

ALASKA LEGISLATURE

1775

HOUSE and SENATE FINANCE COMMITTEE FILES, 1997-1998

DEPARTMENT OF NATURAL RESOURCES
Record of First National Bank Recourse Refunds

To Record Recourse Refunds Issued to First National Bank Per Purchase and Sale Agreement

DNR ADL #	FNBA Loan #	Warrant Number	Warrant Date	Reason for Refund		Warrant Amount	Interest Portion	Principal Portion	Agency Trust Fund Balance	Total Value
				R-Relinquishment	D-Delinquency					
410250	302692-4	13590	02/16/96	D - Pmt Due 11/15/95		3,588.89	3.53	3,585.36	261,408.60	3,850.00
204405	300531-6	13678	03/05/96	D - Pmt Due 11/21/95		1,655.25	0.00	1,655.25	259,753.35	3,700.00
206211	300896-3	13764	03/22/96	D - Pmt Due 02/06/95 (BR)		13,937.13	0.00	13,937.13	245,816.22	19,350.00
216732	301520-8	13764	03/22/96	D - Pmt Due 12/15/95		6,448.66	0.00	6,448.66	239,367.56	10,000.00
216737	301524-0	13764	03/22/96	D - Pmt Due 12/15/95		4,595.41	0.00	4,595.41	234,772.15	6,500.00
216461	301464-9	13895	04/18/96	D - Pmt Due 01/01/96		5,415.95	0.00	5,415.95	229,356.20	6,500.00
410597	302723-7	13895	04/18/96	D - Pmt Due 11/16/95		9,272.72	0.00	9,272.72	220,083.48	10,100.00
205028	300626-4	14117	06/07/96	D - Pmt Due 02/26/96		1,786.70	0.00	1,786.70	218,296.78	7,500.00
221212	301816-0	14117	06/07/96	R - 05/30/96		6,693.08	0.00	6,693.08	211,603.70	9,300.00
224200	301942-4	14236	07/12/96	D - Pmt Due 03/01/96		6,119.65	0.00	6,119.65	205,484.05	9,550.00
222949	301903-6	14363	08/08/96	D - Pmt Due 04/15/96		14,960.59	0.00	14,960.59	190,523.46	19,700.00
216547	301491-2	14470	08/23/96	D - Pmt Due 05/15/96		6,278.46	0.00	6,278.46	184,245.00	10,600.00
218008	301625-5	14470	08/23/96	D - Pmt Due 05-15-96		4,844.61	0.00	4,844.61	179,400.39	6,500.00
204413	300536.5	14523	09/13/96	D - Pmt Due 05-21-96		1,836.33	0.00	1,836.33	177,564.06	4,000.00
407321	302426-7	14523	09/13/96	D - Pmt Due 05-28-96		3,381.92	0.00	3,381.92	174,182.14	15,500.00
410489	302716-1	14523	09/13/96	D - Pmt Due 04-26-96		2,941.54	0.00	2,941.54	171,240.60	5,100.00
214151	301251-0	15153	01/15/97	D - Pmt Due 09-20-96		2,648.59	0.00	2,648.59	168,592.01	3,399.00
411120	302759-1	15153	01/15/97	R - 12-04-96		9,742.62	0.00	9,742.62	158,849.39	14,500.00
205027	300625-6	15184	01/23/97	D - Pmt Due		3,524.05	0.00	3,524.05	155,325.34	4,100.00
						<u>355,072.44</u>	<u>10,397.78</u>	<u>344,674.66</u>		<u>565,209.89</u>

**Senate Finance Supplemental Amendments
March 26, 1997**

<u>Amendments</u>	<u>Submitted by</u>
1 - 4	Sharp
5	Donley/Ellis (revised in new section)
6	Pearce
7	Leman
8	Adams
9	Phillips
10	Pearce
11	Ward
12	OMB
 <u>New section</u>	
13	DNR/OMB
14	Green

Senate Finance
 FY 97 Supplemental Appropriation
 (000 omitted)

New requests							
DEPT.	DESCRIPTION	Federal	GF	GF/ Prgm	GF/ Match	Other	Total Funds
1	DMVA				700.0		700.0
2	DNR		650.0				650.0
3	DNR		630.0				630.0
4	DNR		150.0				150.0
5	DPS		150.1				150.1
6	DNR					432.5	432.5
7	DNR		557.1				557.1
8	CRA		360.0				360.0
9	DMVA		250.0				250.0
10	LEGIS		500.0				500.0
11	COR	1,000.0					1,000.0
12	LAW						
13	DNR		150.0				
14	DNR		43.9				

Senate Finance
 FY 97 Supplemental Appropriation
 (000 omitted)

New requests							
DEPT.	DESCRIPTION	Federal	GF	GF/ Prgm	GF/ Match	Other	Total Funds
	Totals of new requests	1,000.0	3,247.2	0.0	700.0	432.5	5,379.7
		Federal	GF	GF/ Prgm	GF/ Match	Other	Total Funds
	Tota federal funding request	1,000.0					
	Total GF funding request	3,947.2					
	Total Other funding request	432.5					
	Total funding request	5,379.7					

SB

84

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: March 7, 1997

FURTHER REFERRALS:

Finance

Date of Committee Action: 3/11/97

The FINANCE Committee considered:

SB 84 am

SENATE BILL NO. 84 am

ASSETS OF THE UNIVERSITY OF ALASKA

"An Act relating to fiscal management of endowment assets of the University of Alaska; amending the definition of 'university receipts' to include distribution from university endowments and the total return from the University of Alaska's endowment trust fund for land obtained under the Act of Congress of January 21, 1929, as amended, and transferring responsibility for management and investment of those assets; making technical amendments to provisions relating to federal grants and appropriations from federal land grant college fund sources that must be paid to the state; and affirming that the Board of Regents and officers of the University of Alaska may not expend 'university receipts' without legislative appropriation."

recommends it be replaced

the same title

with the following committee substitute SB 84 am

a new title

additional referral to _____ Committee

attached amendment(s)

ADOPTS: _____ Letter of Intent

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

APPROVES PREVIOUS: (Dept/Date) _____

fiscal note(s) _____

fiscal note(s) statewide 2/19/97

zero fiscal note(s) _____

zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>[Signature]</i>	Theriacult	X			
<i>[Signature]</i>	Mulder	X			
<i>[Signature]</i>	Martin	X			
<i>[Signature]</i>	Kohring	X			
<i>[Signature]</i>	J. Davis	X			
<i>[Signature]</i>	Grossendat	X			
<i>[Signature]</i>	Moses	X			
<i>[Signature]</i>	G. Davis	X			
<i>[Signature]</i>	Kelly	✓			
<i>[Signature]</i>	Foster	X			

CO CHAIR'S SIGNATURE

[Signature]
Theriacult

FISCAL NOTE

**STATE OF ALASKA
1997 LEGISLATIVE SESSION**

Fl. 1
 Bill Version: SB94
 (S) Publish Date: 2/19/97

Revision Date:
 Title: **An act relating to fiscal management of endowment assets
 of the University of Alaska**
 Sponsor: **Senators Wilken, Sharp**
 Requestor:

Department Affected: **University of Alaska**
 BRU: **Systemwide**
 Component:

COMPONENT SERIAL NO. 1296

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY98	FY99	FY00	FY01	FY02	FY03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEGUS	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
TOTAL OPERATING	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0

CAPITAL						
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REVENUE FD SOURCE						
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FUNDING: (Thousands of Dollars)

1002 FEDERAL FUNDS						
1003 GF MATCH						
1004 GENERAL FUND						
1006 GF/MHTIA						
1048 University Receipts	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
TOTAL FUNDING	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0

POSITIONS:						
FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

This bill amends the definition of "university receipts" to include receipts attributable to amounts distributed from university endowments. These distributions, which will be transferred from the endowments to the university operating accounts to be used in support of educational programs, are estimated to be approximately \$1,000.0 annually. Any excess authority will lapse at the end of each fiscal year.

Prepared by: Marylou Burton Phone: 463-3086
 Division: Statewide Budget Office Date: 2/12/97
 Approved by: *mb* Marylou Burton, Director
 Agency: UA Statewide Budget Office Date: 2/12/97

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Revision Date: _____ Dept. Affected: Revenue
 Title: Assets of the University of Alaska BRU: Revenue Operations
assets of the Univ of Alaska; Component: Treasury
 Sponsor: SENATORS WILKEN, Sharp
 Requestor: (S) HES COMPONENT SERIAL NO. 121

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	-9.0	-9.0	-9.0	-9.0	-9.0	-9.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-9.0	-9.0	-9.0	-9.0	-9.0	-9.0

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

1002 Federal Receipts						
1003 GF Match						
1004 GF	26.0	26.0	26.0	26.0	26.0	26.0
1005 GF/Program Receipts						
1001 CBRF						
1048 University of AK receipts	-35.0	-35.0	-35.0	-35.0	-35.0	-35.0
TOTAL	-9.0	-9.0	-9.0	-9.0	-9.0	-9.0

Estimate of any current year (FY97) cost \$ 2.0 per month from effective date

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

The Treasury Division currently manages the University of Alaska Trust Fund. This bill would transfer the \$36.6 million (as of 12/31/96) Trust to the University for management. The division's FY98 budget reflects the Trust Fund as a funding source for a share of the personal service costs and custodial costs of the division. Treasury would still incur these costs. This fiscal note includes the transfer of these costs to general fund funding.

There is also \$9.0 in direct investment management fees and performance measurement consulting fees which are specific to the Trust Fund and will not be incurred by Treasury if the Trust Fund is transferred.

Prepared by: Betty Martin, Comptroller Phone: 465-2350
 Division: Treasury Date: February 14, 1997
 Approved by Commissioner: Ross Kinney, Deputy Commissioner Date: February 14, 1997
 Agency: Department of Revenue

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Statewide System of Higher Education

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Management of UA Endowment Trust Funds

The congressional acts in 1915 and 1929 granted the Territory of Alaska approximately 113,000 acres of land for the exclusive use and benefit of the University of Alaska as the successor institution to the Agricultural College and School of Mines. All earnings from the sale, lease, and use of these lands have been deposited into a trust fund established under AS 14.40.400. From 1917 through June 30, 1996, the fund has grown to approximately \$32.6 million. Based primarily on more active management of its lands by the University, the fund has tripled in size from \$10.0 million in 1983 to the current \$32.6 million.

In accordance with the Board of Regents' policy, earnings from the trust fund are utilized to inflation-proof the principal of the fund, pay the costs associated with maintenance of the University's lands, and fund projects and programs primarily in support of Alaska's natural resources and other economic development. The intention of the land-grant trust fund is to provide a margin of support over and above that available through other funding sources.

The Department of Revenue has invested the funds with good investment results. The average rate of return for the past five years was approximately 10.1 percent. However, the Board of Regents and the president of the University believe that, with a change in investment constraints, a comparable or better return can be obtained, as they have demonstrated with their investment of the University of Alaska Foundation endowment funds. The University intends to coordinate management of the investments with that of its other endowments to lower the cost of administration of both funds, maximize the earnings potential, and lower investment risk through greater diversification.

In summary, the University is requesting the transfer of the University Endowment Trust Funds to the University of Alaska. These funds are adequately protected by law from any expenditure of principal by the University. The University has demonstrated a sound investment history in relation to the University of Alaska Foundation endowment funds, and this same enterprise will be extended to this Natural Resource Endowment.

GARY WILKEN

SENATOR
Districts 29 & 30
West Fairbanks



During Session:
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Juneau, Alaska 99801-1182
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E-mail: Senator_Gary_Wilken@legis.state.ak.us

Senate Standing Committees

Chairman: Health, Education,
and Social Services (HESS)
Vice Chairman: Transportation
Vice Chairman: Community and
Regional Affairs

Special Committee

Member: Administrative Regulation Review

Interior:
119 N. Cushman St., Room 213
Fairbanks, Alaska 99701
(907) 452-3421
Fax (907) 452-3426

SPONSOR STATEMENT

SB 84 – Assets of the University of Alaska

Congressional acts of 1915 and 1929 granted the Territory of Alaska approximately 113,000 acres of land. The grants were for the exclusive use and benefit of the Alaska Agricultural College and School of Mines, and its successor, the University of Alaska. All earnings from the sale, lease, or use of these lands has been deposited into a trust fund established under AS 14.40.400. As of June 30, 1996, the fund has grown to approximately \$32.6 million.

Senate Bill 84 transfers management of these funds from the Department of Revenue to the Board of Regents. The University will be able to coordinate management of the investments of these funds with management of its other endowments. This will substantially lower the cost of administration. The transfer will also maximize the fund's earnings potential and permit greater investment diversification.

SB 84 provides a technically sound transfer of control of an endowment fund from the Department of Revenue to the University of Alaska. The University has demonstrated a sound investment history in relation to the University of Alaska Foundation endowment funds. This same expertise will be extended to the Natural Resource Endowment.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101


130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

February 11, 1997

SUBJECT: Senate Bill 84, substituted version of bill relating to fiscal management of the assets of the University of Alaska and for related purposes (Work Order No. 0-LS0561\E)

TO: Senator Gary Wilken
ATTN: Robert Knight

FROM: Jack Chenoweth
Legislative Counsel 

To accommodate yesterday's request by the University, I have made a change in bill section 11, adding the material appearing in subparagraph (B). This insertion adds an exception from the Procurement Code for exercise of investment authority by the Board of Regents comparable to that already provided for exercise of investment powers by the commissioner of revenue.

That is the bill's only change from the earlier "A" version.

JBC:lmb
97-025.lmb

Enclosure

LEGAL SERVICES**DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA**

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101


130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

February 8, 1997

SUBJECT: Draft bill relating to fiscal management of the assets of the University of Alaska and for related purposes -- sectional analysis. (Work Order No. 20-LS0561A)

TO: Senator Gary Wilken
ATTN: Robert Knight

FROM: Jack Chenoweth
Legislative Counsel 

The bill draft is generally based on information developed by the University of Alaska. In addition to the subject of fiscal management of University assets, the bill includes provisions relating to money and land due the University under applicable federal law.

To emphasize the relationship among provisions that relate to the same topic, I am reviewing these provisions out of numerical order.

Provisions relating to the endowment trust fund involving land granted for the support of the University of Alaska under the Act of January 21, 1929:

From the University's perspective, I understand that the revisions relating to AS 14.40.400, the management of the endowment trust fund involving the management of the land that came to the University under the Act of Congress of January 21, 1929 (conveying land for the financial support of the land grant college) are most important, so let me discuss those first.

Bill section 5: The amendment of AS 14.40.400(a) removes the Department of Revenue as the party having responsibility for the management of the assets of the endowment trust fund established from the land transferred under the Act of Congress of January 21, 1929, and substitutes the Board of Regents in that capacity, and directs that the trust fund shall be held as a trust in perpetuity.

Bill section 6: This amendment to AS 14.40.400(b) affirms that the Board of Regents, not the commissioner of revenue, is the fiduciary responsible for management of the trust fund, and specifies that the board "has the same powers and duties with respect to the [trust] fund" as have been assigned by law to the Alaska State Pension Investment Board.

Senator Gary Wilken
February 8, 1997
Page 2

Bill section 7: The amendment to AS 14.40.400(c) substitutes "total return" for "net income" as the measure of the trust fund money earnings that are available for the support of the University.

Bill section 8: The amendment makes drafting changes to AS 14.40.400(d) to conform the provision to current drafting practice. No substantive change is intended.

Bill section 9 supplies definitions for the terms "fund" and "total return" used in AS 14.40.400.

Bill section 13 repeals AS 14.40.400(e), a provision made obsolete by the transfer of responsibility for the management of the assets of the endowment trust fund from the Department of Revenue to the Board of Regents.

Finally, as it relates to the principal asset of the University under the Act of January 21, 1929, **bill section 4**, amending AS 14.40.360, revises the land selection authority of the Board of Regents by deleting the reference to required deposit of receipts into the state treasury and directing that the net income be added to the principal of the endowment trust fund.

Other provisions generally addressing the custody and management of the University's assets:

Bill section 1. Under current law, responsibility for management of assets of the University of Alaska is divided between the Department of Revenue and the University. In this section, the amendment of AS 14.40.280 takes away the authority of the Department of Revenue to take any part of the assets and sets the general rule that the Board of Regents shall take title to land and other property devised, bequeathed, or given to the University.

Bill section 2: Within AS 14.40.280, two new subsections are added --

Subsection (b) directs that gifts to the University for the purpose of the endowment trust fund established in AS 14.40.400 are to be deposited into the endowment trust fund.

Subsection (c) covers the disposition of all other endowment gifts to the University. Under the amendment made in bill section 1, the Board of Regents is made responsible for the receipt and management of these gifts. This provision directs the manner of management and investment of those gifts, directing that board "has the same powers and duties with respect to the [trust] fund" as have been assigned by law to the Alaska State Pension Investment Board.

Bill section 3: This amendment to AS 14.40.290(a) deletes the current first sentence ("The University shall hold all property acquired by it") as redundant--the same point is made in

Senator Gary Wilken
February 8, 1997
Page 3

cited under which money may be paid to the state for the benefit of its land grant college, when money is paid to the state in behalf of the University, the state is to deposit the money in the treasury for subsequent disbursement to the University consistent with the appropriate provisions of law.

Bill section 10: This bill section amends the definition of "university receipts" in AS 14.40.491 to add to that definition receipts attributable to University endowments managed under AS 14.40.280 and distributions from the endowment trust fund established under AS 14.40.400 from activities involving land selected under the Act of Congress of January 21, 1929.^{1/}

Because of the various changes outlined in this bill, as a safeguard, **bill section 14** adds a transitional provision intended to avoid any impairment of outstanding rights, liabilities, or obligations affected by the changes and directs that the assets and liabilities held by the commissioner of revenue in the endowment trust fund established under AS 14.40.400 from activities involving land selected under the Act of Congress of January 21, 1929, transfer to the University of Alaska.

Provisions outside AS 14.40 relating to this subject:

AS 36.30 is the state Procurement Code. AS 36.30.850(b) enumerates instances in which the provisions of the Procurement Code do not apply. One of the exceptions concerns the exercise of investment powers by the commissioner of revenue. In **bill section 11**, since the commissioner of revenue will no longer be responsible for investment of the endowment trust fund derived from land selected under the Act of Congress of January 21, 1929, a cross-reference to AS 14.40.400 set out in the list of statutes under which the commissioner exercises investment powers is deleted.

AS 37.10.070 and the sections that follow set out general law covering investment of surplus money and prescribe the responsibilities of a fiduciary of a state fund. The change proposed by **bill section 12** modifies the list of the sections of state law to bring within the provisions of the Investment article additional provisions involving the exercise of fiduciary responsibilities by the Board of Regents. The changes including adding a reference to "AS 14.40.255," covering the University's investment of its surplus money (this section

^{1/} To appreciate the dimensions of the change in the definition of the term "university receipts," the term is used in AS 14.40.040(3)(A), in conjunction with the ability of the University to leases; in AS 14.40.170(b), enumerating powers of the Board of Regents; and in AS 14.40.210(a) and (b), concerning the authority of the president of the university. Through use of cross-references, the term also is used in AS 36.30.085(f)(2) (lease-purchasing agreements involving the University) and in AS 37.25.010(c) - (e), allowing expenditure of the unexpended balances of one-year appropriations of university receipts.

Senator Gary Wilken
February 8, 1997
Page 4

already declares within itself that the surplus must be invested as set out in AS 37.10.071, so this addition is in the nature of a cross-reference) and adding a reference to "AS 14.40.280(c)," the provision that addresses the disposition of all other endowment gifts to the University. AS 14.40.400(b) is already covered under this provision. But, as earlier noted in the summary of bill section 6, fiduciary responsibility for management of the land grant trust fund switches from the commissioner of revenue to the Board of Regents.

JBC:glc
97-078.glc

Enclosure

University of Alaska
Land Grant Trust Fund Investment Performance

	<u>FY92</u>	<u>FY93</u>	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>Average</u>
Land Grant Trust Fund:						
Average Value (millions)	<u>\$ 17.5</u>	<u>\$ 20.8</u>	<u>\$ 26.6</u>	<u>\$ 29.3</u>	<u>\$ 32.6</u>	<u>\$ 25.4</u>
Investment Return	<u>12.9%</u>	<u>13.4%</u>	<u>0.9%</u>	<u>14.5%</u>	<u>8.6%</u>	<u>10.1%</u>
Custom Index (1)	<u>14.1%</u>	<u>13.2%</u>	<u>-0.9%</u>	<u>15.5%</u>	<u>9.0%</u>	<u>10.2%</u>
Median Portfolio (2)	<u>13.2%</u>	<u>13.3%</u>	<u>1.6%</u>	<u>16.4%</u>	<u>16.1%</u>	<u>12.1%</u>
UA Foundation	<u>15.9%</u>	<u>16.1%</u>	<u>-2.3%</u>	<u>16.4%</u>	<u>18.1%</u>	<u>12.8%</u>
Over/under UA Foundation	<u>-3.0%</u>	<u>-2.7%</u>	<u>3.2%</u>	<u>-1.9%</u>	<u>-9.5%</u>	
Excess/Shortfall (millions)	<u>\$ (0.5)</u>	<u>\$ (0.6)</u>	<u>\$ 0.9</u>	<u>\$ (0.6)</u>	<u>\$ (3.1)</u>	

(1) Custom Index @ 20% S&P / 80% Leh. G/C

(2) ICC Universe (5000 portfolios)

University of Alaska
1995-1996



Report to the Legislature

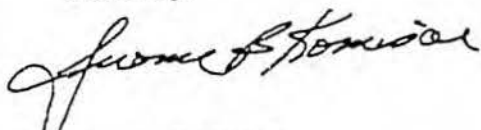
January 6, 1997

President of the Senate
and Speaker of the House of Representatives:

On behalf of the University of Alaska Board of Regents, I am submitting the University's *Report to the Legislature* for the fiscal period beginning July 1, 1995, and ending June 30, 1996.

The Board of Regents expresses appreciation to the members of the Alaska Legislature, the Governor, and the people of Alaska for their interest in and continuing support of the University of Alaska.

Sincerely,



Jerome Komisar
President

Land Grant Trust Funds

The university is required to report annually to the legislature on funds derived from lands conveyed to the University of Alaska in settlement of the claim by the university to federal lands granted to the state by the acts of March 4, 1915, and January 21, 1929, as amended. The following statements and schedules represent this report to the legislature for the fiscal year ended June 30, 1996.

Net proceeds derived from sales, leases, exchanges, and transfer of the university's trust lands, as required by law, are deposited with the state Department of Revenue for investment in a trust fund. Investment income from the trust fund is made available quarterly to the university. The expenditure of these funds by the university is governed by regents' policy and university regulation, which provide: (1) that a portion of the annual earnings will be utilized for expenditures to manage the university's lands, (2) that a portion of the annual earnings will be set aside for separate investment in order to "inflation proof" the trust funds, and (3) that the remaining annual earnings be transferred to a Natural Resources Fund primarily for the purpose of funding programs in support of agriculture, fisheries, natural resource management and marketing, and natural resource management education.

For the fiscal year ending June 30, 1996, \$19,268 and \$645,800 net additions to endowment principal were deposited to the Land-Grant Trust Fund and the Inflation Proofing Fund respectively. Expendable earnings on the funds were \$2,657,737. Expenditures for management of university lands and for Natural Resources Fund projects were \$640,619 and \$947,512 respectively. Transfer to the inflation proofing fund was \$601,048 and transfer to the Natural Resources Fund for allocations to specific projects was \$1,402,097.

The schedule of allocated Natural Resources Fund balances represents a summary of expenditures and the allocation of transfers to this fund. This schedule is followed by brief descriptions of funded projects, organized by area of interest. A summary of the new awards made is provided in table below.

	Natural Resources Projects		Other Projects		Total	
	<u>Amount</u>	<u>Awards</u>	<u>Amount</u>	<u>Awards</u>	<u>Amount</u>	<u>Awards</u>
UAA	158,500	9	246,900	10	405,400	19
UAF	369,868	18	334,750	9	704,618	27
UAS	49,000	3	196,500	4	245,500	7
SW			238,770	8	238,770	8
Totals	<u>\$ 577,368</u>	<u>30</u>	<u>\$ 1,016,920</u>	<u>31</u>	<u>\$ 1,594,288</u>	<u>61</u>

Land-Grant Trust Funds

Balance Sheet

June 30, 1996

	Designated Endowment Funds		Unrestricted Funds	
	Land-Grant Trust Fund	Inflation- Proofing Fund	Revenue Fund	Natural Resources Fund
Assets:				
Cash and investments	\$ 31,393,371	\$ 4,093,236	—	\$ 3,250,029
Receivables (net)	3,755,850	1,815,873	—	—
Real estate	38,494,848	3,591,244	—	—
Total assets	<u>\$ 73,644,069</u>	<u>\$ 9,500,353</u>	<u>—</u>	<u>\$ 3,250,029</u>
Deposit payable	24,150	—	—	—
Fund balance	<u>73,619,919</u>	<u>9,500,353</u>	<u>—</u>	<u>3,250,029</u>
Total liabilities and fund balance	<u>\$ 73,644,069</u>	<u>\$ 9,500,353</u>	<u>—</u>	<u>\$ 3,250,029</u>

Schedule of Changes in Fund Balances

For the Year Ended June 30, 1996

	Designated Endowment Funds		Unrestricted Funds	
	Land-Grant Trust Fund	Inflation- Proofing Fund	Revenue Fund	Natural Resources Fund
Fund balance July 1, 1995	\$ 73,600,651	\$ 8,483,505	—	\$ 2,795,444
Additions to principal	19,268	645,800	—	—
Investment earnings	—	—	2,657,737	—
Expenditures:				
Land management costs	—	—	(640,619)	—
Loan reservation	—	(230,000)	(13,973)	—
Natural Resources Program	—	—	—	(947,512)
Transfers:				
Inflation-Proofing	—	601,048	(601,048)	—
Natural Resources Fund	—	—	(1,402,097)	1,402,097
Fund balance June 30, 1996	<u>\$ 73,619,919</u>	<u>\$ 9,500,353</u>	<u>—</u>	<u>\$ 3,250,029</u>

See accompanying notes to these schedules.

Land Grant Trust Funds

Notes to the Financial Schedules:

1. By Acts of Congress in 1915 and 1929, the university was granted approximately 110,000 acres of land which the territory, and later the state, of Alaska managed on behalf of the university. The university currently holds approximately 81,000 acres of these lands at no basis because fair value at the date of transfer was not determinable. In 1982 and 1988 the university was allowed to select certain state lands, including timber and other rights, as replacement for lands disposed of by the territory and the state. These replacement lands and property interests were recorded at their fair value at the date of transfer.
2. The Land-Grant Trust Fund cash and investments, totaling approximately \$31.4 million at June 30, 1996, are held in trust by the Alaska Department of Revenue and invested in pooled fixed income and domestic equity funds. The associated market value of these funds at June 30, 1996 was approximately \$34.2 million.
3. The Inflation-Proofing Fund represents reinvested earnings of the Land-Grant Trust Fund and net proceeds of nontrust land transactions designated for preservation of the long-term purchasing strength of the endowment. Its assets included investments of approximately \$3.6 million in improved and unimproved real property held for the long-term benefit of the institution's educational activities and advances to the University of Alaska Southeast for construction of housing facilities. The remainder of the principal of the Inflation-Proofing Fund and the revenue funds are invested in pooled investment funds of the Common Fund.
4. The Revenue Fund represents a depository fund for all distributable income of the Land-Grant Trust Fund, the Inflation-Proofing Fund, and the Natural Resources Fund.
5. The Natural Resources Fund represents funds designated by Board of Regents' policy to provide support for agriculture, forestry, fisheries, mineral, and other university programs.
6. Additions to the principal represent the net gains from the sale, lease, or transfer of land, materials, mineral interests, and realized gains on investments. Additions to principal are reported net of recorded basis and development costs in the subject properties. In fiscal year 1996, additions to principal for the Land-Grant Trust Fund were reduced for a change in accounting for timber sales.
7. In accordance with regents' policy, one-third of the investment earnings available for distribution after payment of land management costs and other expenses were transferred to the Inflation-Proofing Fund. The remaining earnings were transferred to the Natural Resources Fund.
8. In fiscal year 1996, \$230,000 was advanced to the University of Alaska Technology Development Corporation, Inc. (UATDC) under loan agreements approved by the Board of Regents. UATDC is a corporation formed in 1994 to license and market the university's inventions. In addition, approximately \$1.8 million was advanced to the University of Alaska Southeast (UAS) as interim financing for a student housing facility. The advance to UAS will be repaid through the issuance of revenue bonds.

TONY KNOWLES, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

P.O. BOX 110400
JUNEAU, ALASKA 99811-0400
TELEPHONE: (907) 465-2300
FACSIMILE: (907) 465-2389

January 23, 1997

The Honorable Gene Therriault
Alaska State Legislature
State Capitol, Room 517
Juneau, Alaska 99801

Dear Representative Therriault:

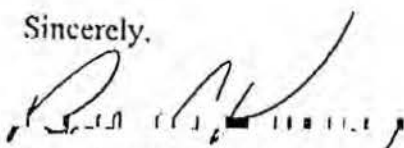
Thank you for your inquiry regarding the management of the University of Alaska Trust Fund (Trust). Transferring the asset management duties of the Trust Fund to the University of Alaska has been an issue for several years. The Department of Revenue has continually stated that we do not object to the transfer.

The Department of Revenue does have one concern. Our concern is a prolonged resolution of this issue will diminish the earning power of the Trust. Prudence dictates that the Trust must be managed conservatively to avoid incurring undue market risk pending passage of legislation that authorizes the transfer. This is necessary because increasing the allocation in the more volatile equity market would expose the Trust to potential volatility and risk of loss in the near term.

Absent quick resolution, we must conclude that this Trust will best be served by Treasury managing the assets in a way that meets the requirements of a long term trust fund.

I would be happy to discuss this matter at your convenience. You can reach me at 465-3669.

Sincerely,



Ross A. Kinney
Deputy Commissioner

cc: Wendy Redman, University of Alaska, Fairbanks

97-006

UAF Alumni



Association

The Honorable Gary Wilken
Alaska State Senate
State Capitol
Juneau, AK 99801

201 Constitution Hall
P.O. Box 750126
Fairbanks, Alaska
99775-0126

fyalum@aurora.alaska.edu
http://zorba.uafadm.alaska.edu/alumni/

1-800-770-ALUM
907-474-7081
fax 907-474-6712

February 28, 1997

Re: SB 84

Dear Senator Wilken:

Thank you for introducing Senate Bill 84 proposing to transfer the management of the University of Alaska's trust lands from the Dept. of Revenue to the University of Alaska.

The University of Alaska Fairbanks Alumni Association would like to go on record in support of this transfer. It will save the state money by lightening the work load of an individual in the Dept. of Revenue and it won't generate extra cost for the university because we already have managers in place to perform these duties. The University of Alaska also has a much better track record for return on investments than the state does, because we have more interest in actively managing the land and the monies associated with them. The additional money will help us receive a greater return on our pooled funds currently invested in the Foundation.

The University of Alaska has a proven track record of wise fiscal management of our endowed funds and we believe the same wisdom and expertise will be used to invest this approximately \$32.6 million fund.

The money derived from the wise and active use of these lands is to the benefit of all Alaskans, and helps to support a strong University system which in turn provides an educated and skilled populace.

The University of Alaska Fairbanks Alumni Association is a nonprofit organization representing over 20,000 UAF alumni throughout the world. Nearly two-thirds of them still live, work and vote in Alaska. We possess a unique and personal interest in the continued health of the university. If we can ever be of any further service to you on behalf of the University of Alaska, please do not hesitate to ask. Thank you.

Sincerely,

Merritt Mitchell
Legislative Chair

Dave Geesin
UAFAA President

Board of Directors:

Dave Geesin '70
President

Cynthia Klepaski '80
Vice-President

Jim Doogan 'x37
Dale Fox '77

Oscar Kawagaley '58, '68

Bill Mendenhall '76

Laurine Myers Mitchell '63

Merritt Mitchell '50

Pat Osborne '76

Janel Thompson '69, '85

Chip Waggoner '74

Post-It™ brand fax transmittal memo 7871		# of pages • 1
To Sen. Wilken	From B. Wilcox	
Co.	Co. UAFAA	
Dept.	Phone # 474-7081	
Fax # 465-4714	Fax # 474-6712	



WILLIAM RANSOM WOOD
PRESIDENT (EMERITUS), UNIVERSITY OF ALASKA

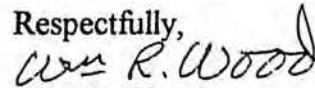


Senator Gary Wilken
State Capitol
Juneau, AK 99801-1182

Dear Gary,

Congratulations to you and to Senator Sharp for introducing Senate Bill 84. This is long overdue. The University has demonstrated that it can manage its endowment funds quite well.

Through the University Foundation Board it can command a level of expertise unmatched elsewhere in state governance except by the management expertise of the huge Permanent Fund. S.B. 84 and its companion H.B. 129 will provide better opportunity for high quality management of the University's special-land grant endowment assets and enhance earnings for University needs. Everybody wins on this one.

Respectfully,

Wm. R. Wood

cc: Senator Sharp
Wendy Redman
President Komisar
Scott Taylor

SB

84

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 2/19/97

FURTHER:

DATE TURNED
IN TO OFFICE: 2-25-97

Finance Committee considered

SENATE BILL NO. 84

ASSETS OF THE UNIVERSITY OF ALASKA

and recommends:

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

- Senate Bill:**
- same title
 - new title
- House Bill:**
- same title
 - technical change
 - new: SCR# _____

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
		<i>Lee Adams</i>	✓		
		<i>Stan R. Hamill</i>	✓		
		<i>Roll E. Steep</i>	✓		
		<i>Steve</i>	✓		
		<i>John Ferguson</i>	✓		
Co-Chair:		Co-Chair:			
Co-Chair: <i>Bob W...</i>		Co-Chair:			

NEW FISCAL NOTE(S):

Department Date Zero Fiscal

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTE(S):*

Department Date Zero Fiscal

Department	Date	Zero	Fiscal
U of A	2/12/97		✓
DOR	2/14/97		✓

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

**STATE OF ALASKA
1997 LEGISLATIVE SESSION**

No. 1

Bill Version: SB94

(S) Publish Date: 2/19/97

Revision Date:
Title: **An act relating to fiscal management of endowment assets
of the University of Alaska**
Sponsor: **Senators Wilken, Sharp**
Requestor:

Department Affected: **University of Alaska**
BRU: **Systemwide**
Component:

COMPONENT SERIAL NO. 1296

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY98	FY99	FY00	FY01	FY02	FY03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
TOTAL OPERATING	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0

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

REVENUE FD SOURCE						
-------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

1002 FEDERAL FUNDS						
1003 GF MATCH						
1004 GENERAL FUND						
1006 GF/MHTIA						
1048 University Receipts	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
TOTAL FUNDING	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0

POSITIONS:						
FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

This bill amends the definition of "university receipts" to include receipts attributable to amounts distributed from university endowments. These distributions, which will be transferred from the endowments to the university operating accounts to be used in support of educational programs, are estimated to be approximately \$1,000.0 annually. Any excess authority will lapse at the end of each fiscal year.

Prepared by: Marylou Burton Phone: 463-3086
 Division: Statewide Budget Office Date: 2/12/97
 Approved by: MB Marylou Burton, Director
 Agency: UA Statewide Budget Office Date: 2/12/97

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

FISCAL NOTE

Revision Date: _____ Dept. Affected: Revenue
 Title: Assets of the University of Alaska BRU: Revenue Operations
assets of the Univ of Alaska; Component: Treasury
 Sponsor: SENATORS WILKEN, Sharp
 Requestor: (S) HES COMPONENT SERIAL NO. 121

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	-9.0	-9.0	-9.0	-9.0	-9.0	-9.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-9.0	-9.0	-9.0	-9.0	-9.0	-9.0

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

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

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	26.0	26.0	26.0	26.0	26.0	26.0
1005 GF/Program Receipts						
1001 CBRF						
1048 University of AK receipts	-35.0	-35.0	-35.0	-35.0	-35.0	-35.0
TOTAL	-9.0	-9.0	-9.0	-9.0	-9.0	-9.0

Estimate of any current year (FY97) cost \$ 2.0 per month from effective date

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

The Treasury Division currently manages the University of Alaska Trust Fund. This bill would transfer the \$36.6 million (as of 12/31/96) Trust to the University for management. The division's FY98 budget reflects the Trust Fund as a funding source for a share of the personal service costs and custodial costs of the division. Treasury would still incur these costs. This fiscal note includes the transfer of these costs to general fund funding.

There is also \$9.0 in direct investment management fees and performance measurement consulting fees which are specific to the Trust Fund and will not be incurred by Treasury if the Trust Fund is transferred.

Prepared by: Betty Martin, Comptroller Phone: 465-2350
 Division: Treasury Date: February 14, 1997
 Approved by Commissioner: Ross Kinney, Deputy Commissioner Date: February 14, 1997
 Agency: Department of Revenue

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SENATE BILL NO. 84

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY SENATORS WILKEN, Sharp

Introduced: 2/11/97

Referred: HESS, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to fiscal management of endowment assets of the University of
2 Alaska; amending the definition of 'university receipts' to include distribution from
3 university endowments and the total return from the University of Alaska's
4 endowment trust fund for land obtained under the Act of Congress of
5 January 21, 1929, as amended, and transferring responsibility for management and
6 investment of those assets; and making technical amendments to provisions relating
7 to federal grants and appropriations from federal land grant college fund sources
8 that must be paid to the state."

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

10 * Section 1. AS 14.40.280 is amended to read:

11 Sec. 14.40.280. Endowments and donations. [ALL MONETARY GIFTS,
12 BEQUESTS, OR ENDOWMENTS THAT ARE MADE TO THE UNIVERSITY OF
13 ALASKA FOR THE PURPOSE OF THE SEPARATE TRUST FUND CREATED

1 UNDER AS 14.40.400 SHALL BE TRANSFERRED TO THE DEPARTMENT OF
 2 REVENUE. THE DEPARTMENT OF REVENUE SHALL MANAGE THAT MONEY
 3 IN ACCORDANCE WITH AS 14.40.400.] Title to and control or possession of land,
 4 personal property, [AND ALL] money, and other property that [OTHER THAN
 5 THAT TRANSFERRED TO THE DEPARTMENT OF REVENUE, WHICH] is
 6 devised, bequeathed, or given to the university shall be taken by the university in its
 7 corporate capacity acting by and through the Board of Regents [REGENTS] or an
 8 authorized agent [,] and shall be entered in the perpetual inventory of the university
 9 established in AS 14.40.330.

10 * Sec. 2. AS 14.40.280 is amended by adding new subsections to read:

11 (b) All monetary gifts, bequests, or endowments that are made to the
 12 University of Alaska for the purpose of the separate endowment trust fund established
 13 under AS 14.40.400 shall be deposited into that endowment trust fund.

14 (c) Except as provided by (b) of this section, the monetary gifts, bequests, or
 15 endowments that are made to the University of Alaska shall be managed and invested
 16 by the Board of Regents. In carrying out its management and investment
 17 responsibilities under this subsection, the Board of Regents has the same power and
 18 obligations to carry out duties with respect to the endowments of the University of
 19 Alaska as are provided to and required of the Alaska State Pension Investment Board
 20 under AS 14.25.180.

21 * Sec. 3. AS 14.40.290(a) is amended to read:

22 (a) Federal grants and appropriations paid to the commissioner of revenue
 23 under AS 14.40.380, 14.40.410, or 14.40.430, or from a source described in
 24 AS 14.40.450, shall be transferred to the state treasury under AS 37.10.060 [THE
 25 UNIVERSITY OF ALASKA SHALL HOLD ALL PROPERTY ACQUIRED BY IT].
 26 The Department of Administration, upon requisitions by the Board of Regents signed
 27 by its president and secretary, shall pay to the treasurer of the Board of Regents all
 28 federal land grant college funds coming into the possession of the Department of
 29 Administration and subject to requisition by the Board of Regents and shall disburse
 30 federal funds in aid of land grant colleges in accordance with the federal statute
 31 providing for disbursement.

1 * Sec. 4. AS 14.40.360 is amended to read:

2 **Sec. 14.40.360. Board of Regents authorized to select and to sell or lease**
 3 **land granted by Act of Congress.** The Board of Regents may select the land granted
 4 to Alaska by the Act of Congress approved January 21, 1929, as amended, [AND]
 5 may sell or lease the land, and may deposit the net income as provided in
 6 AS 14.40.400(a) [PROCEEDS IN THE STATE TREASURY] in conformity with that
 7 Act.

8 * Sec. 5. AS 14.40.400(a) is amended to read:

9 (a) The Board of Regents [DEPARTMENT OF REVENUE] shall establish
 10 a separate endowment trust fund in which shall be held in trust in perpetuity

11 (1) all net income derived from the sale or lease of the land granted
 12 under the Act of Congress approved January 21, 1929, as amended; and

13 (2) [IN WHICH] all monetary gifts, bequests, or endowments made to
 14 the University of Alaska for the purpose of the fund [, SHALL BE HELD IN TRUST].

15 * Sec. 6. AS 14.40.400(b) is amended to read:

16 (b) The Board of Regents [COMMISSIONER OF REVENUE] is the fiduciary
 17 of the [TRUST] fund. The Board of Regents [AND] shall account for and invest the
 18 fund. In carrying out its investment responsibilities under this subsection, the
 19 Board of Regents has the same powers and duties with respect to the fund as are
 20 provided to and required of the Alaska State Pension Investment Board under
 21 AS 14.25.180 [AS SET OUT IN AS 37.14.110(c), 37.14.160, AND 37.14.170,
 22 EXCEPT THAT THE COMMISSIONER SHALL REPORT THE CONDITION AND
 23 INVESTMENT PERFORMANCE OF THE FUND TO THE BOARD OF REGENTS].

24 * Sec. 7. AS 14.40.400(c) is amended to read:

25 (c) The total return [NET INCOME] from the [TRUST] fund shall be used
 26 exclusively for the University of Alaska, as the successor under AS 14.40.030 of the
 27 Agricultural College and School of Mines.

28 * Sec. 8. AS 14.40.400(d) is amended to read:

29 (d) The [NO PART OF THE] proceeds arising from the sale or disposal of
 30 land granted under the Act of Congress approved January 21, 1929, as amended,
 31 [THIS GRANT] may not be used for the support of a sectarian or denominational

1 college or school.

2 * Sec. 9. AS 14.40.400 is amended by adding a new subsection to read:

3 (f) In this section,

4 (1) "fund" means the separate endowment trust fund established under
5 (a) of this section;

6 (2) "total return" means the total earning of the fund, including current
7 yield, gains, and capital appreciation, less all costs, expenses, losses, and capital
8 depreciation.

9 * Sec. 10. AS 14.40.491 is amended to read:

10 **Sec. 14.40.491. Definition of university receipts.** In AS 14.40.120 -
11 14.40.491, "university receipts" includes

12 (1) student fees, including tuition;

13 (2) receipts from university auxiliary services;

14 (3) recovery of indirect costs of university activities;

15 (4) receipts from sales and rentals of university property;

16 (5) federal receipts;

17 (6) gifts, grants, and contracts; [AND]

18 (7) receipts from sales, rentals, and the provision of services of
19 educational activities; and

20 (8) receipts attributable to amounts distributed from university
21 endowments established and managed under AS 14.40.280 and from the
22 endowment trust fund established and managed under AS 14.40.400.

23 * Sec. 11. AS 36.30.850(b)(15) is amended to read:

24 (15) a contract that is a delegation, in whole or in part, of investment
25 powers held by

26 (A) the commissioner of revenue under [AS 14.40.400,]
27 AS 14.42.200, 14.42.210, AS 18.56.095, AS 37.10.070, 37.10.071, or
28 AS 37.14;

29 (B) the Board of Regents of the University of Alaska under
30 AS 14.40.250 - 14.40.491;

31 * Sec. 12. AS 37.10.071(d) is amended to read:

1 (d) In exercising investment, custodial, or depository powers or duties under
 2 this section, the fiduciary or the fiduciary's designee is liable for a breach of a duty
 3 that is assigned or delegated under this section, or under AS 14.25.180, AS 14.40.255,
 4 14.40.280(c), 14.40.400(b) [AS 14.40.400(b)], AS 37.10.070, AS 37.14.110(c),
 5 37.14.160, 37.14.170, or AS 39.35.080. However, the fiduciary or the designee is not
 6 liable for a breach of a duty that has been delegated to another person if the delegation
 7 is prudent under the applicable standard of prudence set out in statute or if the duty
 8 is assigned by law to another person, except to the extent that the fiduciary or designee

9 (1) knowingly participates in, or knowingly undertakes to conceal, an
 10 act or omission of another person knowing that the act or omission is a breach of that
 11 person's duties under this chapter;

12 (2) by failure to comply with this section in the administration of
 13 specific responsibilities, enables another person to commit a breach of duty; or

14 (3) has knowledge of a breach of duty by another person, unless the
 15 fiduciary or designee makes reasonable efforts under the circumstances to remedy the
 16 breach.

17 * Sec. 13. AS 14.40.400(e) is repealed.

18 * Sec. 14. UNIVERSITY OF ALASKA ENDOWMENTS AND DONATIONS AND
 19 UNIVERSITY OF ALASKA ENDOWMENT TRUST FUND: TRANSITION. (a) A contract,
 20 right, liability, or obligation in effect on the effective date of this Act remains in effect
 21 notwithstanding the amendments to AS 14.40.280 or 14.40.400 made in secs. 1, 2, 5 - 9, and
 22 13 of this Act.

23 (b) Assets and liabilities of the University of Alaska endowment trust fund established
 24 in AS 14.40.400(a) held by the Department of Revenue on the effective date of this Act shall
 25 be transferred by the Department of Revenue to the University of Alaska to implement this
 26 Act.

SB

87

WILL

SPIN

FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

No. 1
 Bill Verson: CSSB 87 (STA)
 (S) Publish Date: 3-21-97

Revision Date: _____ Department: Commerce and Economic Development
 Title: An Act relating to Architects, Engineers & BRU: Occupational Licensing
Land Surveyors Component: Operations
 Sponsor: Rules Committee
 Requestor: Senate State Affairs **COMPONENT SERIAL NO.** 1844

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL	2.5	2.5	2.5	2.5	2.5	2.5
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	2.5	2.5	2.5	2.5	2.5	2.5
CAPITAL EXPENDITURES						
CHANGE IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other 1091 Designated PR	2.5	2.5	2.5	2.5	2.5	2.5
TOTAL	2.5	2.5	2.5	2.5	2.5	2.5

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

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

CSSB 87(STA) extends the Board of Registration for Architects, Engineers and Land Surveyors to June 30, 2003. Travel costs shown in this fiscal note represent funding for the new board member position to attend board meetings required by AS 08.48. Funding for continuation of the board in the amount of \$407.6 is included in the department's FY 98 operating budget request. The program is required to cover its costs with licensing fees under AS 08.01.065, and revenue generated by board fees are anticipated to cover its full operating costs.

Prepared by: Jennifer Strickler, Administrative Manager
 Division: Occupational Licensing
 Approved by Commissioner: William L. Hensley
 Agency: Commerce and Economic Development

Phone: 465-2144
 Date: 3/19/97
 Date: _____

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FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. CSSB 87(STA)

Revision Date: _____
 Title: An Act relating to Architects, Engineers &
Land Surveyors
 Sponsor: Rules Committee
 Requestor: Senate Finance

Department: Commerce and Economic Development
 BRU: Occupational Licensing
 Component: Operations

COMPONENT SERIAL NO. 1844

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES						
TRAVEL	2.5	2.5	2.5	2.5	2.5	2.5
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	2.5	2.5	2.5	2.5	2.5	2.5

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

CHANGE IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0
---------------------------	-----	-----	-----	-----	-----	-----

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts	2.5	2.5	2.5	2.5	2.5	2.5
1006 GF/MHTIA						
Other						
TOTAL	2.5	2.5	2.5	2.5	2.5	2.5

Estimate of any current year (FY 98) cost: \$ 0.0

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

CSSB 87(STA) extends the Board of Registration for Architects, Engineers and Land Surveyors to June 30, 2003. Travel costs shown in this fiscal note represent funding for the new board member position to attend board meetings required by AS 08.48. Funding for continuation of the board in the amount of \$407.6 is included in the department's FY 98 operating budget request. The program is required to cover its costs with licensing fees under AS 08.01.065, and revenue generated by board fees are anticipated to cover its full operating costs.

Prepared by: Jennifer Strickler, Administrative Manager
 Division: Occupational Licensing
 Approved by Commissioner: Deborah B. Sedwick
 Agency: Commerce and Economic Development

Phone: 465-2144
 Date: 1/12/98
 Date: _____

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CS SB 87 (STA)

SB

88

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 4/15/97

FURTHER: REPORTED OUT OF APR 24 1997

DATE TURNED IN TO OFFICE: 4-24-97

Finance Committee considered SENATE BILL NO. 88

"An Act relating to the Board of Public Accountancy; extending the termination date of the Board of Public Accountancy; and providing for an effective date."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS SB 88 (L&C)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:**
- same title
 - new title
- House Bill:**
- same title
 - technical change
 - new: SCR# _____

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Reed E. Kelly</i>	✓				
<i>Mark Gardell</i>	✓				
<i>Lil Edner</i>	X				
<i>David W. Kelly</i>	✓				
Co-Chair: <i>Deane</i>	✓	Co-Chair:			
Co-Chair: <i>Bob King</i>	✓	Co-Chair:			

NEW FISCAL NOTE(S):

Department Date Zero Fiscal

DCED	4/3	✓	

PREVIOUS FISCAL NOTE(S):*

Department Date Zero Fiscal

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

REPORTED OUT OF
SFC APR 24 1997

STATE OF ALASKA
1997 LEGISLATIVE SESSION

BILL NO. CSSB 88(L&C)

Revision Date: _____
 Title: An Act relating to the Board of Public Accountancy;
extending the termination date....
 Sponsor: Senate Rules
 Requestor: Senate State Affairs

Department: Commerce and Economic Development
 BRU: Occupational Licensing
 Component: Operations
 COMPONENT SERIAL NO. _____ 18/14

Expenditures/Revenues

(Thousands of Dollars)

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

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

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

FUND SOURCE

(Thousands of Dollars)

FUND SOURCE	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other 1091 Designated PR						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 97) cost: \$ 139.5

POSITIONS

POSITION TYPE	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

CSSB 88(L&C) extends the Board of Public Accountancy to June 30, 2001 and makes other amendments to AS 08.04. Funding for continuation of the board in the amount of \$139.5 is included in the department's FY 98 operating budget request; therefore, new funds are not required to implement this bill. The program is required to cover its costs with licensing fees under AS 08.01.065, and revenue generated by board fees are anticipated to cover its full operating costs.

Prepared by: Jennifer Strickler, Administrative Manager
 Division: Occupational Licensing
 Approved by Commissioner: William L. Hensley
 Agency: Commerce and Economic Development

Phone: 465-2144
 Date: 4/3/97
 Date: 4-3-97

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FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

No. 1
Bill Version: SB88
(S) Publish Date: 3/7/97

Revision Date: _____ Department: Commerce and Economic Development
Title: An Act relating to the Board of Public Accountancy; BRU: Occupational Licensing
extending the termination date.... Component: Operations
Sponsor: Senate Rules
Requestor: Senate Labor & Commerce COMPONENT SERIAL NO. 1844

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES	67.7	67.7	67.7	67.7	67.7	67.7
TRAVEL	16.4	16.4	16.4	16.4	16.4	16.4
CONTRACTUAL	52.5	52.5	52.5	52.5	52.5	52.5
SUPPLIES	2.1	2.1	2.1	2.1	2.1	2.1
EQUIPMENT	0.8	0.8	0.8	0.8	0.8	0.8
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	139.5	139.5	139.5	139.5	139.5	139.5

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

CHANGE IN REVENUES	220.7	58.3	220.7	58.3	220.7	58.3
---------------------------	--------------	-------------	--------------	-------------	--------------	-------------

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other 1091 Designated PR	139.5	139.5	139.5	139.5	139.5	139.5
TOTAL	139.5	139.5	139.5	139.5	139.5	139.5

Estimate of any current year (FY 97) cost: \$ 139.5

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)
SB 88 extends the Board of Public Accountancy to June 30, 2003 and makes other amendments to AS 08.04. The costs shown on this fiscal note are included in the department's FY 98 operating budget request; therefore, new funds are not required to implement this bill. The program is required to cover its costs with licensing fees under AS 08.01.065. The revenue collection reflects the biennial licensing cycle in which licenses are issued.

Prepared by: Jennifer Strickler, Administrative Manager Phone: 465-2144
Division: Occupational Licensing Date: 3/3/97
Approved by Commissioner: William L. Hensley Date: 3-4-97
Agency: Commerce and Economic Development

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CS FOR SENATE BILL NO. 88(L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered: 3/7/97

Referred: State Affairs, Finance

**Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE LEGISLATIVE BUDGET AND
AUDIT COMMITTEE**

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the Board of Public Accountancy; extending the termination
2 date of the Board of Public Accountancy; and providing for an effective date."

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

4 * **Section 1.** AS 08.03.010(c)(1) is amended to read:

5 (1) Board of Public Accountancy (AS 08.04.010) -- June 30, 2001
6 [1997];

7 * **Sec. 2.** AS 08.04.030 is amended to read:

8 **Sec. 08.04.030. Removal [AND REAPPOINTMENT] of members.** The
9 governor shall remove any member of the board whose certificate or [,] license [, OR
10 PERMIT] has been revoked or suspended. The governor may, after hearing, remove
11 any member for neglect of duty or other just cause. [A PERSON WHO HAS
12 SERVED TWO SUCCESSIVE COMPLETE TERMS MAY NOT BE REAPPOINTED
13 UNTIL ONE YEAR FROM THE EXPIRATION OF THE TERM TO WHICH
14 APPOINTED.]

1 * **Sec. 3.** AS 08.04.410 is amended to read:

2 **Sec. 08.04.410. Certificate or license [PERMIT] for person not engaged in**
 3 **practice.** A person holding a certificate or license who is not engaged in the practice
 4 of public accounting may maintain the certificate or license in good standing by
 5 registering with the board and paying the required [AN ANNUAL] registration fee.

6 * **Sec. 4.** AS 08.04.440 is amended to read:

7 **Sec. 08.04.440. Effect of failure to obtain permit.** Failure of an individual,
 8 partnership, limited liability company, or corporation to apply for the required
 9 [ANNUAL] permit to practice or to pay the required [ANNUAL] fee within (1) three
 10 years from the expiration date of the permit to practice or [ANNUAL] registration last
 11 obtained or renewed, or (2) three years from the date upon which the certificate holder
 12 or licensee was granted a certificate as a certified public accountant or license as a
 13 public accountant valid under AS 08.04.661 deprives the individual, partnership,
 14 limited liability company, or corporation of the right to a permit or [ANNUAL]
 15 registration or renewal of a permit [,] unless the board determines that the failure is
 16 excusable. In case of excusable failure, the fee ~~for a permit, registration, or renewal~~
 17 of a permit under this section may not exceed three times one year's portion of the
 18 [ANNUAL] fee that would have otherwise been required for the permit,
 19 registration, or renewal.

20 * **Sec. 5.** AS 08.04.450 is amended to read:

21 **Sec. 08.04.450. Revocation or suspension of certificate, license, registration,**
 22 **or permit.** In addition to its powers under AS 08.01.075, the board may revoke or
 23 suspend a certificate or license, or may revoke, suspend, or refuse to renew any permit,
 24 or may censure any certificate holder, licensee, registrant, or permit holder for

25 (1) fraud or deceit in obtaining any certificate, license, registration, or
 26 permit required by this chapter;

27 (2) dishonesty or gross negligence in the practice of public accounting,
 28 or other acts discreditable to the accounting profession;

29 (3) violation of any provision of AS 08.04.500 - 08.04.610;

30 (4) violation of a rule of professional conduct or other regulation
 31 adopted by the board;

1 (5) conviction of a felony under the laws of any state or of the United
2 States;

3 (6) conviction of any crime, an essential element of which is dishonesty
4 or fraud, under the laws of any state or of the United States;

5 (7) cancellation, revocation, suspension, or refusal to renew authority
6 to practice as a certified public accountant or public accountant in any other state for
7 any cause other than failure to pay a required [AN ANNUAL REGISTRATION] fee;

8 (8) suspension or revocation of the right to practice before any state or
9 federal agency;

10 (9) failure of a certified public accountant to satisfy the continuing
11 education requirements prescribed by the board under AS 08.04.425, except as
12 conditioned, relaxed, or suspended by the board under AS 08.04.425(c) and (d); or

13 (10) failure of a certified public accountant to satisfactorily complete
14 a quality review under AS 08.04.426 except as conditioned, relaxed, or suspended by
15 the board under AS 08.04.426(b) - (d).

16 * Sec. 6. AS 08.04.480 is amended to read:

17 **Sec. 08.04.480. Grounds for revocation or suspension of partnership,**
18 **limited liability company, or corporate permit.** The board may revoke or suspend
19 the registration and permit to practice of a partnership, limited liability company, or
20 corporation, may revoke, suspend, or refuse to renew its permit to practice, or may
21 censure the partnership, limited liability company, or corporation for any of the causes
22 enumerated in AS 08.04.450 and 08.04.460, or for any of the following additional
23 causes:

24 (1) the revocation or suspension of the certificate, license, or
25 registration of any partner, member, or shareholder;

26 (2) the revocation, suspension, or refusal to renew the permit to practice
27 of any partner, member, or shareholder;

28 (3) the cancellation, revocation, suspension, or refusal to renew the
29 authority of the partnership or any partner, the limited liability company or a member,
30 or the corporation or a shareholder to practice public accounting in any other state for
31 any cause other than failure to pay a required [AN ANNUAL REGISTRATION] fee

- 1 in that state.
- 2 * Sec. 7. AS 08.04.260 is repealed.
- 3 * Sec. 8. This Act takes effect July 1, 1997.

SB

96

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

REPORTED OUT OF
SFC APR 22 1997

DATE: 4/10/97

FURTHER: SFC

DATE TURNED
IN TO OFFICE: 4-22-97

Finance Committee considered

SENATE BILL NO. 96

"An Act regulating hospice care."

CS forthcoming

and recommends:

SB 96

- be replaced with _____ CS SB 96 (FIW)
- adopt previous _____ CS _____
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:**
- same title
 - new title
- House Bill:**
- same title
 - technical change
 - new: SCR# _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
		<i>Kell FC Hill</i>	✓		
		<i>Al Adams</i>	X		
		<i>John Long</i>	✓		
		<i>Barry Souley</i>	✓		
Co-Chair:		Co-Chair: <i>A. Grace</i>	✓		
Co-Chair: <i>Bob Noy</i>	✓	Co-Chair:			

NEW FISCAL NOTE(S):

Department Date Zero Fiscal

PREVIOUS FISCAL NOTE(S):*

Department Date Zero Fiscal

1 DHSS	4/9		7.5

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

STATE OF ALASKA
1997 LEGISLATIVE SESSION

Bill Version: CSSB 96 (HES)
 (S) Publish Date: 4-10-96

Revision Date: _____
 Title: Regulating Hospice Care
 Sponsor: Senate Rules by Request
 Requestor: Senate HESS

Dept. Affected: Health and Social Services
 BRU: Medical Assistance Admin
 Component: Certification & Licensing
 COMPONENT SERIAL NO. 245
 See also (SN#): _____

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY98	FY99	FY00	FY01	FY02	FY03
PERSONAL SERVICES						
TRAVEL	7.5	8.9	10.4	12.0	13.7	15.4
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	7.5	8.9	10.4	12.0	13.7	15.4

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

CHANGES IN REVENUES ()						
-------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

	FY98	FY99	FY00	FY01	FY02	FY03
1002 Federal Receipts						
1003 GF Match						
1004 GF	7.5	8.9	10.4	12.0	13.7	15.4
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (please specify)						
TOTAL	7.5	8.9	10.4	12.0	13.7	15.4

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

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

ANALYSIS: (Attach a separate page if necessary)

CSBill 96 would require licensure of 6 new hospice facilities outside of Anchorage. These travel costs were arrived at by using FY97 calculations for travel for one surveyor to travel for a 4 day survey to each of these agencies. Additionally, it is expected at least one new initial survey would be expected each year at a cost of about \$1,000.00 each. Also, anticipating the increased cost of travel, lodging and care rental we added 5% per year.

Prepared by: Shelbert Larsen
 Division: Medical Assistance
 Approved by Commissioner: Karen Perdue, Commissioner
 Agency: Department of Health & Social Services

Phone: (907) 561-8081
 Date: 04/09/97

Date: 4-9-97

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SENATE FINANCE
COMMITTEE
Amendment Number: 1
Bill Number: _____
Sponsor: _____ Date: 4-22-97
Logged In By: Pj

*Pearce Moved
Adopted w/o*

0-LS0602NL.1
Lauterbach -
4/15/97

A M E N D M E N T

OFFERED IN THE SENATE
TO: CSSB 96(HES)

SENATOR PARNELL BY REQUEST

- 1 Page 1, line 1:
2 Delete "regulating"
3 Insert "relating to"
- 4 Page 8, following line 18:
5 Insert new material to read:
6 "Sec. 18.18.340. Immunity for hospice program volunteers. Unless the act
7 or omission constituted gross negligence, recklessness, or intentional misconduct, a
8 person may not recover damages for personal injury, death, or damage to property for
9 an act or omission to act in the course and scope of official hospice program duties
10 from a volunteer who works for a hospice program that is licensed under this
11 chapter."

SB

97

SFIN

FILE

FISCAL NOTE No. 53

STATE OF ALASKA
1997 LEGISLATIVE SESSION

Bill Verson: SB 97

(S) Publish Date: 3-25-97

Revision Date: 3/20/97
 Title: "An Act giving notice of and approving a lease-purchase...Spring Creek Correctional Center...and operation."
 Sponsor: Senator Torgerson
 Requester: HESS, Finance

Dept. Affected: DOT&PF
 BRU: Central Region Design & Construction
 Component: Central Region CIP Program
 COMPONENT SERIAL NO. 563

Expenditures/Revenues

(Thousands of Dollars)

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

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

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

FUND SOURCE

(Thousands of Dollars)

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

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

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

The Department of Transportation and Public Facilities does not have a role in the proposed lease-purchase agreement. It is an action between Department of Administration and the City of Seward for the construction and operation on an addition to the Spring Creek Correctional Center.

Prepared by: Mike Downing, P.E., Director
 Division: Engineering and Operations
 Approved by: Joseph L. Perkins
 Agency: Department of Transportation and Public Facilities

Phone: 465-2960
 Date: 3/20/97
 Date: 3/20/97

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FISCAL NOTE

No. 1
 Bill Version: SB97
 (S) Publish Date: 3/19/97

STATE OF ALASKA
1997 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Corrections
 Title: "An Act giving notice of and approving a lease BRU: All
purchase agreement with the City of Seward for construction and..." Component: All
 Sponsor: Senator Torgerson
 Requester: Senate HESS COMPONENT SERIAL NO. #0694

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES	176.5	479.3	2,911.7	2,911.7	2,911.7	2,911.7
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS	20.0	20.0	4,571.8	4,571.8	4,571.8	4,571.8
TOTAL OPERATING	196.5	499.3	7,483.5	7,483.5	7,483.5	7,483.5

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	196.5	499.3	7,483.5	7,483.5	7,483.5	7,483.5
1005 GF, Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	196.5	499.3	7,483.5	7,483.5	7,483.5	7,483.5

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

POSITIONS

FULL-TIME	3	47	44	44	44	44
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Please see attached explanation.

Prepared by: Bruce Richards Phone: 465-3307
 Division: Commissioner's Office Margaret M. Pugh Date: 3/11/97
 Approved by Commissioner: Margaret M. Pugh Date: 3/11/97
 Agency: Department of Corrections

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Assumptions

It will be necessary for the Department of Corrections (DOC), as well as the Department of Transportation and Public Facilities, to be involved in the planning and oversight of this project throughout its construction phase, which will take two years. DOC estimates it will need three new positions to perform the necessary functions associated with this expansion project.

Criminal Justice Planner (73.7) This position will be responsible for prisoner movement, programming, staffing and operational start-up. This will be a full-time position through project completion.

Facilities Manager I (68.7) The manager will serve as DOC's first line of oversight for facility design and construction. The position will continue through final acceptance of the facility.

Administrative Clerk I (34.1) This position is required throughout the project to complete research, maintain files and records, and provide support to the Criminal Justice Planner and the Facilities Manager.

\$20.0 annually is included in the fiscal note to pay for office space, equipment, supplies, travel, etc. for the three positions noted above.

Actual operation of the expansion would begin in FY00, with staff hiring and training to begin in late FY99. This cost is estimated to be \$302,800. This figure includes training and salary costs. Staffing of the new facility would require forty-four additional security and administrative support staff.

Operating Costs

Assuming that the facility can be constructed in two years, operational costs would be incurred beginning in FY 00. Assuming that the prisoners in the facility would be classified close/maximum custody, and assuming that the facility housed 250 prisoners, the DOC would need to hire forty-four additional security and support staff at a cost of \$2,911,700 per year. Non personnel institution costs which include supplies, food, clothing etc. would cost an additional \$2,012,400 per year. Indirect costs which include Inmate Programs, Inmate Health Care, Admin, Institution, etc. would cost an additional \$2,559,400 per year. This is a total operating cost of \$7.5 million per year.

44 security and support staff = \$2,911.7

Non-personnel institution costs = \$2,012.4

Indirect costs (Inmate Programs, Inmate Health Care, etc) = \$2,559.4

Total Operating Costs = \$7,483.5

Revision Date: _____ Dept. Affected: Revenue
 Title: Lease-Purchase Spring Creek Correctional BRU: Revenue Operations
 Component: Treasury
 Sponsor: (S) RLS
 Requestor: (S) HES COMPONENT SERIAL NO. 121

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS - LEASE PAYMENTS		2,577.2	2,575.1	2,577.2	2,577.9	2,575.2
TOTAL OPERATING	0.0	2,577.2	2,575.1	2,577.2	2,577.9	2,575.2

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

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

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	2,577.2	2,575.1	2,577.2	2,577.9	2,575.2
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	0.0	2,577.2	2,575.1	2,577.2	2,577.9	2,575.2

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

The bill authorizes a lease-purchase agreement with the City of Seward for up to \$25.0 million for expansion of the Spring Creek Correctional Facility.

Assuming a project cost of \$25.0 million, current interest rates plus 75 bp (3/4% per annum), approximately equal annual payments of principal and interest and a fifteen year lease term, the projected lease payments are approximately \$2.6 million per year or \$38.7 million over the lease term. See attached debt service schedule.

(The Department of Revenue's analysis continues on the attached page.)

Prepared by: Forrest Browne *Forrest Browne* Phone: 465-3750
 Division: Treasury Date: March 4, 1997
 Approved by Commissioner: Ross Kinney, Deputy Commissioner *Ross Kinney* Date: March 4, 1997
 Agency: Revenue

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The Department of Revenue recommends several changes to the proposed bill to facilitate the proposed lease-purchase financing at minimum cost to the State. Essentially these changes are:

1. To clarify that the state bond committee will coordinate the financing.
2. To eliminate the requirement that the City of Seward be the lessor and nominal issuer of the financing, to maintain flexibility if a more cost-effective financing structure can be used.
3. To recognize that approximately \$31.0 million of existing Spring Creek Correctional Facility lease-purchase financing is currently outstanding and may need to be restructured or refinanced to accommodate the proposed \$25.0 million expansion at minimum interest cost to the State.
4. To clarify that both the correctional facility and the land will be owned by the State at the end of the term of the lease agreement.

The recommended language changes to the bill to accomplish the above are:

Line 1-2, page 1: eliminate "with the City of Seward".

Line 8, page 1: after "correctional facilities," add "the state bond committee is authorized to arrange for the issuance of certificates of participation for and".

Line 9-10, page 1: after "lease-purchase agreement" eliminate "with the City of Seward under AS 33.30.03".

Line 12, page 1: after "commissioner of corrections." add "Additionally the state bond committee is authorized to arrange for the refinancing of approximately \$31.0 million of outstanding lease-purchase financing on such terms and conditions as are reasonably required to accomplish this Spring Creek Corrections expansion project."

Line 2, page 2: after "(2) the" add "additional".

Line 3, page 2: after "the anticipated" add "additional".

Line 3-4, page 2: eliminate "to be paid by the Department of Corrections".

Line 6, page 2: after "correctional facility" add "and all real estate appurtenant to the correctional facility;"

Dated: 2/1/98
 Delivered: 2/1/98

**Sizing Debt Services Schedule
 Spring Creek Correctional - Ex
 CURRENT RATES +75bp**

(Page 3 of 3) *

Fiscal Yr	Coupon MYY	Zer Date	Coupon Cpn	Rate	Maturing Principal	Periodic Interest	Gross Semi-Annl Dbt Svc	Capitalized Interest	Debt Svc Rsv Int & Prin	Cntgncy Fnd Int & Prin	Net Semi-Annl Dbt Svc	Net Fiscal Dbt Svc
2	99	8/1/98				728,597.50	728,597.50				728,597.50	
8	99	2/1/99	N	4.650	1,120,000.00	728,597.50	1,848,597.50				1,848,597.50	2,577,195.00
1	2	0	8/1/99			702,557.50	702,557.50				702,557.50	
8	0	2/1/00	N	4.950	1,170,000.00	702,557.50	1,872,557.50				1,872,557.50	2,575,115.00
2	2	1	8/1/00			673,600.00	673,600.00				673,600.00	
8	1	2/1/01	N	5.150	1,230,000.00	673,600.00	1,903,600.00				1,903,600.00	2,577,200.00
3	2	2	8/1/01			641,927.50	641,927.50				641,927.50	
8	2	2/1/02	N	5.300	1,295,000.00	641,927.50	1,936,927.50				1,936,927.50	2,578,855.00
4	2	3	8/1/02			607,610.00	607,610.00				607,610.00	
8	3	2/1/03	N	5.450	1,360,000.00	607,610.00	1,967,610.00				1,967,610.00	2,575,220.00
5	2	4	8/1/03			570,550.00	570,550.00				570,550.00	
8	4	2/1/04	N	5.600	1,435,000.00	570,550.00	2,005,550.00				2,005,550.00	2,576,100.00
6	2	5	8/1/04			530,370.00	530,370.00				530,370.00	
8	5	2/1/05	N	5.700	1,515,000.00	530,370.00	2,045,370.00				2,045,370.00	2,575,740.00
7	2	6	8/1/05			487,192.50	487,192.50				487,192.50	
8	6	2/1/06	N	5.800	1,605,000.00	487,192.50	2,092,192.50				2,092,192.50	2,579,385.00
8	2	7	8/1/06			440,647.50	440,647.50				440,647.50	
8	7	2/1/07	N	5.900	1,695,000.00	440,647.50	2,135,647.50				2,135,647.50	2,576,295.00
9	2	8	8/1/07			390,645.00	390,645.00				390,645.00	
8	8	2/1/08	N	6.000	1,795,000.00	390,645.00	2,185,645.00				2,185,645.00	2,576,290.00
10	2	9	8/1/08			336,795.00	336,795.00				336,795.00	
8	9	2/1/09	N	6.100	1,905,000.00	336,795.00	2,241,795.00				2,241,795.00	2,578,590.00
11	2	10	8/1/09			278,692.50	278,692.50				278,692.50	
8	10	2/1/10	N	6.200	2,020,000.00	278,692.50	2,298,692.50				2,298,692.50	2,577,385.00
12	2	11	8/1/10			216,072.50	216,072.50				216,072.50	
8	11	2/1/11	N	6.200	2,145,000.00	216,072.50	2,361,072.50				2,361,072.50	2,577,145.00
13	2	12	8/1/11			149,577.50	149,577.50				149,577.50	
8	12	2/1/12	N	6.300	2,285,000.00	149,577.50	2,434,577.50				2,434,577.50	2,584,155.00
14	2	13	8/1/12			77,600.00	77,600.00				77,600.00	
8	13	2/1/13	N	6.400	2,425,000.00	77,600.00	2,502,600.00				2,502,600.00	2,580,200.00
25,000,000.00						13,664,870.00	38,664,870.00				38,664,870.00	38,664,870.00

True Interest Cost (TIC).....6.1411183
 Net Interest Cost (NIC).....6.1393805
 Arbitrage Yield Limit (AYL).....6.0192042
 Arbitrage Net Interest Cost (ANIC)..... 6.0508203

Prepared by: FORREST BROWNE, DOR - TREASURER
 Prepared on: 3/3/97 10:53 8.05 Rpt 14
 Record ID: SCDOC-1998-K :MUNIDB

SB

103

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: May 1, 1997

FURTHER REFERRALS:

Date of Committee Action: 5/5/97

The FINANCE Committee considered:

CSSB 103(STA) am

CS FOR SENATE BILL NO. 103(STA) am

HUMAN RIGHTS COMMISSION FEES & HEARINGS

"An Act relating to hearings before and fees for the State Commission for Human Rights; and providing for an effective date."

recommends it be replaced with the following committee substitute HCS CSSB 103(Fin) the same title a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

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

APPROVES PREVIOUS: _____ (Dept/Date)

fiscal note(s) _____

fiscal note(s) gov 4/29/97

zero fiscal note(s) _____

zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Cene Therriault</i>	Therriault	X			
<i>Adon Mulder</i>	Mulder	X			
<i>Terry Martin</i>	Martin	X			
<i>Vic Kohring</i>	Kohring				
<i>John Davies</i>	Davies	X			
<i>Ben Grossendorf</i>	Grossendorf	X			
<i>Frank Moses</i>	Moses	X			
<i>Lena Davis</i>	Davis	X			
<i>R. Kelly</i>	Kelly	X			
<i>R. Foster</i>	Foster	X			

CHAIR'S SIGNATURE

Cene Therriault

FISCAL NOTE

No. 2
 Bill Version: CS SB 103(STA)
 (S) Publish Date: 4/29/97

STATE OF ALASKA 1997 LEGISLATIVE SESSION

Revision Date: April 29, 1997 Dept. Affected: Office of the Governor
 Title: "An Act relating to hearings and BRU: Commissions/Special Offices
 authorizing fees for the State Comm. on Human Rights Component: Human Rights Commission
 Sponsor: Senate Rules
 Requester: Senate Finance Component Serial No.: 1

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 01	FY 02	FY 03
Personal Services	22.2	24.7	24.7	27.2	27.2	27.2
Travel	(18.4)	(18.4)	(18.4)	(18.4)	(18.4)	(18.4)
Contractual	(3.8)	(3.8)	(3.8)	(3.8)	(3.8)	(3.8)
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	2.5	2.5	5.0	5.0	5.0

CAPITAL EXPENDITURES

--	--	--	--	--	--	--

CHANGE IN REVENUES

--	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1006 GF/Program Receipts	0.0	2.5	2.5	5.0	5.0	5.0
1037 GF/Mental Health						
All other funds						
TOTAL	0.0	2.5	2.5	5.0	5.0	5.0

Estimate of any current year (FY97) cost: _____

POSITIONS

Full-time	Part-time	Temporary

ANALYSIS: (Attach a separate page if necessary)
 SB103 would reduce the Commission's travel and contractual costs associated with conducting public hearings. Funds currently required for the ERC advocates and hearing examiner to travel to the site of alleged discrimination and for transcription costs would be transferred to the personal services line to allow for investigator overtime costs and potential temporary help to work on the Commission's substantial case back-log. Fees that may be generated for educational services and training would also be utilized to provide additional resources to the investigative unit. These changes are being pursued to assist the Commission in meeting the public demand with their current budgetary resources.

The figures above are estimates based on the existing hearing schedule from July 1, 1997 through May 1998. Future hearings are not possible to estimate and are directly impacted by the investigative unit production, settlements prior to hearings, etc. FY97 costs for hearing travel/transcriptions est. 18.0. Investigator OT average cost is \$44/hr.

Prepared by: Paula M. Haley, Executive Director Phone: 276-7674
 Division: Human Rights Commission Date: 4/28/97
 Approved by: Jim Ayers, Chief of Staff Date: 4/29/97
 Agency: Office of the Governor

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FISCAL NOTE

No. 1
 Bill Version: SB103
 (S) Publish Date: 2/24/97

**STATE OF ALASKA
 1997 LEGISLATIVE SESSION**

Revision Date: _____ Dept. Affected: Office of the Governor
 Title: "An Act relating to hearings before and authorizing BRU: Commissions and Special Offices
fees for the State Commission for Human Rights;" Component: Human Rights Commission
 Sponsor: Rules Committee
 Requester: Governor COMPONENT SERIAL NO. 1

Expenditures/Revenues

(Thousands of Dollars)

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

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

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

FUND SOURCE

(Thousands of Dollars)

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

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

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

The Commission has seen a dramatic increase in the number of Alaskans requesting services at a time when the Commission is operating with fewer staff. As a result, the Commission now has more cases in its inventory than ever before in its 33-year history and Alaskans must wait upwards of eight (8) months prior to cases reaching an investigator's desk. Passage of this bill will assist the Commission by reducing costs and allowing it to reallocate these resources to investigations.

This legislation will provide the Commission with authorization to conduct hearings at its office, rather than incur the expense of travel for the Hearing Advocate, and Hearing Examiner to the place where the unlawful conduct is alleged to have occurred. Any savings resulting from passage of this bill will be utilized in responding to the public's increased demand for services.

This bill also provides authorization for the Commission to charge fees for certain services. After legislative authorization is provided and required regulations are promulgated, the Commission will estimate the level of fees to be collected and seek the appropriate level of authority for receipts in the budget process.

Prepared by: Paula M. Haley, Executive Director *Paula M. Haley* Phone: 276-7474
 Division: Human Rights Commission Date: 11-19-96
 Approved by Commissioner: Jim Ayers, Chief of Staff *J. Ayers* Date: 11-20-96
 Agency: Office of the Governor

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HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: May 1, 1997

FURTHER REFERRALS:

Date of Committee Action: 5/2/97

The FINANCE Committee considered:

CSSB 103(STA) am

CS FOR SENATE BILL NO. 103(STA) am

BOARD OF VETERINARY EXAMINERS; LICENSE

"An Act relating to hearings before and fees for the State Commission for Human Rights; and providing for an effective date."

Resounded

recommends it be replaced with the following committee substitute CSSB 103 (STA) am the same title a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

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

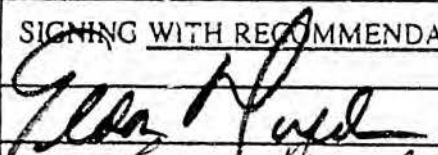
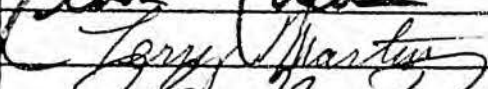
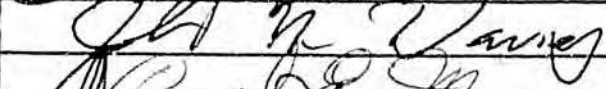

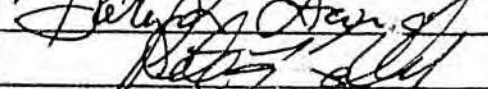
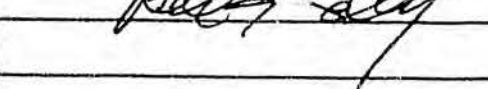
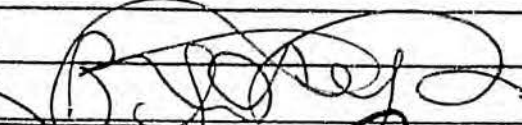
APPROVES PREVIOUS: (Dept/Date) _____

fiscal note(s) _____

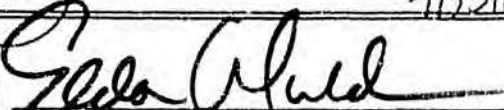
fiscal note(s) of of governor 4/29/97

zero fiscal note(s) _____

zero fiscal note(s) of of governor 2/24/97

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
	MULDER	<input checked="" type="checkbox"/>			
	MARTIN			<input checked="" type="checkbox"/>	
	J. DAVIES	<input checked="" type="checkbox"/>			
	MOSES			<input checked="" type="checkbox"/>	
	G. DAVIS	<input checked="" type="checkbox"/>			
	Kelly	<input checked="" type="checkbox"/>			
	Foster	<input checked="" type="checkbox"/>			

ACTING CHAIR'S SIGNATURE


MULDER

0-GS0045VB
Lauterbach
5/1/97

HOUSE CS FOR CS FOR SENATE BILL NO. 103(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTIETH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to hearings before and fees for the State Commission for
2 Human Rights; and providing for an effective date."

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

4 * Section 1. AS 18.80.060(b) is amended to read:

5 (b) In addition to other powers and duties prescribed by this chapter, the
6 commission may

7 (1) delegate to the executive director all powers and duties given it by
8 this chapter except the duties and powers given it by AS 18.80.120 and 18.80.130;

9 (2) call upon the departments and agencies of the state, with the
10 approval of the governor, for cooperation and assistance in carrying out this chapter;

11 (3) hold hearings under AS 18.80.120;

12 (4) establish the amount and manner of payment of fees for
13 educational services, information, and materials that the commission provides to
14 public and private organizations and other persons.

1 * Sec. 2. AS 18.80.120 is amended to read:

2 **Sec. 18.80.120. Hearing.** If the informal efforts to eliminate the alleged
3 discrimination are unsuccessful, the executive director shall inform the commission of
4 the failure, and the commission shall provide the respondent and the complainant with
5 notice of the failure and shall serve written notice, together with a copy of the
6 complaint, requiring the person, employer, labor organization, or employment agency
7 charged in the complaint to answer the allegations of the complaint at a hearing before
8 the commission. The hearing shall be held by the commission at the commission
9 office unless a party [PLACE WHERE THE UNLAWFUL CONDUCT IS ALLEGED
10 TO HAVE OCCURRED UNLESS THE PERSON, EMPLOYER, LABOR
11 ORGANIZATION, OR EMPLOYMENT AGENCY] requests a change of venue for
12 good cause shown, and the commission grants the request. The case in support of
13 the complaint shall be presented before the commission by the executive director or
14 a designee who shall be a bona fide resident of the state. The person charged in the
15 complaint may file a written answer to the complaint and may appear at the hearing
16 in person or otherwise, with or without counsel, and submit testimony. The executive
17 director has the power reasonably and fairly to amend the complaint, and the person
18 charged has the power reasonably and fairly to amend the answer. The commission
19 is not bound by the strict rules of evidence prevailing in courts of law or equity. The
20 testimony taken at the hearing shall be under oath and shall be recorded
21 [TRANSCRIBED AT THE REQUEST OF ANY PARTY TO THE HEARING].

22 * Sec. 3. This Act takes effect immediately under AS 01.10.070(c).

TONY KNOWLES
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

P O Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500
Fax (907) 465-3532

SB103

February 24, 1997

The Honorable Mike Miller
President of the Senate
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear President Miller:

In our efforts to reduce budgets, some actions that save money also create efficiencies which better meet public service goals. That is the case with this bill regarding the Human Rights Commission. This proposal provides the Commission more flexibility in its operations and helps the body perform its essential work for the state.

The bill would allow the Human Rights Commission to hold hearings at its office in Anchorage rather than where the alleged discrimination occurred, as is required under current law. This will save time and money in travel costs. The Commission would continue to ensure that complainants may participate in the hearings.

This bill would also allow the Commission to charge fees to cover the costs of services, information and materials and to provide tapes rather than transcriptions of the hearings, as currently required.

These changes would reduce the cost and time involved in resolving cases, helping the Commission to work through its tremendous backlog of cases, and better respond to the public's increased requests for its services. The result will be better human rights protection for Alaskans.

Sincerely,

A handwritten signature in cursive script, appearing to read "Tony Knowles".

Tony Knowles
Governor