

ALASKA LEGISLATURE

1752

HOUSE and SENATE FINANCE COMMITTEE FILES, 1997-1998

CSSB 36(FIN)
Public School Funding
March 6, 1998
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BILL ANALYSIS

The Department of Revenue is only addressing the sections related to a change in the state's tax structure.

Section 23 amends AS 43 by adding a new chapter, Chapter 42, to establish provisions for an unorganized borough employment tax. Under this new chapter, an employment tax would be imposed on each individual who receives compensation for services performed in the unorganized borough outside of a home rule or first class city as an employee or receives self-employment earnings from business activities conducted in the unorganized borough outside of a home rule or first class city. The tax would be three percent of annual compensation paid or self-employment earnings.

Employers withhold the 3% tax from each payment of compensation to employees subject to the tax. Employees can take a credit against the tax for taxes paid to other school districts. In order to qualify for the credit an employee must provide proof of payment to the employer or to the Department of Labor. The Department of Labor will collect and account for the quarterly tax on UI-covered employees. The Department of Revenue will, after consultation with the Department of Labor, prescribe by regulation any additional information to calculate, determine, collect, or enforce the tax.

The Department of Revenue will implement procedures and forms to collect the tax revenue from the self-employed individuals on a quarterly basis. Employees who are compensated but not subject to the AS 23.20 (Unemployment Insurance Tax) and not subject to the self-employment tax must file and remit their taxes to the Department of Revenue.

The tax shall be deposited into the general fund. Proceeds from the tax must be separately accounted for. The tax provisions would be effective July 1, 2001.

Operating Expenses

This fiscal note assumes that Department of Revenue would collect employment tax payments from self-employed persons and Department of Labor would collect employment tax payments from employees through their unemployment insurance withholding program. Department of Revenue would be responsible for enforcement of the tax program.

Department of Revenue is requesting funding for FY 01 for start-up costs of the tax program. During FY 01, the department would develop computer programs to account for taxpayers and remittances and set up audit and enforcement programs to address collection of taxes. FY 01 costs are estimated as follows.

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| | |
|--|--------------|
| Personal Services: | |
| Analyst Programmer IV (range 19) Juneau (half year) | 26.0 |
| Revenue Auditor III (range 18) Anchorage (full year) | 48.0 |
| Tax Examiner II (range 12) Juneau (full year) | <u>32.0</u> |
| Total Personal Services | 106.0 |
| Travel | |
| 4 trips @ 2.0 | 8.0 |
| Contractual | |
| IRS Data – acquire and process | 30.0 |
| Contract to write regulations | 30.0 |
| Telephone, Postage, Forms, Printing, etc. | <u>15.0</u> |
| Total Contractual | 75.0 |
| Supplies | |
| Supplies for 3 positions | 6.0 |
| Equipment | |
| Computers for 3 positions | 4.5 |
| Office Furniture for 3 positions | <u>12.0</u> |
| Total Equipment | 16.5 |

Beginning FY 02, the first year that the tax program would become effective, the department would add the following positions: 1 full-time Accounting Supervisor I (range 16); 3 full time Administrative Clerk II (range 8) positions, all located in Juneau. Total personal services costs for these and the positions above would be approximately \$251.0

The Accounting Supervisor I position would be responsible for overseeing administration of the program, management reporting, and public inquiries. The TE II position is responsible for compliance and enforcement. The Administrative Clerk III positions would be responsible for year-round activity which would include processing of quarterly payment and returns. The Revenue Auditor position would be responsible for audit and enforcement.

Contractual costs include cost for contracting the writing of regulations (\$30.0) and costs of acquiring and technical assistance in processing IRS data tapes (\$30.0).

Travel includes field travel to unorganized borough locations to conduct audits and enforcement.

New Revenue

See attached spreadsheet.

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Issues of Concern

The effective date is too short. It will be impossible to promulgate necessary regulations, implement computer programming changes and educate industry and the public prior to the January 1, 1999 effective date. Since Department of Labor taxpayers and most businesses are on calendar year basis, it might make sense to move the effective date to January 1, 2000.

Identifying non-resident self-employed individuals that should be filing returns and paying tax.

Identifying individuals that are not subject to self-employment tax and do not have to file returns with Department of Labor.

Is the credit a reduction in tax payment or a refund claimed with Department of Revenue?

The Department of Revenue has not had time to contact businesses to discuss with them how this Bill will affect their operations and what could be done to implement these taxes more effectively.

**Alaska Department of Revenue
Income and Excise Audit Division**

Projected State Revenue Increases from 3% Public School Tax on Self-employed in the Unorganized Borough

Public School Funding
CSSB 36 (FIN)
Draft: March 6, 1998
Page 5 of 5

REVENUE FORECASTS FROM 3% TAX ON THE SELF-EMPLOYED IN THE UNORGANIZED BOROUGH

| | Number of self-employed w/pos. returns | FY 99 | FY 00 | FY 01 | FY 02 | FY 03 | FY 04 |
|-------------------------|---|--------------|--------------|--------------|--------------------|--------------------|--------------------|
| Revenue from tax | 3,500 | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$1,186,500</u> | <u>\$1,186,500</u> | <u>\$1,186,500</u> |

Assumptions and data sources: (1) The unorganized borough ratio of nonfarm proprietors to wage and salary employees is the same as the statewide ratio. (2) The unorganized borough ratio of nonfarm proprietors to nonfarm proprietor's tax returns is the same as the statewide ratio. (3) The average nonfarm proprietor's net income in the unorganized borough's is the same as statewide. (4) The unorganized borough percentage of returns with a positive net income is the same as the national percentage.

Problems : The following are some problems with using the above approach: (1) The Alaska Department of Labor REAA employment number is by work site, not work location. There is no way to estimate how many of these employees actually work in the REAAs. Conversely, there is no way to estimate how many workers from locations outside of the REAAs work within the REAAs. (2) We have no way of verifying whether the Alaska wide ratio of nonfarm proprietor employment to wage and salary employment and Alaska wide nonfarm proprietors' net income is valid for REAAs.

Revision Date: _____ Dept. Affected: Revenue
 Title: Public School Funding BRU: Revenue Operations
 Component: Income and Excise Audit
 Sponsor: (S) FIN
 Requester: Governor COMPONENT SERIAL NO. 113

Expenditures/Revenues: (Thousands of Dollars)

| OPERATING EXPENDITURES | FY 99 | FY 00 | FY 01 | FY 02 | FY 03 | FY 04 |
|--------------------------------|--------------|----------------|----------------|----------------|----------------|----------------|
| PERSONAL SERVICES | 295.0 | 295.0 | 295.0 | 295.0 | 295.0 | 295.0 |
| TRAVEL | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 |
| CONTRACTUAL | 66.0 | 36.0 | 36.0 | 36.0 | 36.0 | 36.0 |
| SUPPLIES | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| EQUIPMENT | 12.0 | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | 398.0 | 356.0 | 356.0 | 356.0 | 356.0 | 356.0 |
| CAPITAL EXPENDITURES | | | | | | |
| CHANGE IN REVENUES (GF) | 296.6 | 1,186.5 | 1,186.5 | 1,186.5 | 1,186.5 | 1,186.5 |

FUND SOURCE (Thousands of Dollars)

| | | | | | | |
|--------------------------------|--|--|--|--|--|--|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | | | | | | |
| 1001 CBRF | | | | | | |
| 1048 University of AK receipts | | | | | | |
| Other | | | | | | |
| TOTAL | | | | | | |

Estimate of any current year cost \$ 0.0

POSITIONS

| | FY 99 | FY 00 | FY 01 | FY 02 | FY 03 | FY 04 |
|-----------|-------|-------|-------|-------|-------|-------|
| FULL-TIME | 67 | 67 | 67 | 67 | 67 | 67 |
| PART-TIME | 1 | 1 | 1 | 1 | 1 | 1 |
| TEMPORARY | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

(See attached analysis)

Prepared by: Brett Fried
 Division: Income and Excise Audit
 Approved by Commissioner: Wilson L. Condon
 Agency: Revenue

Phone: (907) 465-3602
 Date: March 4, 1998
 Date: March 4, 1998

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BILL ANALYSIS

The Department of Revenue is only addressing the sections related to a change in the state's tax structure.

Section 23 amends AS 43 by adding a new chapter, Chapter 42, to establish provisions for an unorganized borough employment tax. Under this new chapter, an employment tax would be imposed on each individual who receives compensation for services performed in the unorganized borough outside of a home rule or first class city as an employee or receives self-employment earnings from business activities conducted in the unorganized borough outside of a home rule or first class city. The tax would be three percent of annual compensation paid or self-employment earnings.

Employers withhold the 3% tax from each payment of compensation to employees subject to the tax. Employees can take a credit against the tax for taxes paid to other school districts. In order to qualify for the credit an employee must provide proof of payment to the employer or to the Department of Labor. The Department of Labor will collect and account for the quarterly tax on UI-covered employees. The Department of Revenue will, after consultation with the Department of Labor, prescribe by regulation any additional information to calculate, determine, collect, or enforce the tax.

The Department of Revenue will implement procedures and forms to collect the tax revenue from the self-employed individuals on a quarterly basis. Employees who are compensated but not subject to the AS 23.20 (Unemployment Insurance Tax) and not subject to the self-employment tax must file and remit their taxes to the Department of Revenue.

The tax shall be deposited into the general fund. Proceeds from the tax must be separately accounted for. The tax provisions would be effective January 1, 1999.

Operating Expenses

This fiscal note assumes that Department of Revenue would collect employment tax payments from self employed persons and Department of Labor would collect employment tax payments from employees through their unemployment insurance withholding program. Department of Revenue would be responsible for enforcement of the tax program.

Department of Revenue estimates that total operating costs to administer the employment tax program would be \$398.0 in FY 1999 and \$356.0 thereafter. Costs include \$325.0 for personal services which would cover costs for 1 full-time Accounting Supervisor I (range 16); 1 half-time Analyst Programmer IV (range 20); 1 full-time Tax Examiner II (range 14), 3 full time Administrative Clerk II (range 8) positions, all located in Juneau; and 1 full-time Revenue Auditor III located in Anchorage.

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March 4, 1998
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The Accounting Supervisor I position would be responsible for overseeing administration of the program, management reporting, and public inquiries. The TE II position is responsible for compliance and enforcement. The Administrative Clerk III positions would be responsible for year-round activity which would include processing of quarterly payment and returns. The Revenue Auditor position would be responsible for audit and enforcement.

Contractual costs include cost for contracting the writing of regulations (\$30.0) and costs of acquiring and technical assistance in processing IRS data tapes (\$30.0).

Travel includes field travel to unorganized borough locations to conduct audits and enforcement.

New Revenue

See attached spreadsheet.

CSSB 36(FIN)
Public School Funding
March 4, 1998
Page 4

Issues of Concern

The effective date is too short. It will be impossible to promulgate necessary regulations, implement computer programming changes and educate industry and the public prior to the January 1, 1999 effective date. Since Department of Labor taxpayers and most businesses are on calendar year basis, it might make sense to move the effective date to January 1, 2000.

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Identifying individuals that are not subject to self-employment tax and do not have to file returns with Department of Labor.

Is the credit a reduction in tax payment or a refund claimed with Department of Revenue?

The Department of Revenue has not had time to contact businesses to discuss with them how this Bill will affect their operations and what could be done to implement these taxes more effectively.

Alaska Department of Revenue
Income and Excise Audit Division
Projected State Revenue Increases from 3% Public School Tax on Self-employed in the Unorganized Borough

Public School Funding
 CSSB 36
 Draft: March 4, 1998
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REVENUE FORECASTS FROM 3% TAX ON THE SELF-EMPLOYED IN THE UNORGANIZED BOROUGH

| | Number of self-employed w/pos. returns | FY 99* | FY 00 | FY 01 | FY 02 | FY 03 | FY 04 |
|------------------|--|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Revenue from tax | 3,500 | <u>\$296,625</u> | <u>\$1,186,500</u> | <u>\$1,186,500</u> | <u>\$1,186,500</u> | <u>\$1,186,500</u> | <u>\$1,186,500</u> |

Assumptions and data sources: (1) The unorganized borough ratio of nonfarm proprietors to wage and salary employees is the same as the statewide ratio. (2) The unorganized borough ratio of nonfarm proprietors to nonfarm proprietor's tax returns is the same as the statewide ratio. (3) The average nonfarm proprietor's net income in the unorganized borough's is the same as statewide. (4) The unorganized borough percentage of returns with a positive net income is the same as the national percentage.

* effective date for the unorganized borough employment tax is January 1, 1999. Consequently, there will only be one quarter of earnings during this period.

Problems : The following are some problems with using the above approach: (1) The Alaska Department of Labor REAA employment number is by work site, not work location. There is no way to estimate how many of these employees actually work in the REAAs. Conversely, there is no way to estimate how many workers from locations outside of the REAAs work within the REAAs. (2) We have no way of verifying whether the Alaska wide ratio of nonfarm proprietor employment to wage and salary employment and Alaska wide nonfarm proprietors' net income is valid for REAAs.

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. CSSB 36 (FIN) 3 | 9 | 98

Revision Date (Note if correction): _____
 Title: Public School Funding
 Sponsor: Senator Phillips
 Requestor: Senate Finance

Department Affected: Labor
 BRU: Office of the Commissioner
 Component: Commissioner's Office
COMPONENT SERIAL NO. 340

EXPENDITURES/REVENUES:

(Thousands of Dollars)

| OPERATING | 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 | | | | | | |
|----------------|--|--|--|--|--|--|

| | | | | | | |
|--------------------------|--|--|--|--|--|--|
| CHANGE IN REVENUE | | | | | | |
| FUND SOURCE # | | | | | | |

FUNDING:

(Thousands of Dollars)

| | | | | | | |
|-------------------------|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | | | | | | |
| 1005 GF/Program Receipt | | | | | | |
| 1006 GF/MHTIA | | | | | | |
| Other (Specify Type) | | | | | | |
| TOTAL | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

POSITIONS:

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

Estimate of current year (FY98) impact: \$ None

ANALYSIS: (Attach a separate page if necessary)

The Department of Labor does not anticipate any fiscal impact with the deletion of sections imposing a tax on wage and business income in the unorganized borough.

Prepared by: Arbe Williams, Director Phone: 465-2720
 Division: Administrative Services Division Date: 3/9/98
 Approved by Commissioner: Tom Cashen, Commissioner
 Agency: Department of Labor Date: 3/9/98

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FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. CS3B 36 (FIN)

Revision Date (Note if correction): _____
 Title: Public School Funding
 Sponsor: Senator Phillips
 Requestor: Senate Finance

Department Affected: Labor
 BRU: Office of the Commissioner
 Component: Commissioner's Office
 COMPONENT SERIAL NO. 340

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 99 | FY 00 | FY 01 | FY 02 | FY 03 | FY 04 |
|------------------------|--------------|-------------|--------------|--------------|--------------|--------------|
| PERSONAL SERVICES | 0.0 | 0.0 | 76.5 | 155.3 | 155.3 | 155.3 |
| TRAVEL | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| CONTRACTUAL | 360.0 | 50.0 | 302.3 | 496.4 | 511.4 | 511.4 |
| SUPPLIES | 0.0 | 0.0 | 2.0 | 4.0 | 4.0 | 4.0 |
| EQUIPMENT | 0.0 | 0.0 | 22.5 | 0.0 | 0.0 | 0.0 |
| LAND & STRUCTURES | | | | | | |
| GRANTS & CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | 360.0 | 50.0 | 403.3 | 655.7 | 670.7 | 670.7 |

| | | | | | | |
|----------------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|----------------|--|--|--|--|--|--|

| | | | | | | |
|--------------------------|------|------|---------|----------|----------|----------|
| CHANGE IN REVENUE | 0.0 | 0.0 | 2,643.3 | 10,573.0 | 10,573.0 | 10,573.0 |
| FUND SOURCE # | 1004 | 1004 | 1004 | 1004 | 1004 | 1004 |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|-------------------------|--------------|-------------|--------------|--------------|--------------|--------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | 360.0 | 50.0 | 403.3 | 655.7 | 670.7 | 670.7 |
| 1005 GF/Program Receipt | | | | | | |
| 1006 GF/MHTIA | | | | | | |
| Other (Specify Type) | | | | | | |
| TOTAL | 360.0 | 50.0 | 403.3 | 655.7 | 670.7 | 670.7 |

POSITIONS:

| | | | | | | |
|-----------|--|--|---|---|---|---|
| FULL-TIME | | | 4 | 4 | 4 | 4 |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

Estimate of current year (FY98) impact: \$ None

ANALYSIS: (Attach a separate page if necessary)

(see attached)

Prepared by: Arbe Williams, Director Phone: 465-2720
 Division: Administrative Services Division Date: 3/6/98
 Approved by Commissioner: Tom Cashen, Commissioner
 Agency: Department of Labor Date: 3/6/98

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ATTACHMENT

Fiscal Note for SB 36

Alaska Department of Labor

Page 2 of 4

SB 36 imposes a three percent tax on wage and business income generated from a business situs or activity located in the unorganized borough outside a home rule or first class city. The revenue generated is to be deposited into the general fund subject to discretionary appropriation to the public school account.

For employees covered under AS 23.20, the tax will be withheld by their employers and submitted to the Department of Labor (DOL) with their quarterly unemployment insurance (UI) contribution reports. The withholding tax on non-covered employees, and the tax on self-employment earnings, will be submitted quarterly to the Department of Revenue (DOR).

DOL and DOR will use existing forms, reports, and automated systems to the extent possible. DOL would collect the employee part of the tax for DOR by adapting automated and manual procedures already in place for collecting UI contributions, with the addition of some new procedures. No federal grant money may be used to collect a non-UI tax, so all design, programming, and ongoing costs would be state-funded.

The collection scenario assumes the following:

- DOL's role will be limited to that of a servicing agency to DOR to collect and account for the quarterly tax on UI-covered employees.
- DOL will use separate report forms, data collection, and accounting to collect the tax, but will make use of current databases, employer accounts, and tracking whenever feasible.
- DOL will use U.S. census federal information processing system (FIPS) codes to identify unorganized borough job sites. This will require site-specific data from employers, a new data base in the UI tax system, and new coding and data entry functions.
- DOR will administer all audits, enforcement, refunds, and penalties.
- Projected taxes at 3% of \$352,432,783 in estimated wages paid in the unorganized borough is \$10,572,983.

ATTACHMENT

Fiscal Note for SB 36

Alaska Department of Labor

Page 3 of 4

Challenges Not Addressed by the Fiscal Note

Interagency Coordination

DOL's assumption is that its tax collection unit will act as a conduit to pass data and money from the reporting employer to DOR. Accounting functions involved would be reconciliation of payments to employer total remit and deposits, and transfer of funds to DOR. Distribution of funds when less than full payment is made has not been addressed, and, in absence of definition, DOL assumes that any payments will first go toward unemployment insurance contributions penalty and interest. Any balance remaining would go toward the employment tax unless specified by the employer. Overpayments, late payments, split-late payments, and refunds will require careful and full documentation in their accounting and distribution.

The credit against tax *Sec. 43.42.035* presents an onerous administrative task. The timing between any creditable taxes to an individual and the individual's employment are not synchronized. This makes any up-front determination of a credit very difficult and virtually impossible to achieve in a timely manner.

Definition Inconsistencies

Several definitions identified would present ambiguity for statewide employers between UI taxes and the new employment tax. Among those definitions are "compensation for services," "reportable" wages, "employer," and "individual."

Explanation of the Fiscal Calculations

- The tax collections will begin the second calendar quarter of calendar year 2001 and shows only one quarter of the anticipated annual collection of \$2,643,246 in fiscal year 2001. In fiscal year 2002, a full annual collection is anticipated to be \$10,572,983.
- The existing UI tax data processing system has been scheduled for replacement and is due to begin in October of 1998. This fiscal note shows costs in FY 99 and FY00 for the required upgrade to automate SB36 tax collection activities. Developing the upgrade concurrent with the UI tax system replacement will minimize the SB36 development costs. This will include a DP contract and DOL DP staffs oversight.

ATTACHMENT

Fiscal Note for CS SB 36 (FIN)

Alaska Department of Labor

JANUARY 1, 2001 IMPLEMENTATION

Revenues to be Collected

3% tax times \$352,432.8 in estimated wages paid in the unorganized borough

| FY99 | FY00 | FY01 | FY02 | FY03 | FY04 |
|------|------|---------|----------|----------|----------|
| | | 2,643.3 | 10,573.0 | 10,573.0 | 10,573.0 |

Operating Costs

Four positions will be located in Juneau to administer the state employment tax program. These four new positions will perform the following tasks; Examine and process quarterly returns and payments from employers; reconcile payments from employers; respond to written and telephonic inquiries; and provide information and technical assistance to individuals who complete the quarterly reports. A 1.5% cost of living rate was inserted for FY01 and FY02 personal services. One time items were not included in FY02 and beyond.

Personal Services

- 2 New Accounting Technician I
- 2 New Administrative Clerk II

Total Personal Services

| | | | | | |
|-----|-----|------|-------|-------|-------|
| | | 42.2 | 85.6 | 85.6 | 85.6 |
| | | 34.3 | 69.7 | 69.7 | 69.7 |
| 0.0 | 0.0 | 76.5 | 155.3 | 155.3 | 155.3 |

Travel

No travel will be required for the additional tax collection.

Contractual Services

- Communication (Basic phone & toll charges)
- Postage & Advertising
- Printing - tax forms & informational outreach to employers
- Department Indirect @ 8% of Personal Services
- Departmental Data Processing Chargeback @ 11% of Personal Services
- Office Space Lease costs
- Data Processing contract - conversion of existing system & develop database for integration of FIPS code info on unorganized borough job sites
- Data Processing Support-Administrative Services Division-DP Contract Oversight
- Data Processing Ongoing operation and maintenance
 - Personal Services(1.5 FTE)
 - Non-personal Services
- Data Processing contract - additional key punch items from quarterly reports
- Prorated portion @ 19% of the existing Tax Section costs (a)

Total Contractual Services

| | | | | | |
|-------|------|-------|-------|-------|-------|
| | | 6.0 | 6.0 | 6.0 | 6.0 |
| | | 17.5 | 12.5 | 12.5 | 12.5 |
| | | 10.0 | 5.0 | 5.0 | 5.0 |
| | | 6.1 | 12.4 | 12.4 | 12.4 |
| | | 8.4 | 17.1 | 17.1 | 17.1 |
| | | 4.8 | 9.6 | 9.6 | 9.6 |
| 300.0 | | | | | |
| 60.0 | 50.0 | 40.0 | | | |
| | | 56.3 | 112.5 | 112.5 | 112.5 |
| | | 28.2 | 56.3 | 56.3 | 56.3 |
| | | 0.0 | 15.0 | 30.0 | 30.0 |
| | | 125.0 | 250.0 | 250.0 | 250.0 |
| 360.0 | 50.0 | 302.3 | 496.4 | 511.4 | 511.4 |

Supplies

| | | | | | |
|--|--|-----|-----|-----|-----|
| | | 2.0 | 4.0 | 4.0 | 4.0 |
|--|--|-----|-----|-----|-----|

Equipment

One time request for FY98 purchase of standard office equipment for four new employees.

- Computers
- Office Furniture

Total Equipment

Total Fiscal Note Request

| | | | | | |
|-------|------|-------|-------|-------|-------|
| | | 15.0 | | | |
| | | 7.5 | | | |
| 0.0 | 0.0 | 22.5 | 0.0 | 0.0 | 0.0 |
| 360.0 | 50.0 | 403.3 | 655.7 | 670.7 | 670.7 |

FOOTNOTE:

(a) SB36 specific duties required to be accounted for and funded separately from current federally funded UI tax activities.

The activities to be funded by this fiscal note from the UI Tax Unit include:

Accounting, verification, segregation and deposit of employer payments; identification and registration of employers with situs in unorganized boroughs; development of a method to differentiate subject workers and employers from traditional DOL liable employer population; redesign of reporting forms, subsequent employer education and distribution of training materials and related forms; establish systems for recording data from new forms and coordination of data with DOR; staff retraining; adjudication of coverage appeals related to DOL determinations of coverage.

The rate of 1.5% is based on the existing federally negotiated cost allocation plan used to fund similar activities for the collection of funding for the State Training and Employment Program (STEP) program.

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. SB 36

Revision Date (Note if correction): _____
 Title: Public School Funding
 Sponsor: Senator Phillips
 Requestor: Senate Finance

Department Affected: Labor
 BRU: Office of the Commissioner
 Component: Commissioner's Office
 COMPONENT SERIAL NO. 340

EXPENDITURES/REVENUES:

(Thousands of Dollars)

| OPERATING | FY 99 | FY 00 | FY 01 | FY 02 | FY 03 | FY 04 |
|------------------------|----------------|--------------|--------------|--------------|--------------|--------------|
| PERSONAL SERVICES | 75.1 | 352.2 | 352.2 | 352.2 | 352.2 | 352.2 |
| TRAVEL | | | | | | |
| CONTRACTUAL | 1,004.6 | 554.6 | 554.6 | 554.6 | 554.6 | 554.6 |
| SUPPLIES | 3.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| EQUIPMENT | 22.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| LAND & STRUCTURES | | | | | | |
| GRANTS & CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | 1,105.2 | 908.8 | 908.8 | 908.8 | 908.8 | 908.8 |

| | | | | | | |
|---------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|---------|--|--|--|--|--|--|

| | | | | | | |
|-------------------|---------|----------|----------|----------|----------|----------|
| CHANGE IN REVENUE | 3,564.5 | 14,257.9 | 14,257.9 | 14,257.9 | 14,257.9 | 14,257.9 |
| FUND SOURCE # | 1004 | 1004 | 1004 | 1004 | 1004 | 1004 |

FUNDING:

(Thousands of Dollars)

| | | | | | | |
|-------------------------|----------------|--------------|--------------|--------------|--------------|--------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | 1,105.2 | 908.8 | 908.8 | 908.8 | 908.8 | 908.8 |
| 1005 GF/Program Receipt | | | | | | |
| 1006 GF/MHTIA | | | | | | |
| Other (Specify Type) | | | | | | |
| TOTAL | 1,105.2 | 908.8 | 908.8 | 908.8 | 908.8 | 908.8 |

POSITIONS:

| | | | | | | |
|-----------|---|---|---|---|---|---|
| FULL-TIME | 5 | 5 | 5 | 5 | 5 | 5 |
| PART-TIME | 1 | 1 | 1 | 1 | 1 | 1 |
| TEMPORARY | | | | | | |

Estimate of current year (FY98) impact: \$ None

ANALYSIS: (Attach a separate page if necessary)

(see attached)

Prepared by: Arbe Williams, Director Phone: 465-2720
 Division: Administrative Services Division Date: 3/4/98
 Approved by Commissioner: Tom Cashen, Commissioner
 Agency: Department of Labor Date: 3/4/98

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ATTACHMENT
Fiscal Note for SB 36

Revenues to be Collected

3% tax times \$475,264.7 in estimated wages paid in
the unorganized borough \$14,257.9

Operating Costs

A 1.5% cost of living rate was inserted for FY99 & FY00 personal services. One time items were not included in FY00 or beyond.

Personal Services

Four positions will be needed to administer the employment tax program. Both positions will be located in Juneau.

| | |
|-------------------------------|-------------|
| 2 New Accounting Technician I | 42.5 |
| 2 New Administrative Clerk II | <u>32.6</u> |
| Total Personal Services | 75.1 |

These four new positions will perform the following tasks:

Examine and process quarterly returns and payments from employers; reconcile payments from employers; respond to written and telephonic inquiries; and provide information and technical assistance to individuals who complete the quarterly reports.

Travel

No travel will be required for the additional tax collection.

Contractual Services

| | |
|--|--------------|
| Communication (Basic phone & toll charges) | 6.0 |
| Postage & Advertising | 17.5 |
| Printing - tax forms & informational outreach to employers | 10.0 |
| Department Indirect @ 8% of Personal Services | 28.2 |
| Departmental Data Processing Chargeback @ 11% of Personal Services | 38.7 |
| Office Space Lease costs | 5.4 |
| Data Processing contract - conversion of existing system & develop database for integration of FIPS code info on unorganized borough job sites | 300.0 |
| Data Processing Support-Administrative Services Division | 150.0 |
| Data Processing Ongoing operation and maintenance Personal Services (1 1/2 FTE) | 112.5 |
| Non-personal Services | 56.3 |
| Data Processing contract - additional key punch items from quarterly reports | 30.0 |
| Prorated portion @ 19% of the existing Tax Section costs (a) | <u>250.0</u> |
| Total Contractual Services | 1,004.6 |

Supplies

Figured at \$1,000 per new employee 3.0

Equipment

One time request for FY98 purchase of standard office equipment for six new employees.

| | |
|------------------|------------|
| Computers | 15.0 |
| Office Furniture | <u>7.5</u> |
| Total Equipment | 22.5 |

Total FY99 Fiscal Note Request

1,105.2

(a) Partial billing for program specific duties required to account separately for administration of a non-UI FUTA activities include:

Accounting, verification, segregation and deposit of employer payments; identification and registration of employers with situs in unorganized boroughs; development of a method to differentiate subject workers and employers from traditional DOL liable employer population; redesign of reporting forms, subsequent employer education and distribution of training materials and related forms; establish systems for recording data from new forms and coordination of data with DOR; staff retraining; adjudication of coverage appeals related to DOL determinations of coverage.

The rate of 19% is based on the existing federally negotiated cost allocation plan used for the STEP program.

Challenges not addressed by the Fiscal Note:

Implementation schedule.

DOL faces significant roadblocks to implementation due to the critical data processing tasks currently underway. Year 2000 compliance certification will consume the remainder of calendar year 1998, and currently consumes over one third of DP resources. The balance of all DP staff are engaged in current ongoing projects.

In addition, the existing Tax DP system has been scheduled for replacement, and is due to begin in October of 1998. Significant funds have already been spent to bring DOL to readiness for Tax DP system replacement, and delay would increase the cost of the project, provided sufficient programming resources were available. DOL is currently unable to fill three existing programmer vacancies due to the lack of qualified applicants.

We agree that any implementation should be on a complete calendar year basis, as the complications arising from a mid-year start date cannot be adequately estimated. For example, all other employer wage reporting - federal and state - is done on a calendar year basis.

Regulation Drafting and Approval

DOR has estimated December 1998 as the earliest date for completion of the regulation draft and approval process. DOL will be involved in the drafting of appropriate regulations, but should not engage in any significant program development before that process is completed and approved. We are obligated to postpone forms design, data processing programming, training and other related tasks until exact requirements are known.

Employer Community Education and Re-programming

Once supporting regulations are approved, we will need to redesign agency forms to accommodate the changes in the information required. We anticipate a need for approximately three months to educate accountants, tax professionals, grant administrators, and affected employers in advance of program implementation, to minimize enforcement and compliance related expenses associated with a new tax collection program. Education efforts extend beyond rural locations to urban employers who perform work in rural (unincorporated) areas, including the DOA to the extent that State employees are working in unincorporated areas of the state.



ASD Legislative Priority: Foundation Formula Rewrite

**Reducing Class Size/Impact of Various Percentage
Increases to ASD Portion of Statewide Funding**

ASD LEGISLATIVE PRIORITY

Rewrite the School Foundation Program formula to provide greater equity of funding for Anchorage School District students. Class size reduction is seen by the Board as the number one priority for use of any additional Foundation Formula Money Received.

Cost of Reducing Class Size by One Student

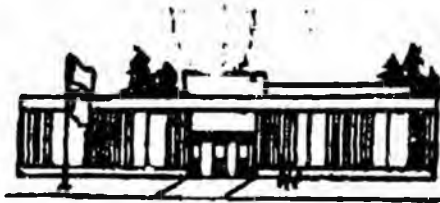
Using the current FY 1998-99 projected enrollment excluding the Charter Schools and Special Education, the approximate number of teachers and the approximate associated cost for reducing class size districtwide by one student for the following scenarios are:

| | | |
|------|--------|-------------|
| K-12 | 66 FTE | \$3,102,000 |
| K-2 | 13 FTE | \$ 611,000 |
| K-3 | 20 FTE | \$ 940,000 |

Impact of Various Percentage Increases to ASD Portion of Statewide Funding Based on FY 98-99 Projections Provided by Department of Education

Any new funding formula should distribute funds more equitably statewide. For the Anchorage School District, the difference between our percentage of students statewide, thirty-eight percent, to our percentage of State funding, thirty percent, should be significantly narrowed.

| | |
|------------------------|--------------|
| Additional 1% Increase | \$ 6,347,732 |
| Additional 2% Increase | \$12,696,084 |
| Additional 3% Increase | \$19,044,437 |
| Additional 4% Increase | \$25,392,789 |
| Additional 5% Increase | \$31,741,141 |
| Additional 6% Increase | \$38,089,494 |
| Additional 7% Increase | \$44,437,846 |



Woodriver Elementary School

5000 Palo Verde Drive
Fairbanks, Alaska 99709

DATE: February 2, 1998
TO: Senator Wilken
FROM: Woodriver Elementary School
RE: Fair and equitable funding for all schools

We the undersigned support the fair and equitable funding of our public schools. The current foundation funding formula does not effectively meet the needs of the Fairbanks community.

J Gillis
Zamara Hambright
Jan Scott
Nancy Viale
Lisa D. Fikes
Mark L. Pramer
Marian E. Woods
Evelyn Frazier
Mary Wilson
Luke E. Harkness
Leslie Knoll
Myra Lane Brown

Marcia Nash
Suzanne L. Graves
Robert A. Kennedy
Diana Kramers
Torjuten J. Williams
Kathleen Wright
John D. Ugle
Katherine Brown
Nancy Day
Patrick Jackson
Gleen Lewison
Marilyn Richardson

Dear Senator Bert Sharp:
and members of the Senate
Finance Committee

2-3-98

I am writing in concern for the Children of my District, we are an REAA located in the Yukon Flats, we have many cultures and diverse problems that we have to live with each and every day, with the onset of providing an education to each and every child in our District we think we have good kids and they do come first here in the Yukon Flats.

But the proposals for changing the Funding Formula will put unneeded and unjustified restrictions on our children, the state constitution provides that we will provide for all children in the REAA'S.

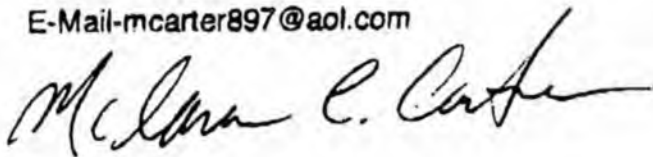
I would there for like to know why the Legislature is pitting District against District and trying to split this State apart, this is what you are proposing, if you change the Funding Formula.

I can think of nothing more that I would like to spend my money on than to see that every child no matter where they live in this state get an education.

I would like to offer my support for the 7 Consensus points by the AML, ACoM, AASA, and AASB on Education Funding reached October '97.

Finally I would like to say that to take education from one child and give it to another just in the interest of saving money is "One Decision I do NOT Want To Make".

McLaren C. Carter
PO Box 30009
Central Alaska, 99730
E-Mail-mcarter897@aol.com



AMEND

MENTS

held by Sen. Phillips

0-LS0070H.4

Ford

2/25/98

moved by Phillips
Adams objection
G.I. adopted

AMENDMENT

OFFERED IN THE SENATE

TO: CSSB 36(FIN), Draft Version "H"

SENATE FINANCE
COMMITTEE

Amendment Number: 1

Bill Number: CSSB 36(FIN)

Sponsor: Phillips Date: 2/26/98

Logged In By: J. Scattano

1 Page 20, lines 9 - 20:

2 Delete all material and insert:

3 **"* Sec. 26. TRANSITION: TRANSITION FUNDING.** (a) Except as provided in (b) and
 4 (c) of this section, if, for a fiscal year beginning July 1, 1998, or July 1, 1999, a city or
 5 borough school district or a regional educational attendance area would receive less public
 6 school funding under AS 14.17.410, enacted by sec. 2 of this Act, than the district or area
 7 would have received as state aid for the fiscal year beginning July 1, 1998, the district or area
 8 is eligible to receive additional public school funding equal to a percentage of the difference
 9 between the state aid the district or area would have received for the fiscal year beginning
 10 July 1, 1998, and the public school funding the district or area is eligible to receive under AS
 11 14.17.410, enacted by sec. 2 of this Act, according to the following table:

| 12 For the fiscal year beginning | Percentage of difference |
|----------------------------------|--------------------------|
| 13 July 1, 1998 | 75 |
| 14 July 1, 1999 | 50 |

15 (b) A city or borough school district is not eligible for additional funding authorized
 16 under (a) of this section unless, during the fiscal year beginning July 1, 1997, the district
 17 received the local contribution described under AS 14.17.025(a)(1), as that provision existed
 18 on the day before the effective date of this Act."

19 Reletter the following subsections accordingly.

20 Page 20, line 25, following "AS 14.17,":

21 Insert "if those provisions had not been"

A M E N D M E N T

OFFERED IN THE SENATE

TO: CSSB 36(FIN), Draft Version "H"

SENATE FINANCE
COMMITTEE

Amendment Number: 1
Bill Number: CSSB 36(FIN)
Sponsor: Phillips Date: 2/26/98
Logged In By: J. Soltano

1 Page 20, lines 9 - 20:

2 Delete all material and insert:

3 **"* Sec. 26. TRANSITION: TRANSITION FUNDING.** (a) Except as provided in (b) and
4 (c) of this section, if, for a fiscal year beginning July 1, 1998, or July 1, 1999, a city or
5 borough school district or a regional educational attendance area would receive less public
6 school funding under AS 14.17.410, enacted by sec. 2 of this Act, than the district or area
7 would have received as state aid for the fiscal year beginning July 1, 1998, the district or area
8 is eligible to receive additional public school funding equal to a percentage of the difference
9 between the state aid the district or area would have received for the fiscal year beginning
10 July 1, 1998, and the public school funding the district or area is eligible to receive under AS
11 14.17.410, enacted by sec. 2 of this Act, according to the following table:

| 12 For the fiscal year beginning | Percentage of difference |
|----------------------------------|--------------------------|
| 13 July 1, 1998 | 75 |
| 14 July 1, 1999 | 50 |

15 (b) A city or borough school district is not eligible for additional funding authorized
16 under (a) of this section unless, during the fiscal year beginning July 1, 1997, the district
17 received the local contribution described under AS 14.17.025(a)(1), as that provision existed
18 on the day before the effective date of this Act."

19 Reletter the following subsections accordingly.

20 Page 20, line 25, following "AS 14.17,":

21 Insert "if those provisions had not been"

*moved by Sen. Donley
Sen. Ferguson objected.
vote 6-1 adopted*

A M E N D M E N T

OFFERED IN THE SENATE

BY SENATOR DONLEY

TO: CSSB 36(FIN), Draft Version "H"

SENATE FINANCE
COMMITTEE

Amendment Number: 2

Bill Number: SB 36 (FIN) "H"

Sponsor: Donley Date: 3/3/98

Logged In By: Galvani

1 Page 15, following line 12:

2 Insert a new bill section to read:

3 **"* Sec. 10.** AS 14.09.010(b) is repealed and reenacted to read:

4 (b) A school district that enters into a contract described under (a)(1) of this
5 section shall be reimbursed for

6 (1) ^{at least} 90 percent of the cost of operating the student transportation
7 system if the transportation is provided by the school district; and

8 (2) 100 percent of the cost of operating the student transportation
9 system when the transportation is provided under a contract with the school district."

10 Page 20, line 10:

11 Delete "secs. 1 - 25"

12 Insert "secs. 1 - 26"

13 Page 22, line 3:

14 Delete "sec. 33"

15 Insert "sec. 34"

moved by Sen. Tolgeisen
Sen. Adams's objection
6-1 adopted

AMENDMENT

SENATE FINANCE
COMMITTEE

Amendment Number: 3
Bill Number: SB 36 (FIN) "H"
Sponsor: Tolgeisen Date: 3/3
Logged In By: J.oltane

OFFERED IN THE SENATE

TO: CSSB 36(FIN), Draft Version "H"

1 Page 12, following line 3:

2 Insert a new subsection to read:

3 "(d) In distributing public school funding to a regional educational attendance
4 area, the department shall also provide notice to the school board of the amount that
5 has been allocated as a result of the local contribution required under
6 AS 14.17.410(b)(3). Notice of the amount allocated as a result of the local
7 contribution required under AS 14.17.410(b)(3) shall also be published by the
8 department in a newspaper of general circulation in the regional educational
9 attendance area once each week for a period of three successive weeks."

*moved by Sen. Tougeon
Sen. Adams's objection
6-1 adopted*

A M E N D M E N T

SENATE FINANCE
COMMITTEE

Amendment Number: 4
Bill Number: SB 36 (FIN) .. H
Sponsor: Tougeon Date: 3/3/98
Logged In By: J. Gallant

OFFERED IN THE SENATE

TO: CSSB 36(FIN), Draft Version "H"

1 Page 1, line 4, following "program;":

2 Insert "relating to formation of third class boroughs by regional educational
3 attendance areas;"

4 Page 17, following line 22:

5 Insert a new bill section to read:

6 **** Sec. 19.** AS 29.05.031(b) is amended to read:

7 (b) An area may not incorporate as a third class borough unless the area
8 meets the standards for incorporation listed in (a)(1) - (4) of this section and was,
9 immediately before the incorporation, a regional educational attendance area.
10 A home rule or first class city surrounded by or adjacent to the former regional
11 educational attendance area may be included within the boundaries of a third
12 class borough incorporated under this subsection."

13 Renumber the following bill sections accordingly.

14 Page 19, following line 28:

15 Insert new bill sections to read:

16 **** Sec. 24.** AS 40.15.070 is amended to read:

17 **Sec. 40.15.070. Platting authority.** If land proposed to be subdivided or
18 dedicated is situated within a first or second class borough, the proposed subdivision
19 or dedication shall be submitted to the borough planning commission for approval.
20 If the land is situated within a city in the unorganized borough or a [THE] third class
21 borough, the proposed subdivision or dedication shall be submitted to the city
22 planning commission for approval. The borough planning commission is the platting

1 authority for the first or second class borough, the city planning commission is the
 2 platting authority for the city, and the Department of Natural Resources is the platting
 3 authority in the remaining areas of the state and third class boroughs [BOROUGH]
 4 for the change or vacation of existing plats or a portion of such plats, as provided in
 5 AS 40.15.075. If the borough or the city does not have a planning commission, the
 6 borough assembly or the city governing body, respectively, is the platting authority,
 7 and the proposed subdivision or dedication shall be submitted to it. A subdivision
 8 may not be filed and recorded until it is approved by the platting authority.

9 * **Sec. 25.** AS 40.15.075 is amended to read:

10 **Sec. 40.15.075. Authority in the unorganized borough and third class**
 11 **boroughs.** The Department of Natural Resources is the platting authority in the area
 12 outside organized boroughs and outside cities in the unorganized borough and in a
 13 [THE] third class borough for only the purposes of hearing and acting on petitions for
 14 the change or vacation of plats and shall execute this function substantially in
 15 conformity with the provisions of AS 29.40.130 - 29.40.160. Costs of publication and
 16 mailing authorized in AS 29.40.130 shall be paid to the Department of Natural
 17 Resources by the petitioner. The Department of Natural Resources shall adopt
 18 reasonable regulations governing the exercise of the authority conferred by this
 19 section."

20 Renumber the following bill sections accordingly.

21 Renumber internal references to bill sections in accordance with this amendment. Below are
 22 all internal bill section references in this bill:

23 Page 1, line 6
 24 Page 20, line 10
 25 Page 20, line 12
 26 Page 20, line 22
 27 Page 20, line 23
 28 Page 21, line 6

- 1 Page 21, line 8
- 2 Page 21, line 17
- 3 Page 21, line 20
- 4 Page 21, line 25
- 5 Page 21, line 31
- 6 Page 22, line 2
- 7 Page 22, line 3

AMENDMENT

moved Sen. Tolgerson
Sen. Adams objection
6-1 adopted

SENATE FINANCE
COMMITTEE

Amendment Number: 5
Bill Number: SB 36 (FIN) "H"
Sponsor: TOLGERSON Date: 3/3/98
Logged In By: J. Scilavi

OFFERED IN THE SENATE

TO: CSSB 36(FIN), Draft Version "H"

1 Page 1, line 2, following "students,":

2 Insert "to employment of chief school administrators,"

3 Page 14, following line 6:

4 Insert a new bill section to read:

5 **** Sec. 3.** AS 14.03.120(d) is amended to read:

6 (d) Each public school shall, by May 31 of each year, prepare a report on the
7 school's performance and the performance of the school's students. The report shall
8 be presented to parents, students, and community members at a public meeting [AND
9 FORWARDED TO THE CHIEF SCHOOL ADMINISTRATOR OF THE
10 DISTRICT]."

11 Renumber the following bill sections accordingly.

12 Page 15, line 10:

13 Delete "a new paragraph"

14 Insert "new paragraphs"

15 Page 15, line 12, following "municipality":

16 Insert ";

17 (12) employ chief school administrator"

18 Page 15, following line 12:

19 Insert a new bill section to read:

20 **** Sec. 11.** AS 14.08.111(3) is amended to read:

1 (3) [EMPLOY A CHIEF SCHOOL ADMINISTRATOR AND]
 2 approve the employment of the professional administrators, teachers, and
 3 noncertificated personnel necessary to operate its schools;"

4 Renumber the following bill sections accordingly.

5 Page 15, following line 28:

6 Insert new bill sections to read:

7 **** Sec. 14.** AS 14.14.130(a) is amended to read:

8 (a) A [EACH] school board may [SHALL] select and employ a qualified
 9 person as the chief school administrator for the district. In this subsection, "employ"
 10 includes employment by contract.

11 *** Sec. 15.** AS 14.14.130(b) is amended to read:

12 (b) If the district employs a [THE] chief school administrator, the
 13 ad ministrator [OF THE DISTRICT] shall administer the district in accordance with
 14 the policies that the school board prescribes by bylaw.

15 *** Sec. 16.** AS 14.14.130(c) is amended to read:

16 (c) If the district employs a [THE] chief school administrator, the
 17 administrator shall select, appoint, and otherwise control all school district
 18 employees that serve under the chief school administrator subject to the approval of
 19 the school board.

20 *** Sec. 17.** AS 14.16.020(2) is amended to read:

21 (2) [EMPLOY CHIEF SCHOOL ADMINISTRATORS AND] approve
 22 the employment of [OTHER] personnel necessary to operate state boarding schools;"

23 Renumber the following bill sections accordingly.

24 Page 16, following line 11:

25 Insert new bill sections to read:

26 **** Sec. 20.** AS 14.20.025 is amended to read:

27 **Sec. 14.20.025. Limited teacher certificates.** Notwithstanding
 28 AS 14.20.020(b), a person may be issued a limited certificate, valid only in the area

1 of expertise for which it is issued, to teach Alaska Native language or culture, military
2 science, or a vocational or technical course for which the board determines by
3 regulation that baccalaureate degree training is not sufficiently available. A limited
4 certificate may be issued under this section only if the school board of the district or
5 regional educational attendance area in which the person will be teaching
6 [, THROUGH THE CHIEF SCHOOL ADMINISTRATOR,] has requested its
7 issuance. A person who applies for a limited certificate shall demonstrate, as required
8 by regulations adopted by the board, instructional skills and subject matter expertise
9 sufficient to ensure the public that the person is competent as a teacher. The board
10 may require a person issued a limited certificate to undertake academic training as
11 may be required by the board by regulation and make satisfactory progress in the
12 academic training.

13 * Sec. 21. AS 14.20.147(a) is amended to read:

14 (a) When an attendance area is transferred from a currently operating district
15 to, or absorbed into, a new or existing school district, the teachers for the attendance
16 area also shall be transferred unless otherwise mutually agreed by the teacher or
17 teachers and the chief school administrator of the new district **if the district employs**
18 **a chief school administrator**. Accumulated or earned benefits, including [BUT NOT
19 LIMITED TO,] seniority, salary level, tenure, leave, and retirement, accompany the
20 teacher who is transferred.

21 * Sec. 22. AS 14.20.148 is amended to read:

22 **Sec. 14.20.148. Intradistrict teacher reassignments.** When a teacher is
23 involuntarily transferred or reassigned to a position for which the teacher is qualified,
24 within the district, the teacher's moving expenses shall be paid unless the one-way
25 driving distance is 20 miles or less from the teacher's present place of residence, or
26 unless otherwise mutually agreed by the teacher and chief school administrator of the
27 district **if the district employs a chief school administrator.**"

28 Renumber the following bill sections accordingly.

29 Page 20, line 4, following "* Sec. 24.":

1 Insert "AS 14.16.050(a)(1)(G);"

2 Renumber internal references to bill sections in accordance with this amendment. Below are
3 all internal bill section references in this bill:

- 4 Page 1, line 6
- 5 Page 20, line 10
- 6 Page 20, line 12
- 7 Page 20, line 22
- 8 Page 20, line 23
- 9 Page 21, line 6
- 10 Page 21, line 8
- 11 Page 21, line 17
- 12 Page 21, line 20
- 13 Page 21, line 25
- 14 Page 21, line 31
- 15 Page 22, line 2
- 16 Page 22, line 3

A M E N D M E N T

moved Sen. Torgerson
objection Sen. Adams
4-3 adopted

OFFERED IN THE SENATE

TO: CSSB 36(FIN), Draft Version "H"

SENATE FINANCE
COMMITTEE

Amendment Number: 6
Bill Number: SB 36 (FIN), "H"
Sponsor: Torgerson Date: 3/3/97
Logged In By: J. Selten

- 1 Page 1, line 6:
- 2 Delete "PURPOSE"
- 3 Insert "PURPOSES"
- 4 Delete "purpose"
- 5 Insert "purposes"
- 6 Delete "is"
- 7 Insert "are"
- 8 Following "to":
- 9 Insert "(1)"

- 10 Page 1, line 8, following "state":
- 11 Insert ";
- 12 (2) require a local contribution to public schools from every area of the state
- 13 in a manner that involves a minimum of governmental intrusion; to accomplish this goal, the
- 14 legislature, as the assembly for the unorganized borough, is imposing the equivalent of a four
- 15 percent employment tax as the local contribution for public schools from the ^{three} unorganized ^{State of Alaska}
- 16 borough"

Sen. Donley
amend. to amend. # 6

Sen. Adams moved
(line 15 + 16)
amend to amend # 6
1-6 failed

AMENDMENT

*moved by Sen. Torgelson
Sen. Adams objection-
withdrewn
adopted*

OFFERED IN THE SENATE

TO: CSSB 36(FIN), Draft Version "H"

SENATE FINANCE
COMMITTEE

Amendment Number: 7
Bill Number: SB 36(FIN), H
Sponsor: Torgelson Date: 3/3/98
Logged In By: J. Scelani

1 Page 16, line 15:

2 Delete "[OR]"

3 Insert "or"

4 Page 16, lines 18 - 20:

5 Delete "; or

6 (3) the state share of public school funding is reduced under

7 AS 14.17.400(b) by three percent or more in a fiscal year"

A M E N D M E N T

SENATE FINANCE
COMMITTEE

Amendment Number: 8
Bill Number: SB 361 (FIN) "H"
Sponsor: Teigueson Date: 3/3/98
Logged In By: J. Sc. Clavie

OFFERED IN THE SENATE

TO: CSSB 36(FIN), Draft Version "H"

1 Page 1, line 1, following "program;":

2 Insert "relating to academic performance and accreditation of public schools;"

3 Page 14, following line 6:

4 Insert new bill sections to read:

5 "* Sec. 3. AS 14.03.120(d) is repealed and reenacted to read:

6 (d) Annually, but before the date set by the district under (e) of this section,
7 each public school shall provide, in a public meeting of parents, students, and
8 community members, a report on the school's performance and the performance of
9 the school's students. The report shall be prepared on a form prescribed by the
10 department and must include

11 (1) information on accreditation;

12 (2) results of norm-referenced achievement tests;

13 (3) results of state standards-based assessments in reading, writing, and
14 mathematics;

15 (4) a description, including quantitative and qualitative measures, of
16 student, parent, community, and business involvement in student learning;

17 (5) a description of the school's attendance, retention, dropout, and
18 graduation rates as specified by the state board; and

19 (6) the annual percent of enrollment change, regardless of reason, and
20 the annual percent of enrollment change due to student transfers into and out of the
21 school district.

22 * Sec. 4. AS 14.03.120(e) is repealed and reenacted to read:

23 (e) By a date set by the district, each public school in the district shall provide
24 the report described in (d) of this section to the chief school administrator of the

1 district. Along with the report, each public school shall submit a summary of
 2 comments made on the report by parents, students, and community members. By
 3 July 1 of each year, beginning in 2000, each district shall provide to the department
 4 a report on the performance of each public school and the public school students in
 5 the district. The district's report must

6 (1) be entitled "School District Report Card to the Public"; and

7 (2) include

8 (A) copies of the reports and summaries of comments
 9 submitted under this section by each public school in the district; and

10 (B) a compilation of the material described in (A) of this
 11 paragraph by each public school in the district.

12 * **Sec. 5.** AS 14.03 120(f) is repealed and reenacted to read:

13 (f) By January 15 of each year, beginning in 2001, the department shall
 14 provide to the governor and make available to the public and the legislature a report
 15 on the performance of public schools in this state. The report must be entitled
 16 "Alaska's Public Schools: A Report Card to the Public." The report must include

17 (1) comprehensive information on each public school compiled,
 18 collected, and reported under (d) and (e) of this section for the prior school year;

19 (2) a summary of the information described in (1) of this subsection;
 20 the summary must be prepared in a manner that allows school performance to be
 21 measured against established state education standards; and

22 (3) for a report due by or after January 15, 2003, the performance
 23 designation under AS 14.03.123(b) received by each public school during the prior
 24 school year."

25 Renumber the following bill sections accordingly.

26 Page 14, following line 9:

27 Insert a new bill section to read:

28 ** **Sec. 7.** AS 14.03 is amended by adding a new section to read:

29 **Sec. 14.03.123. School accreditation and accountability.** (a) Each public
 30 school in this state must become accredited by the department. By July 1, 1999, the

1 state board shall establish in regulation a process for accreditation under this section.
2 The accreditation process must be based on multiple student measures, including
3 student achievement data.

4 (b) Beginning in August 2002, and during each of the following 12-month
5 periods, the department shall assign each public school in each district the
6 performance designation of distinguished, successful, deficient, or in crisis using the
7 process established under (a) of this section. The department shall accredit each
8 public school that is assigned a performance designation of distinguished or
9 successful. A public school assigned a performance designation of deficient or in
10 crisis shall develop a school improvement plan under (e) of this section. The
11 department shall inform the chief school administrator of each district of the
12 performance designation assigned to each public school in the district.

13 (c) The state board shall adopt regulations to allow a district to appeal the
14 performance designation assigned to a public school in that district.

15 (d) The department may establish a program of special recognition for those
16 public schools that achieve the performance designation of distinguished.

17 (e) A public school that fails to become accredited under (b) of this section
18 shall prepare a school improvement plan to improve student performance based on the
19 process established under (a) of this section and provide that plan to the district to
20 submit to the department. The public school shall undertake an improvement process
21 under that plan to lead to a designation of successful or distinguished. The school
22 improvement plan must be prepared with the maximum feasible public participation
23 of the community, including, if appropriate, interested individuals, teachers, parents,
24 parent organizations, students, tribal organizations, local government representatives,
25 and other community groups. The school board of a district and the chief school
26 administrator of the district shall consult with and assist the public school in the
27 preparation of the school improvement plan. The commissioner may provide technical
28 assistance to a public school or the district at any time during the preparation and
29 implementation of the school improvement plan upon the request of an interested
30 person and the approval of the district.

31 (f) Beginning August 1, 2002, and periodically during each of the following
32 12-month periods, the department shall monitor the progress of the implementation

1 of each school improvement plan prepared under (e) of this section for each public
2 school that is not accredited under this section.

3 (g) The department may use existing staff or contract with one or more
4 qualified persons to assist a public school that is not accredited under this section to
5 improve student performance. Qualified persons to provide assistance under this
6 section may include educators, business leaders, school board members, and
7 community leaders. The provisions of AS 36.30 do not apply to a contract awarded
8 under this subsection.

9 (h) Notwithstanding any contrary provisions in this title, if the performance
10 designation of a public school has continued to be deficient or in crisis for two
11 consecutive school years, the commissioner, after consultation with parents and the
12 community, shall manage the school's fiscal or academic affairs, or both. The
13 commissioner may implement other emergency measures determined by the
14 commissioner to be a necessary and appropriate intervention. If the commissioner
15 assumes a public school's duties under this subsection, the commissioner may
16 withhold the disbursement of money under AS 14.17 to the district in an amount
17 sufficient to operate that school and may use that money to operate the school.

18 (i) The state board shall develop, in regulation, measures that may be
19 progressively implemented by the commissioner to assist a public school to improve
20 student performance in accordance with this section.

21 (j) In this section, "district" has the meaning given in AS 14.17.250."

22 Renumber the following bill sections accordingly.

23 Page 14, following line 26:

24 Insert a new bill section to read:

25 **** Sec. 12.** AS 14.07.020 is amended by adding a new subsection to read:

26 (c) In implementing its duties under (a)(2) of this section, the department shall

27 (1) develop

28 (A) performance standards in reading, writing, and mathematics
29 to be met at designated age levels by each student in the public schools in the
30 state; and

1 (B) a comprehensive system of student assessments, composed
2 of multiple indicators of proficiency in reading, writing, and mathematics; this
3 comprehensive system must be made available to all districts and regional
4 educational attendance areas and shall include a developmental profile for
5 students entering kindergarten or first grade, and performance standards in
6 reading, writing, and mathematics for students in age groups 5 - 7, 8 - 10, and
7 11 - 14; and

8 (2) provide

9 (A) technical assistance to school districts and regional
10 educational attendance areas to meet and maintain statewide standards for
11 student performance;

12 (B) adequate and timely information to parents and students
13 about student progress toward meeting state performance standards in reading,
14 writing, and mathematics; and

15 (C) technical assistance to school districts and regional
16 educational attendance areas to develop comprehensive procedures to enable
17 them to monitor student progress in order that the district or regional
18 educational attendance area is able to intervene and assist students who are not
19 meeting state performance standards."

20 Renumber the following bill sections accordingly.

21 Renumber internal references to bill sections in accordance with this amendment. Below are
22 all internal bill section references in this bill:

- 23 Page 1, line 6
- 24 Page 20, line 10
- 25 Page 20, line 12
- 26 Page 20, line 22
- 27 Page 20, line 23
- 28 Page 21, line 6
- 29 Page 21, line 8

- 1 Page 21, line 17
- 2 Page 21, line 20
- 3 Page 21, line 25
- 4 Page 21, line 31
- 5 Page 22, line 2
- 6 Page 22, line 3

not offered

0-LS0070VH.15
Foid
3/2/98

A M E N D M E N T

SENATE FINANCE
COMMITTEE

OFFERED IN THE SENATE

TO: CSSB 36(FIN), Draft Version "H"

Amendment Number: 9
Bill Number: SB 36 (FIN), "H"
Sponsor: Toussaint Date: 3/3/98
Logged In By: gottardi

- 1 Page 1, line 4, following "program;":
- 2 Insert "imposing an employment tax in the unorganized borough as a local
- 3 contribution to public schools;"

- 4 Page 3, lines 8 - 10:
- 5 Delete all material.
- 6 Insert "equal to the employment tax imposed under AS 43.42 that is collected in the
- 7 previous fiscal year from individuals employed in the regional educational attendance area."

- 8 Page 3, line 20, through page 4, line 5:
- 9 Delete all material.

- 10 Reletter the following subsections accordingly.

- 11 Page 4, lines 9 - 13:
- 12 Delete all material.

- 13 Page 9, lines 20 - 24:
- 14 Delete all material.

- 15 Page 13, lines 3 - 18:
- 16 Delete all material.

- 17 Renumber the following paragraphs accordingly.

1 Page 13, lines 24 - 28:

2 Delete all material.

3 Renumber the following paragraphs accordingly.

4 Page 14, lines 2 - 4:

5 Delete all material.

6 Renumber the following paragraph accordingly.

7 Page 19, following line 28:

8 Insert a new bill section to read:

9 **** Sec. 23.** AS 43 is amended by adding a new chapter to read:

10 **Chapter 42. Unorganized Borough Employment Tax.**

11 **Sec. 43.42.010. Purpose.** It is the purpose of this chapter to impose an
12 employment tax on individuals who are employed in the unorganized borough,
13 including those individuals who are nonresidents who are employed in the
14 unorganized borough.

15 **Sec. 43.42.020. Tax imposed.** In each calendar year, there is levied an
16 employment tax upon each individual who receives compensation for services
17 performed in the unorganized borough outside of a home rule or first class city as an
18 employee or receives self-employment earnings from business activities conducted in
19 the unorganized borough outside of a home rule or first class city. The tax on an
20 individual is three percent of

21 (1) compensation paid to that individual by an employer who has a
22 business situs in the unorganized borough outside of a home rule or first class city for
23 services performed in the unorganized borough outside of a home rule or first class
24 city in the calendar year as an employee of that employer;

25 (2) that individual's self-employment earnings from business activities
26 conducted in the unorganized borough outside of a home rule or first class city in the
27 calendar year.

28 **Sec. 43.42.030. Determination of business situs.** For purposes of

1 AS 43.42.020, an employer has a business situs in the unorganized borough outside
2 of a home rule or first class city if, at any time in the calendar year, an individual
3 performs services in the unorganized borough outside of a home rule or first class city
4 as an employee of that employer.

5 **Sec. 43.42.040. Collection, reporting, and remittance of tax on employee**
6 **compensation.** (a) An employer making payment of compensation for services
7 performed in the unorganized borough outside of a home rule or first class city shall
8 withhold from the payment the tax levied by this chapter. The employer shall
9 withhold three percent of each payment of compensation and shall file a return and
10 remit the taxes as required by (b) or (c) of this section.

11 (b) Except as provided in (c) of this section, the return required by this
12 section must be filed, and the withheld taxes remitted, by the date the employer's
13 regular quarterly report of employment security contributions under AS 23.20 is
14 required to be filed. The employer shall file a return by reporting amounts withheld
15 under this section during the preceding calendar quarter, and any additional
16 information required by regulation adopted under AS 43.42.050(a), to the Department
17 of Labor on forms provided by the Department of Labor together with the employer's
18 regular quarterly report of employment security contributions under AS 23.20. With
19 each return filed under this subsection, the employer shall remit the taxes required to
20 be withheld under this section during the preceding calendar quarter.

21 (c) An employer who is required to withhold and remit taxes under this
22 section but who is not subject to the reporting requirements of AS 23.20 shall file a
23 return and remit the taxes as required by this subsection. On or before the last day
24 of the month following each calendar quarter in which taxes were withheld under this
25 section, the employer shall file with the department a return on forms provided by the
26 department and shall remit the taxes required to be withheld during the preceding
27 calendar quarter. In the return, the employer shall report amounts withheld under this
28 section during the preceding calendar quarter and any additional information required
29 by regulation adopted under AS 43.42.050(a).

30 **Sec. 43.42.050. Administration of tax on employee compensation.** (a)
31 After consultation with the Department of Labor, the department shall prescribe, by
32 regulation, any additional information that must be included in a return filed under

1 AS 43.42.040 in order for the department to calculate, determine, collect, or enforce
2 the tax levied by this chapter. The Department of Labor shall include, on forms for
3 reporting under AS 23.20, space designated for reporting amounts withheld under
4 AS 43.42.040 and for providing any additional information required by department
5 regulations. The department shall coordinate with the Department of Labor to
6 maximize the use of existing reports to the department and to the Department of
7 Labor.

8 (b) The Department of Labor shall provide to the department the information
9 collected under AS 43.42.040 that relates to the tax levied by this chapter.

10 (c) The Department of Labor shall report to the department a failure of an
11 employer to timely report or remit the tax levied by this chapter. The Department of
12 Labor may not use the provisions of AS 23.20 to enforce the collection or remittance
13 of the tax levied by this chapter. Reporting forms and other records relating to the
14 tax levied by this chapter that are maintained by the Department of Labor are prima
15 facie evidence of timely reporting and remittance, or failure to timely report or remit,
16 under AS 43.42.040.

17 **Sec. 43.42.060. Administration and payment of tax on self-employment**
18 **earnings.** (a) An individual who is subject to the tax on self-employment earnings
19 levied by this chapter shall file a return with the department, and with the return shall
20 pay the tax, in the manner required by this section. The return must be filed on a
21 form provided by the department.

22 (b) The individual shall file a return for each calendar quarter in which the
23 individual had self-employment earnings and make a payment of three percent of the
24 individual's self-employment earnings in that quarter.

25 (c) Returns must be filed and payments made, as required by (b) of this
26 section, on or before the following dates:

- 27 (1) April 15, for the first calendar quarter of a year;
28 (2) July 15, for the second calendar quarter of a year;
29 (3) October 15, for the third calendar quarter of a year;
30 (4) January 15 of the following year, for the fourth calendar quarter
31 of a year.

32 **Sec. 43.42.070. Record of tax withheld from employees; refunds.** (a) An

1 employer who withholds tax under AS 43.42.040 shall furnish to the employee before
 2 February 1 of each calendar year a record of the amount of tax withheld from that
 3 employee's compensation in the preceding calendar year. The employer shall pay to
 4 the department a penalty of \$10 for each failure to provide the record required by this
 5 subsection.

6 (b) On or before April 15 of a calendar year, an individual may file with the
 7 department, on forms provided by the department, a claim for the refund of excess tax
 8 withheld or paid for the preceding calendar year. The individual shall attach the
 9 records provided by employers or other proof of payment acceptable to the department
 10 to support the refund claim.

11 **Sec. 43.42.080. Disposition of and accounting for tax proceeds.** (a) The
 12 money collected by the department under this chapter shall be deposited in the general
 13 fund of the state, and the proceeds from the tax shall be separately accounted for by
 14 regional educational attendance area. The legislature may appropriate the estimated
 15 balance of the account to the public school account established under AS 14.17.300.

16 (b) In this section, "regional educational attendance area" means an area of
 17 the unorganized borough specified as an educational service area under
 18 AS 14.08.031(a).

19 **Sec. 43.42.090. Regulations.** The department may adopt regulations to
 20 interpret and implement this chapter.

21 **Sec. 43.42.099. Definitions.** In this chapter.

22 (1) "business activities" means activities or acts of a commercial,
 23 occupational, professional, or like nature, that are engaged in or caused to be engaged
 24 in with the object of financial or pecuniary gain, profit, or benefit; "business
 25 activities" does not include

26 (A) providing services as an employee;

27 (B) furnishing or selling of property, services, substances, or
 28 things by a person who does not represent to be regularly engaging in those
 29 transactions;

30 (C) an individual's investment or banking activities relating to
 31 that individual's personal property;

32 (2) "calendar quarter" means each of the three-month periods ending

1 March 31, June 30, September 30, and December 31;

2 (3) "compensation for services" means gross wages, salaries, tips, and
3 other remuneration paid to an employee by an employer; "compensation for services"
4 does not include

5 (A) remuneration for attendance at events such as trade shows,
6 conventions, or educational or scientific workshops or seminars; or

7 (B) compensation earned by a prisoner under AS 33 at a rate
8 less than the minimum wage established under AS 23.10;

9 (4) "employer" means a person making payment of compensation for
10 services who is required to deduct and withhold income taxes under provisions of
11 26 U.S.C. (Internal Revenue Code);

12 (5) "individual" means a natural person who was 17 years of age or
13 older on January 1 of a calendar year;

14 (6) "self-employment earnings" means gross receipts from a business
15 activity that are not paid by an employer less the expenses incurred to produce the
16 gross receipts;

17 (7) "tax" means the employment tax levied by this chapter."

18 Renumber the following bill sections accordingly.

19 Page 22, following line 1:

20 Insert a new bill section to read:

21 **"* Sec. 34. APPLICABILITY OF UNORGANIZED BOROUGH EMPLOYMENT TAX.**
22 AS 43.42 enacted by sec. 23 of this Act, applies to compensation and self-employment
23 earnings income received on or after January 1, 1999."

24 Renumber the following bill sections accordingly.

25 Renumber internal references to bill sections in accordance with this amendment. Below are
26 all internal bill section references in this bill:

27 Page 1, line 6

- 1 Page 20, line 10
- 2 Page 20, line 12
- 3 Page 20, line 22
- 4 Page 20, line 23
- 5 Page 21, line 6
- 6 Page 21, line 8
- 7 Page 21, line 17
- 8 Page 21, line 20
- 9 Page 21, line 25
- 10 Page 21, line 31
- 11 Page 22, line 2
- 12 Page 22, line 3

A M E N D M E N T

OFFERED IN THE SENATE

TO: CSSB 36(FIN), Draft Version "H"

SENATE FINANCE
COMMITTEE

Amendment Number: 10
Bill Number: SB 36(FIN) ..H
Sponsor: Phillips Date: 3/3/98
Logged In By: J. Sc. T. ...

1 Page 1, line 1, following "program;":

2 Insert "relating to academic performance and accreditation of public schools;"

3 Page 14, following line 6:

4 Insert new bill sections to read:

5 *** Sec. 3.** AS 14.03.120(d) is repealed and reenacted to read:

6 (d) Annually, but before the date set by the district under (e) of this section,
7 each public school shall provide, in a public meeting of parents, students, and
8 community members, a report on the school's performance and the performance of
9 the school's students. The report shall be prepared on a form prescribed by the
10 department and must include

- 11 (1) information on accreditation;
- 12 (2) results of norm-referenced achievement tests;
- 13 (3) results of state standards-based assessments in reading, writing, and
14 mathematics;
- 15 (4) a description, including quantitative and qualitative measures, of
16 student, parent, community, and business involvement in student learning;
- 17 (5) a description of the school's attendance, retention, dropout, and
18 graduation rates as specified by the state board; and
- 19 (6) the annual percent of enrollment change, regardless of reason, and
20 the annual percent of enrollment change due to student transfers into and out of the
21 school district.

22 *** Sec. 4.** AS 14.03.120(e) is repealed and reenacted to read:

23 (e) By a date set by the district, each public school in the district shall provide
24 the report described in (d) of this section to the chief school administrator of the

1 district. Along with the report, each public school shall submit a summary of
 2 comments made on the report by parents, students, and community members. By
 3 July 1 of each year, beginning in 2000, each district shall provide to the department
 4 a report on the performance of each public school and the public school students in
 5 the district. The district's report must

6 (1) be entitled "School District Report Card to the Public"; and

7 (2) include

8 (A) copies of the reports and summaries of comments
 9 submitted under this section by each public school in the district; and

10 (B) a compilation of the material described in (A) of this
 11 paragraph by each public school in the district.

12 * Sec. 5. AS 14.03.120(f) is repealed and reenacted to read:

13 (f) By January 15 of each year, beginning in 2001, the department shall
 14 provide to the governor and make available to the public and the legislature a report
 15 on the performance of public schools in this state. The report must be entitled

16 "Alaska's Public Schools: A Report Card to the Public." The report must include

17 (1) comprehensive information on each public school compiled,
 18 collected, and reported under (d) and (e) of this section for the prior school year;

19 (2) a summary of the information described in (1) of this subsection;
 20 the summary must be prepared in a manner that allows school performance to be
 21 measured against established state education standards; and

22 (3) for a report due by or after January 15, 2003, the performance
 23 designation under AS 14.03.123(b) received by each public school during the prior
 24 school year."

25 Renumber the following bill sections accordingly.

26 Page 14, following line 9:

27 Insert a new bill section to read:

28 **** Sec. 7. AS 14.03 is amended by adding a new section to read:**

29 **Sec. 14.03.123. School accreditation and accountability.** (a) Each public
 30 school in this state must become accredited by the department. By July 1, 1999, the

1 state board shall establish in regulation a process for accreditation under this section.
2 The accreditation process must be based on multiple student measures, including
3 student achievement data.

4 (b) Beginning in August 2002, and during each of the following 12-month
5 periods, the department shall assign each public school in each district the
6 performance designation of distinguished, successful, deficient, or in crisis using the
7 process established under (a) of this section. The department shall accredit each
8 public school that is assigned a performance designation of distinguished or
9 successful. A public school assigned a performance designation of deficient or in
10 crisis shall develop a school improvement plan under (e) of this section. The
11 department shall inform the chief school administrator of each district of the
12 performance designation assigned to each public school in the district.

13 (c) The state board shall adopt regulations to allow a district to appeal the
14 performance designation assigned to a public school in that district.

15 (d) The department may establish a program of special recognition for those
16 public schools that achieve the performance designation of distinguished.

17 (e) A public school that fails to become accredited under (b) of this section
18 shall prepare a school improvement plan to improve student performance based on the
19 process established under (a) of this section and provide that plan to the district to
20 submit to the department. The public school shall undertake an improvement process
21 under that plan to lead to a designation of successful or distinguished. The school
22 improvement plan must be prepared with the maximum feasible public participation
23 of the community, including, if appropriate, interested individuals, teachers, parents,
24 parent organizations, students, tribal organizations, local government representatives,
25 and other community groups. The school board of a district and the chief school
26 administrator of the district shall consult with and assist the public school in the
27 preparation of the school improvement plan. The commissioner may provide technical
28 assistance to a public school or the district at any time during the preparation and
29 implementation of the school improvement plan upon the request of an interested
30 person and the approval of the district.

31 (f) Beginning August 1, 2002, and periodically during each of the following
32 12-month periods, the department shall monitor the progress of the implementation

1 of each school improvement plan prepared under (e) of this section for each public
2 school that is not accredited under this section.

3 (g) The department may use existing staff or contract with one or more
4 qualified persons to assist a public school that is not accredited under this section to
5 improve student performance. Qualified persons to provide assistance under this
6 section may include educators, business leaders, school board members, and
7 community leaders. The provisions of AS 36.30 do not apply to a contract awarded
8 under this subsection.

9 (h) Notwithstanding any contrary provisions in this title, if the performance
10 designation of a public school has continued to be deficient or in crisis for two
11 consecutive school years, the commissioner, after consultation with parents and the
12 community, shall manage the school's fiscal or academic affairs, or both. The
13 commissioner may implement other emergency measures determined by the
14 commissioner to be a necessary and appropriate intervention. If the commissioner
15 assumes a public school's duties under this subsection, the commissioner may
16 withhold the disbursement of money under AS 14.17 to the district in an amount
17 sufficient to operate that school and may use that money to operate the school.

18 (i) The state board shall develop, in regulation, measures that may be
19 progressively implemented by the commissioner to assist a public school to improve
20 student performance in accordance with this section.

21 (j) In this section, "district" has the meaning given in AS 14.17.250."

22 Renumber the following bill sections accordingly.

23 Page 14, following line 26:

24 Insert a new bill section to read:

25 **** Sec. 12.** AS 14.07.020 is amended by adding a new subsection to read:

26 (c) In implementing its duties under (a)(2) of this section, the department shall

27 (1) develop

28 (A) performance standards in reading, writing, and mathematics
29 to be met at designated age levels by each student in the public schools in the
30 state; and

1 (B) a comprehensive system of student assessments, composed
 2 of multiple indicators of proficiency in reading, writing, and mathematics; this
 3 comprehensive system must be made available to all districts and regional
 4 educational attendance areas and shall include a developmental profile for
 5 students entering kindergarten or first grade, and performance standards in
 6 reading, writing, and mathematics for students in age groups 5 - 7, 8 - 10, and
 7 11 - 14; and

8 (2) provide

9 (A) technical assistance to school districts and regional
 10 educational attendance areas to meet and maintain statewide standards for
 11 student performance;

12 (B) adequate and timely information to parents and students
 13 about student progress toward meeting state performance standards in reading,
 14 writing, and mathematics; and

15 (C) technical assistance to school districts and regional
 16 educational attendance areas to develop comprehensive procedures to enable
 17 them to monitor student progress in order that the district or regional
 18 educational attendance area is able to intervene and assist students who are not
 19 meeting state performance standards."

20 Renumber the following bill sections accordingly.

21 Renumber internal references to bill sections in accordance with this amendment. Below are
 22 all internal bill section references in this bill:

23 Page 1, line 6
 24 Page 20, line 10
 25 Page 20, line 12
 26 Page 20, line 22
 27 Page 20, line 23
 28 Page 21, line 6
 29 Page 21, line 8

- 1 Page 21, line 17
- 2 Page 21, line 20
- 3 Page 21, line 25
- 4 Page 21, line 31
- 5 Page 22, line 2
- 6 Page 22, line 3

*moved Sen. Tengelsen
Sen. Adelson's objection
6-1 adopted*

A M E N D M E N T

**SENATE FINANCE
COMMITTEE**

Amendment Number: 11

Bill Number: SB 36 (FIN) "H"

Sponsor: Tengelsen Date: 3/3/98

Logged In By: Joltani

OFFERED IN THE SENATE

TO: CSSB 36(FIN), Draft Version "H"

1 Page 9, line 25:

2 Delete "Maximum"

3 Insert "Minimum"

4 Page 9, lines 26 - 28:

5 Delete all material.

6 Insert "shall budget for and spend a minimum of 70 percent of its school operating
7 expenditures in each fiscal year on the instructional component of the district budget."

8 Page 10, lines 7 - 8:

9 Delete "over expenditure in the combined school administration and district
10 administration components of the district budget"

11 Insert "deficiency"

12 Page 10, following line 23:

13 Insert a new subsection to read:

14 "(f) In this section, "instructional component" includes expenditures for
15 teachers and for pupil support services."

16 Page 22, following line 1:

17 Insert a new bill section to read:

18 **"* Sec. 33. TRANSITION: MINIMUM EXPENDITURE FOR INSTRUCTION.**

19 Notwithstanding AS 14.17.530, enacted in sec. 2 of this Act, the minimum expenditure for
20 the instructional component of the school district budget is as follows:

21 For the fiscal year beginning Minimum expenditure

1 July 1, 1998 60 percent

2 July 1, 1999 65 percent"

3 Renumber the following bill sections accordingly.

4 Renumber internal references to bill sections in accordance with this amendment. Below are
5 all internal bill section references in this bill:

- 6 Page 1, line 6
- 7 Page 20, line 10
- 8 Page 20, line 12
- 9 Page 20, line 22
- 10 Page 20, line 23
- 11 Page 21, line 6
- 12 Page 21, line 8
- 13 Page 21, line 17
- 14 Page 21, line 20
- 15 Page 21, line 25
- 16 Page 21, line 31
- 17 Page 22, line 2
- 18 Page 22, line 3

*moved by Sen. Torgerson
Sen. Adams objection
5-2 adopted*

AMENDMENT

**SENATE FINANCE
COMMITTEE**

Amendment Number: 12

Bill Number: SB 36 (FIN) "H"

Sponsor: Torgerson Date: 3/3/98

Logged In By: Goltani

OFFERED IN THE SENATE

TO: CSSB 36(FIN), Draft Version "H"

1 Page 1, line 4, following "program;":

2 Insert "imposing an employment tax in the unorganized borough as a local
3 contribution to public schools;"

4 Page 3, lines 8 - 10:

5 Delete all material.

6 Insert "equal to the employment tax imposed under AS 43.42 that is collected in the
7 previous fiscal year from individuals, including nonresidents, employed in the regional
8 educational attendance area."

9 Page 3, line 20, through page 4, line 5:

10 Delete all material.

11 Reletter the following subsections accordingly.

12 Page 4, lines 9 - 13:

13 Delete all material.

14 Page 9, lines 20 - 24:

15 Delete all material.

16 Page 13, lines 3 - 18:

17 Delete all material.

18 Renumber the following paragraphs accordingly.

1 Page 13, lines 24 - 28:

2 Delete all material.

3 Renumber the following paragraphs accordingly.

4 Page 14, lines 2 - 4:

5 Delete all material.

6 Renumber the following paragraph accordingly.

7 Page 19, following line 28:

8 Insert a new bill section to read:

9 **** Sec. 23.** AS 43 is amended by adding a new chapter to read:

10 **Chapter 42. Unorganized Borough Employment Tax.**

11 **Sec. 43.42.010. Purpose; nonresident taxation.** It is the purpose of this
12 chapter to impose an employment tax on individuals who are employed in the
13 unorganized borough, including those individuals who are nonresidents who are
14 employed in the unorganized borough.

15 **Sec. 43.42.020. Tax imposed.** In each calendar year, there is levied an
16 employment tax upon each individual who receives compensation for services
17 performed in the unorganized borough outside of a home rule or first class city as an
18 employee or receives self-employment earnings from business activities conducted in
19 the unorganized borough outside of a home rule or first class city. The tax on an
20 individual is ^{three} ~~four~~ percent of ^{Torgerson} ~~amend.~~ ^{amend. 12} ~~adopted~~

21 (1) compensation paid to that individual by an employer who has a
22 business situs in the unorganized borough outside of a home rule or first class city for
23 services performed in the unorganized borough outside of a home rule or first class
24 city in the calendar year as an employee of that employer;

25 (2) that individual's self-employment earnings from business activities
26 conducted in the unorganized borough outside of a home rule or first class city in the
27 calendar year.

28 **Sec. 43.42.030. Determination of business situs.** For purposes of

1 AS 43.42.020, an employer has a business situs in the unorganized borough outside
2 of a home rule or first class city if, at any time in the calendar year, an individual
3 performs services in the unorganized borough outside of a home rule or first class city
4 as an employee of that employer.

5 **Sec. 43.42.035. Credit against tax.** An individual is entitled to a tax credit
6 against the tax levied by this chapter equal to the amount paid by the individual in
7 taxes in a city or borough school district^{in the State.} that is contributed to the school district. An
8 individual may claim a credit under this section by providing proof of payment to the
9 employer on a form approved by the Department of Labor or by providing proof
10 satisfactory to the Department of Labor of payment of the tax in the city or borough
11 school district.

12 **Sec. 43.42.040. Collection, reporting, and remittance of tax on employee**
13 **compensation.** (a) An employer making payment of compensation for services
14 performed in the unorganized borough outside of a home rule or first class city shall
15 withhold from the payment the tax levied by this chapter. Unless a credit is allowed
16 under AS 43.42.035, the employer shall withhold three percent of each payment of
17 compensation and shall file a return and remit the taxes as required by (b) or (c) of
18 this section.

19 (b) Except as provided in (c) of this section, the return required by this
20 section must be filed, and the withheld taxes remitted, by the date the employer's
21 regular quarterly report of employment security contributions under AS 23.20 is
22 required to be filed. The employer shall file a return by reporting amounts withheld
23 under this section during the preceding calendar quarter, and any additional
24 information required by regulation adopted under AS 43.42.050(a), to the Department
25 of Labor on forms provided by the Department of Labor together with the employer's
26 regular quarterly report of employment security contributions under AS 23.20. With
27 each return filed under this subsection, the employer shall remit the taxes required to
28 be withheld under this section during the preceding calendar quarter.

29 (c) An employer who is required to withhold and remit taxes under this
30 section but who is not subject to the reporting requirements of AS 23.20 shall file a
31 return and remit the taxes as required by this subsection. On or before the last day
32 of the month following each calendar quarter in which taxes were withheld under this

1 section, the employer shall file with the department a return on forms provided by the
2 department and shall remit the taxes required to be withheld during the preceding
3 calendar quarter. In the return, the employer shall report amounts withheld under this
4 section during the preceding calendar quarter and any additional information required
5 by regulation adopted under AS 43.42.050(a).

6 **Sec. 43.42.050. Administration of tax on employee compensation.** (a)

7 After consultation with the Department of Labor, the department shall prescribe, by
8 regulation, any additional information that must be included in a return filed under
9 AS 43.42.040 in order for the department to calculate, determine, collect, or enforce
10 the tax levied by this chapter. The Department of Labor shall include, on forms for
11 reporting under AS 23.20, space designated for reporting amounts withheld under
12 AS 43.42.040 and for providing any additional information required by department
13 regulations. The department shall coordinate with the Department of Labor to
14 maximize the use of existing reports to the department and to the Department of
15 Labor.

16 (b) The Department of Labor shall provide to the department the information
17 collected under AS 43.42.040 that relates to the tax levied by this chapter.

18 (c) The Department of Labor shall report to the department a failure of an
19 employer to timely report or remit the tax levied by this chapter. The Department of
20 Labor may not use the provisions of AS 23.20 to enforce the collection or remittance
21 of the tax levied by this chapter. Reporting forms and other records relating to the
22 tax levied by this chapter that are maintained by the Department of Labor are prima
23 facie evidence of timely reporting and remittance, or failure to timely report or remit,
24 under AS 43.42.040.

25 **Sec. 43.42.060. Administration and payment of tax on self-employment**
26 **earnings.** (a) An individual who is subject to the tax on self-employment earnings
27 levied by this chapter shall file a return with the department, and with the return shall
28 pay the tax, in the manner required by this section. The return must be filed on a
29 form provided by the department.

30 (b) The individual shall file a return for each calendar quarter in which the
31 individual had self-employment earnings and make a payment of three percent of the
32 individual's self-employment earnings in that quarter.

1 (c) Returns must be filed and payments made, as required by (b) of this
2 section, on or before the following dates:

- 3 (1) April 15, for the first calendar quarter of a year;
4 (2) July 15, for the second calendar quarter of a year;
5 (3) October 15, for the third calendar quarter of a year;
6 (4) January 15 of the following year, for the fourth calendar quarter
7 of a year.

8 **Sec. 43.42.070. Record of tax withheld from employees; refunds.** (a) An
9 employer who withholds tax under AS 43.42.040 shall furnish to the employee before
10 February 1 of each calendar year a record of the amount of tax withheld from that
11 employee's compensation in the preceding calendar year. The employer shall pay to
12 the department a penalty of \$10 for each failure to provide the record required by this
13 subsection.

14 (b) On or before April 15 of a calendar year, an individual may file with the
15 department, on forms provided by the department, a claim for the refund of excess tax
16 withheld or paid for the preceding calendar year. The individual shall attach the
17 records provided by employers or other proof of payment acceptable to the department
18 to support the refund claim.

19 **Sec. 43.42.080. Disposition of and accounting for tax proceeds.** (a) The
20 money collected by the department under this chapter shall be deposited in the general
21 fund of the state, and the proceeds from the tax shall be separately accounted for by
22 regional educational attendance area. The legislature may appropriate the estimated
23 balance of the account to the public school account established under AS 14.17.300.

24 (b) In this section, "regional educational attendance area" means an area of
25 the unorganized borough specified as an educational service area under
26 AS 14.08.031(a).

27 **Sec. 43.42.090. Regulations.** The department may adopt regulations to
28 interpret and implement this chapter.

29 **Sec. 43.42.099. Definitions.** In this chapter,

30 (1) "business activities" means activities or acts of a commercial,
31 occupational, professional, or like nature, that are engaged in or caused to be engaged
32 in with the object of financial or pecuniary gain, profit, or benefit; "business

1 activities" does not include

2 (A) providing services as an employee;

3 (B) furnishing or selling of property, services, substances, or
4 things by a person who does not represent to be regularly engaging in those
5 transactions;

6 (C) an individual's investment or banking activities relating to
7 that individual's personal property;

8 (2) "calendar quarter" means each of the three-month periods ending
9 March 31, June 30, September 30, and December 31;

10 (3) "compensation for services" means gross wages, salaries, tips, and
11 other remuneration paid to an employee by an employer; "compensation for services"
12 does not include

13 (A) remuneration for attendance at events such as trade shows,
14 conventions, or educational or scientific workshops or seminars; or

15 (B) compensation earned by a prisoner under AS 33 at a rate
16 less than the minimum wage established under AS 23.10;

17 (4) "employer" means a person making payment of compensation for
18 services who is required to deduct and withhold income taxes under provisions of
19 26 U.S.C. (Internal Revenue Code);

20 (5) "individual" means a natural person who was 19 years of age or
21 older on January 1 of a calendar year;

22 (6) "self-employment earnings" means gross receipts from a business
23 activity that are not paid by an employer less the expenses incurred to produce the
24 gross receipts;

25 (7) "tax" means the employment tax levied by this chapter."

26 Renumber the following bill sections accordingly.

27 Page 21, lines 5 - 14:

28 Delete all material and insert:

29 "* **Sec. 28. TRANSITION: UNORGANIZED BOROUGH EMPLOYMENT TAX.** (a)

30 AS 43.42 enacted by sec. 23 of this Act, applies to compensation and self-employment

1 earnings income received on or after January 1, 1999.

delete [1
2
3]

(b) Notwithstanding the employment tax imposed under AS 43.42, enacted by sec. 23 of this Act, in calendar year 1999, the employment tax is equal to one percent, and, in calendar year 2000, the employment tax is equal to two percent."

5 Renumber the following bill sections accordingly.

6 Renumber internal references to bill sections in accordance with this amendment. Below are
7 all internal bill section references in this bill:

- 8 Page 1, line 6
- 9 Page 20, line 10
- 10 Page 20, line 12
- 11 Page 20, line 22
- 12 Page 20, line 23
- 13 Page 21, line 6
- 14 Page 21, line 8
- 15 Page 21, line 17
- 16 Page 21, line 20
- 17 Page 21, line 25
- 18 Page 21, line 31
- 19 Page 22, line 2
- 20 Page 22, line 3

A M E N D M E N T

SENATE FINANCE
COMMITTEE

Amendment Number: 13

Bill Number: SB 36 (FIN) "H"

Sponsor: Phillips Date: 3/3/98

Logged In By: J. Soltani

*moved by Sen. Phillips
withdrawn*

OFFERED IN THE SENATE

TO: CSSB 36(FIN), Draft Version "H"

- 1 Page 8, following line 9:
- 2 Insert "Sec. 14.17.480. Declining funding adjustment. If the state support that a
- 3 school district is eligible to receive under AS 14.17.410(b)(1) decreases by four percent or
- 4 more from one fiscal year to the next or decreases by seven percent over two consecutive
- 5 fiscal years, the school district may use the last fiscal year before the reduction as a base
- 6 fiscal year and offset its reduction according to the following schedule: (1) for the first fiscal
- 7 year after the base fiscal year, the school district is eligible to receive state support
- 8 determined under AS 14.17.410(b)(1) plus 75 percent of the difference in state support
- 9 between the base fiscal year and the first fiscal year after the base fiscal year; (2) for the
- 10 second fiscal year after the base fiscal year, the school district is eligible to receive state
- 11 support determined under AS 14.17.410(b)(1) plus 50 percent of the difference in state
- 12 support between the base fiscal year and the second fiscal year after the base fiscal year; (3)
- 13 for the third fiscal year after the base fiscal year, the school district is eligible to receive state
- 14 support determined under AS 14.17.410(b)(1) plus 25 percent of the difference in state
- 15 support between the base fiscal year and the third fiscal year after the base fiscal year. The
- 16 schedule established in this subsection is available to a school district for the three fiscal
- 17 years following the base fiscal year only if the state support received by the school district
- 18 under AS 14.17.410(b)(1) for each fiscal year is less than the state support received by the
- 19 school district in the base fiscal year. This subsection does not apply to a decrease in state
- 20 support resulting from a loss of enrollment that occurs as a result of a boundary change under
- 21 AS 29."

moved by Sen. Adams
Sen. Torgersen objection
4-23 adopted

Amendment

By ~~Adams~~
SENATE FINANCE
COMMITTEE

Amendment Number: 14
Bill Number: SB.36 (FIN) "H"
Sponsor: Adams Date: 3/3/98
Logged In By: Altani

On page 5, delete lines 1-9 and insert:

Sec. 14.17.430. State funding for correspondence study.

Funding for the state centralized correspondence study program or a district that offers a correspondence study program includes an allocation from the public school account in an amount calculated by multiplying the ADM of the correspondence program by the base student allocation and multiplying the product by 65 percent.

3/4 Sen. Denley moved
to rescind action
1-6 passed

3/4 Sen. Denley object
6-1 failed

Amendment

By: Adams

SENATE FINANCE COMMITTEE

Amendment Number: 15

Bill Number: SB 36 (FIN) "11"

Sponsor: Adams Date: 3/3/98

Logged In By: Saltare

CSSB 36 -
Sec. 14.17.420 (a)

(3) In addition to the special needs funding for which a district is eligible under (1) and (2) of this subsection, a district in which more than half of the district ADM is identified in the combination of Language Dominance Categories (A-C) is eligible for intensive services funding for each bilingual student in category A, B, or C who needs and receives bilingual services and is enrolled on the last day of the count period: for each student, intensive services funding is equal to ADM multiplied by 1.3. The additional intensive service funding generated by students in categories A, B, and C shall be expended in accordance with the approved District's Bilingual Plan of Service.

moved by Adams
Torgerson objection
w/o objection
withdrawn
3rd moved Adams
Torgerson objection
1-6 failed

Sec. 14.17.410 (b)(1)

E. Districts shall receive a per student allocation of the proceeds derived from the payment of taxes, fees, and penalties under AS43.50.010 through AS43.50.180.

AMENDMENT

moved by Sen. Adams
Sen. Torgerson objection
1-6 failed

By:

SENATE FINANCE Adams
COMMITTEE

OFFERED IN THE SENATE

TO: CSSB 36(FIN), Draft Version "H"

Amendment Number: 16
Bill Number: SB 36(FIN) "H"
Sponsor: Adams Date: 3/3/98
Logged In By: J. Scitelli

1 Page 8, following line 9:

2 Insert a new section to read:

3 "Sec. 14.17.480. Declining funding adjustment. If the state support that a
4 school district is eligible to receive under AS 14.17.410(b)(1) decreases from one
5 fiscal year to the next, the school district may elect to use the last fiscal year before
6 the reduction as a base fiscal year and offset its reduction by receiving state support
7 determined under AS 14.17.410(b)(1) plus 100 percent of the difference in state
8 support between the base fiscal year and the fiscal year after the base fiscal year. The
9 additional funding described in this section is available to a school district for any
10 fiscal year following the base fiscal year if the state support received by the school
11 district under AS 14.17.410(b)(1) for the succeeding fiscal year is less than the state
12 support received by the school district in the base fiscal year. This subsection does
13 not apply to a decrease in state support resulting from a loss of enrollment that occurs
14 as a result of a boundary change under AS 29."

15 Page 20, line 10, following "section":

16 Insert "or AS 14.17.480, enacted in sec. 2 of this section"

moved by Tolgerson
Sen. Adams objection
6-1 adopted

A M E N D M E N T

OFFERED IN THE SENATE

TO: CSSB 36(FIN), Draft Version "H"

SENATE FINANCE
COMMITTEE

Amendment Number: 17

Bill Number: SB 36(FIN) "H"

Sponsor: Tolgerson Date: 3/3/98

Logged In By: J Soltau

- 1 Page 5, line 28:
- 2 Above the first column:
- 3 Insert "At least"
- 4 Above the second column:
- 5 Insert "But less than"

- 6 Page 5, line 29:
- 7 Delete "19"
- 8 Insert "20"

- 9 Page 5, line 30:
- 10 Delete "29"
- 11 Insert "30"

- 12 Page 5, line 31:
- 13 Delete "74"
- 14 Insert "75"

- 15 Page 6, line 1:
- 16 Delete "149"
- 17 Insert "150"

- 18 Page 6, line 2:
- 19 Delete "249"
- 20 insert "250"

1 Page 6, line 3:

2 Delete "399"

3 Insert "400"

4 Page 6, line 4:

5 Delete "749"

6 Insert "750"

A M E N D M E N T

*moved Tolgerson
Adams objection
6.1 adopted*

SENATE FINANCE
COMMITTEE

Amendment Number: 18
Bill Number: SB 36 (FIN) "H"
Sponsor: Tolgerson Date: 3/3/98
Logged In By: J. Boltani

OFFERED IN THE SENATE

TO: CSSB 36(FIN), Draft Version "H"

1 Page 21, line 15, following "FACTORS.":

2 Insert "(a)"

3 Page 21, following line 18:

4 Insert a new subsection to read:

5 "(b) If, as a result of the reorganization of regional educational attendance areas as
6 contemplated by sec. 8 of this Act, the district cost factors under AS 14.17.460, enacted in
7 sec. 2 of this Act, are also required to be changed, the department shall propose revised
8 district cost factors to the legislature. Revised district cost factors shall be submitted to the
9 legislature by January 31, 1999."

*moved Terquison
Sen. Adams' objection - withdrawn
adepteci*

A M E N D M E N T

OFFERED IN THE SENATE

TO: CSSB 36(FIN), Draft Version "H"

SENATE FINANCE
COMMITTEE

Amendment Number: 19

Bill Number: SB 36 (FIN) "H"

Sponsor: Terquison Date: 3/3/98

Logged In By: Boltani

1 Page 5, line 14:

2 Delete "(1) multiplying the ADM of the state boarding schools by the special"

3 Insert "(1) determining the ADM of state boarding schools by applying the school size
4 factor to the student count as described in AS 14.17.450;

5 (2) multiplying the number obtained under (1) of this subsection by
6 the special"

7 Page 5, line 17:

8 Delete "(2) multiplying the product determined under (1)"

9 Insert "(3) multiplying the product determined under (2)"

AMENDMENT

SENATE FINANCE
COMMITTEE

Amendment Number: 20
Bill Number: SB 36
Sponsor: Torgerson Date: 3/3/98
Logged in By: Mindy

OFFERED IN THE SENATE

TO: CSSB 36(FIN): LS00701/H.18

moved BY: Senator Torgerson
as amend to #12
Sen. Adams objection -
6-1 accepted

Page 6, line 29;

Delete "(a)"

Page 7, lines 2 - 4

Delete all material

SENATE FINANCE

COMMITTEE 0-LS0070VH.25

Amendment Number: 21 Ford ✓

Bill Number: SB 36 3/3/98

Sponsor: Parnell Date: 3/3/98

Logged In By: Mindy

A M E N D M E N T

OFFERED IN THE SENATE

TO: CSSB 36(FIN), Draft Version "H"

*moved BY SENATOR PARNELL
Phillips objection
objection withdrawn - adopted*

1 Page 1, line 6, following "provide":

2 Insert "(1)"

3 Page 1, line 8, following "state":

4 Insert ";

5 (2) an equitable level of funding *from the state* to each school within a school district"

Sen. Adams

A M E N D M E N T

OFFERED IN THE SENATE

TO: CSSB 36(FIN), Draft Version "L"

SENATE FINANCE
COMMITTEE

Amendment Number: 22

Bill Number: SB 36(FIN) "L"

Sponsor: Torgerson Date: 3/4/98

Logged In By: Joltani

- 1 Page 1, line 9:
2 Delete "PURPOSES OF SECTION 2."
3 Insert "PURPOSE. (a)"
- 4 Page 2, following line 6:
5 Insert a new subsection to read:
6 "(b) The purposes of sec. 9 of this Act are to
7 (1) require existing regional educational attendance areas to consolidate as
8 described in the 1995 report "Model Borough Boundaries"; and
9 (2) establish boundaries for formation of regional educational attendance areas
10 in the future, but not to require formation of new regional educational attendance areas that
11 are not currently in existence."

Torgerson moved
Adams objection
6-1 adopted

A M E N D M E N T

OFFERED IN THE SENATE

TO: CSSB 36(FIN), Draft Version "L"

SENATE FINANCE
COMMITTEE

Amendment Number: 23

Bill Number: SB 36 (FIN) "L"

Sponsor: Torgerson Date: 3/4/98

Logged In By: Koltari

Torgerson mic'd
Adds objection
6-1 order, ed

1 Page 4, following line 3:

2 Insert a new subsection to read:

3 "(e) In the fiscal year following the fiscal year of collection, a regional
4 educational attendance area is, subject to appropriation, entitled to receive money
5 collected under AS 43.42 in that regional educational attendance area."

6 Page 25, line 8, following "area.":

7 Insert "A regional educational attendance area is, subject to appropriation, entitled to
8 receive money collected under this chapter."

A M E N D M E N T

OFFERED IN THE SENATE

BY SENATOR ADAMS

TO: CSSB 36(FIN), Draft Version "L"

SENATE FINANCE
COMMITTEE
Amendment Number: 24
Bill Number: SB 36
Sponsor: Adams Date: 3/4/98
Logged In By: Minda
Adams moved
Tejersen objection
1-2 failed

1 Page 1, line 2, following "students,"
2 Insert "to the school construction grant program,"

3 Page 14, following line 27:
4 Insert a new bill section to read:

5 *** Sec. 13.** AS 14.11.008(a) is amended to read:
6 (a) In order to receive a grant under this chapter or an appropriation under
7 AS 37.05.550, a municipal school district must provide a percentage share of the
8 project cost, as determined under (b) [OR (c)] of this section. A municipal school
9 district shall provide the required participating share within three years after the date
10 that the appropriation bill funding the grant is passed by the legislature. A
11 participating share may be satisfied by money from federal, local, or other
12 sources or with locally contributed labor, material, or equipment."

13 Renumber the following bill sections accordingly.

14 Page 15, following line 10:
15 Insert new bill sections to read:

16 *** Sec. 15.** AS 14.11.008(d) is amended to read:
17 (d) If a municipal school district with full value per ADM of \$200,000 or
18 less can demonstrate in writing that it is unable to provide the required participating
19 share or that the participating share required under this section will jeopardize receipt
20 of federal assistance, the commissioner may waive all or a portion of the required
21 participating share.

22 *** Sec. 16.** AS 14.11.008(e) is amended to read:

1 (e) State funds provided under this chapter may not be a source of the
2 participating share required under (b) [OR (c)] of this section."

3 Renumber the following bill sections accordingly.

4 Page 26, line 18, following "Sec. 38.":

5 Insert "AS 14.11.003(c);"

6 Renumber internal references to bill sections in accordance with this amendment. Below are
7 all internal bill section references in this bill:

8 Page 1, line 9
9 Page 26, line 26
10 Page 26, line 31
11 Page 27, line 9
12 Page 27, line 10
13 Page 27, line 24
14 Page 27, line 28
15 Page 27, line 31
16 Page 28, line 1
17 Page 28, line 5
18 Page 28, line 10
19 Page 28, line 16
20 Page 28, line 19
21 Page 28, line 24
22 Page 28, line 25

SENATE FINANCE
COMMITTEE

0-LS0070VLS -

Amendment Number: 25

Ford

Bill Number: SB 36

3/4/98

Sponsor: Torgerson Date: 3/4/98

Logged In By: Mindu

A M E N D M E N T

Torgerson moved
Adkins objection
6-1 adopted

OFFERED IN THE SENATE

TO: CSSB 36(FIN), Draft Version "L"

- 1 Page 2, lines 2 - 6:
- 2 Delete all material and insert:
- 3 "(3) impose a local contribution requirement on regional educational attendance areas
- 4 by imposition of a three percent employment tax in the unorganized borough and to delay
- 5 imposition of the employment tax until January 1, 2001; imposition of the employment tax
- 6 is delayed in this Act in order to give people in the unorganized borough the maximum
- 7 opportunity to organize as a municipality and to provide as much flexibility as possible in
- 8 choosing a method of making a local contribution to schools; if the unorganized areas of the
- 9 state fail to organize before January 1, 2001, and thereby assume a fair share of the cost of
- 10 operating public schools in that area, it is the purpose of this Act to impose a local
- 11 contribution on every area of the state in a fair and equitable manner."

- 12 Page 27, line 25:
- 13 Delete "1990"
- 14 Insert "2001"

- 15 Page 28, following line 23:
- 16 Insert a new bill section to read:
- 17 "* Sec. 48. TRANSITION: LOCAL CONTRIBUTION. Notwithstanding AS 14.17.410(b),
- 18 enacted in sec. 2 of this Act, a local contribution is not required from a regional educational
- 19 attendance area until the fiscal year beginning July 1, 2001."

- 20 Renumber the following bill sections accordingly.

- 21 Page 28, line 25:

- 1 Delete "sec. 48"
- 2 Insert "sec. 49"

SUBJECT: amend #23 SB36
DATE: 3/4/98

| | YEA | NAY |
|-------------------|----------|--------------------|
| SENATOR PHILLIPS | ✓ | |
| SENATOR DONLEY | ✓ | |
| SENATOR TORGERSON | ✓ | |
| SENATOR PARNELL | ✓ | |
| SENATOR ADAMS | | ✓ |
| SENATOR SHARP | ✓ | |
| SENATOR PEARCE | ✓ | |
| TOTAL: | <u>6</u> | <u>1 (adopted)</u> |

SUBJECT: amend #22 SB36
DATE: _____

| | YEA | NAY |
|-------------------|----------|--------------------|
| SENATOR DONLEY | ✓ | |
| SENATOR TORGERSON | ✓ | |
| SENATOR PARNELL | ✓ | |
| SENATOR ADAMS | | ✓ |
| SENATOR PHILLIPS | ✓ | |
| SENATOR SHARP | ✓ | |
| SENATOR PEARCE | ✓ | |
| TOTAL: | <u>6</u> | <u>1 (adopted)</u> |

SUBJECT: amend #24
DATE: _____

| | YEA | NAY |
|-------------------|----------|-------------------|
| SENATOR TORGERSON | | ✓ |
| SENATOR PARNELL | | ✓ |
| SENATOR ADAMS | ✓ | |
| SENATOR PHILLIPS | | ✓ |
| SENATOR DONLEY | | ✓ |
| SENATOR SHARP | | ✓ |
| SENATOR PEARCE | | ✓ |
| TOTAL: | <u>1</u> | <u>6 (failed)</u> |

SUBJECT: amend #15 SB36
DATE: 3/4/98

| | YEA | NAY |
|-------------------|----------|-------------------|
| SENATOR PARNELL | | ✓ |
| SENATOR ADAMS | ✓ | |
| SENATOR PHILLIPS | | ✓ |
| SENATOR DONLEY | | ✓ |
| SENATOR TORGERSON | | ✓ |
| SENATOR SHARP | | ✓ |
| SENATOR PEARCE | | ✓ |
| TOTAL: | <u>1</u> | <u>6 (failed)</u> |

SUBJECT: amend #25 SB 36
DATE: 3/4/92

| | YEA | NAY |
|-------------------|-------|-------------|
| SENATOR ADAMS | | ✓ |
| SENATOR PHILLIPS | ✓ | |
| SENATOR DONLEY | ✓ | |
| SENATOR TORGERSON | ✓ | |
| SENATOR PARNELL | ✓ | |
| SENATOR SHARP | ✓ | |
| SENATOR PEARCE | ✓ | |
| TOTAL: | <hr/> | <hr/> |
| | 6 | 1 (adopted) |

SUBJECT: _____
DATE: _____

| | YEA | NAY |
|-------------------|-----|-----|
| SENATOR PHILLIPS | | |
| SENATOR DONLEY | | |
| SENATOR TORGERSON | | |
| SENATOR PARNELL | | |
| SENATOR ADAMS | | |
| SENATOR SHARP | | |
| SENATOR PEARCE | | |
| TOTAL: | | |

SUBJECT: _____
DATE: _____

| | YEA | NAY |
|-------------------|-----|-----|
| SENATOR DONLEY | | |
| SENATOR TORGERSON | | |
| SENATOR PARNELL | | |
| SENATOR ADAMS | | |
| SENATOR PHILLIPS | | |
| SENATOR SHARP | | |
| SENATOR PEARCE | | |
| TOTAL: | | |

SUBJECT: amend #14
DATE: _____

| | YEA | NAY |
|-------------------|-----|-----|
| SENATOR TORGERSON | | ✓ |
| SENATOR PARNELL | | ✓ |
| SENATOR ADAMS | ✓ | |
| SENATOR PHILLIPS | | ✓ |
| SENATOR DONLEY | | ✓ |
| SENATOR SHARP | | ✓ |
| SENATOR PEARCE | | ✓ |
| TOTAL: | | |

1 6
(fails)

SUBJECT: rescind amend #14
DATE: _____

| | YEA | NAY |
|-------------------|-----|-----|
| SENATOR PARNELL | ✓ | |
| SENATOR ADAMS | | ✓ |
| SENATOR PHILLIPS | ✓ | |
| SENATOR DONLEY | ✓ | |
| SENATOR TORGERSON | ✓ | |
| SENATOR SHARP | ✓ | |
| SENATOR PEARCE | ✓ | |
| TOTAL: | | |

6 1 (encl passed)

SENATE FINANCE
COMMITTEE 0JS0070/P.1
Amendment Number: 26 Ford
Bill Number: SB36(FIN) 3/6/98
Sponsor: Parnell Date: 3/6/98
Logged In By: Jeltani

AMENDMENT

OFFERED IN THE SENATE

moved BY SENATOR PARNELL.

TO: CSSB 36(FIN), Draft Version "P"

Sen. Adams objection-withdrawn
Sen. Ferguson objection
6-1 adopted

- 1 Page 1, lines 4 - 7:
- 2 Delete "relating to formation of third class boroughs by regional educational
- 3 attendance areas; imposing an employment tax in the unorganized borough as a local
- 4 contribution to public schools;"

- 5 Page 1, line 9:
- 6 Delete "(a)"

- 7 Page 1, line 12, following "state;":
- 8 Insert "and"

- 9 Page 2, line 1:
- 10 Delete ";
- 11 Insert ".

- 12 Page 2, lines 2 - 16:
- 13 Delete all material.

- 14 Page 3, line 29, through page 4, line 1:
- 15 Delete all material and insert:
- 16 "(3) a local contribution is not required from a regional educational
- 17 attendance area."

- 18 Page 4, lines 14 - 16:

- 1 Delete all material.

- 2 Page 12, lines 4 - 10:
- 3 Delete all material.

- 4 Page 14, lines 15 - 28:
- 5 Delete all material.

- 6 Renumber the following bill sections accordingly.

- 7 Page 14, line 29:
- 8 Delete "new paragraphs"
- 9 Insert "a new paragraph"

- 10 Page 14, lines 30 - 31:
- 11 Delete all material.

- 12 Page 15, line 1:
- 13 Delete "(12)"
- 14 Insert "(11)"

- 15 Page 15, line 9, following "(1)":
- 16 Insert "at least"

- 17 Page 19, lines 5 - 11:
- 18 Delete all material.

- 19 Renumber the following bill sections accordingly.

- 20 Page 21, line 18, through page 26, line 29:
- 21 Delete all material.

0-LS0070(P.1)

- 1 Renumber the following bill sections accordingly.
- 2 Page 27, line 9:
 - 3 Delete all material.
- 4 Renumber the following bill sections accordingly.
- 5 Page 28 lines 10 - 12:
 - 6 Delete all material.
- 7 Renumber the following bill sections accordingly.
- 8 Page 28, line 13:
 - 9 Delete "(a)"
- 10 Page 28, lines 17 - 21:
 - 11 Delete all material.
- 12 Page 28, line 31, through page 29, line 4:
 - 13 Delete all material.
- 14 Renumber the following bill sections accordingly.
- 15 Page 29, lines 11 - 15:
 - 16 Delete all material and insert:
 - 17 **** Sec. 40.** This Act takes effect only if an Act providing for mandatory incorporation of
 - 18 boroughs in the unorganized borough is enacted into law and takes effect on or before July 1,
 - 19 1998.
 - 20 *** Sec. 41.** If this Act takes effect under sec. 40, it takes effect July 1, 1998."