

ALASKA LEGISLATURE

1738

HOUSE and SENATE FINANCE COMMITTEE FILES, 1997-1998

1 property in trust for the benefit of bondholders, including the right to enforce
2 payment, performance, and all other rights of the authority or of the
3 bondholders, under any agreement of the authority;

4 (2) pledge, mortgage, or assign money, agreements, property, or other
5 rights or assets of the authority either presently in hand or to be received in the future,
6 or both; and

7 (3) provide for other matters of like or different character that in any
8 way affect the security or protection of the bonds.

9 (b) For the purpose of securing one or more issues of its bonds, the authority
10 may establish one or more special funds, called "capital reserve funds," and shall pay
11 into the capital reserve funds the proceeds of the sale of its bonds and other money
12 that may be made available to the authority for the purposes of those funds from
13 another source. The funds shall be established only if the authority determines that
14 the establishment would enhance the marketability of the bonds. Money held in a
15 capital reserve fund, except as provided in this section, shall be used as required
16 solely for (1) the payment of the principal of, and interest on, bonds or of the sinking
17 fund payments with respect to those bonds, (2) the purchase or redemption of bonds,
18 or (3) the payment of a redemption premium required to be paid when those bonds
19 are redeemed before maturity; however, money in a fund may not be withdrawn from
20 it at any time in an amount that would reduce the amount of that fund to less than the
21 capital reserve requirement set out in (2) of this subsection, except for the purpose of
22 making, with respect to those bonds, payment, when due, of principal, interest,
23 redemption premiums, and the sinking fund payments for the payment of which other
24 money of the authority is not available. Income or interest earned by, or increment
25 to, a capital reserve fund, due to the investment of the fund or any other amounts in
26 it, may be transferred by the authority to other funds or accounts of the authority to
27 the extent that the transfer does not reduce the amount of the capital reserve fund
28 below the capital reserve fund requirement under (c) of this section.

29 (c) If the authority decides to issue bonds secured by a capital reserve fund,
30 the bonds may not be issued if the amount in the capital reserve fund is less than an
31 amount that may be established by resolution of the authority, called the "capital
32 reserve fund requirement," unless the authority, at the time of issuance of the

1 obligations, deposits in the capital reserve fund from the proceeds of the obligations
2 to be issued or from other sources, an amount which, together with the amount then
3 in the fund, is not less than the capital reserve fund requirement.

4 (d) In computing the amount of a capital reserve fund for the purpose of this
5 section, securities in which all or a portion of the funds are invested shall be valued
6 by a reasonable method established by the authority by resolution. Valuation on a
7 particular date shall include the amount of any interest earned or accrued to that date.

8 (e) The chair of the authority shall annually, not later than January 2, make
9 and deliver to the governor and the legislature a certificate stating the amount, if any,
10 required to restore a capital reserve fund to the capital reserve fund requirement. The
11 legislature may appropriate the amount described in this subsection, and all money
12 appropriated during the then current fiscal year by the legislature for the restoration
13 shall be deposited by the authority in the proper capital reserve fund. Nothing in this
14 section creates a debt or liability of the state.

15 (f) If the authority decides to covenant to issue bonds secured by a capital
16 reserve fund, the bonds may not be issued until 10 days after the authority has mailed
17 notification to the state bond committee and the Legislative Budget and Audit
18 Committee by certified mail of its intention to establish a capital reserve fund to
19 secure the bond issue. The notification must include the amount of the capital reserve
20 fund to be established and the amount of bonds proposed to be issued. The
21 notification must be accompanied by an estimate by the authority of the need to
22 withdraw money from the capital reserve fund during the term of the bond issue, the
23 amount that it may be necessary to withdraw, and the time at which withdrawals are
24 estimated to be needed. The authority shall annually prepare a revised estimate,
25 considering the same factors, and a statement of all withdrawals that have occurred
26 from the date of issuance of the bonds to the end of the calendar year. The revised
27 estimate and statement shall be submitted to the state bond committee and the
28 Legislative Budget and Audit Committee by January 30 of the year following
29 preparation of the revised estimate.

30 **Sec. 44.27.160. Bonding limitations.** The authority may not issue bonds or
31 make agreements under AS 44.27.140 unless the money in the education facilities
32 fund (AS 44.27.200) equals or exceeds \$1,200,000,000.

1 **Sec. 44.27.170. Bond reimbursement limitation.** The authority may not
2 enter into an agreement to reimburse a municipality or the University of Alaska for
3 payments made to retire principal and interest on bonds issued to construct education
4 facilities or University of Alaska facilities unless the money in the education facilities
5 fund (AS 44.27.200) equals or exceeds \$1,200,000,000 and the bonds issued by the
6 municipality or the University of Alaska comply with AS 44.27.140(g), except that
7 the bonds need not be authorized by the authority.

8 **Sec. 44.27.180. Nonliability on bonds.** (a) Neither the members of the
9 authority nor a person executing the bonds is personally liable on the bonds or is
10 subject to personal liability or accountability as a result of the issuance of the bonds.

11 (b) Bonds issued by the authority do not constitute an indebtedness or other
12 liability of the state or of a political subdivision of the state, except the authority.
13 Bonds shall be payable solely from the income and receipts or other funds or property
14 of the authority. The authority may not pledge the faith or credit of the state or of
15 a political subdivision of the state, except the authority, to the payment of a bond.

16 **Sec. 44.27.190. Pledge of the state.** (a) The state pledges to and agrees with
17 the holders of bonds issued under AS 44.27.100 - 44.27.250 that the state will not
18 limit or alter the rights and powers vested in the authority by AS 44.27.100 -
19 44.27.250 to fulfill the terms of a contract made by the authority with the holders and
20 that the state will not in any way impair the rights and remedies of the holders until
21 the bonds, together with the interest on them with interest on unpaid installments of
22 interest, and all costs and expenses in connection with an action or proceeding by or
23 on behalf of the holders are fully met and discharged. The authority is authorized to
24 use this pledge and agreement of the state in agreements involving holders of bonds
25 of the authority.

26 (b) The pledge of the state is limited to the express provisions of (a) of this
27 section and is not a guarantee, surety, promise, undertaking, or assurance of
28 repayment or performance of any obligation of the authority.

29 **Sec. 44.27.200. Education facilities fund.** (a) The education facilities fund
30 is established in the authority. The fund consists of appropriations made to the fund
31 by the legislature, and, subject to appropriation, the income of the fund. The authority
32 may enter into agreements for financial covenants or pledge amounts in the fund that

1 exceed \$1,200,000,000 to secure the payment of bonds of the authority and may make
2 expenditures from the fund for the purposes of the agreements.

3 (b) The fund and any other funds of the authority shall be invested by the
4 Alaska Permanent Fund Corporation as agent of the authority in the manner provided
5 for assets of the permanent fund under AS 37.13.120 unless otherwise provided in a
6 trust agreement securing bonds.

7 **Sec. 44.27.210. Annual audit.** The authority shall have its financial records
8 audited annually by a certified public accountant. The legislative auditor may
9 prescribe the form and content of the financial records of the authority and may have
10 access to the records at any time.

11 **Sec. 44.27.220. Annual report.** Before March 1 of each year, the authority
12 shall submit to the governor and the legislature a comprehensive report describing
13 operations, income, and expenditures for the preceding 12-month period.

14 **Sec. 44.27.250. Definitions.** In AS 44.27.100 - 44.27.250, unless the context
15 requires otherwise,

16 (1) "authority" means the Education Facilities Financing Authority
17 established under AS 44.27.100;

18 (2) "bonds" means revenue bonds, notes, or other obligations of the
19 authority issued under AS 44.27.100 - 44.27.250;

20 (3) "fund" means the education facilities fund established under
21 AS 44.27.200.

22 * **Sec. 11. AUTHORIZATION OF FACILITIES.** (a) The Education Facilities Financing
23 Authority established under AS 44.27.100, enacted in sec. 10 of this Act, is authorized under
24 AS 44.27.140(a) to issue its bonds for construction of the following facilities at the following
25 costs:

26 (1) Small Municipality or Rural

27	District Name	Project/Location	Amount
28	Kashunamiut	Chevak School replacement	\$ 25,506,000
29	Lower Yukon	Pilot Station K-12 expansion	18,036,000
30	Lower Yukon	Kotlik K-12 expansion	18,692,000
31	Chatham	Hobart Bay recovery of funds	59,000
32	Northwest Arctic	Buckland School remediation	14,304,000

1	Southwest Region	Togiak School replacement	27,687,000
2	Lower Kuskokwim	Newtok	4,941,000
3	Yukon Flats	Arctic Village K-12	2,762,000
4		remodel and expansion	
5	Iditarod	Takotna training center	1,123,000
6	Lower Yukon	Sheldon Point K-12 expansion	11,102,000
7	Bering Strait	Golovin	12,245,000
8	Denali	Tri-Valley addition and remodel	12,874,000
9	Bering Strait	Elim	12,198,000
10	Yupit	Akiachak replacement/renovation	14,274,000
11	Bering Strait	Teller	12,146,000
12	Craig	New secondary	17,937,000
13	Kuspuk	Upper Kalskag	3,521,000
14	North Slope	Bulk fuel systems upgrade	6,012,000
15	Bering Straits	Diomedede structural remediation	346,000
16	Northwest Arctic	Kiana High School renovation	2,252,000
17	Southwest Region	Koliganek basement repair	1,368,000
18	Sitka	High school renovation	10,261,000
19	Delta/Greely	Delta roof repair and fire alarm	1,074,000
20		replacement	
21	Sitka	Baranof renovation	5,926,000
22	Hoonah	Roof, foundation, and fuel	1,294,000
23		tank replacement	
24	Lake & Peninsula	Pedro Bay renovation	1,008,000
25	Lake & Peninsula	District wide fuel system upgrade	1,250,000
26	Chatham	Tenakee retaining wall replacement	239,000
27	Northwest Arctic	Noorvik High School renovation	2,664,000
28	Cordova	School renovations	136,000
29	Chugach	Whittier drainage	145,000
30	Lake & Peninsula	District wide sprinkler systems	1,515,000
31	Annette Island	Major maintenance renovation	3,556,000

1	Pelican	Major maintenance	781,000
2	Lower Kuskokwim	Mikelnguut Elitnaurviat roof repair	1,384,000
3	Lower Kuskokwim	Bulk fuel tank repairs at 9 sites	3,160,000
4	Klawock	Major maintenance	2,034,000
5	Wrangell	Exterior windows	166,000
6	Alaska Gateway	Northway wastewater treatment	144,000
7	Haines	High school roof replacement	404,000
8	Galena	Roofing and sprinkler renovation	1,277,000
9	Lower Yukon	Hooper Bay major maintenance	1,607,000
10	Northwest Arctic	Ambler High School renovation	2,009,000
11	Annette Island	Asbestos abatement	118,000
12	Wrangell	Civil site work	89,000
13	Kake	District wide maintenance	3,001,000
14	Lower Kuskokwim	Nelson Island, Tooksook Bay roof repairs	998,000
15	Tanana	Electrical retrofit	278,000
16	Wrangell	Parking development	264,000
17	Iditarod	Lime Village oil spill remediation	396,000
18	Iditarod	Grayling bulk fuel storage	163,000
19	Northwest Arctic	Noatak major maintenance	254,000
20	Bristol Bay	Sprinkler system	2,551,000
21	Lower Kuskokwim	District wide water treatment: 8 sites	8,167,000
22	Southwest Region	Weather protection - 4 buildings	772,000
23	Alaska Gateway	Northway bulk fuel storage	178,000
24	Northwest Arctic	Shurgnak major maintenance	380,000
25	Alaska Gateway	Mentasta bulk storage	562,000
26	Alaska Gateway	Northway soil remediation	3,798,000
27	Hydaburg	Heating system renovation	184,000
28	Nenana	Handicap access improvements	139,000
29	Nenana	Interior lighting	65,000
30	Hydaburg	Major maintenance	857,000
31	Chatham	Angoon High School major maintenance	302,000
32	(2) Large Municipality		

1	School District	Project	Amount
2	Anchorage	Romig roof replacement	\$ 1,785,000
3	Anchorage	Birchwood roof replacement	960,000
4	Anchorage	Taku elementary addition and	6,200,000
5		replacement	
6	Anchorage	Muldoon new elementary school	12,704,000
7	Anchorage	Chugiak High School addition	9,500,000
8	Anchorage	Central Junior High renovation	8,000,000
9	Anchorage	Site acquisition: Muldoon middle and	2,850,000
10		Chugiak elementary schools	
11	Anchorage	Nunaka Valley renewal, programmatic,	5,400,000
12		and code upgrades	
13	Anchorage	Ocean View renewal, programmatic,	444,000
14		and code upgrades	
15	Fairbanks	Barnette School renovation	5,718,000
16	Fairbanks	Denali School renovation	8,807,000
17	Fairbanks	Hunter School renovation	3,195,000
18	Fairbanks	Nordale School renovation	9,299,000
19	Fairbanks	Physical plant renovation and addition	5,819,000
20	Fairbanks	Food service facility	4,828,000
21	Juneau	Marie Drake roof replacement	1,189,000
22	Juneau	Mendenhall River School roof	2,231,000
23		replacement	
24	Juneau	Auke Bay School roof replacement	848,000
25	Juneau	High school mechanical renovation	107,000
26	Juneau	Floyd Dryden School floor replacement	184,000
27	Juneau	High school overpass	202,000
28	Juneau	Gastineau School heating repairs	183,000
29	Juneau	Auke Bay School sewer treatment	112,000
30	Kenai	District wide handicap access	869,000
31		improvements	
32	Ketchikan	Houghtaling School renovation	3,339,000

1	Ketchikan	Valley Park School renovation	1,894,000
2	Matanuska-Susitna	Talkeetna School addition and	7,568,000
3		renovation	
4	Matanuska-Susitna	Ataska Middle School	30,526,000

5 (b) The Education Facilities Financing Authority is authorized under
6 AS 44.27.140(b)(2) to agree to pay amounts and to pay amounts sufficient to reimburse 100
7 percent of net payments, as determined by the authority, made by the University of Alaska
8 for the retirement of principal and interest on bonds issued to pay the following costs of
9 constructing the following university facilities:

10	Location	Project	Amount
11	Fairbanks	UAF deferred maintenance code compliance	\$35,000,000
12	Anchorage	UAA deferred maintenance code compliance	25,000,000
13	Southeast	UAS deferred maintenance code compliance	2,000,000
14	Statewide	System wide instructional equipment and	6,000,000
15		telecommunications	
16	Anchorage	UAA computer network improvements	1,500,000
17	Auke Cape	UAF School of Fisheries Auke Cape Facility	1,500,000
18	Anchorage	UAA Anchorage library facility	1,400,000
19	Anchorage	UAA museum planning/match	500,000
20	Sitka	UAS Sitka classroom renovations and	1,195,000
21		completion	
22	Statewide	System wide ADA compliance	1,000,000
23	Fairbanks	UAF facility and infrastructure renovation	1,000,000
24	Kachemak Bay	UAA Kachemak Bay renovation	200,000
25	Anchorage/Kodiak	UAA Anchorage and Kodiak renovation	2,005,000
26	Ketchikan	UAS Ketchikan Campus remodel/renovation	300,000
27	Bristol Bay	UAF Bristol Bay classroom addition	900,000
28	Statewide	UA Small Business Development programs	450,000

29 (c) The University of Alaska is authorized to issue bonds and enter into obligations
30 with the Education Facilities Financing Authority necessary to finance projects identified
31 under (b) of this section, as required under AS 14.40.253."

- 1 Renumber the following bill sections accordingly.
- 2 Page 6, line 22:
- 3 Delete "This Act is"
- 4 Insert "Sections 2 - 6 of this Act are"

SB

13

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: April 23, 1997

FURTHER REFERRALS:

Date of Committee Action: 4/24/97

The FINANCE Committee considered:

CSSB 13(RLS)

CS FOR SENATE BILL NO. 13(RLS)

INCREASE TOBACCO TAXES

"An Act relating to taxes on cigarettes and tobacco products and to the use of the proceeds of those taxes, and increasing by at least 35.5 mills the amount of excise tax levied on each cigarette imported or acquired in the state; and providing for an effective date."

recommends it be replaced with the following committee substitute HCS CSSB 13(HES) [] 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) _____

[X] fiscal note(s) Revenue 4/7/97

[] zero fiscal note(s) _____

[] zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Gene Therriault</i>	Therriault			X	
<i>Mark Hanley</i>	Hanley			X	
<i>Bob Mulder</i>	Mulder		X		
<i>Ferry Martin</i>	Martin		X	X	
<i>Jim Kohring</i>	Kohring		X		
<i>J. N. Davis</i>	J. Davis	X			
<i>Ben Grussendorf</i>	Grussendorf			X	
<i>Walter Moses</i>	Moses		X		
<i>G. Davis</i>	G. Davis			X	
<i>Mark Kelly</i>	Kelly			X	
<i>FOSTER</i>	FOSTER		X		

CO-CHAIR'S SIGNATURE

Gene Therriault *Mark Hanley*

Revision Date: _____ Dept. Affected: Revenue
 Title: Increase Tobacco Taxes BRU: Revenue Operations
 Component: Income and Excise Audit
 Sponsor: Senator Sharp
 Requestor: (S) FIN COMPONENT SERIAL NO. 113

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES	30.0	30.0	30.0	30.0	30.0	30.0
TRAVEL	0.5	0.5	0.5	0.5	0.5	0.5
CONTRACTUAL	6.5	1.5	1.5	1.5	1.5	1.5
SUPPLIES	0.5	0.5	0.5	0.5	0.5	0.5
EQUIPMENT	4.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	41.5	32.5	32.5	32.5	32.5	32.5
CAPITAL EXPENDITURES						
CHANGE IN REVENUES	22,048.0	33,072.0	33,072.0	33,072.0	33,072.0	33,071.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	41.5	32.5	32.5	32.5	32.5	32.5
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	41.5	32.5	32.5	32.5	32.5	32.5

Estimate of any current year (FY97) cost \$ 0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

(See Attached Analysis)

Prepared by: Brett Fried, Economist Phone: 465-3682
 Division: Income and Excise Audit Division Date: April 7, 1997
 Approved by Commissioner: Wilson L. Condon Date: April 7, 1997
 Agency: Department of Revenue

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Alaska Department of Revenue
Income and Excise Audit Division

Increase Tobacco Taxes
CSSB 13(FIN)
April 7, 1997
Page 2 of 4

BILL ANALYSIS

Section 1 discusses legislative intent.

Section 2 increases the School Fund portion of the cigarette tax rate by \$.71 per pack of 20; from 2.5 mills per cigarette (\$.05 per pack) to 38 mills per cigarette (\$.76 per pack). Combining this rate with the 12 mills per cigarette (\$.24 per pack) levied under AS 43.50.190, which goes to the General Fund, the total tax rate on a pack of cigarettes would increase from \$.29 to \$1.00. Additionally changes the percent that the licensee can deduct to cover expenses from 1 to four-tenths of one percent of the tax due.

Section 3 This section only takes effect if section 2 of this act is ruled unconstitutional (see section 8). If so, the statute would be amended back to how it was prior to the bill passage.

Section 4 This section only takes effect if section 2 is ruled unconstitutional (see section 8). If so, this section increases the General Fund portion of the cigarette tax rate by \$.71 per pack of 20; from 12 mills per cigarette (\$.24 per pack) to 47.5 mills per cigarette (\$.95 per pack). Combining this rate with the 2.5 mills per cigarette (\$.05 per pack) levied under AS 43.50.090, which is dedicated to the School Fund, the total tax rate on a pack of cigarettes would increase from \$.29 to \$1.00.

Section 5 increases the tobacco products tax rate from 25% to 75% of the wholesale price of the tobacco products.

Section 6 provides for the disposition of tax collected under section 5 of this act to the general fund. These tax proceeds may then be used by the legislature to make appropriations to health programs as well as programs targeted at reducing tobacco use of children. Additionally changes the percent that the licensee can deduct to cover expenses from 1 to four-tenths of one percent of the tax due.

Section 7 discusses the legislative intent not to create a dedicated fund.

Section 8 provides for section 3 and 4 of this act only taking effect if dedication of the proceeds of the cigarette tax to the School Fund is found to be unconstitutional.

Alaska Department of Revenue
Income and Excise Audit Division

Increase Tobacco Taxes
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Section 9 establishes that if section 2 is ruled unconstitutional and sections 3 and 4 of this act take effect then revenue derived under section 2 (prior to it being found unconstitutional) that exceeds the original 2.5 mills will be credited to the tax levied under AS 43.50.190 (a) as amended by section 4 of this act.

Section 10 establishes an effective date of October 1, 1997 for sections 1, 2, 5-7 and 9 of this act.

Section 11 establishes an effective date of which ever of the following comes later for sections 3 and 4 of this act: (1) when a court enters a final judgement that the amendment under section 2 of this act is unconstitutional or (2) when the time for appeal has expired or upon entry of a final order on the appeal that section 2 is unconstitutional.

OPERATING EXPENDITURES

Department of Revenue is requesting operating funds to cover ½ the costs of a Revenue Auditor III position. With such a large increase in taxes due the state (increase from \$17 to \$50 million annually), the department anticipates increased taxpayer noncompliance.

With significantly higher levels of tax, it is possible that taxpayers will look for loopholes or other methods of tax avoidance. This ½ position will be responsible for ensuring that all taxpayers are identified and that taxpayers are filing and paying the proper amount of tax. The projected annual salary costs for the ½ portion of this position comes to \$30.0.

The department is also requesting one time FY 98 funding of \$5.0 for contractual funds to cover costs of public notice of rate increases, forms revisions and postage, and \$4.0 for equipment (\$3.5 for computer costs and \$.5 for office equipment). The recurring costs will be \$2.5 to cover travel, contractual and supplies.

REVENUE COLLECTED

The attached spreadsheet details revenue projections from rate increases in this bill.

Alaska Department of Revenue
Income and Excise Audit Division
Projected Revenue Increases from Change in Tobacco Tax Rates

Increase Tobacco Taxes
 CSSB 13
 April 7, 1997
 Page 4 of 4

	FY 98*	FY99	FY 00	FY 01	FY 02	FY 03	FY 04
Cigarettes							
<i>Elasticity Factor</i>	-13.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Consumption (packs of cigarettes)	30,487,136 *	45,730,706	45,730,706	45,730,706	45,730,706	45,730,706	45,730,706
Rate	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Cigarette Tax	\$30,487,136	\$45,730,706	\$45,730,706	\$45,730,706	\$45,730,706	\$45,730,706	\$45,730,706
Less 4 % Commission	(121,949)	(182,923)	(182,923)	(182,923)	(182,923)	(182,923)	(182,923)
Net Cigarette Tax	\$30,365,188	\$45,547,783	\$45,547,783	\$45,547,783	\$45,547,783	\$45,547,783	\$45,547,783
FY 97 Projected Net Cigarette Tax	(10,083,937) *	(15,125,905)	(15,125,905)	(15,125,905)	(15,125,905)	(15,125,905)	(15,125,905)
Net Cigarette Tax Increase Into the School Fund	\$20,281,251	\$30,421,878	\$30,421,878	\$30,421,878	\$30,421,878	\$30,421,878	\$30,421,878
Tobacco Products							
<i>Elasticity Factor</i>	-13.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Consumption (Whole. Pr. 1996 \$)	\$3,825,216 *	\$5,737,824	\$5,737,824	\$5,737,824	\$5,737,824	\$5,737,824	\$5,737,824
Rate	75%	75%	75%	75%	75%	75%	75%
Tobacco Products Tax	\$2,868,912	\$4,303,368	\$4,303,368	\$4,303,368	\$4,303,368	\$4,303,368	\$4,303,368
Less 4 % Commission	(11,476)	(17,213)	(17,213)	(17,213)	(17,213)	(17,213)	(17,213)
Net Tobacco Products Tax	\$2,857,436	\$4,286,154	\$4,286,154	\$4,286,154	\$4,286,154	\$4,286,154	\$4,286,154
FY 97 Projected Net Tob. Prod. Tax	(1,090,715)	(1,636,073)	(1,636,073)	(1,636,073)	(1,636,073)	(1,636,073)	(1,636,073)
Net Tobacco Prod. Tax Increase	\$1,766,721	\$2,650,081	\$2,650,081	\$2,650,081	\$2,650,081	\$2,650,081	\$2,650,081
Cigarette and Tob. Products							
Cigarette and Tobacco Tax	\$33,222,624 *	\$49,833,937	\$49,833,937	\$49,833,937	\$49,833,937	\$49,833,937	\$49,833,937
Net Cig. and Tob. Tax Increase	\$22,047,972 *	\$33,071,959	\$33,071,959	\$33,071,959	\$33,071,959	\$33,071,959	\$33,071,959

*Note: The bill's effective date results in the tax increase covering 8 months in FY 98.

Alaska State Legislature

SENATOR
BERT SHARP
DISTRICT P
CO-CHAIRMAN
SENATE FINANCE COMMITTEE
MEMBER
RESOURCE COMMITTEE



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S P O N S O R S H I P S T A T E M E N T HCSCSSB-13(HSS) INCREASE TOBACCO TAX

SPONSORED BY: SENATOR BERT SHARP

This bill is a an education bill, a health bill and a revenue bill.

Section 1, details the legislative intent and purpose of the bill. Section 1, items (1) and (2), starting on line 8, directs the cigarette tax be deposited to the existing "dedicated school fund" and can only be used for rehabilitation, construction and repair of the state's school facilities per AS 43.50.140.

Sections 2, 3 and 4, increases the tax on each cigarette by .71 cents per pack.

Section 5, increases the excise tax on tobacco products (non-cigarettes) from 25% of wholesale value to 75% of wholesale value.

Section 6. amends AS 43.50.330(b) to change the percentage the licensee deducts to cover accounting and filing expenses from one percent to four-tenths of one percent.

Sections 7, 9, 10, sets varying conditions and effective dates depending on any possible court decisions.

Section 8, allows for a retroactive fall-back clause to accommodate any court ordered changes.

The accompanying fiscal note analysis breaks the estimated revenue from cigarettes and that from other tobacco products, because of the constitutional constraints and proposed different uses. These amounts would represent a significant portion of the \$66 million of new revenue that we have committed to raise in FY'98 per our long range fiscal plan. I urge your consideration of the several positive public policy elements of this proposal and the strong public support of this action statewide.



REPRESENTING
GOLDEN HEART
OF ALASKA

<u>Description</u>	<u>Mills Per Cigarette</u>	<u>Cents Per Pack</u>	<u>Net Change: New-Old</u>
<u>Existing Statutes</u>			
OLD Tax on Cigarettes:			
School Fund	2.5	\$.05	- 0 -
Excise Tax to General Fund	12.0	\$.24	- 0 -
Additional Education/Enforcement	0	0	- 0 -
Total amount collected	<u>14.5</u>	<u>\$0.29</u>	<u>- 0 -</u>

Deduction for Administrative Expense: One (1) percent of tax due.

New Statute: IF Section 2 is effective:

NEW Tax on Cigarettes:			
School Fund	38.0	\$0.76	\$0.71
Excise Tax to General Fund	12.0	\$0.24	-0-
Total amount collected	<u>50.0</u>	<u>\$1.00</u>	<u>\$0.71</u>

Deduction for Administrative Expense: Four tenths of One (1) percent.

New Statute: IF Sections 3 and 4 are effective:

NEW Tax on Cigarettes:			
School Fund	2.5	\$.05	- 0 -
Excise Tax to General Fund	47.5	\$0.95	\$0.71
Total amount collected	<u>50.0</u>	<u>\$1.00</u>	<u>\$0.71</u>

Deduction for Administrative Expense: Four tenths of One (1) percent.

New Statute: Sections 5, 6:

Tax on OTHER tobacco products:

OLD: Existing statutes	25 percent of the wholesale price
NEW: CSSB 13(FIN)	75 percent of the wholesale price

Additional support for Education and enforcement, by appropriation.
Deduction for Administrative Expense: Four tenths of One (1) percent.

NOTE: Each one mill per cigarette equals two cents per pack.

SB

13

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 2/14/97

REPORTED OUT OF
FURTHER ^{FC} APR 4 1997

DATE TURNED
IN TO OFFICE: 4-7-97

Finance Committee considered SENATE BILL NO. 13

"An Act relating to taxes on cigarettes and tobacco products, and to the use of the proceeds of those taxes; and providing for an effective date."

and recommends:

- be replaced with CS SB 13 (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>Cal Adams</i>	X	<i>Roll E (Jelly)</i>	✓		
<i>John Ingram</i>	✓	<i>Alan R. Powell</i>	✓		
Co-Chair: <i>Deane</i>	✓	Co-Chair: <i> </i>			
Co-Chair: <i>Ben May</i>		Co-Chair: <i> </i>			

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal
Updated FN			
Requested from			
Revenue for			
(FIN) CS			
REV	14/7		41.5

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

APR 4 1997

Revision Date: _____ Dept. Affected: Revenue
 Title: Increase Tobacco Taxes BRU: Revenue Operations
 Component: Income and Excise Audit
 Sponsor: Senator Sharp
 Requestor: (S) FIN COMPONENT SERIAL NO. 113

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES	30.0	30.0	30.0	30.0	30.0	30.0
TRAVEL	0.5	0.5	0.5	0.5	0.5	0.5
CONTRACTUAL	6.5	1.5	1.5	1.5	1.5	1.5
SUPPLIES	0.5	0.5	0.5	0.5	0.5	0.5
EQUIPMENT	4.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	41.5	32.5	32.5	32.5	32.5	32.5
CAPITAL EXPENDITURES						
CHANGE IN REVENUES	22,048.0	33,072.0	33,072.0	33,072.0	33,072.0	33,071.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	41.5	32.5	32.5	32.5	32.5	32.5
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	41.5	32.5	32.5	32.5	32.5	32.5

Estimate of any current year (FY97) cost \$ 0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

(See Attached Analysis)

Prepared by: Brett Fried, Economist Phone: 465-3682
 Division: Income and Excise Audit Division Date: April 7, 1997
 Approved by Commissioner: Wilson L. Condon Date: April 7, 1997
 Agency: Department of Revenue

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Alaska Department of Revenue
Income and Excise Audit Division

Increase Tobacco Taxes
CSSB 13(FIN)
April 7, 1997
Page 2 of 4

BILL ANALYSIS

Section 1 discusses legislative intent.

Section 2 increases the School Fund portion of the cigarette tax rate by \$.71 per pack of 20; from 2.5 mills per cigarette (\$.05 per pack) to 38 mills per cigarette (\$.76 per pack). Combining this rate with the 12 mills per cigarette (\$.24 per pack) levied under AS 43.50.190, which goes to the General Fund, the total tax rate on a pack of cigarettes would increase from \$.29 to \$1.00. Additionally changes the percent that the licensee can deduct to cover expenses from 1 to four-tenths of one percent of the tax due.

Section 3 This section only takes effect if section 2 of this act is ruled unconstitutional (see section 8). If so, the statute would be amended back to how it was prior to the bill passage.

Section 4 This section only takes effect if section 2 is ruled unconstitutional (see section 8). If so, this section increases the General Fund portion of the cigarette tax rate by \$.71 per pack of 20; from 12 mills per cigarette (\$.24 per pack) to 47.5 mills per cigarette (\$.95 per pack). Combining this rate with the 2.5 mills per cigarette (\$.05 per pack) levied under AS 43.50.090, which is dedicated to the School Fund, the total tax rate on a pack of cigarettes would increase from \$.29 to \$1.00.

Section 5 increases the tobacco products tax rate from 25% to 75% of the wholesale price of the tobacco products.

Section 6 provides for the disposition of tax collected under section 5 of this act to the general fund. These tax proceeds may then be used by the legislature to make appropriations to health programs as well as programs targeted at reducing tobacco use of children. Additionally changes the percent that the licensee can deduct to cover expenses from 1 to four-tenths of one percent of the tax due.

Section 7 discusses the legislative intent not to create a dedicated fund.

Section 8 provides for sections 3 and 4 of this act only taking effect if dedication of the proceeds of the cigarette tax to the School Fund is found to be unconstitutional.

Alaska Department of Revenue
Income and Excise Audit Division

Increase Tobacco Taxes
CSSB 13(FIN)
April 7, 1997
Page 3 of 4

Section 9 establishes that if section 2 is ruled unconstitutional and sections 3 and 4 of this act take effect then revenue derived under section 2 (prior to it being found unconstitutional) that exceeds the original 2.5 mills will be credited to the tax levied under AS 43.50.190 (a) as amended by section 4 of this act.

Section 10 establishes an effective date of October 1, 1997 for sections 1, 2, 5-7 and 9 of this act.

Section 11 establishes an effective date of which ever of the following comes later for sections 3 and 4 of this act: (1) when a court enters a final judgement that the amendment under section 2 of this act is unconstitutional or (2) when the time for appeal has expired or upon entry of a final order on the appeal that section 2 is unconstitutional.

OPERATING EXPENDITURES

Department of Revenue is requesting operating funds to cover ½ the costs of a Revenue Auditor III position. With such a large increase in taxes due the state (increase from \$17 to \$50 million annually), the department anticipates increased taxpayer noncompliance.

With significantly higher levels of tax, it is possible that taxpayers will look for loopholes or other methods of tax avoidance. This ½ position will be responsible for ensuring that all taxpayers are identified and that taxpayers are filing and paying the proper amount of tax. The projected annual salary costs for the ½ portion of this position comes to \$30.0.

The department is also requesting one time FY 98 funding of \$5.0 for contractual funds to cover costs of public notice of rate increases, forms revisions and postage, and \$4.0 for equipment (\$3.5 for computer costs and \$.5 for office equipment). The recurring costs will be \$2.5 to cover travel, contractual and supplies.

REVENUE COLLECTED

The attached spreadsheet details revenue projections from rate increases in this bill.

Alaska Department of Revenue
Income and Excise Audit Division
Projected Revenue Increases from Change in Tobacco Tax Rates

Increase Tobacco Taxes
 CSSB 13
 April 7, 1997
 Page 4 of 4

	FY 98*	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Cigarettes							
<i>Elasticity Factor</i>	-13.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Consumption (packs of cigarettes)	30,487,136 *	45,730,706	45,730,706	45,730,706	45,730,706	45,730,706	45,730,706
Rate	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Cigarette Tax	\$30,487,136	\$45,730,706	\$45,730,706	\$45,730,706	\$45,730,706	\$45,730,706	\$45,730,706
Less .4 % Commission	(121,949)	(182,923)	(182,923)	(182,923)	(182,923)	(182,923)	(182,923)
Net Cigarette Tax	\$30,365,188	\$45,547,783	\$45,547,783	\$45,547,783	\$45,547,783	\$45,547,783	\$45,547,783
FY 97 Projected Net Cigarette Tax	(10,083,937) *	(15,125,905)	(15,125,905)	(15,125,905)	(15,125,905)	(15,125,905)	(15,125,905)
Net Cigarette Tax Increase Into the School Fund	\$20,281,251	\$30,421,878	\$30,421,878	\$30,421,878	\$30,421,878	\$30,421,878	\$30,421,878
Tobacco Products							
<i>Elasticity Factor</i>	-13.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Consumption (Whole. Pr. 1996 \$)	\$3,825,216 *	\$5,737,824	\$5,737,824	\$5,737,824	\$5,737,824	\$5,737,824	\$5,737,824
Rate	75%	75%	75%	75%	75%	75%	75%
Tobacco Products Tax	\$2,868,912	\$4,303,368	\$4,303,368	\$4,303,368	\$4,303,368	\$4,303,368	\$4,303,368
Less .4 % Commission	(11,476)	(17,213)	(17,213)	(17,213)	(17,213)	(17,213)	(17,213)
Net Tobacco Products Tax	\$2,857,436	\$4,286,154	\$4,286,154	\$4,286,154	\$4,286,154	\$4,286,154	\$4,286,154
FY 97 Projected Net Tob. Prod. Tax	(1,090,715)	(1,636,073)	(1,636,073)	(1,636,073)	(1,636,073)	(1,636,073)	(1,636,073)
Net Tobacco Prod. Tax Increase	\$1,766,721	\$2,650,081	\$2,650,081	\$2,650,081	\$2,650,081	\$2,650,081	\$2,650,081
Cigarette and Tob. Products							
Cigarette and Tobacco Tax	\$33,222,624 *	\$49,833,937	\$49,833,937	\$49,833,937	\$49,833,937	\$49,833,937	\$49,833,937
Net Cig. and Tob. Tax Increase	\$22,047,972 *	\$33,071,959	\$33,071,959	\$33,071,959	\$33,071,959	\$33,071,959	\$33,071,959

*Note: The bill's effective date results in the tax increase covering 8 months in FY 98.

Moved by Phillips
Adopted w/o objection

0-LS0159Q.1
Chenoweth
4/4/97

A M E N D M E N T

SENATE FINANCE
COMMITTEE

Amendment Number: 2
Bill Number: CSSB 13(FIN)
Sponsor: _____ Date: 4/4/97
Logged In By: J. Saltare

OFFERED IN THE SENATE

TO: CSSB 13(FIN) ("Q" Version, Dated 4/3/97)

- 1 Page 2, line 8, following "deducting":
- 2 Insert "four-tenths of"

- 3 Page 2, line 16, following "deducting":
- 4 Insert "four-tenths of"

- 5 Page 3, following line 1:
- 6 Insert a new bill section to read:
- 7 "* Sec. 6. AS 43.50.330(b) is amended to read:
- 8 (b) The licensee shall remit with the return the tax due under AS 43.50.300
- 9 for the month covered by the return, after deducting four-tenths of one percent of the
- 10 tax due, which the licensee shall retain to cover the expense of accounting and filing
- 11 the return."

- 12 Renumber the following bill sections accordingly.

- 13 Page 3, line 26:
- 14 Delete "sec. 8"
- 15 Insert "sec. 9"

- 16 Page 4, line 1:
- 17 Delete "5 - 7, and 9"
- 18 Insert "5 - 8, and 10"

- 19 Page 4, line 2:

- 1 Delete "sec. 8"
- 2 Insert "sec. 9"

SENATE FINANCE
COMMITTEE
Amendment Number: 1
Bill Number: SB 13
Sponsor: Torgerson Date: 4/4/97
Logged In By: J. Britani

Moved by Torgerson
Pearce object
Vote Failed 2-21
0-LS0159\K.3 -
Chenoweth
4/2/97

A M E N D M E N T

OFFERED IN THE SENATE BY SENATOR TORGERSON
TO: CSSB 13(HES)

1 Page 6, following line 18:

2 Insert new bill sections to read:

3 **** Sec. 15. VOTER APPROVAL OF ACT.** (a) The lieutenant governor shall place
4 before the qualified voters of the state at the next general election the question of whether
5 this Act shall take effect. The question shall appear on the ballot in the following form:

6 Q U E S T I O N

7 Shall ch. _____, SLA 1997, relating to taxes on
8 cigarettes and tobacco products, and to the
9 filings of returns for and the use of the proceeds
10 of those taxes, take effect?

11 Yes []

12 No []

13 (b) The lieutenant governor shall fill in the blank in (a) of this section designating
14 the chapter number of this Act before submitting the question set out in (a) of this section
15 to the voters.

16 *** Sec. 16. TAKING EFFECT OF THIS ACT CONDITIONAL.** This Act takes effect only
17 if a majority of the qualified voters of the state who vote on the question presented in sec. 15
18 of this Act favors the question."

19 Renumber the following bill sections accordingly.

20 Page 6, line 19:

21 Delete "Sections"

22 Insert "If, under sec. 16 of this Act, this Act takes effect, sections"

23 Delete "October 1, 1997"

1 Insert "on the 60th day after certification by the lieutenant governor of the results of
2 the election on the question presented under sec. 15 of this Act"

3 Page 6, line 20, following "If":

4 Insert ", under sec. 16 of this Act, this Act takes effect and if"

A M E N D M E N T

SENATE FINANCE
COMMITTEE

Amendment Number: 2
Bill Number: CSSB 13(FIN)
Sponsor: _____ Date: 4/4/97
Logged In By: J. Kaitaru

OFFERED IN THE SENATE

TO: CSSB 13(FIN) ("Q" Version, Dated 4/3/97)

- 1 Page 2, line 8, following "deducting":
- 2 Insert "four-tenths of"

- 3 Page 2, line 16, following "deducting":
- 4 Insert "four-tenths of"

- 5 Page 3, following line 1:
- 6 Insert a new bill section to read:
- 7 "* Sec. 6. AS 43.50.330(b) is amended to read:
- 8 (b) The licensee shall remit with the return the tax due under AS 43.50.300
- 9 for the month covered by the return, after deducting four-tenths of one percent of the
- 10 tax due, which the licensee shall retain to cover the expense of accounting and filing
- 11 the return."

- 12 Renumber the following bill sections accordingly.

- 13 Page 3, line 26:
- 14 Delete "sec. 8"
- 15 Insert "sec. 9"

- 16 Page 4, line 1:
- 17 Delete "5 - 7, and 9"
- 18 Insert "5 - 8, and 10"

- 19 Page 4, line 2:

- 1 Delete "sec. 8"
- 2 Insert "sec. 9"

adopted w/o objection
moved by: Sen. Pearce
Rescinded w/o objection
(motion by Adams)

SENATE FINANCE
COMMITTEE

Amendment Number: 2
Bill Number: SB 13
Sponsor: _____ Date: 4/4/97
Logged In By: Joltaru

Amendment

CSSB 13(FIN) Workdraft O-ISO159Q

Page 2 line 8

month covered by the return, deducting [one] .4 percent of the total tax due, which the

Page 2 line 16

month covered by the return, deducting [one] .4 percent of the total tax due, which the

Amendment

Add new section Number 8

* Sec. ~~8~~₈. AS 43.50.330(b) is amended to read:

(b) The licensee shall remit with the return the tax due under AS 43.50.300 for the month covered by the return, after deducting ^{four}~~three~~-tenths of one percent of the tax due, which the licensee shall retain to cover the expense of accounting and filing the return.

Renumber sections accordingly

SB

15

SFIN

FILE

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. SB15 | _____

Revision Date (Note if correction) _____ Dept. Affected Office of the Governor
 Title "An Act relating to civil actions" BRU Human Rights Commission
 Component _____

Sponsor Senator Taylor
 Requester Senate Finance Component Serial No. 1

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services	59.6	61.4	63.4	65.3	67.3	69.3
Travel						
Contractual						
Supplies	0.2					
Equipment	2.5					
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	62.3	61.4	63.4	65.3	67.3	69.3

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

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	63.2	61.4	63.4	65.3	67.3	69.3
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	62.3	61.4	63.4	65.3	67.3	69.3

Estimate of any current year (FY98) cost: 0.0

POSITIONS

Full-time	1	1	1	1	1	1
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

As a result of this bill, the Commission expects people will choose to file with the agency instead of filing in court, and will be referred to the agency more often by members of the private bar. While difficult to estimate, the Commission anticipates an increase in complaint filings of approximately 15%. In order to avoid unfair delay in the processing of these additional cases, the Commission will need to hire another investigator.

Prepared by Paula M. Haley, Executive Director *Paula M. Haley* Phone 276-7474
 Division HUMAN RIGHTS COMMISSION Date 1/26/98
 Approved by David Ramseur, Dep. Chief of Staff *D. Ramseur* Date _____
 Agency Office of the Governor

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FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Alaska Court System
 Title: Mandatory Arbitration BRU: Trial Courts
 Component: _____
 Sponsor: Sen. Taylor
 Requestor: Senate Judiciary COMPONENT SERIAL NO. 768

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	464.4	464.4	464.4	464.4	464.4	464.4
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS & CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	464.4	464.4	464.4	464.4	464.4	464.4
CAPITAL EXPENDITURES						
CHANGE IN REVENUES (

Fund Source (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	464.4	464.4	464.4	464.4	464.4	464.4
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	464.4	464.4	464.4	464.4	464.4	464.4

Estimate of any current year (FY 97) cost: None

Positions

Full-Time						
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See attached fiscal analysis.

Prepared by: C. S. Christensen III, Staff Counsel
 Agency: Alaska Court System

Approved by: Stephanie J. Cole, Acting Administrative Director
 Agency: Alaska Court System

Phone: 264-8228
 Date: 03/12/97

Date: 03/12/97

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Alaska Court System
Fiscal Analysis
SB 15

Section 1 of SB 15 requires all tort claims of \$100,000 or less to be submitted to non-binding arbitration. A total of 1520 tort claims were filed in superior and district court in FY 96 (this note assumes that SB 15 will not apply to small claims cases). The Alaska Judicial Council estimates that 85% of those, or 1292, are for \$100,000 or less.

Arbitrators in Anchorage who are attorneys or former judges typically charge \$150 - \$175 per hour for their services. Although non-attorney arbitrators in Anchorage typically charge around \$100 per hour, there are few, if any, such arbitrators that work with tort cases. The American Arbitration Association, (which is the primary arbitration association and the one that most arbitrators are affiliated with) works with 81 arbitrators in Alaska. Of the 46 who are non-attorneys, none arbitrate tort cases. Because of the lack of non-attorney arbitrators available to handle tort cases, this note assumes that arbitration services will be provided by attorneys and retired judges. However, at some point non-attorneys will presumably be available to arbitrate tort cases and so this note has been figured based on the lower \$150 per hour rate even though it may average more than that initially.

The time required for most tort arbitration varies between 1 and 5 days. However, because the typical case can be handled in around 2 days, this note assumes 16 hours per case. At \$150 per hour, this results in an estimate of \$2400 per case. This note further assumes that there will be 2 litigants per case (2584 total) and that \$15 will be indigent (387).

Note that 95% of all tort cases already settle before trial, and thus arbitration will not appreciably reduce court costs for those cases. The cases that do go to trial are those in which after full discovery, the parties still can not agree on the value a jury will put on a claim. Those cases are unlikely to settle as a result of an arbitrator's opinion rendered early in the process. Thus this section will probably not reduce the state's costs of running the civil justice system.

Alaska Court System
Fiscal Analysis
SB 15

Contractual Services

Cost of mandatory arbitration for indigent parties. This fiscal note assumes that 1,292 cases fall within the \$100,000 limit of this legislation. With 2 litigants in each case, there are 2,584 litigants, of which 15% or 387 are assumed to be indigent. It is further assumed that each case will require 16 hours of arbitration at a cost of \$150 an hour. The total cost of each case is \$2,400 and the cost per indigent litigant is \$1,200.

\$464,400

FISCAL NOTE

2
Bill Version: SB15
(S) Publish Date: 3/13/97

**STATE OF ALASKA
1997 LEGISLATIVE SESSION**

Revision Date: _____ Dept. Affected: Department of Law
 Title: "... to punitive damages... related to employ-
ment; ... to arbitration in a civil action; amending Rules 79(b)..." BRU: Criminal Division/Civil Division
 Sponsor: Senator Taylor Component: Criminal Division
 Requester: Senate Judiciary Committee COMPONENT SERIAL NO. 2085/2087

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES	83.8	83.8	83.8	83.8	83.8	83.8
TRAVEL	1.1	1.1	1.1	1.1	1.1	1.1
CONTRACTUAL	350.0	350.0	350.0	350.0	350.0	350.0
SUPPLIES	1.6	1.6	1.6	1.6	1.6	1.6
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	436.5	436.5	436.5	436.5	436.5	436.5

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

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	179.0	179.0	179.0	179.0	179.0	179.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
1007 Interagency Receipts	257.5	257.5	257.5	257.5	257.5	257.5
TOTAL	436.5	436.5	436.5	436.5	436.5	436.5

Estimate of any current year (FY97) 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)

SB 15 would require mandatory arbitration for all personal injury, death, or property damage cases where the amount of controversy is \$100,000 or less, with certain limited exceptions. The bill would also cap punitive damages for actions against an employer to recover damages for an unlawful employment practice prohibited by AS 18.80.220.

While the second change would have no impact on the Department of Law, the requirement for mandatory arbitration would cause new costs. The department anticipates that approximately 100 cases per year would require mandatory arbitration: 65 tort claims, 30 prisoner litigation cases, and 5 cases in other categories, primarily environmental claims. This estimate is based on the number of cases the department currently has where claims for damages are \$100,000 or less. If future plaintiffs claim damages greater than \$100,000, they could avoid the effect of the bill and the number of cases going to mandatory arbitration could be less.

Prepared by: Joan M. Kasson *Joan M. Kasson*
 Division: Administrative/Services Division
 Approved by Commissioner: Bruce M. Botelho, Attorney General
 Agency: Department of Law

Phone: 465-5370
 Date: 3/11/97
 Date: 3/11/97

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ANALYSIS CONTINUATION:

Each case going to arbitration would require, on average, approximately 20 hours of attorney time specifically to prepare for and attend the arbitration hearing, in addition to the time ordinarily spent preparing the case (20 hours @ \$87/hr, or \$1,740). In addition, witness fees and costs could be expected to be approximately \$1,500 per case. The bill does not specify who would pay the cost of arbitration, and our estimate of costs assumes the state would be required to pay one-half of the arbitrator's fee, estimated at \$150/hr for 25 hours. These cost estimates of \$5,115 per case are conservative. Medical cases, for example, could be expected to involve considerably more in-house attorney time and increased costs for expert witnesses.

The estimated cost for mandatory arbitration would be offset by any savings from cases settling at the arbitration level, and not proceeding to trial. As a practical matter, very few of these types of cases go to trial. Most are either won or lost on motion practice, or settled prior to trial. An average of three tort cases, where the amount in controversy is \$100,000 or less, actually proceed to trial each year, and if all are assumed to be settled at the arbitration level, a potential savings of \$75,000 is possible (\$25,000 per case). This potential savings is reflected in our cost estimate.

The cost estimate is based on the department's standard attorney cost schedule (\$87/hour) and includes clerical support, communications, space, supplies, data processing, and other normal overhead expenses. Witness and arbitrator costs are included separately.

	<u># cases</u>	<u>cost/case</u>	<u>total</u>	
GENERAL LEGAL SERVICES				
<u>Special Litigation (torts)</u>				
Department of Law attorney time	65	\$1,740	\$113,100	
Witness costs/fees		\$1,500	\$97,500	
Arbitrator cost/fees		\$1,875	\$121,875	
Total		\$5,115	\$332,475	
Estimated potential savings	3	(\$25,000)	(\$75,000)	
			\$257,475	IAR
<u>Other, non-tort, claims for damages</u>				
Department of Law attorney time	5	\$1,740	\$8,700	
Witness costs/fees		\$1,500	\$7,500	
Arbitrator cost/fees		\$1,875	\$9,375	
Total		\$5,115	\$25,575	GF
CRIMINAL DIVISION				
<u>Prisoner litigation cases</u>				
Department of Law attorney time	30	\$1,740	\$52,200	
Witness costs/fees		\$1,500	\$45,000	
Arbitrator cost/fees		\$1,875	\$56,250	
Total		\$5,115	\$153,450	GF
TOTAL DEPARTMENT OF LAW	<u>100</u>		<u>\$436,500</u>	

FISCAL NOTE

No. 3
 Bill Verson: CSSB 15 (Jud)
 (S) Publish Date: 3-24-97

STATE OF ALASKA
 1997 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Department of Law
 Title: ... to civil actions; ... to motor vehicle liability BRU: Criminal Division/Civil Division
insurance and bonds; amending ... Rules of Civil Procedure ... Component: Criminal Division
 Sponsor: Senator Taylor General Legal Services
 Requester: Senate Judiciary Committee COMPONENT SERIAL NO. 2085/2087

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES	83.8	83.8	83.8	83.8	83.8	83.8
TRAVEL	1.1	1.1	1.1	1.1	1.1	1.1
CONTRACTUAL	350.0	350.0	350.0	350.0	350.0	350.0
SUPPLIES	1.6	1.6	1.6	1.6	1.6	1.6
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	436.5	436.5	436.5	436.5	436.5	436.5

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	179.0	179.0	179.0	179.0	179.0	179.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
1007 Interagency Receipts	257.5	257.5	257.5	257.5	257.5	257.5
TOTAL	436.5	436.5	436.5	436.5	436.5	436.5

Estimate of any current year (FY97) 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 Title 9, the Alaska Code of Civil Procedure; AS 18.80.225, relating to punitive damages for unlawful employment practices; AS 22.15.030(a), relating to the jurisdiction of the district court; AS 21.06, relating to the responsibilities of the Division of Insurance; AS 21.36, relating to insurance claim settlement practices; AS 28.22, relating to motor vehicle liability insurance; and a number of the Rules of Court to provide various changes intended to bring about reforms in the manner in which the state's civil justice system handles personal injury claims. The Judiciary Committee Substitute is intended to decrease the costs of resolving cases, discourage frivolous litigation, promote fair compensation for injured parties, and promote the predictability of outcomes in civil litigation.

Among the changes proposed in the bill are limits on punitive damages, clarification that people who intentionally hurt others will be held liable for their fair share of the harm, the establishment of an alternative dispute resolution project to facilitate resolution of cases without the expense of trial, streamlined district court

Prepared by: Joan M. Kasson *Joan M. Kasson*
 Division: Administrative Services Division
 Approved by Commissioner: Bruce M. Botelho, Attorney General *Bruce M. Botelho*
 Agency: Department of Law

Phone: 465-5370
 Date: 3/17/97
 Date: 3/17/97

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ANALYSIS CONTINUATION:

procedures and changes in superior court procedures intended to decrease overall litigation expense, and changes in the interest rate on judgments and decrees and changes in court procedures designed to encourage early settlement and payment of damages.

CSSB 15 (JUD) would also require mandatory arbitration for all personal injury, death, or property damage cases where the amount of controversy is \$100,000 or less, with certain limited exceptions.

The Department of Law anticipates that some costs would be incurred for payment of the state's share of the alternative dispute resolution project, and those increased costs would probably be offset by savings due to the streamlining of court procedures. However, the requirement for mandatory arbitration would cause new costs. The department anticipates that approximately 100 cases per year would require mandatory arbitration: 65 tort claims, 30 prisoner litigation cases, and 5 cases in other categories, primarily environmental claims. This estimate is based on the number of cases the department currently has where claims for damages are \$100,000 or less. If future plaintiffs claim damages greater than \$100,000, they could avoid the effect of the bill and the number of cases going to mandatory arbitration could be less.

Each case going to arbitration would require, on average, approximately 20 hours of attorney time specifically to prepare for and attend the arbitration hearing, in addition to the time ordinarily spent preparing the case (20 hours @ \$87/hr, or \$1,740). In addition, witness fees and costs could be expected to be approximately \$1,500 per case. The bill does not specify who would pay the cost of arbitration, and our estimate of costs assumes the state would be required to pay one-half of the arbitrator's fee, estimated at \$150/hr for 25 hours. These cost estimates of \$5,115 per case are conservative. Medical cases, for example, could be expected to involve considerably more in-house attorney time and increased costs for expert witnesses.

The estimated cost for mandatory arbitration would be offset by any savings from cases settling at the arbitration level, and not proceeding to trial. As a practical matter, very few of these types of cases go to trial. Most are either won or lost on motion practice, or settled prior to trial. An average of three tort cases, where the amount in controversy is \$100,000 or less, actually proceed to trial each year, and if all are assumed to be settled at the arbitration level, a potential savings of \$75,000 is possible (\$25,000 per case). This potential savings is reflected in our cost estimate.

The cost estimate is based on the department's standard attorney cost schedule (\$87/hour) and includes clerical support, communications, space, supplies, data processing, and other normal overhead expenses. Witness and arbitrator costs are included separately.

FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

BILL NO. CSSB 15 (JUD)

ANALYSIS CONTINUATION:

	<u># cases</u>	<u>cost/case</u>	<u>total</u>	
GENERAL LEGAL SERVICES				
<u>Special Litigation (torts)</u>				
Department of Law attorney time	65	\$1,740	\$113,100	
Witness costs/fees		\$1,500	\$97,500	
Arbitrator cost/fees		\$1,875	\$121,875	
Total		<u>\$5,115</u>	<u>\$332,475</u>	
Estimated potential savings	3	(\$25,000)	<u>(\$75,000)</u>	
			<u>\$257,475</u>	IAR
<u>Other, non-tort, claims for damages</u>				
Department of Law attorney time	5	\$1,740	\$8,700	
Witness costs/fees		\$1,500	\$7,500	
Arbitrator cost/fees		\$1,875	\$9,375	
Total		<u>\$5,115</u>	<u>\$25,575</u>	GF
CRIMINAL DIVISION				
<u>Prisoner litigation cases</u>				
Department of Law attorney time	30	\$1,740	\$52,200	
Witness costs/fees		\$1,500	\$45,000	
Arbitrator cost/fees		\$1,875	\$56,250	
Total		<u>\$5,115</u>	<u>\$153,450</u>	GF
TOTAL DEPARTMENT OF LAW	<u>100</u>		<u>\$436,500</u>	

FISCAL NOTE

No. 4

**STATE OF ALASKA
1997 LEGISLATIVE SESSION**

Bill Version: CSSB 15 (JUD)

(S) Publish Date: 3-24-97

Revision Date: _____
 Title: An Act relating to civil actions; relating to motor vehicle
 liability insurance and bonds;
 Sponsor: Taylor
 Requestor: _____

Department: Commerce and Economic Development
 BRU: Insurance
 Component: Insurance
 COMPONENT SERIAL NO. _____ 324

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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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						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 97) cost: \$ 0.0

POSITIONS						
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)
 This bill does not have a fiscal impact on the component.

Prepared by: Marianne K. Burke, Director *[Signature]*
 Division: Insurance
 Approved by Commissioner: William L. Hensley *[Signature]*
 Agency: Commerce and Economic Development

Phone: 465-2515
 Date: March 14, 1997
 Date: 3-14-97

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FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. CSSB 15 (JUD)

Revision Date: <u>1/9/98</u>	Dept. Affected: <u>Department of Law</u>
Title: <u>... to civil actions; ... to motor vehicle liability insurance and bonds; amending ... Rules of Civil Procedure</u>	BRU: <u>Criminal Division/Civil Division</u>
Sponsor: <u>Senator Taylor</u>	Component: <u>Criminal Justice Litigation/Special Litigation, Environmental Law</u>
Requester: <u>Senate Finance Committee</u>	COMPONENT SERIAL NO. <u>2202/2213, 2092</u>

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES	92.8	92.8	92.8	92.8	92.8	92.8
TRAVEL	1.3	1.3	1.3	1.3	1.3	1.3
CONTRACTUAL	352.4	352.4	352.4	352.4	352.4	352.4
SUPPLIES	2.0	2.0	2.0	2.0	2.0	2.0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	448.5	448.5	448.5	448.5	448.5	448.5

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	183.2	183.2	183.2	183.2	183.2	183.2
1005 GF/Program Receipts						
1006 GF/MHTIA						
1007 Interagency Receipts	265.3	265.3	265.3	265.3	265.3	265.3
TOTAL	448.5	448.5	448.5	448.5	448.5	448.5

Estimate of any current year (FY98) 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 Title 9, the Alaska Code of Civil Procedure; AS 18.80.225, relating to punitive damages for unlawful employment practices; AS 22.15.030(a), relating to the jurisdiction of the district court; AS 21.06, relating to the responsibilities of the Division of Insurance; AS 21.36, relating to insurance claim settlement practices; AS 28.22, relating to motor vehicle liability insurance; and a number of the Rules of Court to provide various changes intended to bring about reforms in the manner in which the state's civil justice system handles personal injury claims. The Judiciary Committee Substitute is intended to decrease the costs of resolving cases, discourage frivolous litigation, promote fair compensation for injured parties, and promote the predictability of outcomes in civil litigation.

Among the changes proposed in the bill are limits on punitive damages, clarification that people who intentionally hurt others will be held liable for their fair share of the harm, the establishment of an alternative dispute resolution project to facilitate resolution of cases without the expense of trial, streamlined district court

Prepared by: <u>Joan M. Kasson</u>	Phone: <u>465-5370</u>
Division: <u>Attorney General's Office</u>	Date: <u>1/9/98</u>
Approved by Commissioner: <u>Bruce M. Botelho, Attorney General</u>	Date: <u>1/9/98</u>
Agency: <u>Department of Law</u>	

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CS SB 15 (JUD)

ANALYSIS CONTINUATION:

procedures and changes in superior court procedures intended to decrease overall litigation expense, and changes in the interest rate on judgments and decrees and changes in court procedures designed to encourage early settlement and payment of damages.

CSSB 15 (JUD) would also require mandatory arbitration for all personal injury, death, or property damage cases where the amount of controversy is \$100,000 or less, with certain limited exceptions.

The Department of Law anticipates that some costs would be incurred for payment of the state's share of the alternative dispute resolution project, and those increased costs would probably be offset by savings due to the streamlining of court procedures. However, the requirement for mandatory arbitration would cause new costs. The department anticipates that approximately 100 cases per year would require mandatory arbitration: 65 tort claims, 30 prisoner litigation cases, and 5 cases in other categories, primarily environmental claims. This estimate is based on the number of cases the department currently has where claims for damages are \$100,000 or less. If future plaintiffs claim damages greater than \$100,000, they could avoid the effect of the bill and the number of cases going to mandatory arbitration could be less.

Each case going to arbitration would require, on average, approximately 20 hours of attorney time specifically to prepare for and attend the arbitration hearing, in addition to the time ordinarily spent preparing the case (20 hours @ \$93/hr, or \$1,860). In addition, witness fees and costs could be expected to be approximately \$1,500 per case. The bill does not specify who would pay the cost of arbitration, and our estimate of costs assumes the state would be required to pay one-half of the arbitrator's fee, estimated at \$150/hr for 25 hours. These cost estimates of \$5,235 per case are conservative. Medical cases, for example, could be expected to involve considerably more in-house attorney time and increased costs for expert witnesses.

The estimated cost for mandatory arbitration would be offset by any savings from cases settling at the arbitration level, and not proceeding to trial. As a practical matter, very few of these types of cases go to trial. Most are either won or lost on motion practice, or settled prior to trial. An average of three tort cases, where the amount in controversy is \$100,000 or less, actually proceed to trial each year, and if all are assumed to be settled at the arbitration level, a potential savings of \$75,000 is possible (\$25,000 per case). This potential savings is reflected in our cost estimate.

The cost estimate is based on the department's FY98 standard attorney cost schedule (\$93/hour) and includes clerical support, communications, space, supplies, data processing, and other normal overhead expenses. Witness and arbitrator costs are included separately.

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. CSSB 15 (JUD)

ANALYSIS CONTINUATION:

	<u># cases</u>	<u>cost/case</u>	<u>total</u>	
CIVIL DIVISION				
<u>Special Litigation (torts)</u>				
Department of Law attorney time	65	\$1,860	\$120,900	
Witness costs/fees		\$1,500	\$97,500	
Arbitrator cost/fees		\$1,875	\$121,875	
Total		<u>\$5,235</u>	<u>\$340,275</u>	
Estimated potential savings	3	(\$25,000)	(\$75,000)	
			<u>\$265,275</u>	IAR
<u>Environmental Law</u>				
Department of Law attorney time	5	\$1,860	\$9,300	
Witness costs/fees		\$1,500	\$7,500	
Arbitrator cost/fees		\$1,875	\$9,375	
Total		<u>\$5,235</u>	<u>\$26,175</u>	GF
CRIMINAL DIVISION				
<u>Criminal Justice Litigation/Legal Services (prisoner litigation cases)</u>				
Department of Law attorney time	30	\$1,860	\$55,800	
Witness costs/fees		\$1,500	\$45,000	
Arbitrator cost/fees		\$1,875	\$56,250	
Total		<u>\$5,235</u>	<u>\$157,050</u>	GF
TOTAL DEPARTMENT OF LAW	<u>100</u>		<u>\$448,500</u>	

SB

16

SFIN

FILE

O-LS0170VP
Utermohle
1/30/98

*moved Sen. Torgelson
objection Sen. Adams.
withdrawn*

CS FOR SENATE BILL NO. 16()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY

**Offered:
Referred:**

Sponsor(s): SENATOR TAYLOR

A BILL

FOR AN ACT ENTITLED

1 "An Act restricting the use of certain funds deposited in the fish and game fund;
2 relating to the powers and duties of the commissioner of fish and game; and
3 relating to management of fish and game."

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

5 * **Section 1.** AS 16.05.050 is amended by adding a new paragraph to read:

6 (20) to cooperate with sportsmen's organizations and other
7 organizations to increase game populations in the state and to introduce new
8 populations into suitable habitat.

9 * **Sec. 2.** AS 16.05.130(a) is repealed and reenacted to read:

10 (a) Except as provided in (c) of this section, money accruing to the state from
11 sport fishing, hunting, and trapping license, tag, or permit fees may not be diverted to
12 a purpose other than the protection, propagation, investigation, and restoration of sport
13 fish and game resources and the expenses of administering the sport fish and game
14 divisions of the department and shall be expended only as provided by appropriation.

1 Money subject to this subsection

2 (1) shall be used only for projects that provide for

3 (A) intensive management of sport fish stocks and game
4 populations for sustained yield for human harvest and for nonretention
5 fisheries;

6 (B) propagation, reintroduction, restocking, transplantation,
7 manipulation of habitat, predator removal, hunter education, public access to
8 sport fishing and hunting areas, or restoration of sport fish and game resources;

9 (C) direct benefits to purchasers of sport fishing, hunting, and
10 trapping licenses, permits, and tags that increase sport fish stocks and game
11 populations, increase human harvests of sport fish and game, or decrease
12 predation upon sport fish or game;

13 (D) construction, operation, and maintenance of

14 (i) facilities used solely for the propagation or rearing
15 of sport fish or game for restocking, enhancement, or transplantation;

16 (ii) shooting ranges; or

17 (iii) facilities, including sanitation facilities, to improve
18 public access to areas where either consumptive uses of sport fish and
19 game or nonretention fisheries for sport fish are allowed; or

20 (E) administration of the fish and game license function and
21 payment of license vendor compensation; the amount of money expended under
22 this subparagraph may not exceed 10 percent of the total amount of money
23 appropriated by the legislature from the fish and game fund and federal funds
24 received by the state through the federal aid to fish restoration program and the
25 federal aid in wildlife restoration program; and

26 (2) may not be

27 (A) expended for projects in an area where neither consumptive
28 uses of sport fish and game nor nonretention fisheries are allowed except for
29 projects described under (1)(D) of this subsection;

30 (B) expended, borrowed, or otherwise used for a purpose not
31 expressly authorized under this section;

1 (C) expended for costs of personnel or administration, other
2 than costs of personnel or administration directly incurred in conjunction with
3 projects allowed under this subsection; the amount that may be expended for
4 costs of administration of a project may not exceed 10 percent of the total
5 amount expended for the project; or

6 (D) expended for costs of construction, other than costs of
7 construction projects described under (1)(D) of this subsection.

8 * Sec. 3. AS 16.05.130(b) is amended to read:

9 (b) Money accruing to the state from waterfowl conservation tag fees from
10 hunters may not be diverted to a purpose other than (1) the [CONSERVATION AND]
11 enhancement of waterfowl; (2) the acquisition, by lease or otherwise, of wetlands that
12 are important for waterfowl and consumptive uses [PUBLIC USE] of waterfowl in the
13 state; and (3) projects related to consumptive uses of waterfowl [RELATED
14 PROJECTS APPROVED BY THE COMMISSIONER; (4) THE ADMINISTRATION
15 OF THE WATERFOWL CONSERVATION PROGRAM; AND (5) EMERGENCIES
16 IN THE STATE AS DETERMINED BY THE GOVERNOR]. The department shall
17 maintain a state waterfowl tag fee account within the fish and game fund to permit
18 separate accounting records for the receipt and expenditure of money derived from the
19 sale of waterfowl tags. [THE DEPARTMENT SHALL PREPARE A REPORT
20 BEFORE APRIL 15 OF EACH EVEN-NUMBERED YEAR FOR THE PUBLIC AND
21 THE LEGISLATURE ON THE USE OF MONEY DERIVED FROM WATERFOWL
22 CONSERVATION TAGS AND LIMITED EDITION PRINTS. THE DEPARTMENT
23 SHALL NOTIFY THE LEGISLATURE THAT THE REPORT IS AVAILABLE.]

24 * Sec. 4. AS 16.05.130 is amended by adding new subsections to read:

25 (e) Except as otherwise required by federal law, federal funds received by the
26 state through the federal aid to fish restoration program or the federal aid in wildlife
27 restoration program may not be expended except as provided by appropriation. Funds
28 subject to this subsection

29 (1) shall be used only for projects that provide for

30 (A) intensive management of fish stocks and game populations
31 for sustained yield for human harvest and for nonretention fisheries;

1 (B) propagation, reintroduction, restocking, transplantaion,
2 manipulation of habitat, predator removal, hunter education, public access to
3 sport fishing and hunting areas, or restoration of sport fish and game resources;

4 (C) direct benefits to purchasers of sport fishing and hunting
5 licenses, permits, and tags that increase sport fish stocks and game populations,
6 increase human harvests of sport fish and game, or decrease predation upon
7 sport fish or game; or

8 (D) construction, operation, and maintenance of

9 (i) facilities used solely for the propagation or rearing
10 of sport fish or game for restocking, enhancement, or transplantaion;

11 (ii) shooting ranges; or

12 (iii) facilities, including sanitation facilities, to improve
13 public access to areas where either consumptive uses of sport fish and
14 game or nonretention fisheries for sport fish are allowed; and

15 (2) may not be

16 (A) expended for projects in an area where neither consumptive
17 uses of sport fish and game nor nonretention fisheries are allowed except for
18 projects described under (1)(D) of this subsection;

19 (B) expended, borrowed, or otherwise used for a purpose not
20 expressly authorized under this section;

21 (C) expended for costs of personnel or administration, other
22 than costs of personnel or administration directly incurred in conjunction with
23 projects allowed under this subsection; or

24 (D) expended for costs of construction, other than costs of
25 construction projects described under (1)(D) of this subsection.

26 (f) The department shall prepare an annual report of expenditures from the fish
27 and game fund and provide the report to each member of the legislature. The report
28 must contain a detailed accounting of expenditures and a description of the proportion
29 of the fund expended for each project and of the benefits of each project to purchasers
30 of hunting, trapping, and sport fishing licenses.

31 (g) A person may bring a civil action in a court of competent jurisdiction

1 against a state agency or public official for an injunction to compel compliance with
2 this section or to compel remedial action to correct the consequences of a violation of
3 this section. A public official is not immune from suit under this section. In this
4 subsection, "public official" does not include a member of the legislature or a member
5 of the Board of Game or the Board of Fisheries.

6 * Sec. 5. AS 16.05.940 is amended by adding new paragraphs to read:

7 (37) "harvestable surplus" means the number of animals that is
8 estimated to equal the number of offspring born in a population during a year less the
9 number of animals in the population that die from all causes, other than predation or
10 human harvest, during that year;

11 (38) "high level of human harvest" means the opportunity with a high
12 probability of success for humans to harvest at least one-quarter of the harvestable
13 surplus of an animal population;

14 (39) "intensive management" means management, in accordance with
15 the sustained yield principle, of an identified big game prey population or fish stock
16 for sustained yield through active management measures to enhance, extend, and
17 develop the population or stock to maintain high levels or provide for higher levels of
18 human harvest, including control of predation and prescribed or planned use of fire and
19 other habitat improvement techniques, but not including restrictions on methods or
20 means of taking game or fish, access to game or fish, or human harvest of game or
21 fish;

22 (40) "sustained yield" means the achievement and maintenance in
23 perpetuity of a high level of human harvest on an annual basis of game, other than
24 mammalian predators, and of fish.

25 * Sec. 6. AS 16.05.130(d), 16.05.255(g)(2), and 16.05.340(a)(17)(B) are repealed.

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. SB 16 | _____

Revision Date (Note if correction) 1/20/98 Dept. Affected Public Safety
 Title An Act restricting the Commissioner of Fish and BRU Fish and Wildlife Protection
Game's use of moneys in the F&G fund Component Detachments
 Sponsor Sen. Taylor
 Requester S. Finance Component Serial No. 490

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
Other (Specify Type)	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

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)

This bill would limit the State's ability to manage fish and game stocks in their entire range and would preclude FWP from requesting enforcement funding in areas closed to "consumptive uses", but where illegal hunting and fishing may still occur. The Bill is inconsistent with department objectives.

Prepared by Captain Joel L. Hard Phone 746-9139
 Division Fish and Wildlife Protection Date 1/20/98
 Approved by Commissioner Ronald L. Otte Date 1/21/98
 Agency Department of Public Safety

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FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. SB 16

Revision Date: 1/9/98 Dept. Affected: Department of Law
 Title: "... restricting the use of certain funds
deposited in the fish and game fund; ..." BRU: Civil Division
 Component: Natural Resources
 Sponsor: Senator Taylor
 Requester: Senate Finance Committee COMPONENT SERIAL NO. 2212

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES	112.0	112.0	112.0	112.0	112.0	112.0
TRAVEL	6.5	6.5	6.5	6.5	6.5	6.5
CONTRACTUAL	58.0	58.0	58.0	58.0	58.0	58.0
SUPPLIES	2.4	2.4	2.4	2.4	2.4	2.4
EQUIPMENT	6.5					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	185.4	178.9	178.9	178.9	178.9	178.9

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	185.4	178.9	178.9	178.9	178.9	178.9
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	185.4	178.9	178.9	178.9	178.9	178.9

Estimate of any current year (FY98) cost: \$ 0.0

POSITIONS

FULL-TIME	1.0	1.0	1.0	1.0	1.0	1.0
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This bill would restrict the uses of certain funds deposited in the fish and game fund. In addition, the bill would permit individuals to bring a civil action against a state agency or public official for an injunction to compel compliance with the restrictions or correct the consequences of a violation of the restrictions.

The language in the bill is unclear as to whether damages would be an available remedy. Assuming that they are, the department believes that there would be approximately five to six lawsuits filed over these provisions per year, with at least two requiring full trial preparation. These matters will require more attorney time than typical challenges to statutes or regulations. The department estimates the services of one full-time equivalent attorney position would be required. In addition, any suits under this bill over spending of funds would involve complex factual issues and will require extensive discovery, depositions, and reliance on expert testimony (accountants, auditors, budgetary experts, and possibly legal experts on the requirements of federal law).

The department's FY98 weighted cost for an attorney position is \$133,900 per year, plus \$6,500 for one-time

Prepared by: Joan M. Kasson Phone: 465-5370
 Division: Attorney General's Office Date: 1/9/98
 Approved by Commissioner: Bruce M. Botelho Date: 1/9/98
 Agency: Department of Law

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ANALYSIS CONTINUATION:

new position equipment. The weighted cost includes clerical support, communications, space, supplies, data processing, and all other normal overhead expenses. It does not include direct, out-of-pocket case costs such as experts, court reporters, and case travel. We have included \$5,000 for direct case travel costs, and \$40,000 for expert witnesses.

If the bill is amended to make it clear that damages are not available, or the court determines that damages are not a remedy, and the only relief available is injunctive, the fiscal impact is expected to be reduced to one-half an attorney position. In that event, the department would expect no more than two or three cases per year, almost all to be resolved by summary judgment. The department would then expect its costs to be \$89,200 per year, with an additional \$6,500 for FY99 one-time equipment purchases (\$67,000 for one-half an attorney position, \$2,500 for direct case costs, and \$20,000 for expert witnesses). The department anticipates that most challengers would be granted "public interest litigant" status. This would add to the cost to the state, because public interest litigants, if they lose, cannot be required to pay costs and fees, and if they win, receive full costs and fees. This additional cost is speculative at this point, however, and is not included as part of the department's estimated fiscal impact.

All legal costs would be paid from the general fund as use of fish and game funds for legal defense would be precluded by this bill.

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. SB 16

Revision Date (Note if correction) _____	Dept. Affected: <u>Fish and Game</u>
Title <u>Use of Fish & Game Fund/Commissioner's Powers</u>	BRU <u>Wildlife Conservation</u>
Sponsor <u>Senator Taylor</u>	Component <u>Wildlife Conservation</u>
Requester <u>(S) FIN</u>	Component Serial No. <u>473</u>

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services	96.7	98.6	100.6	102.6	104.6	106.6
Travel	1.0	1.0	1.0	1.0	1.0	1.0
Contractual						
Supplies	2.0	2.0	2.0	2.0	2.0	2.0
Equipment	12.0	0.0	0.0	0.0	0.0	0.0
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	111.7	101.6	103.6	105.6	107.6	109.6

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES (1024)	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match						
1004 GF	240.0	240.0	240.0	240.0	240.0	240.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other -- F&G Fund (1024)	(128.3)	(138.4)	(136.4)	(134.4)	(132.4)	(130.4)
TOTAL	111.7	101.6	103.6	105.6	107.6	109.6

Estimate of any current year (FY98) cost: 0.0

POSITIONS

Full-time	2	2	2	2	2	2
Part-time	1	1	1	1	1	1
Temporary	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Assumptions: (1) To maintain department services and programs at existing levels, General Funds will be provided to offset funding cuts in Fish & Game Fund revenues. (2) Federal Aid apportionments and license/tag revenues will remain constant for the foreseeable future. (3) The regulatory process (\$713.3) and data processing programs (\$1,042.9) are assumed to directly benefit consumptive users and will continue to be funded by Federal Aid and Fish & Game Fund revenues. (4) The 10% limit on administrative costs of projects (Sec. 2) applies only to Department of Admin. and F&G Division of Admin. (5) Costs of defending department personnel from frivolous lawsuits (Sec. 4g) will be borne by Department of Law.

This bill prohibits use of Fish & Game Fund and Federal Aid funding for nongame conservation, marine mammals, endangered species, construction, interpretive programs, wildlife education, and non-hunting related programs. To continue to provide these services, General Funds (\$242.0) will have to compensate for the loss of current revenue sources.

The division would need to hire 2 full-time administrative assistants and 1 part-time accounting clerk to help track budgets under this legislation. These positions would be in Wildlife Conservation and be paid from the F&G Fund.

Prepared by Diana Ground, Administrative Officer
 Division Wildlife Conservation
 Approved by Commissioner [Signature]
 Agency Alaska Department of Fish and Game

Phone 465-6194
 Date 1/21/98
 Date 2-6-98

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FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. SB 16

Revision Date (Note if correction) _____ Dept. Affected Fish and Game
 Title An Act restricting the use of certain funds BRU Administration and Support
deposited in the fish and game fund Component Administrative Services
 Sponsor Senator Taylor
 Requester (S) FIN Component Serial No. 479

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (1002)	(1,084.1)	(1,084.1)	(1,084.1)	(1,084.1)	(1,084.1)	(1,084.1)
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	(1,084.1)	(1,084.1)	(1,084.1)	(1,084.1)	(1,084.1)	(1,084.1)
1003 GF Match						
1004 GF	1,084.1	1,084.1	1,084.1	1,084.1	1,084.1	1,084.1
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY98) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

To maintain department services and programs at existing levels, general funds will be necessary to offset the decrease in federal funding.

Federal receipts are currently collected as indirect overhead to fund statutorily required functions, such as accounting services, personnel and payroll services, budgeting services, procurement and contracting services, and data processing services.

Prepared by Kevin Brooks, Director
 Division Administrative Services
 Approved by Commissioner Frank Rue
 Agency Fish and Game

Phone 468-5999
 Date 1/26/98
 Date 2-6-98

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FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. SB 16

Revision Date: 1/27/98 Dept. Affected: Fish and Game
 Title: Use of Fish & Game Fund/Comm'r's Powers BRU: Sport Fish
 Component: Sport Fish
 Sponsor: Senator Taylor
 Requester: Senate Finance COMPONENT SERIAL NO. 464

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES	232.5	237.1	241.9	246.7	251.7	256.7
TRAVEL	2.5	2.5	2.5	2.5	2.5	2.5
CONTRACTUAL	2.5	2.5	2.5	2.5	2.5	2.5
SUPPLIES	2.5	2.5	2.5	2.5	2.5	2.5
EQUIPMENT	20.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	260.0	244.6	249.4	254.2	259.2	264.2

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES (1004)	1,372.9	1,372.9	1,372.9	1,372.9	1,372.9	1,372.9
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	see note (1)	see note (1)	see note (1)	see note (1)	see note (1)	see note (1)
1003 GF Match						
1004 GF	1,372.9	1,372.9	1,372.9	1,372.9	1,372.9	1,372.9
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Fish and Game Fund 1024)	see note (1)	see note (1)	see note (1)	see note (1)	see note (1)	see note (1)
TOTAL	1,372.9	1,372.9	1,372.9	1,372.9	1,372.9	1,372.9

Estimate of any current year (FY97) cost: \$ 0.0

POSITIONS

FULL-TIME	5	5	5	5	5	5
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Assumptions used in analyzing SB 16: (1) Although there are changes in the amount of Federal Receipts (\$-1,210.7) and Fish and Game Fund (\$-197.5) money that the Division of Sport Fish will be allowed to use with enactment of SB 16, the revenues in these fund sources will not change. The money not used from the Fish and Game Fund will remain in the account, however, the money left in the Federal Aid to Fish Restoration (DJ/WB) account will eventually revert and not be available to the state. (2) Division of Sport Fish will operate all projects at proposed FY 99 levels. (3) General Funds will be provided to offset loss of Fish and Game Fund and Federal revenues. (4) Federal Aid apportionment and license/tag revenues will remain constant for foreseeable future. (5) A large number of frivolous law suits filed against Fish and Game employees during the execution of their duties can be expected. This will require Dept of Law to prepare a fiscal note outlining the cost of defense against these suits. (6) The division would require 5 new full-time administrative assistants (range 13C) to help track project budgets under this legislation. (7) This bill prohibits the use of Fish & Game Fund and Federal Aid funding for the following projects: Headquarters - Aquatic Education, RIP debt, CFMD Library, Commissioner's Office Travel and Public Communications (RSA to Commissioner's Office); Research and Technical Services (RTS) - Planning, Web Site Development, Reporting, Statewide Economics, Responsive Management, Public Communications and 50% of Information Management; Region I (Southeast) - SE I&E; Region II (Southcentral) - Angler Outreach/Education and Information and Education; Region III (Interior) - AYK Region I&E.

Continued on attached page.

Prepared by: Kevin Delaney *Kevin Delaney* Phone: 465-4180
 Division: Sport Fish Date: 1/27/98
 Approved by Commissioner: Frank Rue *Frank Rue* Date: 2-6-98
 Agency: Fish and Game

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Title: Use of Fish & Game Fund/Comm'r's Powers

(8) To continue to provide these services, general fund (2.2) will have to compensate for the loss of current revenue sources. (9) Costs associated with administration of projects within the Division of Sport Fish are allowable, however, those costs of project administration which currently occur outside our Division (in Division of Administration or Department of Administration) are now limited. Under the 10% limitation clause found in Section 2(a)(2)(C) of this legislation, Fish and Game Fund money may be used to pay Division of Administration the 6% overhead charged on federal funds expended. (10) A table outlining current funding sources and funding shifts if SB 16 were enacted follows.

Current FY 99 Funding Sources and Funding Sources With Senate Bill 16

FY 98 Sport Fish Projects		Current Funding Sources				Funding Sources With SB 16					
Project #/Title	Total \$	F&G*	Fed*	Prog*	CIP*	F&G*	Fed*	Prog*	CIP*	GF*	Total \$
54 Headquarters	1,765.3	1,650.6	101.4	13.3	0.0	1,511.9	15.0	13.3	0.0	225.1	1,765.3
64 Boating Access	420.1	44.2	132.7	0.0	243.2	44.2	132.7	0.0	243.2	0.0	420.1
55 RTS	2,932.7	1,519.4	1,413.3	0.0	0.0	1,183.7	1,073.1	0.0	0.0	675.9	2,932.7
56 SE Supervision	1,347.2	1,347.2	0.0	0.0	0.0	1,332.7	0.0	0.0	0.0	14.5	1,347.2
57 SF Salmon	2,124.7	531.2	1,593.5	0.0	0.0	531.2	1,593.5	0.0	0.0	0.0	2,124.7
58 SE Resident Sp	477.2	119.3	357.9	0.0	0.0	119.3	357.9	0.0	0.0	0.0	477.2
63 SE Shellfish &	18.0	18.0	0.0	0.0	0.0	18.0	0.0	0.0	0.0	0.0	18.0
64 SE Access	57.1	14.3	42.8	0.0	0.0	14.3	42.8	0.0	0.0	0.0	57.1
91 SE Hatcheries	1,388.7	561.9	605.6	221.2	0.0	561.9	605.6	221.2	0.0	0.0	1,388.7
59 SC Supervision	2,614.7	2,108.3	506.4	0.0	0.0	1,873.1	345.2	0.0	0.0	396.4	2,614.7
60 SC Salmon	3,118.5	830.1	2,288.4	0.0	0.0	830.1	2,288.4	0.0	0.0	0.0	3,118.5
61 SC Resident Sp	468.5	117.1	351.4	0.0	0.0	117.1	351.4	0.0	0.0	0.0	468.5
62 SC Shellfish &	368.7	122.5	246.2	0.0	0.0	122.5	246.2	0.0	0.0	0.0	368.7
64 SC Access	138.1	34.5	103.6	0.0	0.0	34.5	103.6	0.0	0.0	0.0	138.1
90 SC Hatcheries	2,030.0	498.5	1,495.5	36.0	0.0	498.5	1,495.5	36.0	0.0	0.0	2,030.0
69 AYK Supervision	1,330.3	1,330.3	0.0	0.0	0.0	1,269.3	0.0	0.0	0.0	61.0	1,330.3
70 AYK Salmon	531.1	132.8	398.3	0.0	0.0	132.8	398.3	0.0	0.0	0.0	531.1
71 AYK Resident Sp	920.0	230.0	690.0	0.0	0.0	230.0	690.0	0.0	0.0	0.0	920.0
64 AYK Access	38.7	9.7	29.0	0.0	0.0	9.7	29.0	0.0	0.0	0.0	38.7
65 AYK Shellfish &	94.8	94.8	0.0	0.0	0.0	94.8	0.0	0.0	0.0	0.0	94.8
92 AYK Hatcheries	34.5	8.6	25.9	0.0	0.0	8.6	25.9	0.0	0.0	0.0	34.5
Total	22,218.9	11,323.3	10,381.9	270.5	243.2	10,538.2	9,794.1	270.5	243.2	1,372.9	22,218.9
Admin Overhead**	622.9		622.9			587.6					587.6
Grand Total	22,841.8	11,323.3	11,004.8	270.5	243.2	11,125.8	9,794.1	270.5	243.2	1,372.9	22,806.5

* F&G is the Fish and Game Fund; Fed is Federal Funds; Prog is Program Receipts; CIP is Capital Improvement Project Funds; GF is General Funds.

** Fees allocated directly to Department of Fish and Game, Division of Administration for overhead related to federal funding.

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STATE OF ALASKA

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Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-1105

MEMORANDUM

February 7, 1998

SUBJECT: Sectional Summary of CSSB 16(); An Act restricting the use of certain funds deposited in the fish and game fund; relating to the powers and duties of the commissioner of fish and game; and relating to management of fish and game.

TO: Senator Robin Taylor
Attn: Mel Krogsen

FROM: George Utermohle *GU*
Legislative Counsel

You have requested a sectional summary of CSSB 16(); An Act restricting the use of certain funds deposited in the fish and game fund; relating to the powers and duties of the commissioner of fish and game; and relating to management of fish and game.

As a preliminary matter, please note that a sectional summary of a bill is not an authoritative interpretation of the bill. The bill itself is the best statement of its contents.

Section 1 of the bill amends the powers and duties of the commissioner of fish and game under AS 16.05.050 to allow the commissioner to cooperate with sportsmen's organizations and other organizations to increase game populations and to introduce new populations into suitable habitat.

Section 2 of the bill repeals and reenacts AS 16.05.130(a). Revenue received by the state from sport fishing, hunting, and trapping licenses, permits, and tag fees may only be expended as provided by legislative appropriation. The revenue may be only used for intensive management projects; for propagation, reintroduction, restocking, transplantation, habitat manipulation, predator removal, hunter education, access to hunting and sport fishing areas, and restoration of game and sport fish resources; for certain types of projects that directly benefit purchasers of sport fishing, hunting, and trapping licenses, permits, and tags; for construction, operation, and maintenance of shooting ranges, certain propagation and rearing facilities, and certain public access facilities; or for administration of the fish and game licensing function. The revenue may not be used for projects in areas where neither consumptive use of sport fish and game nor catch and release sport fishing are allowed, used for a purpose not permitted under this subsection, expended for certain personnel and administrative costs, or expended for certain kinds of construction projects.

Senator Robin Taylor

February 7, 1998

Page 2

Section 3 of the bill amends AS 16.05.130(b) by changing the uses for which revenue derived from the waterfowl conservation tag fee may be used.

Section 4 of the bill adds new subsections to AS 16.05.130. Federal monies received under the federal sport fish and wildlife restoration programs may only be used for certain kinds of projects. The Department of Fish and Game shall prepare an annual report of expenditures from the fish and game fund and provide the report to members of the legislature. A person may bring a civil action in the courts to enforce the requirements of AS 16.05.130.

Section 5 of the bill adds new paragraphs to AS 16.05.940 to define the terms "harvestable surplus", "high level of human harvest", "intensive management", and "sustained yield".

Section 6 of the bill repeals AS 16.05.130(d) (relating to the use of hunting, fishing, and trapping license revenues and federal sport fish and wildlife restoration monies), AS 16.05.255(g)(2) (defining "intensive management"), and AS 16.05.340(a)(17)(B) (relating to exemptions from the waterfowl conservation tag requirement).

GU:glc

98-063.glc

Alaska State Legislature

Chairman
Judiciary Committee

Member
Resources Committee
Rules Committee
Committee on Committees



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Ketchikan, Alaska 99901
1907-225-8088
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Senator Robin L. Taylor
Senate Majority Leader

TO: Senator Bert Sharp, Chair
Senate Finance Committee

FROM: Senator Robin Taylor *R.L.T.*

RE: SB 16 "Restricting the use of fish and game funds
deposited in the fish and game fund"

DATE: January 30, 1998

This memorandum is to serve as a request for hearing on SB 16. This bill will restrict the use of money deposited in the fish and game fund from sportsman's licenses, tags, and permit fees to only those activities that directly benefit the licensees. The bill was passed from the Senate Resources Committee in its original form although there were some concerns. Attached is a proposed finance committee substitute that should eliminate those concerns.

Changes made in the proposed committee substitute include the following:

- Insertion of language that was inadvertently omitted in the original bill that prohibits diversion of money derived from sport hunting, trapping, and fishing licenses, tags, and permits for purposes other than fish and wildlife management that directly benefits holders of sport licenses;
- Elimination of the requirement for line item appropriation for each project within the Sport Fish and Wildlife Conservation Divisions of the Department of Fish and Game;

District A:

Hyder • Ketchikan • Kupreanof • Meyers Chuck • Petersburg • Saxman • Sitka • Wrangell

- The word "maximum" has been eliminated from the bill;
- Management for non-retension fisheries as an allowable expenditure; and,
- Modification of the definitions section to be more compatible with the intent of this bill and to coincide with SB 250.

Thank you in advance for your prompt consideration of this request.

DRAFT CSSB 16()

Paragraphs repealed by Section 6.

16.05.130(d) Revenue from the sale of general hunting, trapping, and fishing licenses and tags together with the federal matching funds from Pittman - Robertson, Dingell - Johnson/Wallop - Breaux programs shall be allocated by the department to programs intended to directly benefit license purchasers of general hunting, trapping, and fishing licenses. The department shall prepare an annual report by project of expenditures from the fish and game fund and notify the legislature that the report is available.

16.05.225(g)(2) "intensive management" means management of an identified big game prey population to enhance, extend, and develop the population to maintain high levels or provide for higher levels of human harvest, including control of predation and prescribed or planned use of fire and other habitat improvement techniques.

16.05.340(a)(17)(B) The Board of Game shall by regulation exempt the requirement of a waterfowl conservation tag for waterfowl hunting in areas of the state not likely to benefit from programs described in AS 16.05.130(b)(2) - (4).

SB

17

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 4/11/97

FURTHER:

REPORTED OUT OF

APR 22 1997

DATE TURNED
IN TO OFFICE:

4-22-97

Finance Committee considered

SENATE BILL NO. 17

"An Act creating the crime of criminal transmission of human immunodeficiency virus (HIV)."

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>John Loggins</i>	✓	<i>Keel, E. Kelley</i>	✓		
		<i>Bill ...</i>		X	
		<i>W. ...</i>	✓		
Co-Chair:		Co-Chair: <i>A. ...</i>	✓		
Co-Chair:		Co-Chair: <i>B. ...</i>	✓		

NEW FISCAL NOTE(S):

Department Date Zero Fiscal

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTE(S):*

Department Date Zero Fiscal

Department	Date	Zero	Fiscal
1 ADMIN	4/10	✓	
2 DPS	4/9	✓	
3 LAW	4/10	✓	

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

REPORTED OUT OF
APR 22 1997

Bill Version: SB17
(S) Publish Date: 4/11/97

STATE OF ALASKA
1997 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Department of Law
 Title: "An Act creating the crime of criminal transmission of human immunodeficiency virus (HIV)." BRU: Criminal Division
 Sponsor: Senator Taylor Component: Criminal Division
 Requester: Senate HESS Committee COMPONENT SERIAL NO. 2085

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

FUND SOURCE	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY97) cost: \$ 0.0

POSITIONS

POSITIONS	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
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 would make it a class B felony for a person, knowing that he or she is infected with the human immunodeficiency virus (HIV), to knowingly expose others to HIV infection through intimate contact, potentially infectious body fluids (including blood, tissue, semen or organs) in any manner that could result in transmission of HIV to a person who is unaware that the person causing the exposure is infected with HIV.

At the current time, 640 out of 99,725 Alaskans tested through state health laboratories are known to be infected with HIV. Because many at high risk test anonymously or out of state, the actual number of persons residing in the state who have tested positive for HIV is undoubtedly higher than state records indicate.

Although the bill is intended to deter persons who have tested positive from engaging in conduct that may spread HIV, we are concerned that it will have the unintended, but certain effect of deterring persons at the highest risk from seeking HIV testing and counseling, thus increasing the risk of spreading HIV.

Prepared by: Joan M. Kasson Phone: 465-5370
 Division: Administrative Services Division Date: 4/10/97
 Approved by Commissioner: Bruce M. Botelho, Attorney General Date: 4/10/97
 Agency: Department of Law

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ANALYSIS CONTINUATION:

Of the known HIV cases in Alaska, the vast majority resulted from consensual sexual contact. Obtaining a conviction under this circumstance (simply securing sufficient evidence to warrant a conviction) would be difficult, if not impossible. Consequently, the number of convictions resulting from exposure to HIV through intimate sexual contact may be relatively small. In a rare case where a person infected with HIV deliberately sets about to infect another, it might be possible to obtain a conviction. However, such a case is already chargeable under the state's existing criminal laws. Because the cases where it is likely that we could obtain a conviction, and thus initiate a prosecution, are already prohibited under present law, we believe that this bill will have no significant fiscal impact on the Department of Law.

FISCAL NOTE

REPORTED OUT OF
N 2FC APR 22 1997

STATE OF ALASKA
1997 LEGISLATIVE SESSION

BILL NO: Bill Version: SB17
(S) Publish Date: 4/11/97

Revision Date: 04/07/97 Dept. Affected: Public Safety
Title: Criminal Transmission of HIV BRU: Alaska State Troopers
Sponsor: Sen. Taylor Component: Detachments
Requestor: Senate HESS COMPONENT SERIAL NO. 0799

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

OPERATING	FY 96	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
CHANGE IN REVENUES ()	-0-	-0-	-0-	-0-	-0-	-0-
Revenue Code						

FUNDING: (Thousands of Dollars)

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

Estimate of current year (FY 97) 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.)

While there may be 1 or 2 cases a year involving this crime, it is not expected that this bill would have a significant fiscal impact on AST.

Prepared By: Capt. Ted M. Bachman Phone: 269-5650
Division: Alaska State Troopers Date: 04/07/97
Approved by Commissioner: Ronald L. Otte *Ronald L. Otte* Date: 4-7-97
Agency: Department of Public Safety

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FISCAL NOTE

REPORTED OUT OF
APR 22 1997

STATE OF ALASKA
1997 LEGISLATIVE SESSION

No. 75
Bill Version: SB17
(S) Publish Date: 4/11/97

Revision Date: _____
Title: "An Act creating the crime of criminal transmission of HIV..."
Sponsor: Senator Taylor
Requestor: (S) HES

Department Affected: Administration
BRU: Public Defender Agency
Component: Public Defender Agency
COMPONENT SERIAL NO. 1631

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
------------------------	-----	-----	-----	-----	-----	-----

FUND SOURCE: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 97) cost: \$ 0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

See attached sheet.

Prepared by: Barbara K. Brink, Director
Division: Public Defender Agency

Phone: (907) 264-4414
Date: _____

Approved by Commissioner: Mark Boyer
Agency: Department of Administration

Alison M. Elger
Date: 4/10/97

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FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

BILL NO. SB 17 #1

ANALYSIS: (continued)

This bill creates the new crime of criminal transmission of HIV. If a person

(1) knows that they are infected with HIV, and

(a) voluntarily engages in intimate contact with another person; or

(b) transfers, donates or provides blood, tissue, semen, organs or other potentially infectious bodily fluids for transfusion, transplantation, insemination or other administration to another; or

(c) dispenses, delivers, exchanges, sells or in any manner transfers to another person any non-sterile intravenous or intramuscular drug paraphernalia.

The existing criminal statutes in Alaska already provide an adequate means to prosecute and punish anyone who either intentionally or recklessly transmit HIV. The bill unconstitutionally shifts the burden of proof to the accused person to show either that the person exposed knew that the defendant was infected or that the action could result in infection and consented with that knowledge. Additionally, many of the definitions are vague. As no cases of this type have been heard of in Alaska, and current statutes already allow for criminal prosecution, no additional fiscal impact is expected.