

ALASKA LEGISLATURE

1553

HOUSE and SENATE FINANCE COMMITTEE FILES, 1995-1996

STATE OF ALASKA

DEPARTMENT OF LAW

CRIMINAL DIVISION

February 22, 1996

TONY KNOWLES, GOVERNOR  
PLEASE REPLY TO:

CRIMINAL DIVISION CENTRAL  
OFFICE  
P.O. BOX 110300  
JUNEAU, ALASKA 99811-0300  
PHONE: (907) 465-3428  
FAX: (907) 465-4043

OFFICE OF SPECIAL PROSECUTIONS  
AND APPEALS  
310 K STREET, SUITE 309  
ANCHORAGE, ALASKA 99501-2064  
PHONE: (907) 269-6250  
FAX: (907) 269-6270

The Hon. Rick Halford, Co-Chair  
The Hon. Steve Frank, Co-Chair  
Senate Finance Committee  
State Capitol  
Juneau, AK 99811

Dear Senators Halford and Frank:

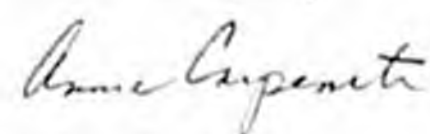
Last week during the hearing in your committee on Senate Bill 232, regarding permanent fund dividends for persons convicted of felonies but not incarcerated and incarcerated for a third conviction of a misdemeanor, you asked me if data was available concerning funds garnished for payment of restitution.

I have spoken to the Department of Revenue, and the information available is as follows: In calendar year 1995, 13,717 permanent fund dividends were garnished in whole or in part by the Department of Law for payment of restitution and other court orders. Unfortunately, the information is not available to determine what part of these dividends is generated from garnishment of a dividend to pay restitution for a person incarcerated for a third offense misdemeanor or a person convicted of a felony and not incarcerated.

I'm sorry I am not able to provide more specific information.

Very truly yours,

BRUCE M. BOTELHO  
ATTORNEY GENERAL

By: 

Anne D. Carpeneti  
Assistant Attorney General

ADC:jf

PROVIDED BY SENATOR FRANK  
**SB 232 OVERVIEW**  
As of February 14, 1996

AS 43.23.005(d) currently provides that an individual who is incarcerated for a felony conviction is ineligible for a PFD in the next calendar year.

AS 43.23.028(b) allows the total amount that would have been paid to such individuals if they had been eligible to be appropriated from the dividend fund without being noticed on the dividend stub for the next fiscal year to

- a. the Crime Victim Compensation Fund;
- b. the Council on Domestic Violence and Sexual Assault; or
- c. the Department of Corrections.

**SB 262 will:**

1. increase the pool of individuals who are ineligible for a PFD to include:
  - a. those persons who in a given year are either convicted of a felony; or
  - b. incarcerated for their third or subsequent misdemeanor conviction.
2. require that the dividend stub provide public notice of
  - a. the criteria for denying individuals under AS 43.23.005(d);
  - b. the legislative purpose for denying individuals under AS 43.23.005(d);
  - c. the total amount that would have been paid during the prior fiscal year to individuals denied under AS 43.23.005(d); and
  - d. the total amount that was appropriated for the current fiscal year to each of the agencies eligible to receive funds under AS 43.23.028(b).
3. add the Departments of Public Safety and Law to the list of criminal justice system agencies authorized to use the funds denied to individuals ineligible under AS 43.23.005(d); and
4. clarify the purposes for which the funds denied to individuals ineligible under AS 43.23.005(d) can be used.

PROVIDED BY SENATOR FRANK  
**SB 232 SECTIONAL ANALYSIS**  
As of February 14, 1996

- Sec. 1:** Identifies the four purposes of the legislation.
- Sec. 2:** Amends AS 43.23.005(d) making those convicted of a felony and those incarcerated as the result of a third misdemeanor conviction during the qualifying year ineligible for a dividend. Current law just makes those incarcerated as the result of a felony conviction during the qualifying year ineligible.
- Sec. 3:** Amends AS 43.23.028(a) to require disclosure on the dividend check stub or direct deposit advise of
- a. the criteria for denying individuals under AS 43.23.005(d);
  - b. the legislative purpose for denying individuals under AS 43.23.005(d);
  - c. the total amount that would have been paid during the prior fiscal year to individuals denied under AS 43.23.005(d); and
  - d. the total amount that was appropriated for the current fiscal year to each of the agencies eligible to receive funds under AS 43.23.028(b).
- Amends AS 43.23.028(b) by
- e. adding the Departments of Public Safety and Law to the list of criminal justice system agencies authorized to use the funds denied to individuals ineligible under AS 43.23.005(d); and
  - f. clarifying the purposes for which the funds denied to individuals ineligible under AS 43.23.005(d) can be used.
- Sec. 4:** Amends AS 43.23.055 to make it clear that it is the responsibility of the Departments of Public Safety and Corrections to provide the Department of Revenue with a list of individuals who meet the criteria of AS 43.23.005(d).
- Sec. 5:** Ensures that only convictions
- a. for offenses occurring after the effective date of the legislation are considered in determining ineligibility; and
  - b. occurring after the effective date of the legislation are considered in determining a third misdemeanor.
- Sec. 6:** Makes the provisions requiring disclosure (section 3) and the clarification of responsibilities Department responsibilities (section 4) retroactively effective to January 1, 1996.
- Sec. 7:** Makes sections 1, 3, 4 and 6 of the act take effect immediately.
- Sec. 8:** Makes the provisions expanding the pool of ineligibles (sections 2 and 5) effective January 1, 1997.

PROVIDED BY SENATOR FRANK  
**STATE AGENCIES TO WHICH PFDs DENIED**  
**UNDER AS 43.23.005(d) CAN BE APPROPRIATED**

**Current Law**

**Department of Corrections**

**Department of Public Safety**  
Violent Crimes Compensation Fund

or

Council on Domestic Violence and  
Sexual Assault

**SB 232**

**Department of Corrections**  
for incarceration and probation programs

**Department of Public Safety**  
Violent Crimes Compensation Fund  
for payments to crime victims

or

Council on Domestic Violence and  
Sexual Assault  
for shelters and safe houses

or

Any DPS Division  
for investigations or apprehensions

**Department of Law**  
for criminal prosecutions

# A FAX

Alaska State Legislature

Date: 2-26-96

To: Annette Smith - DOCorrections

Fax #: 465-2006 Phone #: \_\_\_\_\_

From: Kathy - Senate Finance

Phone #: 465-2618

Re: Fiscal Notes SB 232

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Following this page, please find 7 pages(s). If this does not reach you in full, please inform us ASAP.



THANK YOU

# FISCAL NOTE

**STATE OF ALASKA**  
**1996 LEGISLATIVE SESSION**

**BILL NO. SB 232**

Revision Date: \_\_\_\_\_ Dept. Affected: Department of Law  
 Title: "...permanent fund dividend program...ineligibility..." BRU: Criminal Division  
of individuals convicted of felonies or incarcerated for misdemeanors.." Component: Criminal Division  
 Sponsor: Senate Finance Committee  
 Requester: Senate Finance Committee COMPONENT SERIAL NO. 2085

**Expenditures/Revenues**

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )						
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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						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY96) cost: \$ 0.0

**POSITIONS**

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

**ANALYSIS:** (Attach a separate page if necessary)

This bill amends AS 43.23 to enlarge the group of criminals made ineligible to receive permanent fund dividends to include persons who are convicted of a felony and who are not incarcerated, and to include persons convicted for a third or subsequent misdemeanor who are incarcerated. Currently only incarcerated felons are ineligible for PFDs each year that they are in prison.

Under existing law, the money that would have been given to the incarcerated felons for PFDs can instead be appropriated by the legislature to three agencies/funds: the violent crime compensation fund, the council on domestic violence and sexual assault, and the Department of Corrections.

It is difficult to estimate, but a best guess is that 2,000 new people will become ineligible for a PFD, if the bill is enacted. There are a number of persons and groups who rely upon these criminals' PFDs as a source of revenue that can be garnished who will be displaced if the ineligible criminal group is enlarged to include

Prepared by: Richard I. Pegues, Director Phone: 465-3672  
 Division: Administrative Services Division Date: 2/21/96  
 Approved by Commissioner: Bruce M. Botelho, Attorney General Date: 2/21/96  
 Agency: Department of Law

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FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO. SB 232

ANALYSIS CONTINUATION:

incarcerated third-time misdemeanants and convicted felons who are not incarcerated.

First in priority are those owed child support payments (there were over 11,000 PFD garnishments for child support in the past year). Next are those owed court-ordered restitution, then claims on defaulted school loans (over 8,700), court-ordered fines, Rule 39 collections, and DWI incarceration costs (over 13,700 last year), certain writs of execution, debts owed to the state, and then debts owed to other creditors, including federal and local taxes (over 35,000 last year). Furthermore, alcohol rehabilitation groups frequently garnish PFDs to get reimbursed for services provided to clients who under go court-ordered treatment as a result of an alcohol related offense such as DWI or domestic violence. To the extent that these criminals are made ineligible for PFDs, these groups will lose an important source of money for payment of these obligations.

The bill would also expand the list of agencies that may receive appropriations from the money "saved" by not giving it to criminals. In addition to the agencies listed above, the following new agencies would be allowed to receive appropriations from these funds: the Department of Public Safety for criminal investigations and apprehensions, and the Department of Law for criminal prosecutions.

It is problematic when funds will be available for distribution to the Department of Law and the Department of Public Safety. The effective date of the section that makes incarcerated third-time or subsequent misdemeanants ineligible for PFDs is January 1, 1997, and offenses committed before the effective date may not be considered in determining the number of prior convictions for the purpose of applying ineligibility. As a consequence, any positive fiscal impact for the Department of Law is uncertain at this time.

# FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO. SB 232

Revision Date: \_\_\_\_\_ Dept. Affected: Corrections  
 Title: An Act relating to permanent fund dividend BRU: ALL  
program notice requirements,..... Component: \_\_\_\_\_  
 Sponsor: Senators Frank, Leman, Kally, Green, Phillips  
 Requester: Finance COMPONENT SERIAL NO. #0694

**Expenditures/Revenues (Thousands of Dollars)**

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	83.4	102.7	104.2	105.8	107.4	109.0
TRAVEL						
CONTRACTUAL	1.5	14.5	14.5	14.5	14.5	14.5
SUPPLIES	0.5	1.5	1.5	1.5	1.5	1.5
EQUIPMENT	3.3	6.6				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>88.7</b>	<b>125.3</b>	<b>120.2</b>	<b>121.8</b>	<b>123.4</b>	<b>125.0</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )						
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**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
1050 PFD Funds	68.7	125.3	120.2	121.8	123.4	125.0
<b>TOTAL</b>	<b>68.7</b>	<b>125.3</b>	<b>120.2</b>	<b>121.8</b>	<b>123.4</b>	<b>125.0</b>

Estimate of any current year (FY96) cost: \$ 0.0

**POSITIONS**

FULL-TIME	1					
PART-TIME		2				
TEMPORARY						

**ANALYSIS:** (Attach a separate page if necessary)

The bill will deny PFD annual dividends to those who have been convicted of a felony (whether incarcerated or not), and those who are incarcerated for a third misdemeanor conviction. The agency will require 1 PFT Analyst Programmer IV for the first year to design and implement the data interface of criminal records between the Department of Corrections, Public Safety, and the Alaska Court System. In addition, the position will require a contractual, supplies, and equipment (one-time) resources to accomplish the necessary tasks. A major task will be to negotiate with the Alaska Court System to timely receive conviction data in order to meet the requirements of this bill. Starting with the 2nd fiscal year of the bill, the agency will require the services of 1 PFT and 1 PPT Statistical Technicians to perform data entry, editing, and handle the research required to respond to PFD appeals; and 1 PPT Analyst Programmer IV to continue the data processing interfaces, coordinating the data tape matches, and to coordinate differences between files. In addition, the positions will require contractual, supplies, and equipment (one-time) resources to accomplish their tasks.

Prepared by: \_\_\_\_\_  
 Division: Office of the Commissioner

Phone: 465-4652  
 Date: 2/14/96

Approved by Commissioner: Margaret Pugh  
 Agency: Department of Corrections

Date: 2/14/96

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# FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO: SB 232

Revision Date: \_\_\_\_\_ Dept. Affected: Public Safety  
 Title: An act relating to permanent fund dividend  
program notice requirements, to the ineligibility BRU: All  
 Sponsor: Senator Frank Component: All  
 Requestor: Senate Finance COMPONENT SERIAL NO. 529

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

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	5.0	3.0	3.0	3.0	3.0	3.0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>5.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
Revenue Code						

**FUNDING: (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF	5.0	3.0	3.0	3.0	3.0	3.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>5.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>

Estimate of current year (FY 96) impact: \$ \_\_\_\_\_

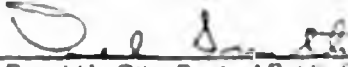
**POSITIONS:**

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.)**

DPS will create an electronic file of individuals who "during the calendar year immediately preceding that dividend year....[were] convicted of a felony." This file will be provided to PFD for matching against their database. The file will contain person demographic information available from APSIN and agreed upon with PFD.

Because APSIN does not contain incarceration data, DPS will also create an electronic file of individuals who were convicted of "a third or subsequent....misdemeanor." This file will be provided to DOC for matching against their database. The file will contain person demographic information available from APSIN and agreed upon with DOC. DOC will match this file against their records on incarcerated individuals and forward the resulting information to PFD

Prepared By: Kenneth E. Bischoff, Director Phone: 465-4338  
 Division: Administrative Services Date: 1/30/96  
 Approved by Commissioner:  Date: 2/12/96  
 Agency: Ronald L. Otto, Dept. of Public Safety

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Revision Date: 13-Feb-96 Dept. Affected: Revenue  
 Title: PFD Notices and Eligibility BRU: Permanent Fund Dividend Division  
 Component: Permanent Fund Dividend Division  
 Sponsor: Senator Frank  
 Requestor: Senate Finance COMPONENT SERIAL NO. 981

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	1.9	42.4	42.4	42.4	42.4	42.4
TRAVEL						
CONTRACTUAL	0.5	4.3	4.3	4.3	4.3	4.3
SUPPLIES		1.0	1.0	1.0	1.0	1.0
EQUIPMENT		3.5	0.0	0.0	0.0	0.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>2.4</b>	<b>51.2</b>	<b>47.7</b>	<b>47.7</b>	<b>47.7</b>	<b>47.7</b>
<b>CAPITAL EXPENDITURES</b>						
<b>CHANGE IN REVENUES ( )</b>						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other Dividend Fund 1050	2.4	51.2	47.7	47.7	47.7	47.7
<b>TOTAL</b>	<b>2.4</b>	<b>51.2</b>	<b>47.7</b>	<b>47.7</b>	<b>47.7</b>	<b>47.7</b>

Estimate of any current year (FY96) cost \$ 0

POSITIONS:

FULL-TIME		1	1	1	1	1
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

(See Attached Analysis)

Prepared by: Nancy A. Jones Phone: 465-2323  
 Division: Permanent Fund Dividend Division Date: 2/13/96  
 Approved by Commissioner: [Signature] Date: 2/13/96  
 Agency: Department of Revenue

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Department of Revenue  
Permanent Fund Dividend Division

Fiscal Note Analysis  
SB 232

**ASSUMPTIONS:**

1. Computer programming by data processing staff will be a one-time cost. The system will have to change to reflect the new classes of ineligible. Edits will be added to the system that will automatically deny these people.

Additional programming will also be needed to print the disclosure information on each dividend check and direct deposit advice that is generated.

2. The cost of data processing chargebacks for mainframe processing will continue in each fiscal year. This will cover the costs associated with processing the computer tape with the PFD masterfile, provide necessary printouts, and generate denial letters.
3. Currently about twenty-five percent of felons denied a dividend appeal. With the expansion of ineligible to include those applicants convicted of a felony, and those incarcerated for a third and subsequent conviction of a misdemeanor, an additional full time staff person in appeals will be needed.
4. Supplies such as forms, envelopes, and postage will be needed for processing additional denial notices.
5. A personal computer will be needed for use by the additional staff member in Appeals.

# FISCAL NOTE

STATE OF ALASKA

BILL NO. SB 232

1996 LEGISLATIVE SESSION

Revision Date: 2/21/96

Department Affected: Revenue

Title: An Act relating to PFD notice requirements, ineligibility of convicted felons or incarcerated individuals, etc.

BRU: Alaska Student Aid Corporation

Component: Student Loan Operations

Sponsor: Sen. Frank

Requester: (S) FIN

COMPONENT SERIAL NO. 2113

**Expenditures/Revenues:**

(Thousands of Dollars)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES</b>	<b>(8.9)</b>	<b>(9.0)</b>	<b>(9.0)</b>	<b>(10.0)</b>	<b>(10.0)</b>	<b>(10.0)</b>
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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 - Corporate Receipts	(8.9)	(9.0)	(9.0)	(10.0)	(10.0)	(10.0)
<b>TOTAL</b>	<b>(8.9)</b>	<b>(9.0)</b>	<b>(9.0)</b>	<b>(10.0)</b>	<b>(10.0)</b>	<b>(10.0)</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY96) impact \$ -0-

**ANALYSIS**

This bill would incrementally impact the Alaska Student Aid Corporation, as approximately 8,000 PFDs are attached annually of borrower's past due in loan payments. In the last few years, 2-5 PFDs have been released to the Department of Corrections from incarcerated defaulted borrowers. The amounts above estimate the loss in revenues to the loan program as the population of borrowers with three-time offenses increases.

Prepared by Gillian R. Hays, Legislative Liaison Phone 465-5718

Division Alaska Student Aid Corporation

Date 2/21/96

Approved by Executive Director Diane Barrans

Agency Revenue

Date 2/21/96

**SB**

**239**

**SFIN**

**FILE**

# Alaska State Senate

SENATOR STEVE RIEGER  
District I

Senate Finance Committee  
Chair, Senate Transportation Committee

Legislative Budget and Audit Committee  
Administrative Regulation Review Committee  
Legislative Council



*During Session:*  
State Capitol, Room 316  
Juneau, Alaska 99801  
(907) 465-3879

716 West 4th Avenue, Suite 530  
Anchorage, Alaska 99501  
(907) 258-8188

## MEMORANDUM

TO: Senator Rick Halford, Co-Chair  
Senator Steve Frank, Co-Chair  
Senate Finance Committee

FROM: Senator Steve Rieger *SR*  
Senate District I

DATE: February 9, 1996

RE: Hearing request for SB 239, "An Act relating to telephone advertisements, solicitations, and directory listings."

I respectfully request a hearing on SB 239 which was heard and passed out of Senate Labor and Commerce Committee on February 6, 1996.

I have enclosed a sponsor statement and packet of information on SB 239 for the Finance members. The bill has zero fiscal notes from the Alaska Public Utilities Commission and the Department of Law. If you have any questions on this legislation, please contact me or Sheila Peterson on my staff.

Thank you very much for your consideration.

Enclosures

# Alaska State Senate

**SENATOR STEVE RIEGER**  
District 1

Senate Finance Committee  
Chair, Senate Transportation Committee

Legislative Budget and Audit Committee  
Administrative Regulation Review Committee  
Legislative Council



*During Session:*  
State Capitol, Room 318  
Juneau, Alaska 99801  
(907) 465-1879

716 West 4th Avenue, Suite 330  
Anchorage, Alaska 99501  
(907) 258-8188

## Sponsor Statement

**SB 239 – An Act relating to telephone advertisements, solicitations, and directory listings**

Senate Bill 239 will reduce solicitations by telephone. This legislation allows a residential telephone subscriber to have a notation placed in the telephone directory expressing a desire to not receive telephone solicitations. If a customer has such a notation placed in the directory, a person may not solicit business from that customer through a telephone call.

Under this legislation, local telephone companies will inform residential customers of the provisions of SB 239. If requested, the local telephone company will provide a list of all subscribers who are identified as not wishing to receive telephone solicitations.

This bill is an expansion of the statutes governing unfair practices in the conduct of trade and commerce, as described in AS 45.50.471.

February 2, 1996

quire intent to harm. — Willful misconduct means volitional action taken either with a knowledge that serious injury to another will possibly result, or with wanton and reckless disregard of the possible results. *Aetna Cas. & Sur. Co. v. Marlon Equip. Co.*, 894 P.2d 664 (Alaska 1995).  
Because the insured was found by a jury

to have acted with reckless disregard of the plaintiff's interests and safety, the insured's injurious behavior is properly termed willful misconduct. Consequently, this section forbids the indemnity the insurer seeks. *Aetna Cas. & Sur. Co. v. Marlon Equip. Co.*, 894 P.2d 664 (Alaska 1995).

## Chapter 50. Competitive Practices and Regulation of Competition.

### Article

- 3. Unfair Trade Practices and Consumer Protection §§ 45.50.471, 45.50.477;
- 4. Monopolies, Restraint of Trade §§ 45.50.572, 45.50.892;

### Article 3. Unfair Trade Practices and Consumer Protection.

#### Section

- 471. Unlawful acts and practices
- 477. Use of titles relating to industrial hygiene

**Sec. 45.50.471. Unlawful acts and practices.** (a) Unfair methods of competition and unfair or deceptive acts or practices in the conduct of trade or commerce are declared to be unlawful.

(b) The terms "unfair methods of competition" and "unfair or deceptive acts or practices" include, but are not limited to, the following acts:

- (1) fraudulently conveying or transferring goods or services by representing them to be those of another;
- (2) falsely representing or designating the geographic origin of goods or services;
- (3) causing a likelihood of confusion or misunderstanding as to the source, sponsorship, or approval, or another person's affiliation, connection, or association with or certification of goods or services;
- (4) representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities that they do not have or that a person has a sponsorship, approval, status, affiliation, or connection that the person does not have;
- (5) representing that goods are original or new if they are deteriorated, altered, reconditioned, reclaimed, used, secondhand, or second;
- (6) representing that goods or services are of a particular standard, quality, or grade, or that goods are of a particular style or model, if they are of another;
- (7) disparaging the goods, services, or business of another by false or misleading representation of fact;
- (8) advertising goods or services with intent not to sell them as advertised.

(9) advertising goods or services with intent not to supply reasonable expectable public demand, unless the advertisement prominently discloses a limitation of quantity;

(10) making false or misleading statements of fact concerning the reasons for, existence of, or amounts of price reductions;

(11) engaging in any other conduct creating a likelihood of confusion or of misunderstanding and which misleads, deceives or damages a buyer or a competitor in connection with the sale or advertisement of goods or services;

(12) using or employing deception, fraud, false pretense, false promise, misrepresentation, or knowingly concealing, suppressing, or omitting a material fact with intent that others rely upon the concealment, suppression or omission in connection with the sale or advertisement of goods or services whether or not a person has in fact been misled, deceived or damaged;

(13) failing to deliver to the customer at the time of an installment sale of goods or services, a written order, contract, or receipt setting out the name and address of the seller and the name and address of the organization that the seller represents, and all of the terms and conditions of the sale, including a description of the goods or services, which shall be stated in readable, clear, and unambiguous language;

(14) representing that an agreement confers or involves rights, remedies or obligations which it does not confer or involve, or which are prohibited by law;

(15) knowingly making false or misleading statements concerning the need for parts, replacement, or repair service;

(16) misrepresenting the authority of a salesman, representative or agent to negotiate the final terms of a consumer transaction;

(17) basing a charge for repair in whole or in part on a guaranty or warranty rather than on the actual value of the actual repairs made or work to be performed on the item without stating separately the charges for the work and the charge for the guaranty or warranty, if any;

(18) disconnecting, turning back or resetting the odometer of a vehicle to reduce the number of miles indicated;

(19) using a chain referral sales plan by inducing or attempting to induce a consumer to enter into a contract by offering a rebate, discount, commission, or other consideration, contingent upon the happening of a future event, on the condition that the consumer either sell, or give information or assistance for the purpose of leading to a sale by the seller of the same or related goods;

(20) selling or offering to sell a right of participation in a chain distributor scheme;

(21) selling, falsely representing or advertising meat, fish or poultry which has been frozen as fresh food;

(22) failing to comply with AS 45.02.350.

- (23) failing to comply with AS 45.45.130 — 45.45.240;
- (24) counseling, consulting or arranging for future services relating to the disposition of a body upon death whereby certain personal property, not including cemetery lots and markers, will be furnished or the professional services of a funeral director or embalmer will be furnished, unless the person receiving money or property deposits the money or property, and money or property is received, within five days of its receipt, in a trust in a financial institution whose deposits are insured by an instrumentality of the federal government designating the institution as the trustee as a separate trust in the name only of the person on whose behalf the arrangements are made with a provision that the money or property may only be applied to the purchase of designated merchandise or services and should the money or property deposited and any accrued interest not be used for the purposes intended on the death of the person on whose behalf the arrangements are made, all money or property in the trust shall become part of that person's estate; upon demand by the person on whose behalf the arrangements are made, all money or property in the trust including accrued interest, shall be paid to that person; this paragraph does not prohibit the charging of a separate fee for consultation, counseling or arrangement services if the fee is disclosed to the person making the arrangement; any arrangement under this paragraph which would constitute a contract of insurance under AS 21 is subject to the provisions of AS 21;
- (25) failing to comply with the terms of AS 45.50.800 — 45.50.850 (Alaska Gasoline Products Leasing Act);
- (26) failing to comply with AS 45.30 relating to mobile home warranties and mobile home parks;
- (27) failing to comply with AS 14.48.060(b)(13);
- (28) dealing in hearing aids and failing to comply with AS 08.55;
- (29) violating AS 45.45.910(a), (b), or (c);
- (30) failing to comply with AS 45.50.473;
- (31) violating the provisions of AS 45.45.400;
- (32) knowingly selling a reproduction of a piece of art or handicraft hat was made by a resident of the state unless the reproduction is clearly labeled as a reproduction; in this paragraph, "reproduction" means a copy of an original if the copy is
  - (A) substantially the same as the original; and
  - (B) not made by the person who made the original;
- (33) violating AS 08.66.010 — 08.66.090 (motor vehicle dealers);
- (34) violating AS 08.66.200 — 08.66.350 (motor vehicle buyers' agents);
- (35) violating AS 45.63 (telephonic solicitations);
- (36) violating AS 45.68 (charitable solicitations);
- (37) violating AS 45.50.474 (on board promotions);

(38) referring a person to a dentist or a dental practice that has paid or will pay a fee for the referral unless the person making the referral discloses at the time the referral is made that the dentist or dental practice has paid or will pay a fee based on the referral;

(39) advertising that a person can receive a referral to a dentist or a dental practice without disclosing in the advertising that the dentist or dental practice to which the person is referred has paid or will pay a fee based on the referral if, in fact, the dentist or dental practice to which the person is referred has paid or will pay a fee based on the referral.

(40) violating AS 45.50.477(a) — (c).

(c) The unlawful acts and practices listed in (b) of this section are in addition to and do not limit the types of unlawful acts and practices actionable at common law or under other state statutes.

(d) [Repealed, § 21 ch 166 S.L.A. 1978.] § 2 ch 246 S.L.A. 1970; am § 1 ch 53 S.L.A. 1974; am § 1 ch 138 S.L.A. 1974; am § 1 ch 183 S.L.A. 1975; am § 2 ch 146 S.L.A. 1976; am § 3 ch 197 S.L.A. 1976; am § 3 ch 234 S.L.A. 1976; am § 21 ch 166 S.L.A. 1978; am § 12 ch 131 S.L.A. 1986; am § 2 ch 59 S.L.A. 1990; am § 3 ch 82 S.L.A. 1990; am § 1 ch 92 S.L.A. 1992; am § 2 ch 118 S.L.A. 1992; am § 6 ch 10 S.L.A. 1993; am § 3 ch 60 S.L.A. 1993; am § 4 ch 109 S.L.A. 1994; am § 2 ch 22 S.L.A. 1995; am § 1 ch 69 S.L.A. 1995)

*Revisor's notes.* — Paragraph (b)(24) was enacted as (b)(23) and paragraph (b)(25) was enacted as (b)(22), renumbered in 1976. Paragraph (b)(26) was enacted as (b)(27), renumbered in 1986. Paragraphs (b)(24) and (25) were enacted as (b)(23) and (b)(22), respectively, renumbered in 1976. Paragraph (b)(28) was enacted as (b)(27), renumbered in 1986. Paragraph (b)(30) was enacted as (b)(29), renumbered in 1990. Paragraph (b)(32) was enacted as (b)(31), renumbered in 1992, at which time "AS 45.45.400" was substituted for

"AS 45.45.410" to correct a manifest error in § 2, ch 118, S.L.A. 1992. Paragraphs (b)(35) and (36) were enacted as (b)(33) and (34), respectively, renumbered in 1993. Paragraph (b)(40) was enacted as (b)(38), renumbered in 1995.

*Effect of amendments.* — The first 1995 amendment, effective August 8, 1995, in subsection (b), added paragraphs (38) and (39).

The second 1995 amendment, effective September 3, 1995, added paragraph (b)(40).

**Sec. 45.50.474. Required disclosures in promotions on board cruise ships.**

*Cross reference.* — For exemption for on shore excursions sold on board a cruise ship, that was in effect from May 19, 1995

through September 29, 1995, see § 2, ch 31, S.L.A. 1995 in the Temporary and Special Acts.

**Sec. 45.50.477. Use of titles relating to industrial hygiene.**  
 (a) A person may not use the title "industrial hygienist," the initials "I.H.," another term that includes the phrase "industrial hygiene" or similar words, or represent to the public that the person is an industrial hygienist, unless the person has a baccalaureate or graduate

**Sec. 45.50.472. Junk telephone calls.** (a) Making a junk telephone call without the prior written consent of the person called is unlawful.

(b) In this section "junk telephone call" means a telephone call made for the purpose of advertising through the use of a recorded advertisement.

(c) The provisions of AS 45.50.481 — 45.50.561 apply to this section. (1 ch 17 SLA 1978)

**Sec. 45.50.473. Disclosure of costs of certain telephone services.** (a) A person may not provide an alternate operator service without disclosing to the consumer before a charge is incurred the cost of the service provided by the person and the identity of the person providing those services. This section does not affect the power of the Alaska Public Utilities Commission to regulate providers of alternate operator services under AS 42.05 in a manner consistent with this section.

(b) The owner of a place where telephone business from consumers is aggregated, including a hotel, motel, hospital, and pay telephone other than a telephone utility regulated by the Alaska Public Utilities Commission, shall disclose a surcharge added to the cost of local or long distance telephone service before the service is provided. Disclosure may be made by posting the amount of the surcharge on or near the telephone instruments subject to the surcharge or by other reasonable written or oral means.

(c) A violation of this section constitutes an unfair or deceptive act or practice under AS 45.50.471. Notwithstanding AS 45.50.531(a), it is presumed that actual damages to the consumer are equal to the cost of the service provided plus \$200. Additional damages must be proved.

(d) In this section, "alternate operator service" has the meaning given in AS 42.05.325(c). (1 ch 82 SLA 1990)

**Cross references.** — For legislative findings in connection with the enactment of this section, see 1 ch 82, SLA 1990 in the Temporary and Special Acts.

**Sec. 45.50.474. Required disclosures in promotions on board cruise ships.** A person may not conduct a promotion on board a cruise ship that mentions or features a business in a state port that has paid something of value for the purpose of having the business mentioned or featured, unless the person conducting the promotion clearly and fully discloses orally and in all written materials used in the promotion that the featured businesses have paid to be included in the promotion. A violation of this section constitutes an unfair trade practice under AS 45.50.471. In this section, "cruise ship" means a ship that operates at least 120 days a year anywhere in the world, provides cruises of at least 72 hours in length for ticketed passengers, provides

SB 239 repeals and reenacts this section in Sec 45.50.475(a)(2) on page 1

overnight accommodations and meals for those passengers, is operated by an authorized cruise ship operator, and is certified under the International Convention for the Safety of Life at Sea or otherwise certified by the United States Coast Guard. (1 ch 109 SLA 1994)

**Effective dates.** — Section 7, ch 109, June 11, 1994, in accordance with AS 1994 makes this section effective 01.10.07(c).

*Sec. 45.50.480. (Repealed, 1 ch 246 SLA 1970.)*

**Sec. 45.50.481. Exemptions.** (a) Nothing in AS 45.50.471 — 45.50.561 applies to

(1) an act or transaction regulated under laws administered by the state, by a regulatory board or commission except as provided by AS 45.50.471(b)(27) and (30), or officer acting under statutory authority of the state or of the United States, unless the law regulating the act or transaction does not prohibit the practices declared unlawful in AS 45.50.471;

(2) an act done by the publisher, owner, agent, or employee of a newspaper, periodical, or radio or television station in the publication or dissemination of an advertisement, when the owner, agent, or employee did not have knowledge of the false, misleading, or deceptive character of the advertisement or did not have a direct financial interest in the sale or distribution of the advertised product or service;

(3) an act or transaction regulated under AS 21.36 or AS 06.05 or a regulation adopted under the authority of those chapters.

(b) The exemption in (a)(3) of this section does not apply to an act or transaction between a bank and its borrowers, depositors, or other customers or potential customers (1 ch 246 SLA 1970; am 1 ch 2, 3 ch 53 SLA 1974; am 1 ch 64 SLA 1986; am 1 ch 82 SLA 1990; am 1 ch 100 SLA 1993)

**Effect of amendments.** — The 1990 amendment inserted "and (30)" after "AS 45.50.471(b)(27)" in paragraph (1) (new (a)(1)). The 1993 amendment, effective January 1, 1994, added subsection (b).

NOTES TO DECISIONS

**Applicability of paragraph (a)(1) exemption.** — Paragraph (1) of this section (now paragraph (a)(1)) exempts only those acts or transactions which are the subject of ongoing, careful regulation. *Metanushka Maid, Inc. v. State*, 620 P.2d 182 (Alaska 1980).

Unfair acts or practices are exempt under paragraph (1) of this section (now paragraph (a)(1)) only where the business is both regulated and unfair acts and practices are prohibited. *Metanushka*

*Maid, Inc. v. State*, 620 P.2d 182 (Alaska 1980).

The exemption contained in paragraph (1) of this section (now paragraph (a)(1)) was not intended to apply to acts proscribed by the Alaska Restraint of Trade Act, AS 45.50.562 — 45.50.596. *Metanushka Maid, Inc. v. State*, 620 P.2d 182 (Alaska 1980).

Since the Restraint of Trade Act, AS 45.50.562 — 45.50.596, does not regulate the dairy industry within the meaning of

Paragraph (1) of this section (now paragraph (a)(1)), the exemption does not apply. *Matanuska Maid, Inc. v. State*, 620 P.2d 182 (Alaska 1980).

More regulation under a separate and distinct statutory scheme satisfies only one prong of paragraph (1) of this section (now paragraph (a)(1)), unfair acts and practices are exempt from the purview of the act only where the business is not regulated elsewhere and the unfair acts and practices are therein prohibited. *State v. O'Neill Investigations, Inc.*, 609 P.2d 620 (Alaska 1980).

This article embraces independent debt collection practices. — See note under this catchline following the article analysis.

Article not applicable to sale of real property. — See note under this catchline following the article analysis. *State v. First Nat'l Bank*, 660 P.2d 406 (Alaska 1982).

Applied in *O.K. Lumber Co. v. Providence Wash. Inc. Co.*, 759 P.2d 823 (Alaska 1988).

Collateral references. — Scope and exemptions of state deceptive trade prac-

tice and consumer protection acts. 89 ALR3d 399.

*Sec. 45.50.490. [Repealed, § 1 ch 246 SLA 1970.]*

**Sec. 45.50.491. Regulations.** The attorney general, in accordance with AS 44.62 (Administrative Procedure Act), may adopt regulations interpreting and forms necessary for administering the provisions of AS 45.50.471 — 45.50.561. (§ 2 ch 246 SLA 1970, am § 4 ch 53 SLA 1974)

**Sec. 45.50.495. Investigative power of attorney general.** (a) If the attorney general has cause to believe that a person has engaged in, is engaging in, or is about to engage in a deceptive trade practice under AS 45.50.471, the attorney general may

(1) request the person to file a statement or report in writing, under oath, on forms prescribed by the attorney general, setting out all facts and circumstances concerning the sale or advertisement of property of the person, and other information considered necessary;

(2) examine under oath any person in connection with the sale or advertisement of property;

(3) examine property or sample of the property, record, book, document, account, or paper that the attorney general considers necessary;

(4) make true copies of records, books, documents, accounts, or papers examined under (3) of this subsection, which may be offered in evidence in place of the originals in actions brought under AS 45.50.471 — 45.50.561; and

(5) under an order of the superior court, impound samples of property that are material to the investigation and retain the sample until proceedings undertaken under AS 45.50.471 — 45.50.561 are completed.

(b) The attorney general, in addition to other powers conferred by this section, may issue subpoenas to require the attendance of wit-

nesses of the production of documents or other physical evidence, administer oaths, and conduct hearings to aid an investigation or inquiry. Service of an order or subpoena shall be made in the same manner as a summons in a civil action in the superior court. (§ 5 ch 53 SLA 1974)

NOTES TO DECISIONS

Investigation of acts violating both article 3 and article 4 of chapter. — Although it does not necessarily follow that an act which violates the Unfair Trade Practices and Consumer Protection Act, AS 45.50.471 — 45.50.561, would also violate the Restraint of Trade Act, AS 45.50.562 — 45.50.596, if an act does violate both statutes, an investigation pursuant to this section would be appropriate. *Matanuska Maid, Inc. v. State*, 620 P.2d 182 (Alaska 1980).

Since the bidding and pricing activities under investigation could have conceivably lacked some essential element of an

AS 45.50.562 violation, which is Alaska's equivalent of the Sherman Act, it was appropriate for the state to investigate as well the possible violation of AS 45.50.471, which is Alaska's equivalent of the Federal Trade Commission Act, 15 U.S.C. § 41 et seq. *Matanuska Maid, Inc. v. State*, 620 P.2d 182 (Alaska 1980).

The state cannot be expected to know with certainty the exact nature of a suspected violation. This uncertainty is the very reason for conferring precomplaint investigatory authority on the attorney general. *Matanuska Maid, Inc. v. State*, 620 P.2d 182 (Alaska 1980).

*Sec. 45.50.500. [Repealed, § 1 ch 246 SLA 1970.]*

**Sec. 45.50.501. Restraining prohibited acts.** (a) When the attorney general has reason to believe that a person has used, is using, or is about to use an act or practice declared unlawful in AS 45.50.471, and that proceedings would be in the public interest, the attorney general may bring an action in the name of the state against the person to restrain by injunction the use of the act or practice. The action may be brought in the superior court in the judicial district in which the person resides or is doing business or has the person's principal place of business in the state, or, with the consent of the parties, in any other judicial district in the state.

(b) The court may make additional orders or judgments that are necessary to restore to any person in interest any money or property, real or personal, which may have been acquired by means of an act or practice declared to be unlawful by AS 45.50.471. (§ 2 ch 246 SLA 1970)

NOTES TO DECISIONS

Article not applicable to sales of real property. — The scope of the consumer protection act does not enlarge to include sales of real property when such is instituted by the state even though the section contains no limitation to "goods or

services" comparable to that in such sections as AS 45.50.561(4) or AS 45.50.531(1). *State v. First Nat'l Bank*, 660 P.2d 406 (Alaska 1982).

Cited in *State v. Oregon*, 626 P.2d 570 (Alaska 1981).

**Collateral references.** — Validity of to seek, or to court to grant, restitution of express statutory grant of power to state fruits of consumer fraud 59 ALASKA 1222.

*Sec. 45.50.510. [Repealed, § 1 ch 246 SLA 1970]*

**Sec. 45.50.511. Assurances of voluntary compliance.** In the administration of AS 45.50.471 — 45.50.561, the attorney general may accept an assurance of voluntary compliance with respect to any act or practice considered to be violative of AS 45.50.471 — 45.50.561 from a person who has engaged or was about to engage in such an act or practice. The assurance shall be in writing and shall be filed with and is subject to the approval of the superior court in the judicial district in which the alleged violator resides or is doing business or has the principal place of business in the state. The assurance of voluntary compliance is not considered an admission of violation for any purpose. Matters closed in this way may at any time be reopened by the attorney general for further proceedings in the public interest, under AS 45.50.501. (§ 2 ch 246 SLA 1970)

**Sec. 45.50.521. When information and evidence confidential and nonadmissible. (a) [Repealed by § 6 ch 53 SLA 1974]**

(b) Subject to the provisions of AS 45.50.501(a), the attorney general may not make public the name of a person alleged to have committed an act or practice declared unlawful in AS 45.50.471 during an investigation conducted by the attorney general under AS 45.50.471 — 45.50.561, nor are the records of investigation or intelligence information of the attorney general obtained under AS 45.50.471 — 45.50.561 considered public records available for inspection by the general public. However, the attorney general is not prevented from issuing public statements describing or warning of a course of conduct or a conspiracy that constitutes or will constitute an unlawful act or practice, whether on a local, state, regional, or national basis. (§ 2 ch 246 SLA 1970; am § 6 ch 53 SLA 1974)

**Sec. 45.50.531. Private and class actions. (a)** A person who suffers an ascertainable loss of money or property as a result of another person's act or practice declared unlawful by AS 45.50.471 may bring a civil action to recover actual damages or \$200, whichever is greater. The court may, in cases of wilful violation, award up to three times the actual damages sustained. The court may provide other relief if it considers necessary and proper.

(b) *[Repealed, § 1 ch 31 SLA 1987]*

(c) Upon commencement of an action brought under this section the clerk of the court shall mail a copy of the complaint or other initial pleading to the attorney general and, upon entry of an order or judgment

in the action, shall mail a copy of the order or judgment to the attorney general.

(d) *[Repealed, § 4 ch 31 SLA 1987.]*

(e) A permanent injunction or final judgment against a person against whom an action was initiated under AS 45.50.501 is prima facie evidence in an action brought under this section that the person used or employed an act or practice declared unlawful by AS 45.50.471.

(f) A person may not commence an action under this section more than two years after the person discovers or reasonably should have discovered that the loss resulted from an act or practice declared unlawful by AS 45.50.471.

(g) In an action brought under this section, the court may award the prevailing party all or a portion of the actual costs and attorney fees incurred by the party.

(h) If the basis for the action is the fault of the manufacturer or supplier of the merchandise, the manufacturer or supplier who is at fault is liable for the damages awarded against the retailer under this section. (§ 2 ch 246 SLA 1970; am § 1 ch 225 SLA 1976; am § 1 — 1 ch 31 SLA 1987)

**Revisor's notes.** — In subsections (g) and (h), the word "section" was substituted for "chapter" in 1987 to correct a manifest error.

#### NOTES TO DECISIONS

**Opportunity to cure technical pleading deficiency.** — Although defendant is a New Jersey corporation with its principal place of business in Ohio and plaintiffs failed to set forth in their amended complaint the essential allegation that defendant was "doing business" in Alaska within the meaning of subsection (a) of this section, dismissing the claim on the basis of this technicality was inappropriate, leave to amend the complaint should have been granted in order to afford the

plaintiffs the opportunity to cure their technical pleading deficiency. *Shambhavan v Dennis E. Wagner, Borden, Inc.*, 672 P.2d 455 (Alaska 1983).

Applied in *Svensson Trucking & Excavating, Inc. v Truckworld Equip. Co.*, 504 P.2d 1113 (Alaska 1980); *State v First Nat'l Bank*, 669 P.2d 406 (Alaska 1982).

Cited in *O'K Lumber Co. v Providence Wash. Ins. Co.*, 759 P.2d 523 (Alaska 1988).

**Collateral references.** — Consumer class action based on fraud or misrepresentation 53 ALASKA 514

Right to private action under state consumer protection act 62 ALASKA 102

Reasonableness of offer of settlement under state deceptive trade practice and consumer protection acts 59 ALASKA 1250

**Sec. 45.50.541. Nonnegotiability of consumer paper.** (a) If a contract for sale or lease of consumer goods or services on credit entered into between a retail seller and a retail buyer requires or involves the execution of a promissory note or instrument or other evidence of indebtedness of the buyer, the note, instrument, or evidence

of indebtedness shall have printed on its face the words "consumer paper," and the note, instrument or evidence of indebtedness with the words "consumer paper" printed on it is not a negotiable instrument, within the meaning of AS 45.01 — AS 45.09, AS 45.12, and AS 45.14 (Uniform Commercial Code).

(b) Notwithstanding the absence of such a notice on a note, instrument, or evidence of indebtedness arising out of a consumer credit sale or consumer lease as described in this section, an assignee of the rights of the seller or lessor is subject to all claims and defenses of the buyer or lessee against the seller or lessor arising out of the sale or lease. An agreement to the contrary has no effect in limiting the rights of a consumer.

(c) The assignee's liability under this section may not exceed the amount owing to the assignee at the time the claim or defense is asserted against the assignee. ( § 2 ch 246 SLA 1970)

Reviser's notes. — In 1993, under SLA 1993 the citation to the Uniform Code, ch 34, SLA 1993 and § 120, ch 35, Commercial Code was revised.

#### NOTES TO DECISIONS

Stated in Bendix Home Systems v. Leasop, 644 P.2d 843 (Alaska 1982).

Sec. 45.50.542. Provisions not waivable. A waiver by a consumer of the provisions of AS 45.50.471 — 45.50.561 is contrary to public policy and is unenforceable and void. ( § 7 ch 53 SLA 1974)

Sec. 45.50.545. Interpretation. In interpreting AS 45.50.471 due consideration and great weight should be given the interpretations of 5 U.S.C. 45(a)(1) ( § 5(m)(1) of the Federal Trade Commission Act). ( § 8 ch 53 SLA 1974)

#### NOTES TO DECISIONS

The Federal Fair Debt Practices Act, 15 U.S.C. § 1692 (Supp. 1977), extends already existing Federal Trade Commission jurisdiction over unfair or deceptive acts and practices of collection agencies. It is not written on a clean slate as Federal Trade Commission's prior ex-

ercise of jurisdiction in this area is entitled to great weight, and leads to the conclusion that the new act merely supplements the old State v. O'Neill Investigations, Inc., 609 P.2d 520 (Alaska 1980).

Quoted in Matanuska Mail, Inc. v. State, 620 P.2d 182 (Alaska 1980).

Sec. 45.50.551. Civil penalties. (a) A person who violates the terms of an injunction or restraining order issued under AS 45.50.501 shall forfeit and pay to the state a civil penalty of not more than \$5,000 per violation. For the purposes of this section, the superior court in a judicial district issuing an injunction retains jurisdiction, and the cause shall be continued, and in these cases the attorney

general acting in the name of the state may petition for recovery of the penalties.

(b) In an action brought under AS 45.50.501, if the court finds that a person is using or has used an act or practice declared unlawful by AS 45.50.471, the attorney general, upon petition to the court, may recover, on behalf of the state, a civil penalty of not more than \$5,000 per violation.

(c) (Repealed by § 21 ch 166 SLA 1978) ( § 2 ch 246 SLA 1970; am § 9 ch 53 SLA 1974; am § 21 ch 166 SLA 1978)

Sec. 45.50.561. Definitions. In AS 45.50.471 — 45.50.561

(1) "advertising" includes the attempt directly or indirectly by publication, dissemination, solicitation, endorsement, or circulation, display in any manner, including solicitation or dissemination by mail, telephone or door-to-door contacts, or in any other way, to induce directly or indirectly a person to enter or not enter into an obligation or acquire title or interest in any merchandise or to increase the consumption of it or to make a loan;

(2) "cemetery lot" means a lot, plot, space, grave, niche, mausoleum, crypt, vault, or columbarium, used or intended to be used for the interment of human remains;

(3) "chain distributor scheme" means a sales device whereby a person, upon condition that the person make an investment, is granted a license or right to solicit or recruit for profit one or more additional persons who are also granted a license or right upon condition of making an investment and may further perpetuate the chain of persons who are granted a license or right upon the condition of investment; a limitation as to the number of persons who may participate, or the presence of additional conditions affecting eligibility for the license or right to solicit or recruit or the receipt of profit from these does not change the identity of the scheme as a chain distributor scheme; as used in this paragraph, "investment" means acquisition, for a consideration other than personal services, of tangible or intangible property, and includes but is not limited to franchises, business opportunities and services; "investment" does not include sales demonstration equipment and materials furnished at cost for use in making sales and not for resale;

(4) "consumer" means a person who seeks or acquires goods or services by lease or purchase;

(5) "dealing in hearing aids" has the meaning given in AS 08.85.200;

(6) "documentary material" means the original or a copy of a book, record, report, memorandum, paper, communication, tabulation, map, chart, photograph, mechanical transcription, or other tangible document or recording, wherever situate;

AMENDMENT  
 HB 109  
 from GCI

2/20 (HR12)



April 28, 1995

Representative Pete Kott  
 Alaska State Legislature  
 House Labor and Commerce Committee  
 State Capitol (MS 3100)  
 Juneau, AK 99801-1182

APR 28 1995

Re: HB 109

Dear Representative Kott:

General Communication, Inc. (GCI) requests that HB 109 be amended in order to facilitate compliance with the provisions of the bill that prohibit telephone solicitation of a person who has been identified in a telephone directory as not wishing to receive solicitations. The amendment is needed because telephone solicitors do not generally use telephone directories as a source of numbers for solicitation.

In GCI's case, we use list of numbers, including random numbers, that have been screened to remove "do not call" numbers. It is not feasible (nor even possible in many cases) to look up the number in a directory. However, if the local telephone company provides a list of the phone numbers of the residential customers who do not wish to receive solicitations, then we can add those numbers to the "do not call" list. This process is generally handled electronically, by computers, so the list should be provided in computer format.

Accordingly, GCI request that the bill be amended by adding another subsection to proposed AS 45.50.475, as follows:

(c) A local exchange telecommunications company shall, upon request, provide to a person who engages in telephone solicitation a list of all telephone numbers identified in the telephone directory as residential customers who do not wish to

Representative Pete Kott  
April 28, 1995  
Continued Page 2

receive telephone solicitations. If possible and if requested by the person who engages in telephone solicitation, this list shall be provided in computer-readable format.

Thank you for you assistance in this matter. Please feel free to contact me if you have any questions.

Sincerely,  
GENERAL COMMUNICATION, INC.



James R. Jackson  
Regulatory Attorney

cc: Representative Kay Brown

# SENATE COMMITTEE REPORT

## First Committee of Referral

B  
3

DATE: 1/26/96

FURTHER: Finance

Date of 5-Day Notice: Feb 1 1996  
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 2/7/96

The Labor & Commerce Committee considered SB 239

Relating to telephone advertisements, solicitations, and directory listings.

and recommends:

- be replaced with ~~SB~~ CS 239 (LIC)
- adopt previous CS \_\_\_\_\_
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to the \_\_\_\_\_ Committee

Senate Bill:  
 same title  
 new title  
 House Bill:  
 same title  
 technical title  
 new: SCR' \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
Mike Miller	✓				
John Jordan	✓	Judith E. Salo	✓		
CHAIR: Tim Kelly	✓				

**NEW FISCAL NOTE(S):**

Department                      Date    Zero    Fiscal


**PREVIOUS FISCAL NOTE(S):\***

Department                      Date    Zero    Fiscal

← CS Dept of Law	2/5/96	X	

APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

2-8-96

Larry -

A review of the original file for SB 239 indicates that you are correct. The Labor & Commerce Committee report was mismarked to indicate the same title for the L & C committee substitute. It appears that the title changed when the committee incorporated "opinion polls" within bill provisions and the title for CSSB 239 (L&C).

Kathy  
2618

SENATE FINANCE  
COMMITTEE  
Amendment Number:     /      
Bill Number:                       
Sponsor:                      Date: 2/2/  
Logged In By:                     

moved by Sen. Rieger  
failed 2/2/96  
9-LS1519C.1  
Cramer  
2/20/96

AMENDMENT

By Sen Rieger

OFFERED IN THE SENATE

TO: CSSB 239(L&C)

- 1 Page 1, line 1:
- 2 Delete "opinion polls,"
  
- 3 Page 1, line 8:
- 4 Delete ", SOLICITATIONS, AND OPINION POLLING"
- 5 Insert "AND SOLICITATIONS"
  
- 6 Page 1, line 12, after ";;":
- 7 Insert "or"
  
- 8 Page 1, line 14:
- 9 Delete "; or"
- 10 Insert "."
  
- 11 Page 1, line 15, through page 2, line 2:
- 12 Delete all material.

# SENATE FINANCE COMMITTEE REPORT

REPORTED OUT  
S.C. 2/22/96

DATE: 2/7/96

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

The Finance Committee considered SB 239

Relating to telephone advertisements, solicitations, and directory listings.

and recommends:

be replaced with \_\_\_\_\_ CS C 55 B 239 ( FIN )

adopt previous \_\_\_\_\_ CS \_\_\_\_\_ ( \_\_\_\_\_ )

attached amendment(s)

adopt Letter of Intent by \_\_\_\_\_ Committee

further referral to the \_\_\_\_\_ Committee

Senate Bill:  
 same title  
 new title  
House Bill:  
 same title  
 technical change  
 new: SCR \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>[Signature]</i>	✓	<i>[Signature]</i>	✓		
<i>[Signature]</i>	✓	<i>[Signature]</i>	✓		
		<i>[Signature]</i>	✓		
Co-Chair: <i>[Signature]</i>	✓	Co-Chair:			
Co-Chair: <i>[Signature]</i>		Co-Chair:	✓		

**NEW FISCAL NOTE(S):**

Department	Date	Zero	Fiscal
<i>DCTED</i>	<i>2/5/96</i>	0	

**PREVIOUS FISCAL NOTE(S):\***

Department	Date	Zero	Fiscal
<i>Law</i>	<i>2/7/96</i>	0	

APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

# FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO. SB 239

Revision Date: \_\_\_\_\_  
 Title: An act relating to telephone advertisements,  
solicitations, and directory listings  
 Sponsor: Senator Rieger  
 Requestor: Senate Labor and Commerce

Department: Commerce and Economic Development  
 BRU: AK Public Utilities Commission  
 Component: AK Public Utilities Commission  
 COMPONENT SERIAL NO. #364

**Expenditures/Revenues**

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	00	00	00	00	00	00

CAPITAL EXPENDITURES \_\_\_\_\_

CHANGE IN REVENUES \_\_\_\_\_

**FUND SOURCE**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	00	00	00	00	00	00

Estimate of any current year (FY 96) cost: \$ \_\_\_\_\_

**POSITIONS**

FULL-TIME	
PART-TIME	
TEMPORARY	

**ANALYSIS:** (Attach a separate page if necessary)  
 This bill would have a zero fiscal impact on the Alaska Public Utilities Commission. Enforcement of this bill would be by the Department of Law.

Prepared by: Robert A. Lohr, Executive Director Phone: (907)276-6222  
 Division: AK Public Utilities Commission Date: February 5, 1996  
 Approved by Commissioner: William L. Hensley Date: 2-5-96  
 Agency: Commerce and Economic Development

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# FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

No. 1  
Bill Version: CSSB 239(L&C)  
BII (S) Publish Date: 2/7/96

Revision Date: \_\_\_\_\_ Dept. Affected: Department of Law  
"An Act relating to telemarketing, BRU: Civil Division  
advertisements, solicitations and directory listings." Component: General Legal Services  
 Sponsor: Senator Rieger  
 Requester: Senate Labor and Commerce COMPONENT SERIAL NO. 2087

**Expenditures/Revenues** (Thousands of Dollars)

	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
<b>OPERATING EXPENDITURES</b>						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CAPITAL EXPENDITURES</b>						
<b>CHANGE IN REVENUES</b>						

**FUND SOURCE** (Thousands of Dollars)

	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY96) cost: \$ 0.0

**POSITIONS**

	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

**ANALYSIS:** (Attach a separate page if necessary)

This bill amends the state's consumer protection laws to make it unlawful to engage in telephone solicitation of a residential telephone customer of a telecommunications company and the customer is identified in the telephone directory as not wishing to receive telephone solicitations. The bill also requires local exchange telecommunication companies provide for the identification in their telephone directories of those residential customers who do not wish to receive telephone solicitations. Upon request by a person who engages in telephone solicitations, local exchange telephone companies would further be required to provide a list of all telephone numbers in their telephone directories of residential customers who do not wish to receive telephone solicitations. The bill should help reduce unwanted telephone solicitations once sufficient time has run to allow for the telephone directory identification process to occur. Nevertheless, some telephone solicitation organizations may choose to ignore the bill's prohibition against unwanted solicitations, resulting in complaints to the Better Business Bureau, which handles complaint taking for the state. The Department of Law is

*Richard I. Pegues*

Prepared by: Richard I. Pegues, Director Phone: 465-3672  
 Division: Administrative Services Division Date: 2/5/96  
 Approved by Commissioner: Bruce M. Botelho, Attorney General Date: 2/5/96  
 Agency: Department of Law

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FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO. SB 239

ANALYSIS CONTINUATION:

available for enforcement purposes if there is a large enough number of violations to warrant enforcement. At this time we believe that, once there is sufficient directory identification of those who do not wish to receive telephone solicitations, the number of violations will have a fiscal impact for the Department of Law.

# A F A X

## Alaska State Legislature

Date: 2/22/96

To: Terry Cramer

Fax #: 2029 Phone #: 2450

From: Terry, Senate Finance Committee

Phone #: 4935

Re: using CSSB 239(LIC) as a basis please prepare final draft incorporating attached one amendment. Please deliver to Room 520, Capitol Bldg.

Following this page, please find 1 pages(s). If this does not reach you in full, please inform us ASAP.



# THANK YOU.

SENATE FINANCE  
COMMITTEE  
Amendment Number: 2  
Bill Number: \_\_\_\_\_  
Sponsor: \_\_\_\_\_ Date: 2/21  
Logged In By: \_\_\_\_\_

adopted 2/27/96  
moved Sen. Rieger  
9-LS1519C.3  
Cramer  
2/21/96

AMENDMENT

By Sen. Rieger

OFFERED IN THE SENATE  
TO: CSSB 239(L&C)

- 1 Page 1, line 13:
- 2 Delete "uses"
- 3 Insert "originates a telephone call using"
- 4 Delete "telephone"
- 5 Insert "telephonic"
  
- 6 Page 2, line 6, after ".":
- 7 Insert "The local exchange telecommunications company may impose a reasonable
- 8 charge for the identification in the directory. The charge shall be based on the cost of
- 9 providing the identification and ~~approved~~ <sup>subject to approval</sup> by the Alaska Public Utilities Commission."
  
- 10 Page 2, line 11, after ".":
- 11 Insert "The local exchange telecommunications company may impose a reasonable
- 12 charge for the list. The charge shall be based on the cost of providing the list and ~~approved~~ <sup>subject to approval</sup>
- 13 by the Alaska Public Utilities Commission."
  
- 14 Page 2, line 23, after "(1)":
- 15 Insert "'charitable organization' has the meaning given in AS 45.68.900:
- 16 (2)"
  
- 17 Renumber the following paragraph accordingly.

~~Reported out~~  
2/22/96

9-LS1519C

*Fin*  
CS FOR SENATE BILL NO. 239(L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered: 2/7/96  
Referred: Finance

Sponsor(s): SENATOR KIEGER

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to telephone advertisements, solicitations, opinion polls, and  
2 directory listings."

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

4 \* Section 1. AS 45.50.471(b) is amended by adding a new paragraph to read:

5 (41) failing to comply with AS 45.50.475.

6 \* Sec. 2. AS 45.50 is amended by adding a new section to read:

7 Sec. 45.50.475. UNLAWFUL UNWANTED TELEPHONE  
8 ADVERTISEMENTS, SOLICITATIONS, AND OPINION POLLING. (a) A person  
9 is in violation of AS 45.50.471(b)(41) if the person

10 (1) engages in the telephone solicitation of a residential telephone  
11 customer of a telecommunications company and the customer is identified in the  
12 telephone directory as not wishing to receive telephone solicitations;

13 (2) uses an automated or recorded message as a telephone advertisement  
14 or solicitation; or

15 (3) uses an automated message to solicit by telephone the opinion of an

1 individual at a residential telephone if the customer is identified in the telephone  
2 directory as not wishing to receive telephone solicitations.

3 (b) A local exchange telecommunications company and a company that provides  
4 a telephone directory on behalf of a local exchange telecommunications company shall  
5 provide for the identification in the telephone directory of those residential customers  
6 who do not wish to receive telephone solicitations.

7 (c) A local exchange telecommunications company shall, upon request, provide  
8 to a person who engages in telephone solicitation a list of all telephone numbers  
9 identified in the telephone directory as residential customers who do not wish to receive  
10 telephone solicitations. If possible and if requested by the person who engages in  
11 telephone solicitation, this list shall be provided in computer readable format.

12 (d) When providing a telephone number at the request of a caller, a telephone  
13 company that provides a directory assistance service shall advise the caller if the  
14 customer is identified in the telephone directory as a residential customer who does not  
15 wish to receive telephone solicitations.

16 (e) Local exchange telecommunications companies shall inform residential  
17 customers of the provisions of this section. Notification may be made by

18 (1) annual inserts in the billing statements mailed to residential  
19 customers; or

20 (2) conspicuous publication of the notice in the consumer information  
21 pages of local telephone directories.

22 (f) In this section,

23 (1) "customer" means a residential telephone customer of a  
24 telecommunications company;

25 (2) "telephone solicitation"

26 (A) means the solicitation by a person by telephone of a customer  
27 at the residence of the customer for the purpose of encouraging the customer to  
28 purchase property, goods, or services, or make a donation;

29 (B) does not include

30 (i) calls made in response to a request or inquiry by the  
31 called customer or communications made during a call made by the  
32 customer;

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(ii) calls made by a charitable organization, a public agency, or volunteers on behalf of the charitable organization or public agency to members of the organization or agency or to persons who, within the last 24 months, have made a donation to the organization or agency or expressed an interest in making a donation;

(iii) calls limited to polling or soliciting the expression of ideas, opinions, or votes;

(iv) business-to-business calls; or

(v) a person soliciting business from prospective purchasers who have previously purchased from the person making the solicitation or from the business enterprise for which the person is calling but only if the person or business enterprise has not received a written request from the prospective purchaser asking that telephone solicitations cease; the person or business enterprise is presumed to have received a written request no later than 10 days after the prospective purchaser mailed it, properly addressed and with the appropriate postage.

\* Sec. 3. AS 45.50.472 is repealed.

# A FAX

Alaska State Legislature

Date: 2/23/96

To: Debbie Finn - Washington, D.C.

Fax #: (202) 383-6610 Phone #: (202) 383-7341

From: Kathy - Senate Finance - Juneau, Alaska

Phone #: (907) 465-2618

Re: Senate Finance Committee

Substitute for SB 239

Following this page, please find 3 pages(s). If this does not reach you in full, please inform us ASAP.



THANK YOU

SENATE FINANCE  
COMMITTEE  
Amendment Number:       
Bill Number:       
Sponsor:      Date: 2/2/  
Logged In By:     

9-LS1519C.1  
Cramer  
2/20/96

AMENDMENT

By Sen Rieger

OFFERED IN THE SENATE  
TO: CSSB 239(L&C)

- 1 Page 1, line 1:
- 2 Delete "opinion polls,"
  
- 3 Page 1, line 8:
- 4 Delete ", SOLICITATIONS, AND OPINION POLLING"
- 5 Insert "AND SOLICITATIONS"
  
- 6 Page 1, line 12, after "":
- 7 Insert "or"
  
- 8 Page 1, line 14:
- 9 Delete "; or"
- 10 Insert "."
  
- 11 Page 1, line 15, through page 2, line 2:
- 12 Delete all material.

SENATE FINANCE  
COMMITTEE

Amendment Number: 2

Bill Number: \_\_\_\_\_

Sponsor: \_\_\_\_\_ Date: 2/2/

Logged In By: \_\_\_\_\_

9-LS1519C.3

Cramer

2/21/96

AMENDMENT

By Sen. Rieger

OFFERED IN THE SENATE

TO: CSSB 239(L&C)

- 1 Page 1, line 13:
- 2 Delete "uses"
- 3 Insert "originates a telephone call using"
- 4 Delete "telephone"
- 5 Insert "telephonic"
  
- 6 Page 2, line 6, after ".":
- 7 Insert "The local exchange telecommunications company may impose a reasonable
- 8 charge for the identification in the directory. The charge shall be based on the cost of
- 9 providing the identification and <sup>subject to approval</sup> ~~approved~~ by the Alaska Public Utilities Commission."
  
- 10 Page 2, line 11, after ".":
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- 12 charge for the list. The charge shall be based on the cost of providing the list and <sup>subject to approval</sup> ~~approved~~
- 13 by the Alaska Public Utilities Commission."
  
- 14 Page 2, line 23, after "(1)":
- 15 Insert "'charitable organization" has the meaning given in AS 45.68.900;
- 16 (2)"
  
- 17 Renumber the following paragraph accordingly.

**SB**

**241**

**SFIN**

**FILE**

# FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO. SB 241

Revision Date: 2/15/95 Dept. Affected: DOT&PF  
 Title: An Act relating to the use of studded tires on the BRU: Central Region  
Sterling Highway Component: Design and Construction  
 Sponsor: Torgerson  
 Requester: Transportation COMPONENT SERIAL NO. 561

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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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						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY98) 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:** (Attach a separate page if necessary)

Additional costs associated with incorporating the use of studded tires on the Sterling Highway will be in the form of a capital project occurring earlier than originally scheduled. Presently, the area has mixed enforcement. This will help improve enforcement by providing a consistent period that studded tires are banned. In general, studded tire damage is increasing every year. To quantify that cost is difficult and actual increased damage over the present rate of wear will not be significant.

Prepared by: Sam Kito III

Phone: 465-3900

Special Assistant

Division: Office of the Commissioner

Date: \_\_\_\_\_

Approved by: *Joseph L. Torgerson*

Date: 2/20/96

Commissioner

Agency: Department of Transportation and Public Facilities

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# FISCAL NOTE

No. 2

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL

Bill Version: SB 241

(S) Publish Date: 2/14/96

Revision Date: \_\_\_\_\_ Dept. Affected: Public Safety  
 Title: Studded tires on the Sterling Hwy BRU: Alaska State Troopers  
 \_\_\_\_\_ Component: Detachments  
 Sponsor: Senator Torgerson  
 Requestor: Senate Transportation COMPONENT SERIAL NO. 0799

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

	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>CAPITAL</b>	-0-	-0-	-0-	-0-	-0-	-0-
CHANGE IN REVENUES ( ) Revenue Code	-0-	-0-	-0-	-0-	-0-	-0-

**FUNDING: (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF Program						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-

Estimate of current year (FY 95) impact: \$ \_\_\_\_\_

**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.)**

This bill will not have a fiscal impact on the Division of Alaska State Troopers.

Prepared By: Lt. Dan Lowden Phone: 465-5505  
 Division: Alaska State Troopers Date: February 12, 1996  
 Approved by Commissioner: *Ronald L. Otte* Date: 2/12/96  
 Agency: Ronald L. Otte, Department of Public Safety

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# FISCAL NOTE

2/13/96 #2

**STATE OF ALASKA**  
**1996 LEGISLATIVE SESSION**

**BILL NO: SB 241**

Revision Date: \_\_\_\_\_ Dept. Affected: Public Safety  
 Title: Studded tires on the Sterling Hwy. BRU: Alaska State Troopers  
 Component: Detachments  
 Sponsor: Senator Torgerson  
 Requestor: Senate Transportation COMPONENT SERIAL NO. 0799

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

	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
<b>OPERATING</b>						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>CAPITAL</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>CHANGE IN REVENUES ( )</b> Revenue Code	-0-	-0-	-0-	-0-	-0-	-0-

**FUNDING: (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-

Estimate of current year (FY 95) impact: \$ \_\_\_\_\_

**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.)**

This bill will not have a fiscal impact on the Division of Alaska State Troopers.

Prepared By: Lt. Dan Lowden Phone: 465-5505  
 Division: Alaska State Troopers Date: February 12, 1996  
 Approved by Commissioner: [Signature] Date: 2/13/96  
 Agency: Ronald L. Otte, Department of Public Safety

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# FISCAL NOTE

Bill Version: SB 241  
 (S) Publish Date: 2/14/96

STATE OF ALASKA  
 1996 LEGISLATIVE SESSION

Revision Date: 2/9/96 Dept. Affected: DOT&PF  
 Title: An Act relating to the use of studded tires on BRU: Central Region  
the Sterling Highway Component: Design and Construction  
 Sponsor: Torgerson  
 Requester: Transportation COMPONENT SERIAL NO. 561

**Expenditures/Revenues**

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>	<b>60.0</b>	<b>63.0</b>	<b>66.5</b>	<b>70.0</b>	<b>73.5</b>	<b>77.5</b>
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<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
-------------------------------	------------	------------	------------	------------	------------	------------

**FUND SOURCE**

(Thousands of Dollars)

	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
1002 Federal Receipts	54.0	56.7	59.8	63.0	66.1	69.7
1003 GF Match	6.0	6.3	6.7	7.0	7.4	7.8
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>60.0</b>	<b>63.0</b>	<b>66.5</b>	<b>70.0</b>	<b>73.5</b>	<b>77.5</b>

Estimate of any current year (FY96) cost: \$ 0.0

**POSITIONS**

	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
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)

Lengthened studded tire use season will increase wear on pavement, leading to more frequent pavement replacement (overlay) projects. The cost of this additional work was estimated as shown on the attached page. Some increase in road maintenance needs is also likely, but the cost will probably be small compared to capital costs and was not estimated.

Prepared by: Matthew Reckard Phone: 465-6956  
 Division: Engineering and Operations Date: 2/9/96  
 Approved by: Joseph L. Perkins Date: 2/9/96  
 Joseph L. Perkins, Commissioner  
 Agency: Department of Transportation and Public Facilities

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STATE OF ALASKA  
DEPARTMENT OF TRANSPORTATION  
AND  
PUBLIC FACILITIES

## Computations

Project No. ....

Bridge No. ....

Calc. by H.V. REICHAID Date 9 FEB 96

Checked by ..... Date .....

For FISCAL NOTE ON SB 241

ROUGH ESTIMATE - STUDDED TIRE DAMAGE, STERLING HWY.

- DATA FROM RECENT STUDY OF EGAN EXPRESSWAY (EGAN & RANGSTAD JUNCT  
REPORT JAN '96) INDICATED STUO WEAR COSTS ARE APPROX. \$3,900/LA-MI-YR
- AVG. TRAFFIC ON STERLING IN '94 WAS 3,303 VPD - MOSTLY 2 LANE  
EGAN IN '94 " " = 22,500 VPD - 4 LANES  
SO STERLING TRAFFIC PER LANE (AVERAGE) IS ABOUT  $\frac{3303/2}{22,500/4} = 29.4\%$  AS MUCH
- ASSUME STUDDED TIRE DAMAGE IS PROPORTIONAL TO TRAFFIC VOLUME, THEN  
DAMAGE ON THE STERLING HWY IS  $(.294) (\$3,900/LA-MI-YR) (\text{APPROX } 292 \text{ LA-MI.})$   
→ \$335,000/YEAR (IN '94)
- LEGISLATION WOULD INCREASE 'STUD SEASON' FROM 6 1/2 TO 7 1/2 MONTHS/YR;  
OR 15.4%. ASSUMING STUDDED TIRE TRAFFIC INCREASED THE SAME  
AMOUNT, THIS INCREASE IS  $(154) (\$335,000/YR) = \$51,600/YR$  (IN '94)
- STERLING HWY AVG ANNUAL INCREASE:
 

'92: 2936 VPD	}	'92 TO '94 AVERAGED 5.2% INCREASE/YR (COMPOUNDED)
'93: 3195 "		
'94: 3303 "		
- ASSUMING TRAFFIC INCREASES AT THIS RATE (5.2%/YR) IN FUTURE, AND STUDDED  
TIRE DAMAGE WITH IT, THE COST DUE TO LENGTHENED STUD SEASON  
ON STERLING HWYWAY IS  $(\$51,600/YR) (1.052)^{(\text{YEAR}-1994)}$ 

OR, FOR 1997:	≈	\$60,000
98	≈	\$63,000
99	≈	\$66,500
2000	≈	\$70,000
2001	≈	\$73,500
2002	≈	\$77,500

# FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO. SB 241

Revision Date: 2/9/96 Dept. Affected: DOT&PF  
 Title: An Act relating to the use of studded tires on BRU: Central Region  
the Sterling Highway Component: Design and Construction  
 Sponsor: Torgerson  
 Requester: Transportation COMPONENT SERIAL NO. 581

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CL'IMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>	<b>60.0</b>	<b>63.0</b>	<b>66.5</b>	<b>70.0</b>	<b>73.5</b>	<b>77.5</b>
-----------------------------	-------------	-------------	-------------	-------------	-------------	-------------

<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
-------------------------------	------------	------------	------------	------------	------------	------------

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts	54.0	56.7	59.8	63.0	66.1	69.7
1003 GF Match	6.0	6.3	6.7	7.0	7.4	7.8
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>60.0</b>	<b>63.0</b>	<b>66.5</b>	<b>70.0</b>	<b>73.5</b>	<b>77.5</b>

Estimate of any current year (FY96) 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:** (Attach a separate page if necessary)

Lengthened studded tire use season will increase wear on pavement, leading to more frequent pavement replacement (overlay) projects. The cost of this additional work was estimated as shown on the attached page. Some increase in road maintenance needs is also likely, but the cost will probably be small compared to capital costs and was not estimated.

Prepared by: Matthew Reckard Phone: 465-6956  
 Division: Engineering and Operations Date: 2/9/96  
 Approved by: Joseph L. Perkins Date: 2/9/96  
 Joseph L. Perkins, Commissioner  
 Agency: Department of Transportation and Public Facilities

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# SENATE FINANCE COMMITTEE REPORT

DATE: 2/14/96

DATE TURNED INTO OFFICE: 3/7/96

The Finance Committee considered SB 241

Relating to the use of studded tires on the Sterling Highway.

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to the \_\_\_\_\_ Committee

- Senate Bill:
- same title
  - new title
- House Bill:
- same title
  - technical change
  - new: SCR \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Steve King</i>	✓				
<i>Carl P. Orr</i>	✓				
<i>Deborah Daniels</i>	✓				
<i>Edith Stoddard</i>	✓				
<i>Bob Young</i>	✓				
Co-Chair: <i>[Signature]</i>	✓	Co-Chair:			
Co-Chair: <i>Kirk Helford</i>	✓	Co-Chair:			

**NEW FISCAL NOTE(S):**

Department	Date	Zero	Fiscal
<i>DOT/PF</i>	<i>2/20/96</i>	0	

**PREVIOUS FISCAL NOTE(S):\***

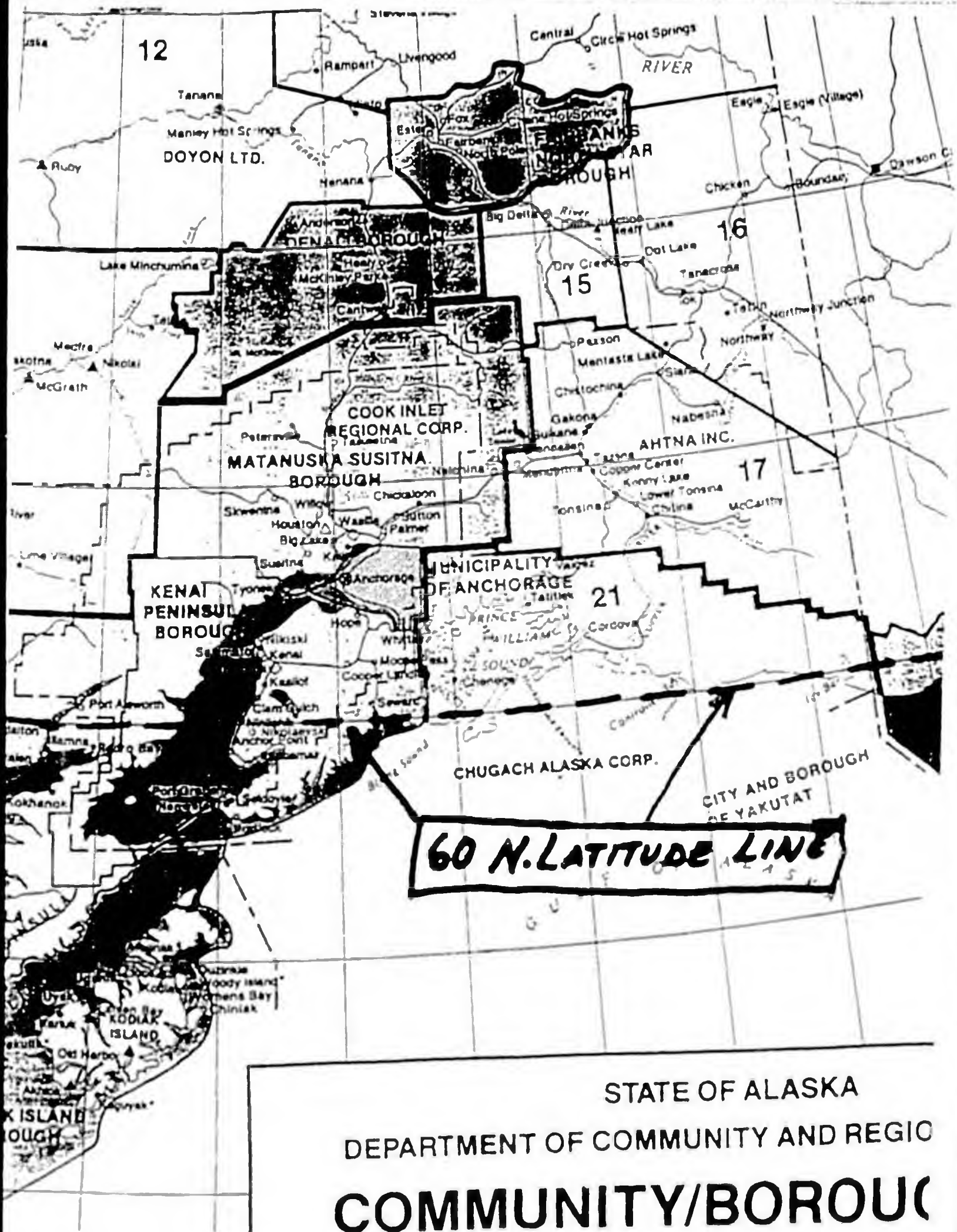
Department	Date	Zero	Fiscal
<i>#2 DP5</i>	<i>2/2/96</i>	0	

APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill







STATE OF ALASKA  
 DEPARTMENT OF COMMUNITY AND REGIONAL DEVELOPMENT  
**COMMUNITY/BOROUGH**

**SENATE COMMITTEE REPORT**  
**First Committee of Referral**

DATE: 1/26/96

FURTHER:

*Jim Adley*

Date of 5-Day Notice: 2/8/96  
 (in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 2-13-96

The Transportation Committee considered SB 241

Relating to the use of studded tires on the Sterling Highway.

*FN + PFN*

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to the \_\_\_\_\_ Committee

Senate Bill:  
 same title  
 new title  
 House Bill:  
 same title  
 technical title  
 new: SCR# \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Lyda Green</i>	<input checked="" type="checkbox"/>	<i>see notes</i>	<input checked="" type="checkbox"/>		
CHAIR: <i>Steve King</i>	<input checked="" type="checkbox"/>				

**NEW FISCAL NOTE(S):**

Department	Date	Zero	Fiscal
<i>DOT/PF</i>	<i>2/9/96</i>		<input checked="" type="checkbox"/>
<i>Public Safety</i>	<i>2/12/96</i>	<input checked="" type="checkbox"/>	

**PREVIOUS FISCAL NOTE(S):\***

Department	Date	Zero	Fiscal

APPROPRIATION - no fiscal note

\*include fiscal notes accompanying Governor's bill

**SB**

**244**

**HFIN**

**FILE**

# SMALL SINGLE SITE SCHOOL DISTRICTS

## Who are they?

### Districts with:

- enrollment of 800 or fewer average daily membership (ADM)
- funding limited to one funding community

## How many districts?

- 39% of Alaska's 54 districts

## What kind of districts?

- Geographically small
- Rural
- Small city
- REAA

## Where are these districts?

Alutian Region	Annette Islands
Cordova	Craig
Dillingham	Galena
Hoonah	Hydaburg
Kake	Kashunamiut
Klawock	Nenana
Nome	Pelican
Petersburg	Skagway
St. Mary's	Tanana
Unalaska	Wrangell
Yakutat	

## Are all small schools in small single site school districts?

**No.** There are school districts covering large geographical areas that have several small schools within the area/district.

## What makes small single site school districts different?

A small district, with only one (single) funding community according to the foundation formula, is funded at a substantially lower level per student than is a district of the same enrollment with multiple funding communities.

## How many students are affected by this funding situation?

Approximately 6,000.

## How can this situation be remedied?

The state law can be amended to add a supplemental funding formula for those small schools that are also a small district.

## What would this amendment do for the overall cost of education?

- It would increase the foundation entitlement by approximately \$3.2 million.
- This increase is about .5% of the overall K-12 foundation appropriation.

## How long has this situation existed?

Since the foundation formula was amended in 1987.

## Has this difference of funding just been discovered?

**No.** Debate at the time the funding law was changed showed concern for these small school districts.

## How have these schools operated since 1987?

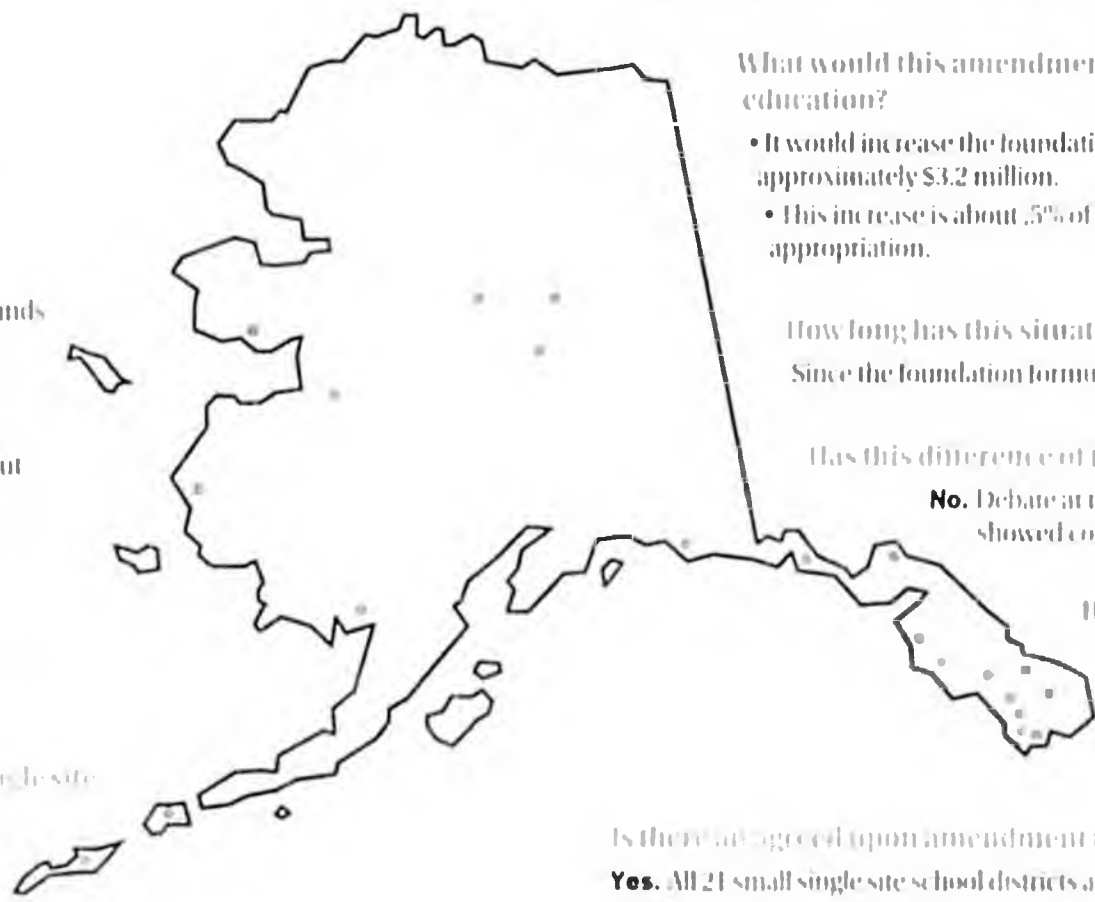
Separate legislative appropriations have been made to provide additional district support.

## Is there an agreed upon amendment to the foundation formula?

**Yes.** All 21 small single site school districts agree on a formula that will resolve this issue.

The formula has also received support from the State Board of Education, the Alaska Association of School Administrators, the Association of Alaska School Boards, and NEA-Alaska.

**See reverse side for proposed legislative wording.**



# A:

**See  
Inside.**



## **Proposed Formula-Legislative Wording**

\*Sec. \_\_ AS 14.17.041 is amended by adding a new subsection to read:

(e) In a district that consists of a single funding community with an average daily membership of 800 or fewer students, the elementary and secondary instructional units received under (a) or (b) of this section shall be multiplied by the factor determined under the following table:

District ADM	Factor
1-250	1.12
251-525	1.08
526-800	1.06

\*Sec. \_\_ This Act takes effect \_\_\_\_\_.

For more information on the single site funding issue, contact:

**Al Weinberg, Chairperson**

Single Site School District Consortium

Phone: 858-7713 Fax: 858-7328

**Wanda J. Cooksey, Consultant**

Single Site School District Consortium

Phone: 586-9072 Fax: 586-5772

# Q:

**How can  
you help  
6,000  
Students  
in the  
State of  
Alaska?**

# HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: April 30, 1996

FURTHER REFERRALS:

Date of Committee Action: 5/2/96

The FINANCE Committee considered:

CSSB 244(FIN) am

CS FOR SENATE BILL NO. 244(FIN) am

STATE AID TO EDUCATION

"An Act relating to transportation of public school students; relating to school construction grants; relating to state foundation aid and supplementary state aid for education; and providing for an effective date."

recommends it be replaced with the following committee substitute \_\_\_\_\_  the same title  
 a new title

additional referral to \_\_\_\_\_ Committee

attached amendment(s)

ADOPTS: \_\_\_\_\_ Letter of Intent

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

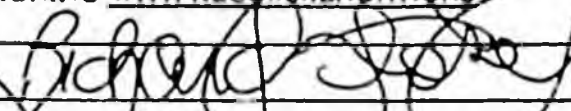
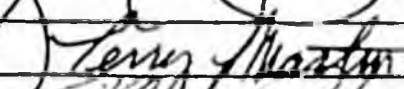
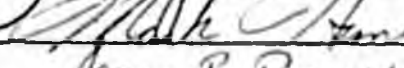
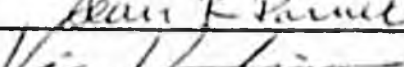
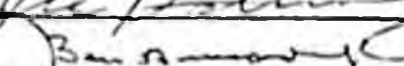

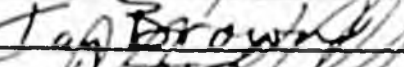
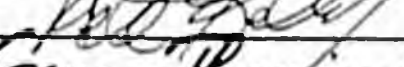
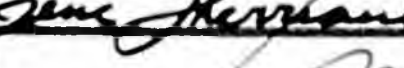
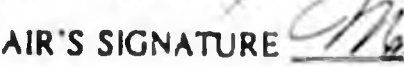
APPROVES PREVIOUS: \_\_\_\_\_ (Dept/Date)

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

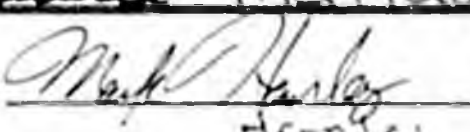
<sup>Senate</sup> fiscal note(s) DOE 4/11/96

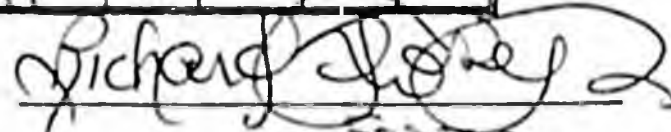
zero fiscal note(s) \_\_\_\_\_

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

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
	Foster				X
	Martin	X			
	Hanley	X			
	Parnell	X			
	Kohring	X			
	Grossenbort				X
	NAVARRE	X			
	Brown			X	
	Kelly	X			
	Theriault	X			

CHAIR'S SIGNATURE





# FISCAL NOTE

Bill Version: CS SB 244(FIN) No. 2  
 (S) Publish Date: 4/11/96

STATE OF ALASKA  
 1996 LEGISLATIVE SESSION

Revision Date: 4/11/96  
 Title: An act relating to state foundation aid and supplementary state aid for education  
 Sponsor: Rules Committee  
 Requester: Senate Finance Committee

Department Affected: Education  
 BRU: K-12  
 Component: Foundation

COMPONENT SERIAL NO. 141

Expenditures/Revenues: (Thousands of Dollars)

	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	20.2	20.2	20.2	20.2	20.2	20.2
MISCELLANEOUS						
TOTAL OPERATING	20.2	20.2	20.2	20.2	20.2	20.2

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES						
--------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
1002 Federal Receipts						
1003 GF Match						
1004 GF	20.2	20.2	20.2	20.2	20.2	20.2
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	20.2	20.2	20.2	20.2	20.2	20.2

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY96) impact: \$ 311.7

ANALYSIS: (Attach a separate page if necessary.)  
 Refer to attached spreadsheet for fiscal impact of sections 1 and 2 of the legislation. Section 3 contains a hold-harmless provision which provides school districts with the same level of foundation revenue they were entitled to prior to implementation of this legislation.

Prepared by: Eddy Jeans, Project Assistant Phone: 465-8685  
 Division: School Finance Date: April 11, 1996  
 Approved by Commissioner: Shirley J. Holloway Shirley Holloway, Ph. D., Commissioner  
 Agency: Education Date: April 11, 1996

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Adopted

Am #1

By Hanley

Section 1. AS 14.09.010(b) is amended to read:

(b) Each school district mentioned in (a)(1) of this section is entitled to receive reimbursement from the state for the operation of the transportation system on a unit cost basis determined by the department. In determining an appropriate amount of eligible transportation reimbursement to a school district under this subsection, the department shall review the level of reimbursement for transportation provided on a motor vehicle owned by the school district ~~or~~ for transportation provided on a motor vehicle operated under a contract with the school district.

Adopted Am #1A

w/ Return to title

Transmitted by Senate

CS SB 244 (Fin) am

9-GS2043VG.1-  
Ford  
4/23/96

AMENDMENT



↓  
Rep. Foster

OFFERED IN THE HOUSE

TO: CSSB 244(FIN) am

1 Page 3, following line 23: <sup>14</sup>

2 Insert new bill sections to read:

3 \* Sec. 5. AS 14.17.031(a) is amended to read:

4 (a) The department shall adopt regulations defining funding communities  
5 within each district that reflect geographic and attendance area factors. For the  
6 purpose of determining instructional units, students are counted in the district and the  
7 funding community from which they receive educational services. The total number  
8 of instructional units in a school district is the sum of the following units for each  
9 funding community within the district, as determined by the department:

10 (1) the number of units for elementary and secondary students  
11 determined under ~~AS 14.17.041~~ [AS 14.17.041(a) OR (b)];

12 (2) the number of units for vocational education determined under  
13 AS 14.17.043;

14 (3) the number of units for special education determined under  
15 AS 14.17.045; and

16 (4) the number of units for bilingual education determined under  
17 AS 14.17.047.

18 \* Sec. 6. AS 14.17.041 is amended by adding a new subsection to read:

19 (e) For districts that consist of one funding community with an ADM of 900  
20 or less, the elementary and secondary instructional units determined under (a) or (b)  
21 of this section are increased by multiplying those units by the percentage set out in  
22 the following table:

ADM	Percentage
1 - 250	12
251 - 525	8

9-052043VG.1

1 526 - 900 6"

2 Renumber the following bill sections accordingly.

3 Page 4, line 2:

4 Delete "Sections 3 - 5"

5 Insert "Sections 3 - 7"

**Department of Education**  
**Briefing Paper**  
**PL81-874 Impact Aid: Disparity Requirement**  
**January 30, 1996**

**Summary of Issue**

Alaska's total receipt of federal Impact Aid is in excess of \$70,000,000 annually. The Alaska Public School Foundation Formula reduces the amount of state aid and limits local aid which a district can receive in accordance with a federally certified system of equalized support. The recognition of federal aid in the foundation formula reduced the FY95 state general fund requirement by over \$43,000,000. The estimated FY96 reduction in general fund obligation as result of recognition of Impact Aid received by districts is \$35,000,000.

**Statement of Why the Issue is Timely or Important**

The Impact Aid Program was reauthorized by Congress in 1994. The new statutes require calculation of current year disparity utilizing revenue data from two years prior. Because Alaska uses an instructional unit as the method of determining districts' foundation entitlements, disparity is a measure of relative value of each adjusted unit, ignoring the top and bottom 5%. In FY98 the maximum disparity allowed will be reduced from 25% to 20% and will rely on FY96 data. The Department's preliminary disparity test calculation for FY96 is over the maximum 20% allowed by federal law. Unless the federal statutorily required disparity test is met in FY98, it will take a general fund increment of about \$35,000,000 to replace the eligible Impact Aid recognized currently in the school foundation formula.

**Alternative Ways of Addressing Issue**

1. Seek Congressional relief from the FY98 disparity standard.
2. Prorate the instructional unit value in FY98 by \$2,850 under the existing statute due to state's failure to meet disparity test for FY96.
3. Devise method of increasing unit value of REAA districts to reduce disparity. The method recommended by the State Board of Education Task Force on School Funding and approved by the State Board is the proposed supplemental aid of \$500 per instructional unit to the REAAs for FY96 and the legislation proposed by Governor Knowles for subsequent fiscal years that changes the foundation formula by: (a) raising the Impact Aid deduct from present 90% to 95% for REAAs and (b) ensuring the state meets federal disparity requirements in the future by giving the Department of Education statutory authority to increase the amount of supplementary aid to these same districts *through the foundation formula*, an important federal criterion.

*Alaska Department of Education  
Sectional Analysis for Foundation Formula Legislation*

**SB 244, House CS CS SB 244 (HES): "An Act relating to school construction grants; relating to state foundation aid and supplementary state aid for education; and providing for an effective date."**

**Sectional Analysis**

**Section 1.** Section 1 establishes in statute the department's policy which considers students in temporary facilities as "unhoused" students for the purposes of evaluating capital improvement projects.

**Section 2.** Section 2 of the bill would amend AS 14.17.021 by adding a new subsection applicable only to regional educational attendance areas (REAs). In calculating state foundation aid for REAs, 96% of eligible federal impact aid will be deducted from basic need. Calculation of foundation aid for city and borough school districts will remain unchanged, with 90% of eligible impact aid deducted. The 96% deduction for REAs recognizes that no required local contribution is deducted from REAs' basic need. The savings to the state, which results from the increased impact aid deduction, will cover the majority of the cost to implement the supplementary aid to REAs set out in section 3 of this bill.

**Section 3.** Subsection (a) creates a new section of statute to provide supplementary aid to REAs based on a flat rate per adjusted instructional unit. The flat rate is referred to as the unit allotment. Initially the unit allotment is set at \$500.00 per adjusted unit. This amount will increase the value of the adjusted units in REAs so that disparity of revenues between the 5% and 95% percentiles of districts will be 20%, the maximum allowable under the new federal impact aid statutes.

**Section 4.** Section 4 contains transition language, or a "hold harmless" provision, which provides school districts with the same level of foundation revenue they were entitled to prior to implementation of this legislation.

**Section 5.** AS 14.17, the foundation program, shall not be applied for funding public education after June 30, 1997.

**Section 6.** Establishes a July 1, 1995 effective date for sections 2-4.

**Section 7.** The legislation takes effect immediately after receiving the Governor's signature.



## **Anchorage School District**

4800 Decker Road  
P.O. Box 38814  
Anchorage, Alaska 99519-4614  
(907) 333-8981

### **SCHOOL BOARD** Peter Anderson President

James M. Kemp  
Vice President

Robert A. Cunningham  
Clerk

Patricia Egan  
Treasurer

Kathleen Green  
Member

Kathy Nelson  
Member

Debbie Coleman  
Past President

### **SUPERINTENDENT** Bob Christ

March 13, 1996

The Honorable Shirley Holloway  
Commissioner of Education  
State of Alaska Department of Education  
Goldbelt Place  
801 West 10th Street  
Juneau, Alaska 99811

Dear Commissioner Holloway:

The Anchorage School District formally requests the current method of reimbursement from the State for Anchorage's district-operated pupil transportation program be reviewed. The Anchorage School District provides pupils with home-to-school transportation, special education transportation, and extracurricular activity transportation. The District's Pupil Transportation Department operates and maintains buses, administers contracts with private companies providing pupil transportation, and provides crossing guard service with the aim of ensuring the District's students are able to safely attend school and school-related activities.

Our request for reconsideration of the reimbursement rate for district-operated transportation services is based on the following factors.

- Inequities still exist in the way statewide reimbursement of pupil transportation expenditures are made.
- Cost for contracted services does not include the cost of the District to administer the contract. The District plans and schedules the routes for the contractor. The District's safety officers also provide services to the contractor. In addition, the District pays for the advertising of routes each fall and for the annual Pupil Transportation audit.
- A comparison of the daily cost per pupil per live mile driven between FY 1990-91 to FY 1994-95 indicates a

significant closing of the gap between district-operated pupil transportation and contracted services when costs are adjusted to more accurately reflect district operational costs to contracted service costs.

- The District has made a good faith effort to reduce operating costs by reducing and freezing salaries for drivers and attendants. Efforts have also been made to increase efficiencies.

### Inequities

The current method of reimbursement from the State for our district-operated pupil transportation program is to apply a factor of 66.83% to the District's audited statement of services. The way this factor was derived has never been clear to us, however, the January 31, 1991 legislative audit report of the Department of Education Pupil Transportation Department, states:

"...DOE has paid ASD only two-thirds of its actual costs of operations. According to the program coordinator this ratio was essentially lifted out of midair by DOE officials. Basing payments of the State's largest pupil transportation recipient on a vague estimate points out the weaknesses of the program's current regulatory structure."

This same audit highlighted a variety of circumstances where varied approaches adopted by different school districts resulted in an inequitable distribution of pupil transportation funds. For instance, the unequal treatment of hazardous routes was brought forth in the audit. One district with designated hazardous routes transported over 400 pupils living within 1.5 miles from their school but did not reduce their reimbursement request to reflect these transportation costs yet another school district which also transported 400 pupils within 1.5 miles from their school was required to make adjustments for hazardous routes. The Department of Education responded to the legislative audit by stating:

"Regulations allow for variation in the calculation of reductions of reimbursement for the cost of transporting students who live within 1 1/2 miles of school. "

The auditors replied:

"In our view, districts have been allowed to stretch this regulatory discretion to the extent that there is unequal treatment of districts."

We conducted a recent telephone survey of various school districts throughout the State of Alaska. It was evident that these regulatory discretions were still continuing.

The Department of Education regulation 4 AAC 27.060 (a) states in part:

"Subject to the availability of funds, districts will be reimbursed for the cost of all approved regular routes, special education routes, other conveyance routes, and in-lieu-of-agreements."

Further, in paragraph (e), the regulation states:

"If funds allocated for pupil transportation reimbursement are insufficient to provide full reimbursement under this section, the funds that are available shall be prorated among the districts."

The Anchorage School District's interpretation of this regulation is that the Department of Education is required to reimburse all school districts for the entire cost of pupil transportation services of approved routes, etc. If the amount of appropriation is not adequate to meet the reimbursement needs for all districts' pupil transportation services, the Department of Education must prorate the appropriated costs, both district-operated and contracted statewide. Neither the Department of Education's regulations or state statutes explicitly provides that the Department of Education may

impose a ceiling on reimbursement for district-operated pupil transportation services.

### Costs

A comparison is often made between the current daily rate per route for district-operated school buses to current contracted rates for regular and special education buses. This is not a fair comparison since the district-operated daily rate includes many costs which are not comparable to contracted rates. For instance, the costs for crossing guards, advertisement of routes, audits, data processing for scheduling, and administration of contracted services are included in the total cost for district-operated transportation. In addition, the contractor's cost is reduced by deducts for hazardous routes and kindergarten routes. These deducts are borne by the District.

The differences in terrain, student concentrations, the existence of deadhead mileage, the mix of regular routes and special education routes, and other similar factors causes the cost of operations to vary greatly within the same school district whether the routes are district-operated or contracted. Therefore, the question arises: Which contracted rate is being compared to the district-operated daily rate per route?

In addition, the reimbursement percentage does not reflect the District's actual costs and appears to have been established without a reasonable correlation to what a contractor might charge to duplicate the District's provided service. The District recognizes that there is a difference in wages and benefits provided to employees under the collective bargaining agreement as compared to the packages offered by private bus contractors. However, wage differentials should be considered with profit margins. From a theoretical point, if the contractor were to forego the related profit margin on a contract, more cash would be available to increase hourly wage rates for contract drivers and attendants. Therefore, wage rates are not the only factor to consider. Time and mileage are also key considerations. It should be noted that recent requests for proposals by other school districts in the state

have resulted in bids from contractors for services beginning in FY 1996-97 that are significantly higher (15%) than their previous contracts. We believe this has resulted from the lack of competition from contractors in the state capable of handling larger contracts.

The attached schedule (attachment A) reflects the adjustments made allocating District staff time and other expenses to district-operated services and contracted services.

#### Daily Cost Per Pupil Per Live Mile Driven

The difference in costs between the district-operated operations and contracted operations is explained by the different rates of driver and attendant compensation. We predicted in 1991 that much of this difference would disappear over the coming years as the minimum wage requirements of the State become applicable. According to the data compiled in FY 1990-91, the daily cost per pupil per live mile on regular routes ranged from \$0.042 to \$0.140 for contracted routes and \$0.09 for district-operated routes. At that time, only one service area on contract had a higher rate than the District. The FY 1994-95 data (attachment B) indicated the daily cost per pupil per live mile on regular routes increased to the range between \$0.051 and \$0.128 for contracted and \$0.100 for district-operated routes with two service areas on contract that were at a higher rate than the District. Overall, this trend indicates that the rate for the Anchorage School District operated routes increased in daily cost by 2 percent while daily costs for contracted routes increased by as much as 22 percent over this five year period.

#### Reduction of Costs and Increase in Efficiencies

The Anchorage School District has made a good faith effort to reduce operating costs and increase efficiencies in delivering services.

- Wages for drivers and attendants had been reduced and virtually frozen from 1987 through 1995. The only funds put into the bargaining group between

1990-91 and 1994-95 were bonuses for safety and attendance.

- The overall cost for drivers decreased with the attrition of senior staff.
- New drivers were compensated at a lower rate in a two-tiered wage scale until the most recent contract which went into effect for FY 1995-96.
- There has been low turnover among District employees compared to contractors.
- There is a much higher building principal satisfaction with district-operated buses.
- The District's contribution to the Drivers Pension Trust Fund was reduced by 50% beginning July 1, 1987.

Meanwhile, drivers for contracted services have received increases in their wages due to the minimum wage requirement passed by the State. Commercial drivers licenses were also required by April of 1992. This has impacted our contract that went into effect last year. The differences between the District's operating costs and the cost of contracted services has shrunk considerably since 1986 when the 66.83% reimbursement factor was imposed by the State. Contracted costs have increased 65 percent since FY 1990-91 for an average annual increase of 10.9 percent while District cost (less contracted cost) have increased only 16 percent for an average increase of 2.6 percent per year.

Fiscal Year	Contracted Cost	Percent Increase	Daily Avg. # of Students	Percent Increase	# of Routes	Percent Increase
1990-91	\$ 3,859,967		10,002		136	
1991-92	4,392,454	13.8%	10,606	5.6%	138	16.2%
1992-93	4,874,134	11.0	10,815	2.0	135	5.4
1993-94	5,375,475	10.3	11,585	7.1	137	1.3
1994-95	5,758,386	7.1	10,786	(6.9)	139	0.6
1995-96	6,375,000*	10.7	9,909	(8.1)	16	2.5

\* Budgeted

In contrast, overall District costs, less contracted transportation costs have not increased at the same rate.

Fiscal Year	District Cost		Daily Avg. # of Students	Percent Increase	# of Routes	Percent Increase
	Less Contracted	Percent Increase				
1990-91	\$4,774,867		5,784		78	
1991-92	5,082,448	6.4%	5,894	1.9	78	0.0%
1992-93	5,369,991	5.7	6,318	7.2	84	7.7
1993-94	5,244,135	(2.3)	6,527	3.3	82	(2.4)
1994-95	5,133,520	(2.1)	6,380	(2.3)	81	(1.2)
1995-96	5,529,442*	7.7	6,461	1.3	81	0.0

\* Budgeted

In addition, the Anchorage School District has made efforts to increase operating efficiencies by purchasing larger capacity buses to replace older buses. The capacity on these larger buses has increased from 65 to 85. Fuel mileage has also increased from 4.5 miles per gallon (gasoline) to 9 miles per gallon by going to diesel operated buses. The capability to increase the capacity on each bus allows more students to be transported with fewer routes.

### Comparisons

Even with this differential between wages, the District's wages for bus drivers is significantly lower than the compensation paid by the Municipality of Anchorage for People Mover drivers or for wages required by the State under the Little Davis-Bacon law regarding prevailing wages for drivers on public construction projects.

### Summary

In summary, it is our belief that the Anchorage School District's rate of reimbursement should be adjusted to more accurately reflect the costs incurred. Costs for contracted services have increased with the State mandated minimum wage requirement for drivers thereby substantially decreasing the difference between District costs and contracted costs. In addition, the allocation of District costs to the contractor for

services provided to the contractor makes this cost differential even smaller. The main focus, however, is the existence of some apparent inequities which continue to exist in the statewide system despite the legislative audit recommendations. We remain willing to work with you and your staff to develop appropriate recommendations for regulatory or statutory changes.

We would be glad to answer any questions you may have regarding this request. Please contact Janet Stokesbary, Chief Financial Officer at 269-2301 or Steve Kalmes, Director of Pupil Transportation at 563-3022.

Sincerely,

Bob Christal  
Superintendent

BC/JS/BM

Attachment

ANCHORAGE SCHOOL DISTRICT  
 PUPIL TRANSPORTATION  
 CALCULATION TO REFLECT THE DAILY RATE PER ROUTE  
 BASED ON ACTUAL EXPENDITURES FOR FISCAL YEAR ENDING JUNE 30, 1995

	Actual Expenditure	District- Operated	Contracted	Other Expenditures
FY 94-95 Pupil Transportation Expenditures	11,415,082.03	5,656,696.43	5,758,385.60	
Contracted Services-Administrative		470.07	(470.07)	
In-Lieu-of-Transportation		25,499.52	(25,499.52)	
Total Actual FY 94-95 Expenditures**	11,415,082.03	5,682,666.02	5,732,416.01	0.00
Adjustments:				
Personnel Time Allocation:				
Director	72,198.00	(28,879.20)	28,879.20	
Transportation Planner	41,553.00	(24,931.80)	24,931.80	
Route Scheduler	46,674.00	(28,004.40)	28,004.40	
Transportation Supervisor	46,674.00	(33,005.50)	33,005.50	
Safety Office (2)	61,129.00	(24,451.60)	24,451.60	
Secretary	21,489.00	(2,148.90)	2,148.90	
Senior Clerk	24,695.00	(7,408.50)	7,408.50	
Dispatcher (2)	52,624.20	(5,262.42)	5,262.42	
Vehicle Maintenance Supervisor	65,677.00	(6,567.70)	6,567.70	
Administrative Assistant	35,856.00	0.00	0.00	
Subtotal		(162,640.03)	162,660.02	0.00
Professional Services Allocation:				
Pupil Transportation Audit	3,000.00	(1,200.00)	1,200.00	
Edlog License Fee	13,000.00	(5,200.00)	5,200.00	
Newspaper Advertisement	8,000.00	(3,200.00)	3,200.00	
Subtotal		(9,600.00)	9,600.00	0.00
Other				
Crossing Guards	87,292.81	(87,292.81)	0.00	87,292.81
Hazardous Routes-District	357,954.19	(278,977.10)		278,977.10
Kindergarten Routes-District	160,541.64	(160,541.64)		160,541.64
Hazardous Routes-Contracted***	742,861.73	0.00	(371,430.87)	371,430.87
Kindergarten Routes-Contracted***	157,687.32	0.00	(157,687.32)	157,687.32
In-Lieu-of-Expenditures**	25,499.52	(25,499.52)	25,499.52	0.00
Rainbow Factory**	624.36	0.00	(624.36)	624.36
2% Administrative Charge*	144,077.32	144,077.32	0.00	(144,077.32)
Subtotal		(408,233.75)	(504,243.03)	912,476.78
Total Adjustments		(580,493.77)	(721,983.01)	912,476.78
Total Adjusted Expenditures	11,415,082.03	5,102,172.25	5,400,433.00	912,476.78

- \* The District-operated amount and the 2% administrative charge equals \$5,801,243.82, the amount reported by the State.
- \*\* The total expenditure for Contracted plus In-Lieu-of-Expenditures less Hazardous, Kindergarten, and Rainbow Factory equals \$5,228,172.98, the amount reported by the State.
- \*\*\* Less Hazardous Routes and Kindergarten Students Transported.

Mileage Disbursement - Regular  
 Fiscal Year 1994-95

	TOTAL DAILY				DAILY COST PER PUPIL	DAILY COST PER MILE	PER ROUTE			DAILY COST PER PUPIL/MILE
	TOTAL NO. OF ROUTES	AVERAGE NO. OF PUPILS	AVERAGE NO. OF MILES	TOTAL LIVE AMOUNT			AVERAGE NO. OF PUPILS	AVERAGE NO. OF MILES	RATE	
SERVICE AREA III REGULAR	21	1,323	452	3,647.64	2.76	8.07	63	22	173.70	0.1261
SERVICE AREA IV REGULAR	27	1,908	672	6,053.44	2.54	7.52	74	25	187.16	0.1021
DISTRICT OPERATED REGULAR	54	4,705	2,051	17,884.72	3.80	8.72	87	38	331.20	0.1001
SERVICE AREA V REGULAR	24	1,932	611	4,254.78	2.21	8.98	81	25	177.70	0.0867
SERVICE AREA II GIRDWOOD HIGH SCHOOL	2 1	97 23	134 88	376.54 247.25	3.88 10.75	2.81 2.81	49 23	67 68	188.27 247.25	0.0579 0.1222
SERVICE AREA I REGULAR	31	2,232	1,581	5,713.26	2.68	3.66	72	50	184.30	0.0508
	180	12,300	5,669							

Mileage Disbursement Regular:  
Fiscal Year 1990-91

	TOTAL DAILY				DAILY COST PER PUPIL	DAILY COST PER MILE	PER ROUTE			DAILY COST PER PUPIL MILE
	TOTAL NO. OF ROUTES	AVERAGE NO. OF PUPILS	AVERAGE NO. OF LIVE MILES	TOTAL AMOUNT			AVERAGE NO. OF PUPILS	AVERAGE NO. OF LIVE MILES	RATE	
SERVICE AREA II										
GROVWOOD ELEM.	2	76	62	328.60	4.32	5.30	38	31	164.30	0.1395
HIGH SCHOOL	1	24	82	255.84	10.66	3.12	24	82	255.84	0.1300
DISTRICT OPERATED REGULAR	48	3,985	1,910	15,681.10	3.94	8.21	83	40	326.69	0.0989
SERVICE AREA III REGULAR	17	954	597	2,567.10	2.69	4.30	56	35	151.01	0.0766
SERVICE AREA VI REGULAR	21	1,728	759	3,521.76	2.04	4.64	82	38	167.70	0.0564
SERVICE AREA I REGULAR	30	2,524	1,216	4,426.24	1.75	3.64	64	41	147.54	0.0433
SERVICE AREA IV REGULAR	24	1,773	1,168	3,655.06	2.01	3.07	74	48	148.13	0.0416
	143	11,064	5,784							

Mileage Disbursement-Special Education  
Fiscal Year 1994-95

	TOTAL DAILY				DAILY COST PER PUPIL	DAILY COST PER MILE	PER ROUTE			DAILY COST PER PUPIL MILE
	TOTAL NO. OF ROUTES	AVERAGE NO. OF PUPILS	AVERAGE NO. OF LIVE MILES	TOTAL AMOUNT			AVERAGE NO. OF PUPILS	AVERAGE NO. OF LIVE MILES	RATE	
SPECIAL AREA II GIRDWOOD*	1	2	98	291.06	145.53	2.97	2	98	291.06	1.4850
DISTRICT OPERATED SPECIAL EDUCATION	27	281	1,088	11,555.76	46.04	10.82	9	40	427.99	1.1638
SERVICE AREA I SPECIAL EDUCATION	12	67	593	2,810.82	41.95	4.74	6	49	234.24	0.8490
SERVICE AREA VI SPECIAL EDUCATION	19	154	708	4,200.70	27.28	5.95	8	37	221.09	0.7341
SERVICE AREA V SPECIAL EDUCATION	20	281	786	4,991.10	17.76	6.35	14	39	249.56	0.4528
	79	788	3251							

\* Not reimbursed by the State.

Mileage Disbursement-Special Education  
Fiscal Year 1990-91

	TOTAL DAILY				DAILY COST PER PUPIL	DAILY COST PER MILE	PER ROUTE			DAILY COST PER PUPIL-MILE
	TOTAL NO. OF ROUTES	AVERAGE NO. OF PUPILS	AVERAGE NO. OF LIVE MILES	TOTAL AMOUNT			AVERAGE NO. OF PUPILS	AVERAGE NO. OF LIVE MILES	RATE	
SPECIAL AREA VI GARDWOOD	21	103	485	3,913.95	38.00	8.07	5	23	186.38	1.6453
DISTRICT OPERATED SPECIAL EDUCATION	30	295	1,176	11,383.68	38.59	9.68	10	39	379.46	0.9844
SERVICE AREA I SPECIAL EDUCATION	9	46	564	1,675.08	36.41	2.97	5	63	186.12	0.5811
SERVICE AREA V SPECIAL EDUCATION	15	155	651	3,046.68	19.66	4.68	10	43	203.11	0.4529
SERVICE AREA II SPECIAL EDUCATION	1	6	101	221.19	36.87	2.19	6	101	221.19	0.3650
	<b>76</b>	<b>605</b>	<b>2977</b>							

**ANCHORAGE SCHOOL DISTRICT  
PUPIL TRANSPORTATION  
CALCULATION TO REFLECT THE ACTUAL COST OF DISTRICT-OPERATED AND CONTRACTED TRANSPORTATION  
BASED ON ACTUAL EXPENDITURES FOR FISCAL YEAR ENDING JUNE 30, 1995**

	Actual Expenditures	Direct- Operated	Contracted	Other Expenditures
FY 94-95 Pupil Transportation Expenditures *	11,415,082.00	5,857,166.90	3,757,915.53	
Contracted Services-Administrative In-Line-of-Transportation		25,499.53	(25,499.53)	
<b>Total Actual FY 94-95 Expenditures **</b>	<b>11,415,082.00</b>	<b>5,882,666.43</b>	<b>3,732,416.01</b>	<b>0.00</b>
<b>Adjustments:</b>				
<b>Personnel Time Allocation:</b>				
Director	72,199.00	(71,879.50)	21,879.50	
Transportation Planner	41,553.00	(24,951.00)	24,951.00	
Karen Schatzler	46,674.00	(21,006.40)	26,006.40	
Transportation Supervisor	46,674.00	(23,005.50)	21,005.50	
Safety Office (2)	61,129.00	(24,451.00)	24,451.00	
Secretary	21,499.00	(2,148.90)	2,148.90	
Senior Clerk	24,495.00	(7,408.50)	7,408.50	
Dispatcher (2)	52,624.20	(5,262.42)	5,262.42	
Vehicle Maintenance Supervisor	63,871.00	(6,567.70)	6,567.70	
Administrative Assistant	35,854.00	0.00	0.00	
Related Freight Benefits		(23,715.83)	23,715.83	
Subtotal		(106,375.83)	106,375.83	0.00
<b>Professional Services Allocation:</b>				
Pupil Transportation Audit	3,000.00	(1,200.00)	1,200.00	
Building License Fee	13,000.00	(3,200.00)	3,200.00	
Newspaper Advertisement	8,000.00	(3,200.00)	3,200.00	
Subtotal		(7,600.00)	7,600.00	0.00
<b>Other</b>				
Activity Trips - Director	332,425.92	(332,425.92)		332,425.92
Creating Guards ***	87,292.81	(87,292.81)		87,292.81
In-Line-of-Transportation***	25,499.53	(25,499.53)	25,499.53	0.00
Subtotal		(445,216.27)	25,499.53	419,716.73
<b>Total Adjusted Expenditures for Routes</b>		<b>5,061,275.92</b>	<b>5,023,891.38</b>	<b>419,716.73</b>
<b>Adjustments Per DOE Regulations</b>				
Hazardous Routes-District	557,954.19	(278,977.10)		278,977.10
Creating Guards ****	87,292.81	(3,846.41)	0.00	(43,846.41)
Eliminating Routes-District	100,541.84	(100,541.84)		100,541.84
Hazardous Routes-Contracted**	742,861.73	0.00	(71,430.87)	371,430.87
Eliminating Routes-Contracted**	157,687.53	0.00	(157,687.53)	157,687.53
Rainbow Ferry Trips**	624.36	0.00	(124.36)	624.36
Subtotal		(799,872.52)	(727,742.53)	623,614.80
<b>3% Administrative Charge*</b>	<b>342,877.32</b>	<b>64,360.57</b>	<b>75,686.75</b>	<b>(144,877.32)</b>
<b>Total Adjusted Expenditures for Route-Related Purposes</b>	<b>11,415,082.00</b>	<b>4,719,942.16</b>	<b>5,499,845.58</b>	<b>1,201,234.57</b>

\* The District-operated amount and the 3% administrative charge for both Direct-Operated and Contracted equals \$6,081,348.22, netted amount reported to the DOE.  
 \*\* The total expenditure for Contracted plus In-Line-of-Expenditures less Hazardous, Eliminating, and Rainbow Ferry Trips equals \$5,224,172.98, the netted amount reported to DOE.  
 \*\*\* To reflect the total expenditures used to calculate rate per mile.  
 \*\*\*\* To reflect the 30% abatement through Hazardous Routes.

Mileage Disbursement-Regular  
 Fiscal Year 1994-95

	TOTAL DAILY				DAILY COST PER PUPIL	DAILY COST PER MILE	PER ROUTE			DAILY COST PER PUPIL/MILE
	TOTAL NO. OF ROUTES	AVERAGE NO. OF PUPILS	AVERAGE NO. OF MILES	TOTAL LIVE AMOUNT			AVERAGE NO. OF PUPILS	AVERAGE NO. OF LIVE MILES	(1) (2) RATE	
SERVICE AREA III REGULAR	21	2,066	470	4,019.40	1.95	8.55	98	22	191.40	0.0869
SERVICE AREA IV REGULAR	27	2,577	733	5,559.30	2.16	7.58	95	27	205.90	0.0795
DISTRICT OPERATED REGULAR	54	6,129	2,214	17,742.78	2.89	8.01	114	41	328.57	0.0706 ASD
SERVICE AREA VI REGULAR	24	2,457	659	4,747.92	1.93	7.20	102	27	197.83	0.0704
SERVICE AREA II GARDWOOD	2	111	141	428.98	3.86	3.04	56	71	214.49	0.0548
HIGH SCHOOL	1	23	88	247.11	10.74	2.81	23	88	247.11	0.1221
SERVICE AREA I REGULAR	31	3,048	1,654	6,286.49	2.06	3.80	98	53	202.79	0.0387
	160	16,411	5,959							

(1) No districts for hazardous and handicapped pupils.

(2) Contracted rate per route includes the allocated amount from the district operation in the amount \$7.25 per route. (\$195,973.85 divide by 158 routes, divide by 171 days)

Revised Attachment B  
Date: March 26, 1996

Mileage Disbursement-Special Education  
Fiscal Year 1994-95

	TOTAL DAILY				DAILY COST PER PUPIL	DAILY COST PER MILE	PER ROUTE			DAILY COST PER PUPIL/MILE
	TOTAL NO. OF ROUTES	AVERAGE NO. OF PUPILS	AVERAGE NO. OF LIVE MILES	TOTAL AMOUNT			AVERAGE NO. OF PUPILS	AVERAGE NO. OF LIVE MILES	[1] [2] [3] RATE	
SPECIAL AREA II GIRDWOOD*	1	2	98	319.13	199.57	3.26	2	98	319.13	1.6282
DISTRICT OPERATED SPECIAL EDUCATION	27	251	1,068	11,739.60	46.77	10.99	9	40	434.80	1.1824
SERVICE AREA I SPECIAL EDUCATION	12	67	593	3,066.96	45.78	5.17	6	49	255.58	0.9263
SERVICE AREA VI SPECIAL EDUCATION	19	154	706	4,590.59	29.81	6.50	8	37	241.61	0.8022
SERVICE AREA V SPECIAL EDUCATION	20	281	786	5,674.20	20.19	7.22	14	39	283.71	0.5138
	79	755	3251							

\* Not reimbursed by the State.

[1] No deducts for hazardous and handicapped pupils.

[2] Corrected rate route includes the allocated amount from the district operation in the amount of \$7.25 per route. (\$199,575.85 divide by 158 routes, divide by 171 days.)

[3] Includes the daily rate for the attendance.