
4	Administration	Personnel Board: increased operating costs	131.0		131.0	49.0		49.0	82.0	
5	Administration	Office of Public Advocacy: increased caseload	616.4		616.4	500.0		500.0	116.4	
6	Administration	EPORS: increased health insurance premiums/recipients	30.4		30.4	30.4		30.4	0.0	
7	Administration	Leasing Program: additional lease costs	642.9		642.9	642.9		642.9	0.0	
8	Law	Prosecution: increased costs	400.0		400.0	400.0		400.0	0.0	
9	Law	Oil and Gas Litigation	6,600.0	2,200.0	8,800.0	6,600.0	2,200.0	8,800.0	0.0	
10	Law	FCC/APUC joint proceedings: telecomm outside counsel	280.0		280.0	280.0		280.0	0.0	
11	Law	Subsistence law implementation	35.0		35.0	35.0		35.0	0.0	
12	Law	Judgments/claims	1,133.6		1,133.6	309.8		309.8	823.8	
13	Law	New regulations attorney	28.1		28.1	28.1		28.1	0.0	
N/A	Law	Court ordered costs for plaintiffs: Weiss v. State	0.0		0.0	284.5		284.5	-284.5	
14	Revenue	Revenue Operations: increased audit activities	325.0		325.0	225.0		225.0	100.0	
15	Education	Foundation Program: increased student enrollment	4,101.7		4,101.7	4,101.7		4,101.7	0.0	
16	Education	Postsecondary Education/WAMI: operating costs	98.5		98.5	98.5		98.5	0.0	
17	Education	Ratification/amendment prior year expenditures	0.0		0.0	0.0		0.0	0.0	
18	Health/Social Services	AFDC: COLA/caseload increases	4,203.5	4,203.5	8,407.0	4,203.5	4,203.5	8,407.0	0.0	
19	Health/Social Services	Adult Public Assistance: COLA/caseload increases	1,671.1		1,671.1	1,671.1		1,671.1	0.0	
20	Health/Social Services	Medicaid-Facilities	-4,719.2		-4,719.2	-4,719.2		-4,719.2	0.0	
21	Health/Social Services	Public Assistance Eligibility Determ: caseload increases	224.3	41.0	265.3	224.3	41.0	265.3	0.0	
22	Health/Social Services	AK Work Programs: child care costs/JOBS caseload	195.0	195.0	390.0	195.0	195.0	390.0	0.0	
23	Health/Social Services	Public Assistance Data Processing: increased costs	174.0	174.0	348.0			0.0	174.0	
24	Health/Social Services	Medical Assistance Claims Processing: increased costs	187.5	562.5	750.0	187.5	562.5	750.0	0.0	

Supplemental/Special/Reappropriations
House and Senate Compared

WD J HB135 SEC. #	AGENCY	PROGRAM/PURPOSE	HOUSE		SENATE		GF HVS DIFF		
			TOTAL GF	OTHER FUNDS	TOTAL FUNDS	TOTAL GF		OTHER FUNDS	TOTAL FUNDS
25	Health/Social Services	Foster Care Prog: care provider payments/subsidized adoptions	1,100.0		1,100.0	600.0	600.0	500.0	
26	Health/Social Services	McLaughlin Youth Center: expanded facility operations	110.0		110.0	97.5	97.5	12.5	
27	Health/Social Services	Post Mortem Exams: increased court-ordered autopsies	200.0		200.0	229.6	229.6	-29.6	
28	Health/Social Services	Bloodborne Pathogen Prog: implementation/violation citations	145.3		145.3	0.0	0.0	145.3	
29	Health/Social Services	Fairbanks Youth Facility: operating costs	60.0		60.0	60.0	60.0	0.0	
N/A	Health/Social Services	Family and Youth Services Northern Region	0.0		0.0	-157.5	-157.5	157.5	
30	Commerce/Economic Dev	ASMI: overseas marketing federal grant matching funds	196.3		196.3	196.3	196.3	0.0	
31	Commerce/Economic Dev	ASMI - extend lapse date	0.0		0.0	0.0	0.0	0.0	
N/A	Commerce/Economic Dev	Northern Forum - language change	0.0		0.0	0.0	0.0	0.0	
32	Military/Veterans' Affairs	Veteran's Death Gratuity: additional costs	90.0		90.0	0.0	0.0	90.0	
33	Natural Resources	Fire Suppression	6,000.0		6,000.0	6,000.0	6,000.0	0.0	
34	Natural Resources	State land selection activities	641.0		641.0	391.0	391.0	250.0	
35	Natural Resources	Challenge Alaska Grants - language change	0.0		0.0	0.0	0.0	0.0	
36	Fish/Game	Boards: subsistence law implementation	492.0		492.0	292.2	292.2	199.8	
37	Fish/Game	Subsistence: subsistence law implementation	8.0		8.0	8.0	8.0	0.0	
38	Fish/Game	Administration: king salmon tag vendor compensation	84.3		84.3	84.3	84.3	0.0	
39	Fish/Game	Ratification/amendment prior year expenditures	0.0		0.0	0.0	0.0	0.0	
40	Fish/Game	Offset unrealized federal rcpts: sport fish access acquisition	0.0	134.7	134.7	0.0	0.0	0.0	
41	Public Safety	Contract Jails: increased operating costs	690.4		690.4	500.0	500.0	190.4	
42	Public Safety	Criminal Records/ID: reduce backlogs	90.6		90.6	0.0	0.0	90.6	
43	Public Safety	Bloodborne Pathogens: OSHA compliance costs	126.7		126.7	0.0	0.0	126.7	
44	Public Safety	Prisoner Transportation: increased transport costs	125.0		125.0	0.0	0.0	125.0	
45	Public Safety	GGU civilian employee arbitration settlement	101.4		101.4	101.4	101.4	0.0	
46	Public Safety	Civil Air Patrol: aircraft maintenance/operations costs	125.0		125.0	100.0	100.0	25.0	
47	Transportation/PF	Arbitrator's decision: on-site construction engineers' overtime	0.0	539.6	539.6	0.0	539.6	539.6	0.0
48	Transportation/PF	Dalton Hwy/Aviation: snow removal, ice control, maintenance	1,222.9		1,222.9	1,222.9	1,222.9	0.0	
49	Transportation/PF	Ratification of prior year supply/inventory asset accounts	0.0		0.0	0.0	0.0	0.0	
50	Transportation/PF	All regions Hwys & Aviation - extend lapse dates	0.0		0.0	0.0	0.0	0.0	

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO: CSHB 135(FIN)

Revision Date: _____ Dept. Affected: Public Safety
 Title: State Agency Fees & Collections BRU: Fire Prevention
 Component: Fire Prevention Operations
 Sponsor: RLS by Request
 Requestor: (H) Finance COMPONENT SERIAL NO. 494

EXPENDITURES/REVENUES: (Thousands of Dollars) (inflation not included)

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()	*	35.6	74.2	74.2	74.2	74.2
<small>Revenue Code</small>						

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0	0	0	0	0	0

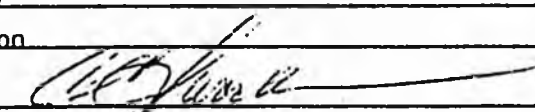
Estimate of current year (FY 94) impact: \$ _____

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS:

* This change would allow the Division of Fire Prevention to charge a fee for the permits the Division issues. The fees proposed are based on the average charged by other states with similar permit programs. The increased revenue would go into the general fund in the form of program receipts that could be used to support the Division's programs. There will be little or no change in FY 95 because regulations will have to be changed to implement the fees.

Prepared By: Jack McGary Phone: 269-5491
 Division: Fire Prevention Date: 04/14/94
 Approved by Commissioner:  Date: 04/14/94
 Agency: Richard J. Burton, Dept. of Public Safety

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FY 1996

Fire Extinguishers

Class I	150 @	\$ 75	\$11,250
Class II	70 @	150	10,500
Class III	33 @	225	7,425
			<u>\$29,175</u>

Fire Works

Pyrotechnic Operator Permit	10 @	350	3,500
Fire Works Display Permit	30 @	100	3,000
			<u>\$ 6,500</u>

TOTAL \$35,675

FY 97, FY 98, FY 99, FY 00

Fire Extinguishers

Class I	150 @	\$ 75	\$11,250
Class II	70 @	150	10,500
Class III	33 @	225	7,425
			<u>\$29,175</u>

Fire Works

Pyrotechnic Operator Permit	10 @	350	3,500
Fire Works Display Permit	30 @	100	3,000
			<u>\$ 6,500</u>

Fire Systems

Class IA	20 @	\$100	\$ 2,000
Class IB	50 @	150	7,500
Class IC	25 @	200	5,000
Class IIA	40 @	200	8,000
Class IIB	15 @	400	6,000
Class IIIA	20 @	200	4,000
Class IIIB	15 @	400	6,000
			<u>\$38,500</u>

TOTAL \$74,175

STATE OF ALASKA
1994 LEGISLATIVE SESSION

FISCAL NOTE

BILL NO.: CSHB 135(FIN)

Revision Date:	_____	Dept. Affected:	Corrections
Title:	Re. fees by state agencies	BRU:	All
Sponsor:	H Rules	Component:	All
Requestor:	HL FIN	Component Serial #:	694-1884

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXP.	FY95	FY96	FY97	FY98	FY99	FY00
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 EXP	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGES IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY94) cost \$ 0.0

POSITIONS

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

ANALYSIS:

Prepared by: Diane Schenker, Special Assistant *Diane Schenker*
 Division: Office of the Commissioner
 Approved by: J. Frank Prewitt, Jr., Commissioner *JF (for)*
 Agency: Department of Corrections
 Phone: 465-4643/786-2147
 Date: 4/14/94
 Date: 4/14/94
 Page 1 of 1

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. CSHB 135(FIN)

Revision Date: _____ Dept. Affected: Revenue
 Title: Fees charged by state agencies... BRU: Alcoholic Beverage Control Board
 Component: _____
 Sponsor: House Rules Committee
 Requestor: House Finance Committee COMPONENT SERIAL NO. 0100

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
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: 1005	0.4	0.4	0.6	0.0	0.2	0.0

FUNDING: (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA						
Other						
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	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of current year (FY94) Impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary.)
 The Board estimates that a single alcohol servers course will seek certification in FY 95. It is anticipated that a second course will seek certification in FY 96. Certifications are valid for three years. The fee for initial certification is \$400 and the renewal fee is \$200.

Prepared by: Patrick L. Sharrock, Director *Patrick L. Sharrock* Phone: (907) 277-8638
 Division: Alcoholic Beverage Control Board Date: April 13, 1994
 Approved by Commissioner: Darrel J. Rexwinkel *Darrel J. Rexwinkel* Date: April 13, 1994
 Agency: Department of Revenue

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Utermohle\Luckhaupt
3/19/93

A M E N D M E N T

OFFERED IN HOUSE
TO: HB 135

BY REPRESENTATIVE BROWN

Page 1, following line 2:

Insert "making a special appropriation for additional district support for kindergarten, primary, and secondary education programs;"

Page 10, following line 2:

Insert a new bill section to read:

"* Sec. 58. The sum of \$1,090,070 is appropriated from the general fund to the Department of Education for additional district support of kindergarten, primary, and secondary education programs for the fiscal year ending June 30, 1994, and is allocated to the following school districts in the amounts listed:

SCHOOL DISTRICT	ALLOCATION AMOUNT
Galena City School District	\$147,620
Hoonah City School District	126,270
Hydaburg City School District	105,530
Kake City School District	134,200
Klawock City School District	153,110
Pelican City School District	59,170
Skagway City School District	122,000
Tanana City School District	122,000
Yakutat City School District	120,170."

Renumber the following bill sections accordingly.

ATTACHMENT

✓ = Incorporated into HB 135

SB 100/HB 135 - FY 93 Supplemental Requests and Amendments			GF	GF Match	GF/Pgm Receipts	GF/MH	Other Funds
✓	Admin	Longevity Bonus - Additional funds to cover cost of increased applicants	1,980.7				
✓	Admin	Public Defender - Operating costs unfunded in current year budget	383.0				
3	Admin	RATNET - Operating costs <i>open</i>	200.0				
✓	Admin	Personnel Board - Costs associated with increased number of hearings/collective bargaining negotiatio	131.0				
✓	Admin	Office of Public Advocacy - Operating costs unfunded in current year budget	616.4				
✓	Admin	Elected Officials Retirement System (EPORS) - Increased retirees and health insurance costs	30.4				
✓	Admin	Leasing - Current year underfunding	642.9				
✓	Law	Prosecution - Increased prosecutions and associated costs	400.0				
9	Law	Oil and Gas Litigation <i>open</i>	6,600.0				2,200.0
✓	Law	FCC Telephone Procc ding - Outside ccounsel in telecommunications proceedings	280.0				
✓	Law	Costs associated with special session enactment of subsistence legislation in which there was no mechanism to approve fiscal notes; funds are to cover cost of promulgating regulations	35.0				
✓	Law	Judgments and Claims <i>open</i>	1,133.6				
NEW	Law	Regulations Attorney	28.1				
✓	Rev	Income & Excise Audit/Oil & Gas Audit - Audit activities associated with backlog of disputed taxes	325.0				
✓	Educ	Foundation Program - Increased enrollment	4,101.7				
✓	Educ	Postsecondary Commission - WAMI Program - underfunding due to incorrect billing	98.5				
✓	Educ	Ratification and amendment of prior year expenditures <i>open</i>					
✓	DHSS	AFDC - Caseload increases, pay cost of living allowance due to non-passage of legislation suspending COLA		3,203.5	1,000.0		4,203.5
✓	DHSS	Adult Public Assistance - Caseload increases, pay cost of living allowance due to non-passage of legislation suspending COLA	1,671.1				
✓	DHSS	Medicaid - Facilities - Caseload decrease		-3,808.9	-910.3		
✓	DHSS	Public Assistance Eligibility Determination - Workers associated with caseload increases and increased contractual costs	77.9	146.4			41.0
✓	DHSS	JOBS Program - Child care and support services for increased caseload		195.0			195.0
✓	DHSS	Public Administration Data Processing - Increased claims processing		174.0			174.0

SB 100/HB 135 - FY 93 Supplemental Requests and Amendments

Sec.	Dept.		GF	GF Match	GF/Pgm Receipts	GF/MH	Other Funds
23	DHSS	Medical Assistance Administration - Increased number of preadmission screenings		187.5			562.5
24	DHSS	Foster Care - Increased care provider payments and subsidized adoptions; late start-up of federal program	1,100.0				
28	DHSS	McLaughlin Youth Center - Increased contractual costs due to expanded facility operations	110.0				
26	DHSS	Post Mortem Exams - Increased number of court-ordered autopsies	229.6	200.0			
27	DHSS	Bloodborne Pathogens - Implementation costs and violation citation	155.9	145.3			
NEW	DHSS	Fairbanks Youth Facility - Increased Operating Costs <i>open</i>	60.0				
28	GED	ASMI - Match for federal grant for overseas marketing program <i>open</i>		196.3			
29	GED	ASMI - Extend lapse date of FY 92 balance (60.0 estimated) to be used as GF match for federal grant					
30	DMVA	Veterans Death Gratuity - Increased claims	90.0				
31	DNR	Fire Suppression - Costs associated with 1992 and 1993 fire season	6,000.0				
32	DNR	Land Selection Program - Increased costs associated with expedited selection process	641.0				
33	DNR	Challenge Alaska Grants - Scope change of 1989 capital project grant					
34	DF&G	Division of Boards - Costs associated with implementing subsistence legislation enacted during special session in which there was no vehicle to approve fiscal notes. Funds are for increased board meetings and associated staffing costs.	492.0	<i>open</i>			
35	DF&G	Division of Subsistence - Costs associated with implementing subsistence legislation enacted during special session in which there was no vehicle to approve fiscal notes. Funds are for increased data collection.	8.0	<i>open</i>			
36	DF&G	King Salmon Tags vendors payment	84.3				
37	DF&G	Ratify and amend prior year expenditures <i>open</i>					
38	DF&G	Fund source shift for unrealized federal receipts in prior fiscal year					134.7
39	DPS	Contract Jails - Increased operating costs <i>open</i>	690.4				
40	DPS	Criminal Records and ID - Increased personnel costs associated with criminal records and identification backlog <i>open</i>	90.6				
41	DPS	Bloodborne Pathogens - Compliance costs <i>open</i>	126.7				
42	DPS	Prisoner Transportation - Increased prisoner transportation costs <i>open</i>	125.0				
43	DPS	Arbitration Settlement	101.4				

SB 100/HB 135 - FY 93 Supplemental Requests and Amendments

Sec.	Dept.		GF	GF Match	GF/Pgm Receipts	GF/MH	Other Funds
44	DPS	Civil Air Patrol - aircraft maintenance and operations costs	125.0				
45	DOT/PF	Arbitrator's Award - Overtime for on-site construction engineers <i>OPEN</i>					539.6
46	DOT/PF	Dalton Highway - Snow removal, ice control and maintenance-related activities <i>OPEN</i>	1,222.9				
47	DOT/PF	Ratification of Prior Year Supply and Inventory Asset Account Expenditures					
48	DOT/PF	Extend FY 93 operating budget lapse date for maintenance and operations funding to coincide with federal fiscal year					
49	DEC	Seafood and Sanitation Activities - Funding to replace unrealized program receipts <i>OPEN</i>	351.2				
50	DEC	Paralytic Shellfish Poison Inspections <i>Closed</i>	109.9				
51	DEB	Water Quality Standards Advisory Group - Meeting costs <i>OPEN</i>	41.4				
52	CRA	Organizational Grant - Yakutat	300.0				
53	CRA	Revenue Sharing - Underpayment for Central Mat-Su and Greater Palmer fire service areas	25.6				
NEW	CRA	Federal Grant Repayment <i>OPEN</i>	48.5				
54	Correc	Operations <i>OPEN</i>	6,879.4				
55	UA	UAF Snow Removal	375.0				
56	Crts	Mental Health Trust Case law clerk				19.9	
57	Multiple	Miscellaneous Claims and Stale-Dated Warrants:					
		Administration	181.1				
		Health and Social Services	112.9				
		Labor	0.1				
		Public Safety	0.1				
		DOT/PF	55.9				
		Corrections	4.0				
		DMVA	0.2				
		Fish and Game	1.9				
Total			38,675.3	293.8	89.7	19.9	2,350.3
Reflects original bill and amendments as of March 10, 1993							

FY93 SUPPLEMENTAL REQUEST
for
Fairbanks Campus Physical Plant
for Costs Associated with
Additional Snow Removal

HB 135, Sec. 55; SB 100, Sec. 55

"The sum of \$375,000 is appropriated from the general fund to the University of Alaska for costs associated with additional snow removal for the fiscal year ending June 30, 1993."

The Fairbanks Campus Physical Plant plans and budgets for snow removal operations from November through April of each year based on a normal or average snowfall of approximately 70 inches. Data from the National Weather Service is used as the basis for the determination of this figure. As the snowfall chart indicates, most winters have snowfall which comes within a reasonable range of this figure.

Snow removal operations began earlier than planned this season with the heavy snowfall just after Labor Day. Snow has continued to accumulate at a record breaking pace. During the first ten days of January, Fairbanks received almost 30 inches of snow. The rapid snow accumulation required that the physical plant go to an around-the-clock operation in order to remove snow from streets and roadways, parking lots, stairs, walkways and roofs. Even with the additional effort it was necessary to issue contracts for some of the snow removal work. Temporary workers, including students, have had to be employed, additional supplies purchased and additional equipment rented.

Campus parking lots (53) and roadways have had to be plowed repeatedly. It was necessary to remove the snow from approximately 20 acres of campus roofs as accumulation weight neared roof truss design limits. Roof snow removal is not necessary during a normal snowfall winter.

The Fairbanks Campus Physical Plant began the year with a snow removal budget of \$265,000 which was based on an estimate of the costs of removing snow during a normal winter from parking lots, streets and sidewalks. Necessary expenditures through mid January for these operations were close to depleting these funds, without accounting for the additional costs of removing snow from the roofs.

SNOWFALL (inches)

FAIRBANKS, ALASKA

SEASON	JULY	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	TOTAL
1922-23	0.0	0.0	0.0	2.0	3.6	6.0	17.6	0.0	29.4	1.0	4.7	0.0	78.3
1923-24	0.0	0.0	0.0	11.0	18.0	10.0	3.0	17.0	1.0	1.0	0.0	0.0	70.0
1924-25	0.0	0.0	0.0	15.5	18.0	12.0	13.0	12.0	20.4	1.0	0.0	0.0	122.7
1925-26	0.0	0.0	0.0	8.0	14.0	16.0	22.0	14.0	0.0	0.0	2.7	0.0	73.7
1926-27	0.0	0.0	0.0	20.0	11.0	20.0	19.0	16.0	12.0	0.0	0.0	0.0	100.0
1927-28	0.0	0.0	0.0	21.0	13.0	24.0	14.0	10.0	10.0	0.0	0.0	0.0	92.0
1928-29	0.0	0.0	0.0	14.0	11.0	16.0	16.0	19.0	10.0	0.0	0.0	0.0	91.0
1929-30	0.0	0.0	0.0	17.0	18.0	21.0	10.0	9.0	17.0	0.0	0.0	0.0	92.0
1930-31	0.0	0.0	0.0	6.0	10.0	14.0	10.0	12.0	1.0	0.0	0.0	0.0	56.0
1931-32	0.0	0.0	0.0	14.0	11.0	12.0	11.0	10.0	1.0	0.0	0.0	0.0	59.0
1932-33	0.0	0.0	0.0	17.0	18.0	21.0	14.0	10.0	1.0	0.0	0.0	0.0	82.0
1933-34	0.0	0.0	0.0	13.0	16.0	10.0	10.0	12.0	1.0	0.0	0.0	0.0	63.0
1934-35	0.0	0.0	0.0	25.0	22.0	14.0	13.0	11.0	1.0	0.0	0.0	0.0	87.0
1935-36	0.0	0.0	0.0	11.0	19.0	16.0	11.0	10.0	1.0	0.0	0.0	0.0	69.0
1936-37	0.0	0.0	0.0	11.0	13.0	10.0	10.0	11.0	1.0	0.0	0.0	0.0	57.0
1937-38	0.0	0.0	0.0	13.0	14.0	10.0	11.0	10.0	1.0	0.0	0.0	0.0	59.0
1938-39	0.0	0.0	0.0	17.0	18.0	21.0	14.0	10.0	1.0	0.0	0.0	0.0	82.0
1939-40	0.0	0.0	0.0	11.0	19.0	16.0	11.0	10.0	1.0	0.0	0.0	0.0	69.0
1940-41	0.0	0.0	0.0	13.0	14.0	10.0	11.0	10.0	1.0	0.0	0.0	0.0	59.0
1941-42	0.0	0.0	0.0	17.0	18.0	21.0	14.0	10.0	1.0	0.0	0.0	0.0	82.0
1942-43	0.0	0.0	0.0	11.0	19.0	16.0	11.0	10.0	1.0	0.0	0.0	0.0	69.0
1943-44	0.0	0.0	0.0	13.0	14.0	10.0	11.0	10.0	1.0	0.0	0.0	0.0	59.0
1944-45	0.0	0.0	0.0	17.0	18.0	21.0	14.0	10.0	1.0	0.0	0.0	0.0	82.0
1945-46	0.0	0.0	0.0	11.0	19.0	16.0	11.0	10.0	1.0	0.0	0.0	0.0	69.0
1946-47	0.0	0.0	0.0	13.0	14.0	10.0	11.0	10.0	1.0	0.0	0.0	0.0	59.0
1947-48	0.0	0.0	0.0	17.0	18.0	21.0	14.0	10.0	1.0	0.0	0.0	0.0	82.0
1948-49	0.0	0.0	0.0	11.0	19.0	16.0	11.0	10.0	1.0	0.0	0.0	0.0	69.0
1949-50	0.0	0.0	0.0	13.0	14.0	10.0	11.0	10.0	1.0	0.0	0.0	0.0	59.0
1950-51	0.0	0.0	0.0	17.0	18.0	21.0	14.0	10.0	1.0	0.0	0.0	0.0	82.0
1951-52	0.0	0.0	0.0	11.0	19.0	16.0	11.0	10.0	1.0	0.0	0.0	0.0	69.0
Record	1	1	1	16.8	13.4	12.2	9.9	8.2	5.7	3.3	0.4	1	67.2

92-93 0 0 0 1617 12.7 885 40.2 NA n/a n/a n/a n/a 1285

REFERENCE NOTES

FAIRBANKS, ALASKA

GENERAL
 1 - FRACTIONAL AMOUNTS OF INCHES ROUNDED UP TO NEXT WHOLE NUMBER.
 2 - STATION LOCATED AT FAIRBANKS, ALASKA.
 3 - SEE STATION LOCATION FOR TABLE ON PAGE 2.

EXCEPTIONS

PAGE 1A MEAN SNOWFALL THROUGH THE CURRENT YEAR.
 1952-53 MEAN SNOWFALL THROUGH THE CURRENT YEAR.
 1953-54 MEAN SNOWFALL THROUGH THE CURRENT YEAR.

SPECIFIC

1 - INCLUDES LAST DAY OF PREVIOUS MONTH

PAGE 2 - LENGTH OF RECORD IN YEARS ALTHOUGH
 1952-53 MEAN SNOWFALL THROUGH THE CURRENT YEAR.
 1953-54 MEAN SNOWFALL THROUGH THE CURRENT YEAR.
 1954-55 MEAN SNOWFALL THROUGH THE CURRENT YEAR.
 1955-56 MEAN SNOWFALL THROUGH THE CURRENT YEAR.
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 1966-67 MEAN SNOWFALL THROUGH THE CURRENT YEAR.
 1967-68 MEAN SNOWFALL THROUGH THE CURRENT YEAR.
 1968-69 MEAN SNOWFALL THROUGH THE CURRENT YEAR.
 1969-70 MEAN SNOWFALL THROUGH THE CURRENT YEAR.
 1970-71 MEAN SNOWFALL THROUGH THE CURRENT YEAR.
 1971-72 MEAN SNOWFALL THROUGH THE CURRENT YEAR.

PAGE 3 - PERIOD OF RECORD IS THE PERIOD OF ALL DAILY
 MEAN SNOWFALL RECORDS THROUGH THE CURRENT YEAR.
 1952-53 MEAN SNOWFALL THROUGH THE CURRENT YEAR.
 1953-54 MEAN SNOWFALL THROUGH THE CURRENT YEAR.
 1954-55 MEAN SNOWFALL THROUGH THE CURRENT YEAR.
 1955-56 MEAN SNOWFALL THROUGH THE CURRENT YEAR.
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 1969-70 MEAN SNOWFALL THROUGH THE CURRENT YEAR.
 1970-71 MEAN SNOWFALL THROUGH THE CURRENT YEAR.
 1971-72 MEAN SNOWFALL THROUGH THE CURRENT YEAR.

STATE OF ALASKA

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET
DIVISION OF BUDGET REVIEW

March 17, 1993

WALTER J. HICKEL, GOVERNOR

P.O. BOX 110020
JUNEAU, ALASKA 99811-0020
PHONE: (907) 465-3568

The Honorable Ron Larson
The Honorable Eileen Maclean
Co-Chairs
House Finance Committee
State Capitol
Juneau, Alaska 99801-1182

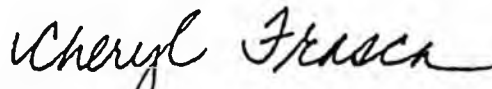
Dear Committee Co-Chairs:

The Department of Education has advised OMB of a revision to the FY 93 supplemental amount for the K-12 Support Program. Instead of the previously estimated need of \$6,427,100, the amount has been revised downward to \$4,101,700. For your further reference, attached is the department's memorandum explaining the basis for the revision.

I have also attached is an updated sectional which reflects the amendments submitted by the Governor to date.

Should you have questions or need additional information, please let me know.

Sincerely,



Cheryl Frasca
Director

Attachment

cc: Commissioner Jerry Covey
Department of Education

J. Shelby Stastny, Director
Office of Management and Budget

MEMORANDUM

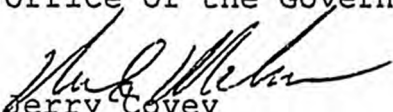
State of Alaska
Department of Education

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

Date: March 16, 1993

Phone: 465-2800

File: FY93supp

From: 
Jerry Covey
Commissioner

Subject: FY93 Supplemental
Foundation Program

In a transmittal to you dated December 23, 1992, the Department of Education requested a supplemental appropriation of \$6,427.1 for the K-12 Support Program, Foundation Program component. That request has now been incorporated into HB 135 and SB 100 as section 14. Please reduce the department's request to \$4,101.7.

This amended request is based on 19.05 additional instructional units resulting from the optional student count completed in late February and additional P.L. 81-874 revenue received by the school districts. The cost of the increased units has been more than offset by additional authorization of federal PL 81-874 revenue. This resulted in a reduced general fund requirement.

Thank you for your assistance in this matter. If you have any questions please contact Duane Guiley, Director, School Finance and Data Services, at 465-2891.

cc: Gary Bader, Director, Administrative Services
Duane Guiley, Director, School Finance

SB100/HB135- Supplemental/Special/Reappropriations - Sections 1 - 57

SEC. #	AGENCY	PROGRAM/PURPOSE	GENERAL FUNDS	OTHER FUNDS	TOTAL FUNDS
51	Environmental Cons	Water Quality Standards Advisory Group costs	41.4		41.4
52	Community/Regional Aff	City and Borough of Yakutat: organizational grant	300.0		300.0
53	Community/Regional Aff	Rev Sharing: underpmt Mat-Su/Palmer fire service areas	25.6		25.6
54	Corrections	Administration and Support: operating costs	66.5		66.5
54	Corrections	Statewide Operations: operating costs	6,812.9		6,812.9
55	University	Additional snow removal costs	375.0		375.0
56	Alaska Court System	Relieve workload Weiss v. State (mental health trust)	19.9		19.9
57	Administration	Miscellaneous claims/stale-dated warrants	159.6		159.6
57	Health/Social Services	Miscellaneous claims/stale-dated warrants	112.4		112.4
57	Labor	Miscellaneous claims/stale-dated warrants	0.4		0.4
57	Public Safety	Miscellaneous claims/stale-dated warrants	0.1		0.1
57	Corrections	Miscellaneous claims/stale-dated warrants	4.0		4.0
57	Military/Veterans' Affairs	Miscellaneous claims/stale-dated warrants	0.2		0.2
57	Transportation/PF	Miscellaneous claims/stale-dated warrants	50.7		50.7
TOTAL			40,495.2	8,050.3	48,545.5

MEMORANDUM

STATE OF ALASKA

Department of Administration

To: Cheryl Frasca, Director
Division of Budget Review
Office of Management & Budget

Date: March 9, 1993

Telephone: 465-2277

From: Sharon Barton, Director
Division of Administrative Services
Department of Administration

Subject: FY93 Supplemental Revision

Please find attached a memorandum and attachments detailing the projected need for an additional \$630,417 to the FY93 supplemental for the Longevity Bonus grants program. This brings the total FY93 supplemental request for Longevity Bonus to \$1,980,667.

If you need any additional information, please call.

cc Nancy Bear Usera
Commissioner

Roberly Waldron
Deputy Commissioner


Dennis L. Dewitt, Director
Division of Pioneers' Benefits

InterOffice Memo
State of Alaska

Div. of Pioneers' Benefits

Phone: 465-4400

FAX: 465-4100

To: Sharon Barton, Director
From: Dennis L. DeWitt, Director 
Date: March 5, 1993
Subject: Longevity Bonus Grant Projections

Attached are our current projections for the Longevity Bonus Grants for FY93. As you can see, we will need a supplemental for \$1,980,667 for the remainder of FY93. We are still working on FY94, but our best estimate is that the FY94 budget request may be too low also.

Several factors have contributed to this. First, for the first time that we know of, our growth rate for the bonus is higher than the population growth rates estimated by the Department of Labor. The Department of Labor estimated that this year's growth rate would be 5.72%, but we expect to see a bonus increase of over 6%. In previous years, the bonus growth rate has been 1-2% below the Department of Labor's population growth rate.

Second, we believe that the high public profile of the longevity Bonus program over the past year may have influenced some people to be more aware of the program, and has encouraged them to get on it before they are excluded.

Lastly, as the charts show, the growth pattern during each of the past three fiscal years are substantially different than this year. Projections would be better if consistent patterns of participation in the program existed. We cannot assume any previous pattern will apply this year.

cc: Roberley Waldron, Deputy Commissioner

Attachment

RECEIVED
DEPT. OF
ADMINISTRATION
MARCH 5 PM 3 00 '93

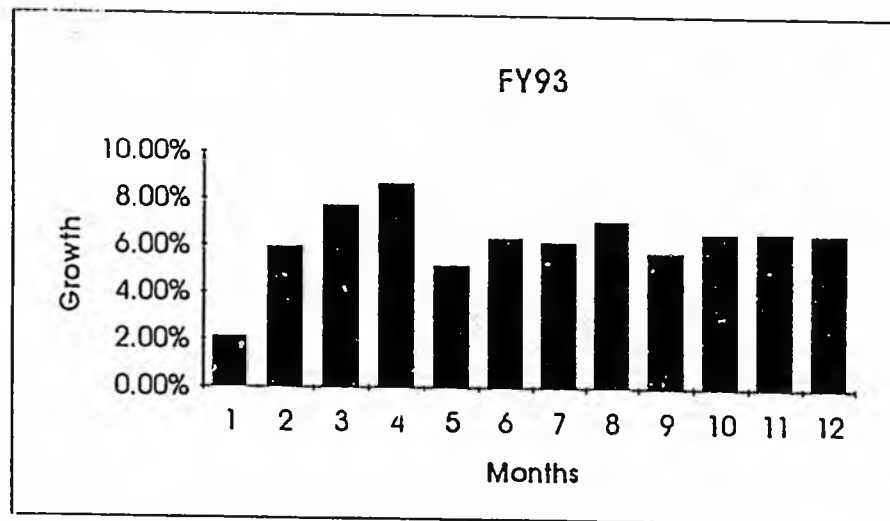
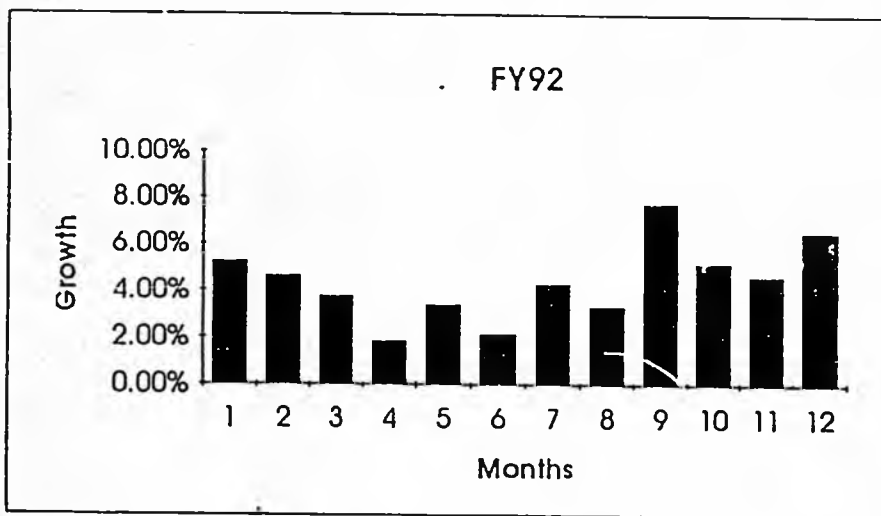
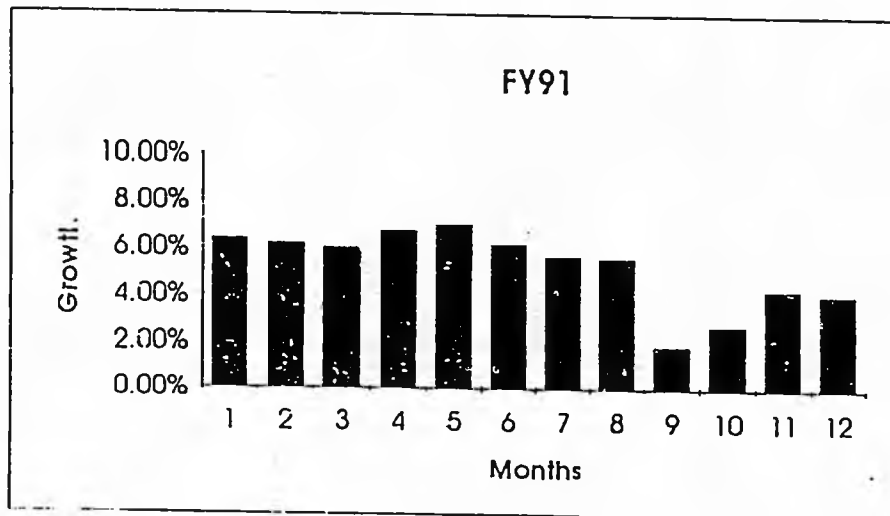
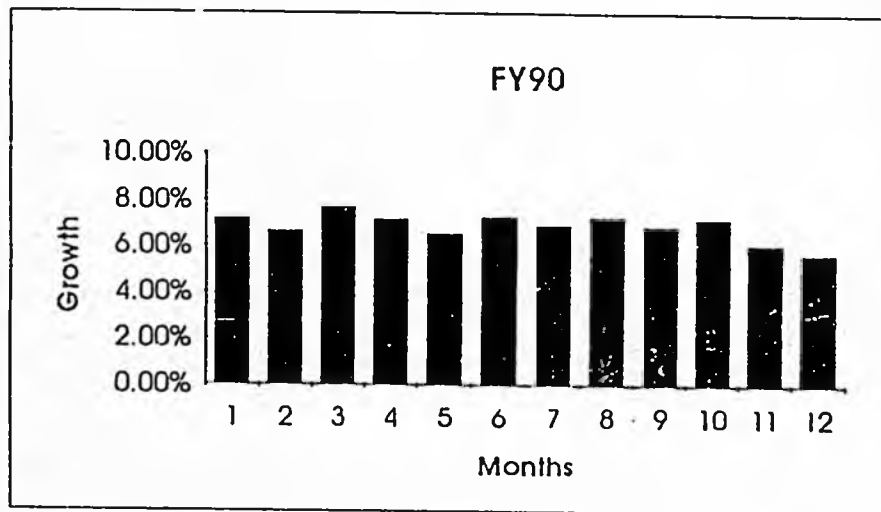
**Longevity Bonus Grants
FY93 Projections**

Warrants	Actuals FY89	Actuals FY90	Increase From FY89 to FY90	Actuals FY91	Increase From FY90 to FY91	Actuals FY92	Increase From FY91 to FY92	Actuals FY93	Increase From FY92 to FY93	Projection FY93
Jul	17,417	18,682	7.26%	19,882	6.42%	20,928	5.26%	21,378	2.15%	21,378
Aug	17,512	18,677	6.65%	19,839	6.22%	20,766	4.67%	22,005	5.97%	22,005
Sep	17,612	18,981	7.77%	20,129	6.05%	20,888	3.77%	22,508	7.76%	22,508
Oct	17,632	18,895	7.16%	20,181	6.81%	20,551	1.83%	22,335	8.68%	22,335
Nov	17,773	18,933	6.53%	20,274	7.08%	20,965	3.41%	22,052	5.18%	22,052
Dec	17,788	19,082	7.27%	20,276	6.26%	20,705	2.12%	22,023	6.37%	22,023
Jan	17,771	19,006	6.95%	20,099	5.75%	20,968	4.32%	22,270	6.21%	22,270
Feb	17,702	18,993	7.29%	20,069	5.67%	20,738	3.33%	22,218	7.14%	22,218
Mar	17,750	18,973	6.89%	19,338	1.92%	20,844	7.79%	22,050	5.79%	22,050
Apr	18,200	19,508	7.19%	20,058	2.82%	21,104	5.21%		6.64%	22,504
May	18,422	19,549	6.12%	20,396	4.33%	21,342	4.64%		6.72%	22,776
Jun	18,439	19,490	5.70%	20,298	4.15%	21,625	6.54%		6.59%	23,050
	214,018	228,769	6.89%	240,839	5.28%	251,424	4.40%		6.33%	267,169
Cost	53,504,500	57,192,250		60,209,750		62,856,000		Estimated Need		66,792,367

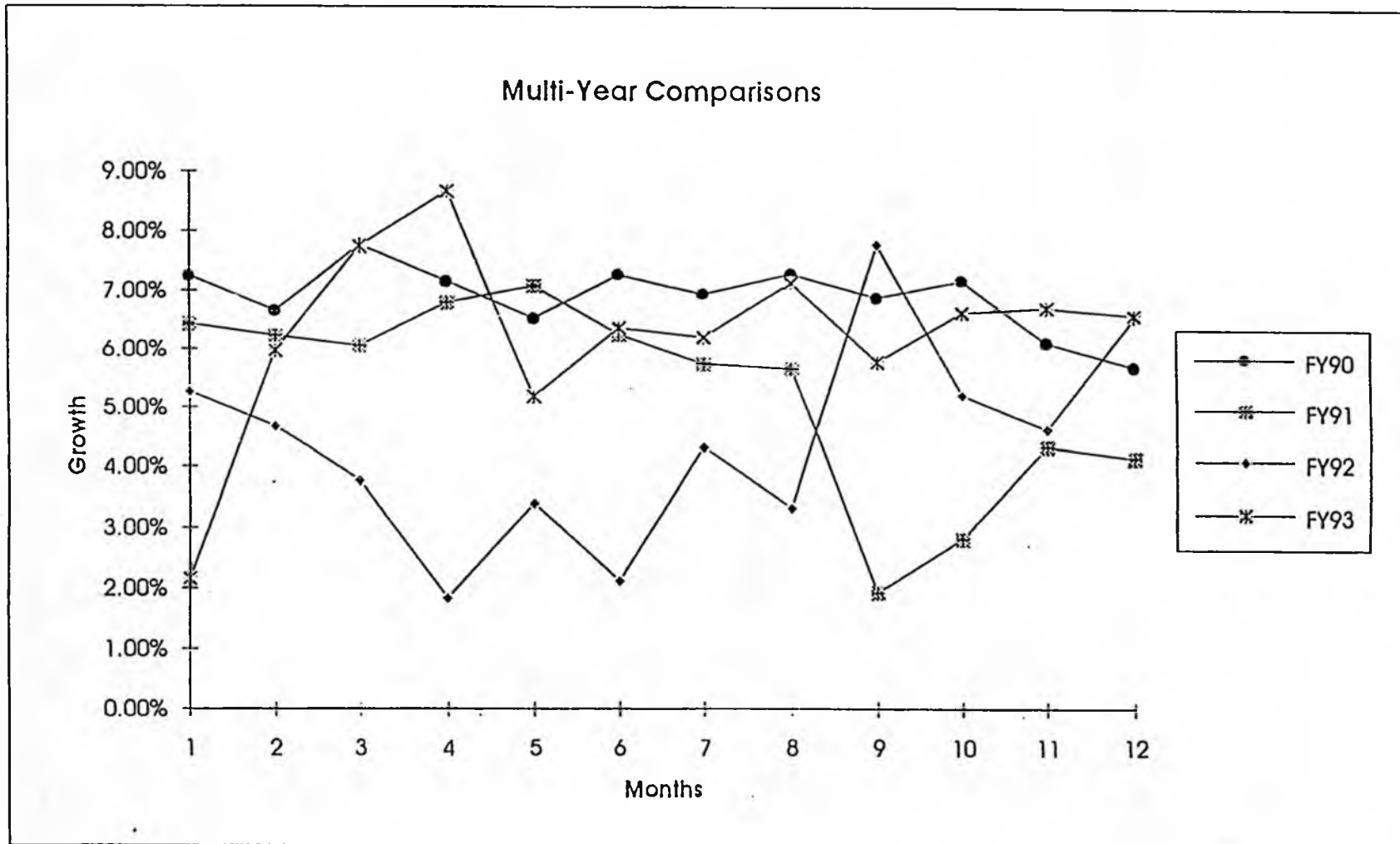
FY93 Authorized	64,811,700
Estimated Surplus (Deficit)	(1,980,667)
Pending Supplemental	1,350,300
Additional Supplemental Needed	630,367
	<u>1,980,667</u>

Italicized figures are estimates

Longevity Bonus Grants FY93 Projections



Longevity Bonus Grants FY93 Projections



STATE OF ALASKA

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

WALTER J. HICKEL, GOVERNOR

P.O. BOX AM
JUNEAU, ALASKA 99811-0199
PHONE: (907) 465-3568

March 9, 1993

The Honorable Ronald L. Larson
The Honorable Eileen MacLean
Co-Chairs
House Finance Committee
State Capitol
Juneau, Alaska 99801-1182

Dear Co-Chairs:

As the Finance Committee considers the Governor's FY 93 supplemental legislation, please consider these three amendments:

1. An amendment to section one increasing the Longevity Bonus supplemental from \$1,350,300 to \$1,980,667. The Department of Administration is realizing a greater increase in program applicants than earlier estimated. The original supplemental was based on a 5.72 percent rate of growth which has been revised upward to 6 percent. Attached is the department's memorandum further outlining this request;
2. The addition of a new section expanding the purpose of an FY 93 capital appropriation for the Northern Forum:

Sec. . Sec. 152, ch. 5, SLA 1992, page 36, line 23, is amended to read:

	Appropriation Items	General Fund
Northern Forum Equipment <u>and Operations</u>	\$50,000	\$50,000

March 9, 1993

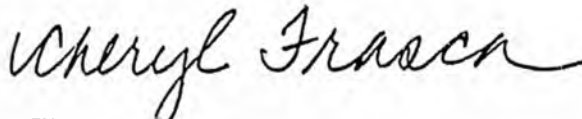
Page 2

I have also attached information in support of this amendment.

3. Amend section 57 (page 9, line 27) by increasing the Department of Administration's miscellaneous claims and stale-dated warrant appropriation amount from \$159,600 to \$181,060.

Should the committee have questions or need additional information, please let me know.

Sincerely,

A handwritten signature in cursive script that reads "Cheryl Frasca".

Cheryl Frasca
Director

Enclosures

cc: J. Shelby Stastny

MEMORANDUM

STATE OF ALASKA

Department of Administration

To: Cheryl Frasca, Director
Division of Budget Review
Office of Management & Budget

Date: March 9, 1993

Telephone: 465-2277

From: Sharon Barton, Director
Division of Administrative Services
Department of Administration

Subject: FY93 Supplemental Revision

Please find attached a memorandum and attachments detailing the projected need for an additional \$630,417 to the FY93 supplemental for the Longevity Bonus grants program. This brings the total FY93 supplemental request for Longevity Bonus to \$1,980,667.

If you need any additional information, please call.

cc Nancy Bear Usera
Commissioner

Roberly Waldron
Deputy Commissioner

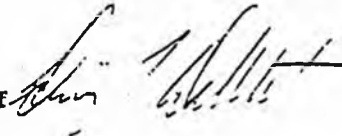
Dennis L. Dewitt, Director
Division of Pioneers' Benefits

InterOffice Memo
State of Alaska

Div. of Pioneers' Benefits

Phone: 465-4400

FAX: 465-4108

To: Sharon Barton, Director
From: Dennis L. DeWitt, Director 
Date: March 5, 1993
Subject: Longevity Bonus Grant Projections

Attached are our current projections for the Longevity Bonus Grants for FY93. As you can see, we will need a supplemental for \$1,980,667 for the remainder of FY93. We are still working on FY94, but our best estimate is that the FY94 budget request may be too low also.

Several factors have contributed to this. First, for the first time that we know of, our growth rate for the bonus is higher than the population growth rates estimated by the Department of Labor. The Department of Labor estimated that this year's growth rate would be 5.72%, but we expect to see a bonus increase of over 6%. In previous years, the bonus growth rate has been 1-2% below the Department of Labor's population growth rate.

Second, we believe that the high public profile of the longevity Bonus program over the past year may have influenced some people to be more aware of the program, and has encouraged them to get on it before they are excluded.

Lastly, as the charts show, the growth pattern during each of the past three fiscal years are substantially different than this year. Projections would be better if consistent patterns of participation in the program existed. We cannot assume any previous pattern will apply this year.

cc: Roberley Waldron, Deputy Commissioner

Attachment

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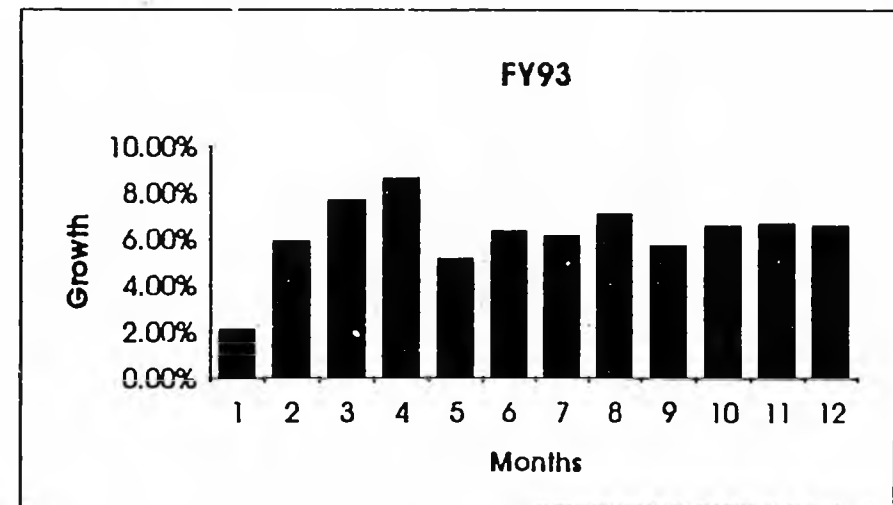
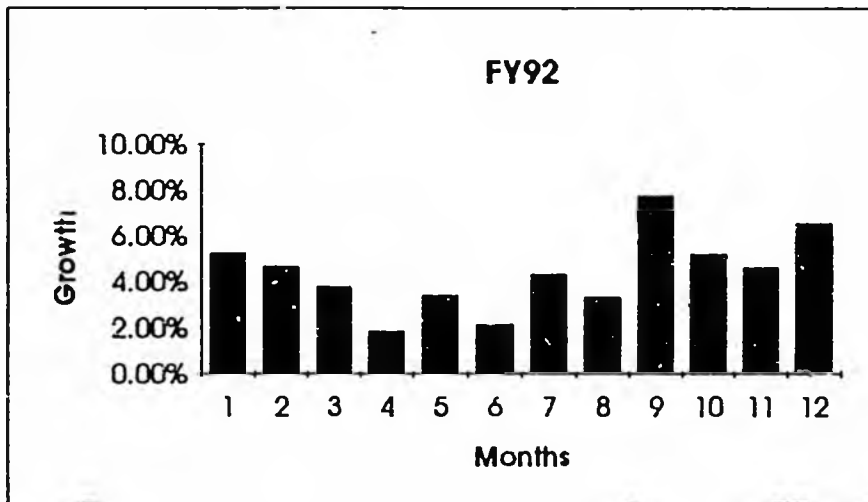
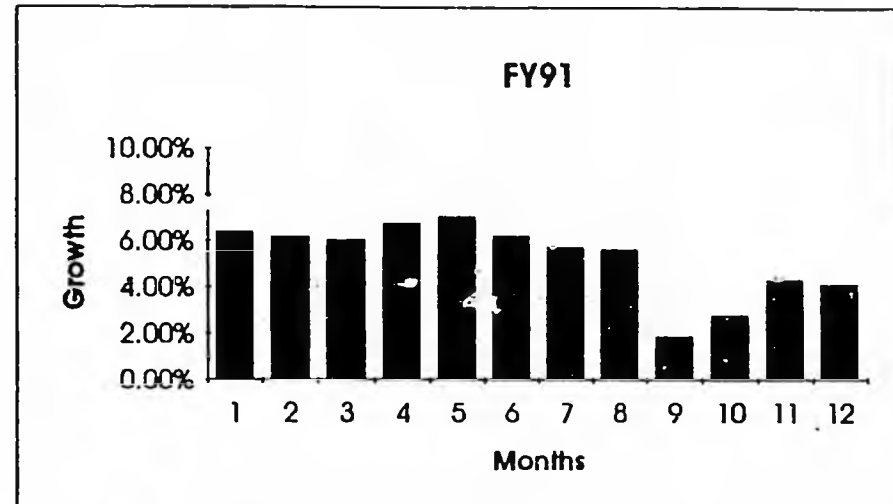
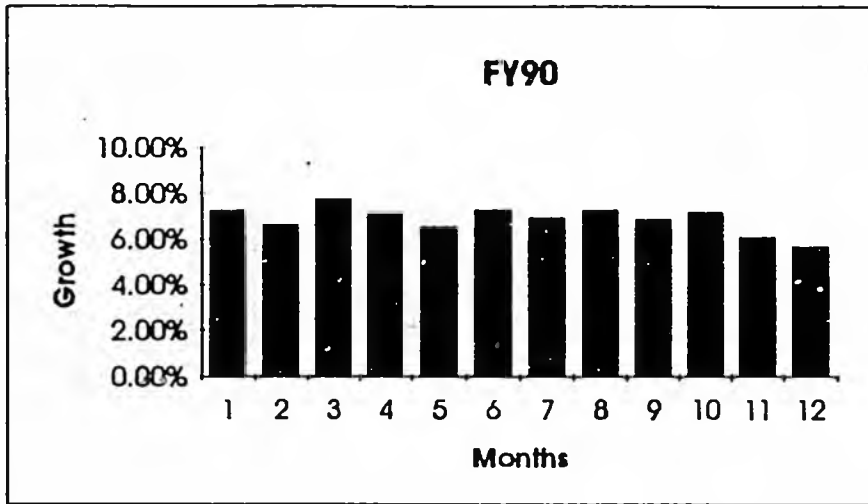
**Longevity Bonus Grants
FY93 Projections**

Warrants	Actuals FY89	Actuals FY90	Increase	Actuals FY91	Increase	Actuals FY92	Increase	Actuals FY93	Increase	Projection FY93
			From FY89 to FY90		From FY90 to FY91		From FY91 to FY92		From FY92 to FY93	
Jul	17,417	18,682	7.26%	19,882	6.42%	20,928	5.26%	21,378	2.15%	21,378
Aug	17,512	18,677	6.65%	19,839	6.22%	20,766	4.67%	22,005	5.97%	22,005
Sep	17,612	18,981	7.77%	20,129	6.05%	20,888	3.77%	22,508	7.76%	22,508
Oct	17,632	18,895	7.16%	20,181	6.81%	20,551	1.83%	22,335	8.68%	22,335
Nov	17,773	18,933	6.53%	20,274	7.08%	20,965	3.41%	22,052	5.18%	22,052
Dec	17,788	19,082	7.27%	20,276	6.26%	20,705	2.12%	22,023	6.37%	22,023
Jan	17,771	19,006	6.95%	20,099	5.75%	20,968	4.32%	22,270	6.21%	22,270
Feb	17,702	18,993	7.29%	20,069	5.67%	20,738	3.33%	22,218	7.14%	22,218
Mar	17,750	18,973	6.89%	19,338	1.92%	20,844	7.79%	22,050	5.79%	22,050
Apr	18,200	19,508	7.19%	20,058	2.82%	21,104	5.21%		6.64%	22,504
May	18,422	19,549	6.12%	20,396	4.33%	21,342	4.64%		6.72%	22,776
Jun	18,439	19,490	5.70%	20,298	4.15%	21,625	6.54%		6.59%	23,050
	214,018	228,769	6.89%	240,839	5.28%	251,424	4.40%		6.33%	267,169
Cost	53,504,500	57,192,250		60,209,750		62,856,000		Estimated Need		66,792,367

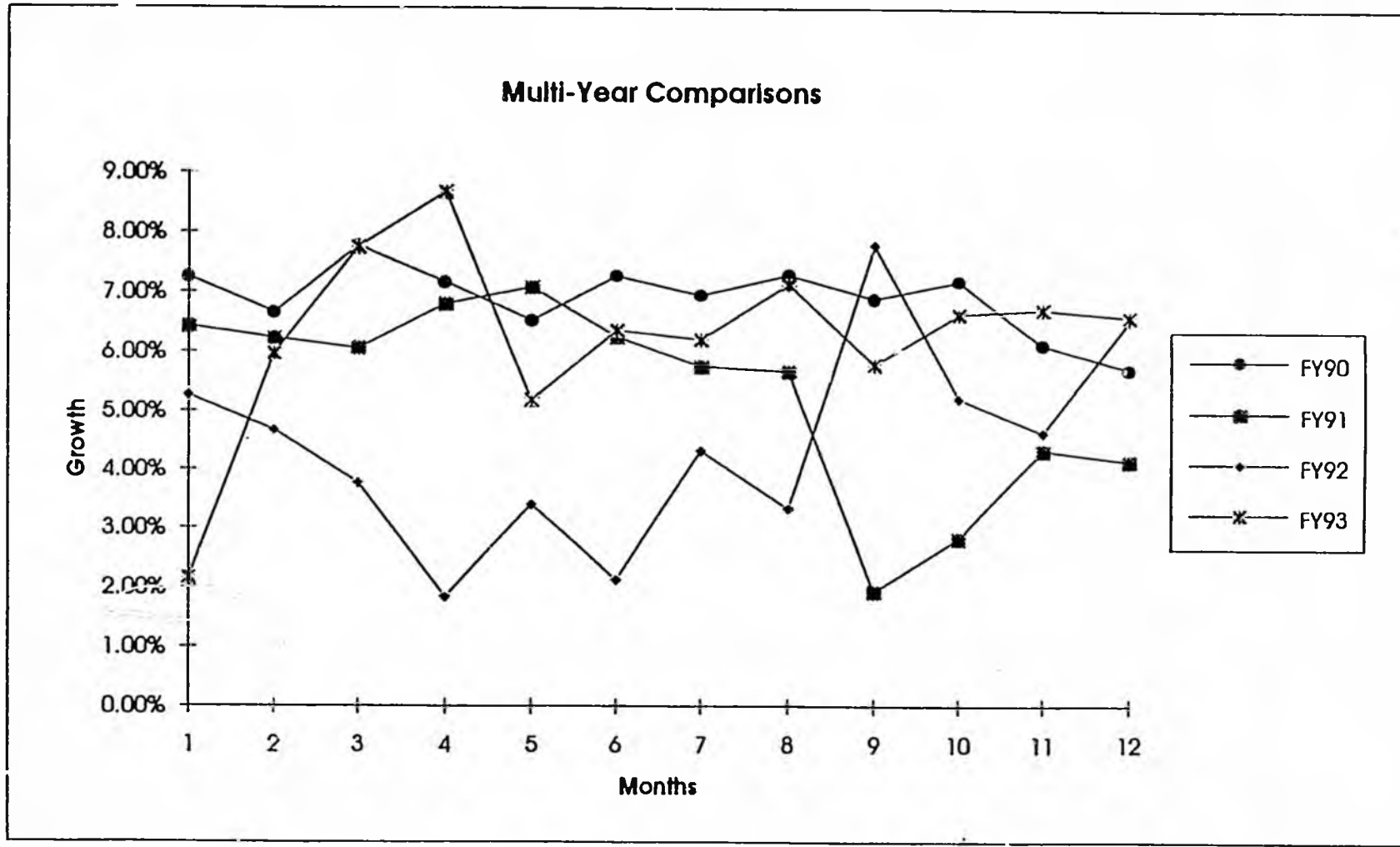
FY93 Authorized	64,811,700
Estimated Surplus (Deficit)	(1,980,667)
Pending Supplemental	1,350,300
Additional Supplemental Needed	630,367
	<u>1,980,667</u>

Italicized figures are estimates

Longevity Bonus Grants FY93 Projections



Longevity Bonus Grants FY93 Projections



THE NORTHERN FORUM

OFFICE OF THE SECRETARIAT
 4101 University Drive, APL Carr-Gottstein Center, Suite 221
 Anchorage, Alaska 99508
 Phone: 907 561-3280 FAX: 907 561-6645
 Telex: 981074 WTCA

March 4, 1993

Cheryl Frasca
 Director Budget and Review
 Office of Management and Budget
 P.O. Box 110803
 Juneau, AK 99811-0803
 Fax 465-2090

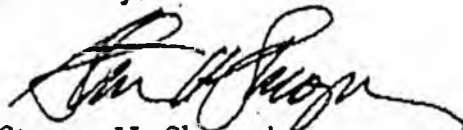
Dear Ms. Frasca:

As you are aware our original funding for The Northern Forum appropriation was \$100,000 operating and \$50,000 capital. I would like to request a change of title and scope to the original \$50,000 capital appropriation, so that capital monies may be used for operating purposes.

Since our office was successful in getting office furniture and other equipment donated from the private sector, some of the capital items we originally requested are no longer required. Additionally, costs for travel, long distance phone calls and marketing have exceeded our expectations due to the startup phase of our operation.

Thank you in advance for your cooperation in this matter.

Sincerely,



Steven H. Shropshire
 Executive Director

cc: Shelby Stastny
 Guy Bell

Membership Level I

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 Provincial Government of Oulu

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 Republic of Korea