

ALASKA LEGISLATURE

1950

HOUSE and SENATE FINANCE COMMITTEE FILES, 1999 - 2000

Alaska Department of Revenue, Income and Excise Tax Division
Report of Alcoholic Beverages Distributed or Sold
1998 Taxable Gallons

	Liquor				
	District 1	District 2	District 3	District 4	Total
January	15,517	1,222	91,412	20,560	128,711
February	5,786	568	35,620	7,065	49,039
March	10,593	1,247	42,737	9,100	63,677
April	13,022	1,133	58,744	11,894	84,793
May	11,562	2,072	60,243	12,497	86,374
June	14,666	1,290	51,342	11,418	78,716
July	16,590	1,007	80,769	18,472	116,838
August	16,011	750	56,444	14,751	87,956
September	14,056	4,257	59,031	14,325	91,669
October	13,389	937	56,464	12,732	83,522
November	11,467	1,208	57,775	14,260	84,710
December	13,769	920	67,953	14,239	96,881
Total	156,428	16,611	718,534	161,313	1,052,886

	Wine				
	District 1	District 2	District 3	District 4	Total
January	17,826	553	101,517	19,160	139,056
February	9,710	168	46,150	9,243	65,271
March	13,972	1,057	63,956	12,615	91,600
April	14,766	674	75,675	12,852	103,967
May	17,704	1,442	79,382	13,896	112,424
June	18,651	764	72,525	14,792	106,732
July	23,511	883	89,593	18,971	132,958
August	23,344	545	93,988	17,845	135,722
September	21,156	2,547	80,159	17,109	120,971
October	15,976	761	78,420	15,037	110,194
November	14,477	542	73,643	14,357	103,019
December	18,951	642	92,516	16,416	128,525
Total	210,044	10,578	947,524	182,293	1,350,439

	Beer				
	District 1	District 2	District 3	District 4	Total
January	151,125	1,576	808,011	177,799	1,138,511
February	120,913	895	603,567	147,601	872,976
March	125,953	2,035	552,167	133,583	813,738
April	167,526	2,904	716,563	152,105	1,039,098
May	175,425	26,002	774,168	178,355	1,153,950
June	232,925	23,535	847,940	217,029	1,321,429
July	260,913	535	1,051,676	249,857	1,562,981
August	264,396	1,275	960,478	254,130	1,480,279
September	206,566	54,367	842,844	237,695	1,341,472
October	170,208	6,221	776,194	171,201	1,123,824
November	154,733	898	735,918	181,973	1,073,522
December	131,242	1,867	682,092	155,246	970,447
Total	2,030,683	120,243	8,669,526	2,101,328	12,921,780

	Total Alcohol				
	District 1	District 2	District 3	District 4	Total
January	184,468	3,351	1,000,940	217,519	1,406,278
February	136,409	1,631	685,337	163,909	987,286
March	150,518	4,339	658,860	155,298	969,015
April	195,314	4,711	850,982	176,851	1,227,858
May	204,691	29,516	913,793	204,748	1,352,748
June	266,242	25,589	971,807	243,239	1,506,877
July	301,014	2,425	1,222,038	287,300	1,812,777
August	303,751	2,570	1,110,910	286,726	1,703,957
September	241,778	61,171	982,034	269,129	1,554,112
October	199,573	7,919	911,078	198,970	1,317,540
November	180,677	2,648	867,336	210,590	1,261,251
December	163,962	3,429	842,561	185,901	1,195,853
Total	2,364,435	145,870	10,175,115	2,414,279	15,099,699

Source: State of Alaska, Department of Revenue, Division of Income and Excise Tax Division (www.revenue.state.ak.us/iea/alcohol/)

Alaska Communities by Judicial District: 1998 Population

Community/Borough Judicial District 1	Statewide Population = 621,400	
	1998 Pop.	Incorporation Type
Angoon	587	2nd Class City
Coffman Cove	255	2nd Class City
Covenant Life	56	Unincorporated
Craig	2,145	1st Class City
Cube Cove	132	Unincorporated
Edna Bay	56	Unincorporated
Elfin Cove	50	Unincorporated
Game Creek	65	Unincorporated
Gustavus	368	Unincorporated
Haines	1,463	1st Class City
Haines Borough	2,476	3rd Class Borough
Hobart Bay	94	Unincorporated
Hollis	196	Unincorporated
Hoonah	896	1st Class City
Hydaburg	405	1st Class City
Hyder	133	Unincorporated
Juneau	30,684	Unified Home Rule Municipality
Kake	783	1st Class City
Kasaan	41	2nd Class City
Ketchikan	8,460	Home Rule City
Ketchikan Gateway Borough	14,231	2nd Class Borough
Klawock	659	1st Class City
Klukwan	141	Unincorporated
Kupreanof	24	2nd Class City
Lutak	53	Unincorporated
Metlakatla	1,502	Federal Law (Indian Reservation)
Meyers Chuck	31	Unincorporated
Mosquito Lake	95	Unincorporated
Naukatli Bay	168	Unincorporated
Pelican	149	1st Class City
Petersburg	3,398	Home Rule City
Point Baker	53	Unincorporated
Polk Inlet	19	Unincorporated
Port Alexander	90	2nd Class City
Port Protection	54	Unincorporated
Rowan Bay	2	Unincorporated
Saxman	379	2nd Class City
Sitka	8,779	Unified Home Rule Municipality
Skagway	814	1st Class City
Tenakee Springs	101	2nd Class City
Thorne Bay	597	2nd Class City
Whale Pass	95	Unincorporated
Whitestone Logging Camp	153	Unincorporated
Wrangell	2,589	Home Rule City
Yakutat	810	Home Rule Borough
Total Judicial District 1	84,331	

Alaska Communities by Judicial District: 1998 Population

Community/Borough	Statewide Population = 621,400 1998 Pop.	Incorporation Type
Judicial District 2		
Alakanuk	671	2nd Class City
Ambler	315	2nd Class City
Anaktuvuk Pass	308	2nd Class City
Andreafsky	459	<i>Located in City of St. Mary's</i>
Atkasuk	259	2nd Class City
Barrow	4,397	1st Class City
Brevig Mission	274	2nd Class City
Buckland	408	2nd Class City
Chevak	741	2nd Class City
Deadhorse	25	Unincorporated
Deering	156	2nd Class City
Diomedea	176	2nd Class City
Ellm	306	2nd Class City
Emmonak	838	2nd Class City
Gambell	670	2nd Class City
Golovin	142	2nd Class City
Hooper Bay	1,039	2nd Class City
Kaktovik	255	2nd Class City
Kiana	402	2nd Class City
Kotlik	349	2nd Class City
Kotzebue	102	2nd Class City
Kotlik	552	2nd Class City
Kotzebue	2,964	2nd Class City
Koyuk	296	2nd Class City
Marshall	300	2nd Class City
Mountain Village	793	2nd Class City
Noatak	410	Unincorporated
Nome	3,706	1st Class City
Noorvik	598	2nd Class City
North Slope Borough	9,389	Home Rule Borough
Northwest Arctic Borough	6,844	Home Rule Borough
Nulqsut	459	2nd Class City
Pilot Station	558	2nd Class City
Pitka's Point	151	Unincorporated
Point Hope	787	2nd Class City
Point Lay	209	Unincorporated
Port Clarence	23	Unincorporated
Prudhoe Bay	47	Unincorporated
Russian Mission	295	2nd Class City
Saint Mary's	494	1st Class City
Saint Michael	362	2nd Class City
Savoonga	632	2nd Class City
Scammon Bay	450	2nd Class City
Selawik	746	2nd Class City
Shaktolik	226	2nd Class City
Sheldon Point	161	2nd Class City
Shishmaref	538	2nd Class City
Shungnak	257	2nd Class City
Stebbins	548	2nd Class City
Teller	262	2nd Class City
Unalakleet	784	2nd Class City
Wainwright	543	2nd Class City
Wales	177	2nd Class City
White Mountain	188	2nd Class City

Total Judicial District 2

47,041

Alaska Communities by Judicial District: 1998 Population

Community/Borough	Statewide Population = 621,400	
	1998 Pop.	Incorporation Type
Judicial District 3		
Adak	7	Unincorporated
Akhlok	109	2nd Class City
Akutan	408	2nd Class City
Aleknagik	259	2nd Class City
Aleutians East Borough	2,199	2nd Class Borough
Alexander Creek	36	Unincorporated
Anchor Point	1,188	Unincorporated
Anchorage	258,782	Unified Home Rule Municipality
Atka	115	2nd Class City
Big Lake	2,228	Unincorporated
Bristol Bay Borough	1,297	2nd Class Borough
Butte	2,654	Unincorporated
Chase	56	Unincorporated
Chenega Bay	35	Unincorporated
Chickaloon	208	Unincorporated
Chignik	121	2nd Class City
Chignik Lagoon	70	Unincorporated
Chignik Lake	138	Unincorporated
Chirliak	75	Unincorporated
Chistochina	56	Unincorporated
Clam Gulch	108	Unincorporated
Clark's Point	63	2nd Class City
Cohoe	602	Unincorporated
Cold Bay	103	2nd Class City
Cooper Landing	283	Unincorporated
Copper Center	525	Unincorporated
Copperville	185	Unincorporated
Cordova	2,571	Home Rule City
Crown Point	102	Unincorporated
Dillingham	2,332	1st Class City
Egegik	132	2nd Class City
Ekiutna	436	<i>Located in Municipality of Anchorage</i>
Ekuk	2	Unincorporated
Ekwok	120	2nd Class City
Eyak	169	<i>Located in City of Cordova</i>
False Pass	58	2nd Class City
Fox River	439	Unincorporated
Fritz Creek	1,998	Unincorporated
Gakona	24	Unincorporated
Glennallen	488	Unincorporated
Halibut Cove	74	Unincorporated
Happy Valley	400	Unincorporated
Homer	4,155	1st Class City
Hope	135	Unincorporated
Houston	939	2nd Class City
Iglugig	51	Unincorporated
Illamna	102	Unincorporated
Ivanof Bay	30	Unincorporated
Jakolof Bay	51	Unincorporated
Kachemak	419	2nd Class City
Kailfonsky	338	Unincorporated
Kartuk	48	Unincorporated
Kasilof	558	Unincorporated
Kenai	7,058	Home Rule City
Kenai Peninsula Borough	48,815	2nd Class Borough
Kenny Lake	490	Unincorporated

Alaska Communities by Judicial District: 1998 Population

Community/Borough	Statewide Population = 621,400	
	1998 Pop.	Incorporation Type
King Cove	703	1st Class City
King Salmon	480	Unincorporated
Knik	461	Unincorporated
Kodiak	6,859	Home Rule City
Kodiak Island Borough	13,848	2nd Class Borough
Kodiak Station	1,703	Unincorporated
Kokhanok	175	Unincorporated
Kolliganek	202	Unincorporated
Lake & Peninsula Borough	1,867	Home Rule Borough
Larsen Bay	127	2nd Class City
Lazy Mountain	1,091	Unincorporated
Levelock	128	Unincorporated
Manokotuk	396	2nd Class City
Matanuska-Susitna Borough	55,747	2nd Class Borough
Meadow Lakes	4,823	Unincorporated
Mendeltna	59	Unincorporated
Mentasta Lake	102	Unincorporated
Moose Pass	134	Unincorporated
Naknek	666	Unincorporated
Nanwalek	180	Unincorporated
Nelson Lagoon	80	Unincorporated
New Stuyahok	435	2nd Class City
Newhalen	191	2nd Class City
Nikiski	3,060	Unincorporated
Nikolaevsk	467	Unincorporated
Nikolski	35	Unincorporated
Ninilchik	675	Unincorporated
Nondalton	227	2nd Class City
Old Harbor	297	2nd Class City
Ouzinkle	252	2nd Class City
Palmer	4,318	Home Rule City
Paxson	32	Unincorporated
Pedro Bay	45	Unincorporated
Perryville	107	Unincorporated
Pilot Point	102	2nd Class City
Port Alsworth	63	Unincorporated
Port Graham	190	Unincorporated
Port Heiden	126	2nd Class City
Port Lions	242	2nd Class City
Port William	9	Unincorporated
Portage Creek	14	Unincorporated
Primrose	62	Unincorporated
Ridgeway	2,381	Unincorporated
Saint George	173	2nd Class City
Saint Paul	761	2nd Class City
Salamatof	1,135	Unincorporated
Sand Point	830	1st Class City
Seldovia	281	1st Class City
Seward	3,040	Home Rule City
Skwentna	80	Unincorporated
Soldotna	4,134	1st Class City
South Naknek	148	Unincorporated
Sterling	5,888	Unincorporated
Sutton	473	Unincorporated
Talkeetna	366	Unincorporated
Tatitlek	110	Unincorporated
Tazlina	280	Unincorporated
Togiak	801	2nd Class City

Alaska Communities by Judicial District: 1998 Population

Community/Borough	Statewide Population = 621,400	
	1998 Pop.	Incorporation Type
Tonsina	44	Unincorporated
Trapper Creek	353	Unincorporated
Twin Hills	81	Unincorporated
Tyonek	152	Unincorporated
Ugashik	2	Unincorporated
Unalaska	4,285	1st Class City
Valdez	4,155	Home Rule City
Wasilla	5,134	1st Class City
Whittier	306	2nd Class City
Willow	430	Unincorporated
Womens Bay	674	Unincorporated
Total Judicial District 3	481,721	

Alaska Communities by Judicial District: 1998 Population

Community/Borough	Statewide Population = 621,400 1998 Pop.	Incorporation Type
Judicial District 4		
Aklachak	569	Unincorporated
Aklak	316	2nd Class City
Alatna	32	<i>Located in City of Allakaket</i>
Aican	11	Unincorporated
Allakaket	192	2nd Class City
Anderson	524	2nd Class City
Aniak	576	2nd Class City
Anvik	100	2nd Class City
Arctic Village	117	Unincorporated
Atmautluak	286	Unincorporated
Beaver	125	Unincorporated
Bethel	5,463	2nd Class City
Bettles	25	2nd Class City
Big Delta	519	Unincorporated
Birch Creek	35	Unincorporated
Cantwell	166	Unincorporated
Central	61	Unincorporated
Chalkyitsik	100	Unincorporated
Chefornak	423	2nd Class City
Chitina	91	Unincorporated
Chuathbaluk	112	2nd Class City
Circle	86	Unincorporated
Circle Hot Springs	33	Unincorporated
Coldfoot	17	Unincorporated
College	12,407	Unincorporated
Crooked Creek	144	Unincorporated
Delta Junction	884	2nd Class City
Denali Borough	1,864	Home Rule Borough
Dot Lake	66	Unincorporated
Dry Creek	134	Unincorporated
Eagle	168	2nd Class City
Eagle Village	35	Unincorporated
Eek	309	2nd Class City
Elson AFB	4,947	Unincorporated
Ester	236	Unincorporated
Evansville	23	Unincorporated
Fairbanks	31,601	Home Rule City
Fairbanks North Star Borough	83,928	2nd Class Borough
Ferry	74	Unincorporated
Fort Greely	686	Unincorporated
Fort Yukon	553	2nd Class City
Fox	326	Unincorporated
Galena	544	1st Class City
Goodnews Bay	256	2nd Class City
Grayling	195	2nd Class City
Gulkana	96	Unincorporated
Harding Lake	30	Unincorporated
Healy	641	Unincorporated
Healy Lake	62	Unincorporated
Holy Cross	277	2nd Class City
Hughes	72	2nd Class City
Huslia	248	2nd Class City
Katag	250	2nd Class City
Kasigluk	524	Unincorporated
Kipnuk	556	Unincorporated
Kongiganak	348	Unincorporated

Alaska Communities by Judicial District: 1998 Population

Community/Borough	Statewide Population = 621,400 1998 Pop.	Incorporation Type
Koyukuk	130	2nd Class City
Kwethluk	667	2nd Class City
Kwigillingok	324	Unincorporated
Lake Minchumina	46	Unincorporated
Lignite	130	Unincorporated
Lime Village	56	Unincorporated
Lower Kalskag	206	2nd Class City
Manley Hot Springs	94	Unincorporated
McCarthy	33	Unincorporated
McGrath	441	2nd Class City
McKinley Park	184	Unincorporated
Mekoryuk	192	2nd Class City
Minto	251	Unincorporated
Moose Creek	677	Unincorporated
Napaimute	3	Unincorporated
Napaklak	373	2nd Class City
Napasklak	391	2nd Class City
Nenana	435	Home Rule City
Newtok	267	Unincorporated
Nightmute	222	2nd Class City
Nikolai	103	2nd Class City
North Pole	1,619	Home Rule City
Northway	124	Unincorporated
Northway Junction	114	Unincorporated
Northway Village	113	Unincorporated
Nulato	353	2nd Class City
Nunapitchuk	479	2nd Class City
Oscarville	60	Unincorporated
Platinum	41	2nd Class City
Pleasant Valley	542	Unincorporated
Quinhagak	612	2nd Class City
Rampart	64	Unincorporated
Red Devil	39	Unincorporated
Ruby	204	2nd Class City
Salcha	390	Unincorporated
Shageluk	152	2nd Class City
Siana	59	Unincorporated
Sleetmute	105	Unincorporated
Stevens Village	100	Unincorporated
Stony River	36	Unincorporated
Takotna	58	Unincorporated
Tanacross	88	Unincorporated
Tanana	317	1st Class City
Tellida	2	Unincorporated
Tetlin	73	Unincorporated
Tok	1,214	Unincorporated
Toksook Bay	515	2nd Class City
Tuluksak	421	Unincorporated
Tuntutullak	357	Unincorporated
Tununak	330	Unincorporated
Two Rivers	612	Unincorporated
Upper Kalskag	268	2nd Class City
Venette	245	Unincorporated
Wiseman	19	Unincorporated
Total Judicial District 4	167,493	

Chapter 43.60. EXCISE TAX ON ALCOHOLIC BEVERAGES

Sec. 43.60.010. Alcoholic beverage tax.

(a) Every brewer, distiller, bottler, jobber, retailer, wholesaler, or manufacturer who sells alcoholic beverages in the state or who consigns shipments of alcoholic beverages into the state, whether or not the alcoholic beverages are brewed, distilled, bottled, or manufactured in the state, shall pay on all malt beverages (alcoholic content of one percent or more by volume), wines, and hard or distilled alcoholic beverages, the following taxes:

(1) malt beverages at the rate of 35 cents a gallon or fraction of a gallon; (*federal tax is \$.58 a gallon*)

(2) wine or other beverages of 21 percent alcohol by volume or less, at the rate of 85 cents a gallon or fraction of a gallon; and (*federal tax is \$1.07 a gallon*)

(3) other beverages having a content of more than 21 percent alcohol by volume at the rate of \$5.60 a gallon. (*federal tax is \$13.50 a gallon*)

HB

93

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: February 24, 1999

FURTHER REFERRALS:

Date of Committee Action: 3/9/99

The FINANCE Committee considered:

HB 93

HOUSE BILL NO. 93

RURAL ASSISTANCE HOUSING LOANS

"An Act relating to the Alaska Housing Finance Corporation's rural assistance loan program and to the definition of 'housing' for purposes of the corporation's housing assistance loan program; and providing for an effective date."

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

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

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

APPROVES PREVIOUS: _____ (Dept/Date)

fiscal note(s) _____

fiscal note(s) _____

zero fiscal note(s) _____

zero fiscal note(s) Revenue 2/24/99

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>[Signature]</i>	Therriault	X			
<i>[Signature]</i>	Bunde	X			
<i>[Signature]</i>	Kohring	X			
<i>[Signature]</i>	Aushman	X			
<i>[Signature]</i>	J. Davis	X			
<i>[Signature]</i>	Grossardt	X			
<i>[Signature]</i>	Moses	X			
<i>[Signature]</i>	G. Davis	X			
<i>[Signature]</i>	B. Williams	X			
<i>[Signature]</i>	Foster	X			

CHAIR'S SIGNATURE

[Signature]
Therriault

FISCAL NOTE

Bill Version: HB 93
(H) Publish Date: 2/24/99

STATE OF ALASKA 1999 LEGISLATIVE SESSION

Revision Date/Time (Note if correction) 2/17/99 Dept. Affected Revenue
 Title AHFC Rural Mortgages BRU Revenue Operations
 Component AHFC Operations
 Sponsor Rep. Car Morgan
 Requester (H) C3RA Committee Component Serial No. 110

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	na	na	na	na	na	na

FUND SOURCE (Thousands of Dollars)

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

Estimate of current year (FY99) cost: 0.0

POSITIONS

Full-time	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: *(Attach a separate page if necessary)*
 This legislation amends AHFC's Rural Mortgage program to both allow refinancing of existing loans and to amend the definition of "housing" to allow loans for owner-occupied dwellings of up to four units. Existing staff and budget resources will be adequate to handle changes in loan demands that will result from this legislation. AHFC currently has rural mortgage offices in Bethel, Nome, Dillingham, and in its Anchorage headquarters.

Any changes to the net income of AHFC are expected to be minimal. Refinancing of existing loans to lower interest rates will reduce revenues to the corporation by providing savings to the borrowers. However, this reduction in revenues is expected to be offset by revenues from increased loan activity for borrowers interested in financing 3 plexes and 4 plexes. (Additional comments and information is available in AHFC's Bill Analysis.)

Prepared by John W. Brey, Legislative Liaison Phone 465-2301
 Division Alaska Housing Finance Corporation Date Time 2:17:59
 Approved by Wilson L. Gordon Date 2/10/99
 Commissioner
 Agency Department of Revenue

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
For further distribution information, call the Governor's Legislative Office

FISCAL NOTE

Bill Version: HB 93
 (H) Publish Date: 2/24/99

**STATE OF ALASKA
 1999 LEGISLATIVE SESSION**

Revision Date/Time (Note if correction) 2/17/99 Dept. Affected Revenue
 Title AHFC Rural Mortgages BRU Revenue Operations
 Component AHFC Operations
 Sponsor Rep. Car Morgan
 Requester (H) C&RA Committee Component Serial No. 110

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	na	na	na	na	na	na

FUND SOURCE (Thousands of Dollars)

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

Estimate of current year (FY99) cost: 0.0

POSITIONS

Full-time	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

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

This legislation amends AHFC's Rural Mortgage program to both allow refinancing of existing loans and to amend the definition of "housing" to allow loans for owner-occupied dwellings of up to four units. Existing staff and budget resources will be adequate to handle changes in loan demands that will result from this legislation. AHFC currently has rural mortgage offices in Bethel, Nome, Dillingham, and in its Anchorage headquarters.

Any changes to the net income of AHFC are expected to be minimal. Refinancing of existing loans to lower interest rates will reduce revenues to the corporation by providing savings to the borrowers. However, this reduction in revenues is expected to be offset by revenues from increased loan activity for borrowers interested in financing 3 plexes and 4 plexes. (Additional comments and information is available in AHFC's Bill Analysis.)

Prepared by: John W. Boney, Legislative Liaison Phone: 455-2301
 Division: Alaska Housing Finance Corporation Date/Time: 2/17/99
 Approved by: Wilson L. Condon Date: 2/17/99
 Commissioner: Department of Revenue
 Agency: Department of Revenue

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

For further distribution information, call the Governor's Legislative Office

COMMITTEE COPY

Alaska State Legislature

SESSION

State Capitol Building, Suite 409
Juneau, Alaska 99801-1182
Phone: 907-465-4527
Fax: 907-465-2197
Toll Free: 800-491-4527
E-mail: Representative_Carl_Morgan@legis.state.ak.us



MEMBER

Community & Regional Affairs Committee
Health, Education & Social Services Committee
House Resources Committee
Special Committee on Fisheries

INTERIM

P.O. Box 243
Aniak, Alaska 99557
Phone: 907-675-4413

Representative Carl M. Morgan, Jr. District 36

Sponsor Statement HB 93

“An Act relating to the Alaska Housing Finance Corporation’s rural assistance loan program and to the definition of ‘housing’ for purposes of the corporation’s housing assistance loan program; and providing for an effective date.”

This legislation would modify AHFC's Rural Mortgage to allow two simple changes:

1. The Rural Mortgage program would allow for refinancing of home loans in the same manner any conventional mortgage allows. While many people across Alaska and the United States have taken advantage of low interest rates to refinance their home mortgages, state law simply does not provide this as an option under the rural lending program.
2. The current definition in state law limits the term “housing” to either single-family and owner-occupied duplexes. This legislation would bring this term into compliance with current industry standards for lending by allowing owner-occupied housing up to four units. Simply, the Rural Mortgage program would be allowed to finance up to four-plexes. This is the same standard that is used by the VA, FHA, Fannie Mae, Freddie Mac and AHFC's conventional urban loan program.

It is important to note that this bill does not allow the Rural Mortgage loan program to make any kinds of loans that are not allowed under conventional lending practices or industry standards. Simply, the bill attempts to allow the Rural Mortgage loan program to make the same kind of loans allowed for any conventional urban loan program.

For example, in February of 1998, AHFC established a Streamline Refinance program that allowed borrowers with an AHFC urban mortgage to refinance their home loans with minimal transaction costs. By allowing homeowners to take advantage of current low interest rates, AHFC reports that over 1,100 loans were refinanced in 1998. This bill would amend state law to simply allow the same kind of opportunity for rural borrowers.

AHFC's rural loan portfolio has over 1,100 loans with interest rates over 8% totaling approximately \$115 million. Of these loans, just over 500 have a rate higher than 9%. The current interest rate for the Rural Mortgage loan program is 6.125% for a 30 year loan. Lowering home loans by whole percentage points can lower monthly payments by hundreds of dollars – essentially putting this buying power back into the homeowners pocket and the state economy.

This is not in any sense a “give-away” program. The Rural Mortgage loan program is a revolving fund. AHFC reports that default rates in the Rural Mortgage loan program are generally the same or often less than the rate of defaults on conventional urban loans.

In short, this legislation attempts to make two simple changes that will allow a lending program to make the same kind of loans considered standard practice under convention lending. Not only is it an issue of fairness for rural borrowers, but it is also good business for AHFC. These are good loans, and will also provide financing opportunity to assist the rural housing market.

Rural mortgage measure clears step

By the Journal Staff



House Bill 93, allowing refinancing of rural Alaska Housing Finance Corp. mortgages, passed out of the House Community and Regional Affairs Committee and is now in the Finance Committee.

The intent is to make AHFC's rural mortgage programs conform with the state housing corporation's urban programs, which allow refinancing.

"Right now, the rate for a new rural 30-year loan is about 6.125 percent. Just over 1,100 of AHFC's outstanding rural loans have interest rates over 8 percent; that's about \$115 million," Rep. Carl Morgan, R-Aniak, said.

Rural default rates are about the same as urban rates, he said. "This is a win-win bill."

HB 93 also expands the types of dwellings that can qualify for rural AHFC loans, again to conform with urban programs.

Morgan is sponsor of the measure.

BILLS TO WATCH

Finance cuts Y2K request

The Senate Finance Committee slashed two supplemental budget requests from the Knowles administration.

One was for \$19.5 million for state year 2000 computer system repairs and testing, which was cut to \$12.6 million. A second was a cut of a University of Alaska request from \$5 million to \$2.7 million.

The full Y2K appropriation has passed the House, but the Senate committee questioned whether the needs are real.

"We understand the importance of making sure vital state functions continue operating safely and efficiently" after the end of 1999, said Sen. Sean Parnell, R-Anchorage, "but it seemed as though every time we raised specific questions about the numbers in the governor's request, we found the hard costs weren't there."

For example, the committee

found that of \$110,000 requested in the special appropriation to assess Y2K compatibility in the new state ferry Kennicott, all but \$32,000 was included in a separate \$600,000 Y2K request for the entire ferry system.

The committee also felt the ferry's builder should be pressed to pay for Y2K repairs, Parnell said.

"Scrutiny of the governor's request revealed many similar opportunities for reductions," said Sen. Gary Wilken, R-Fairbanks, who chaired a Finance subcommittee on the request.

Bill rewrites securities laws

A complex, 70-page rewrite of state laws governing securities transactions was voted out of the House Labor and Commerce Committee and is now in the Judiciary Committee.

House Bill 83 is intended to bring Alaska into compliance with the federal National Markets Securities Act.

The state Department of Commerce and Economic Development has been working on the bill for some time and has circulated drafts, along with proposed regulations, in the Alaska financial community.

A revised law and regulations must be in effect by October to comply with the new federal act, state commerce officials told the Labor and Commerce committee.

IF YOU'RE IN THE
TOURISM INDUSTRY,
HERE'S SOMEWHERE
ELSE YOU SHOULD BE

The 2000 Official Alaska State Vacation Planner

- Reach 450,000 potential visitors with your ad.
- Ads cost as little as \$175 (until March 19).
- Requested by potential visitors and travel agents.
- Ads arranged by region and type of service - easy to find and use!
- Credible, authoritative editorial environment.
- Great value! Cost-effective access to your customer base.
- Ads appear on the Internet - and can be linked to your home page.

KOMATSU
Forklifts



2000 22,000 lb lift trucks



engineering co.
Faschan will t



Faschan



Hessan

has more than
experience.
William McDo
association
through 1999.

Prudential
Real Estate
hired Dan Fl
Patti Higgins
Mark Peter
The agents j
the company
sales assoc
specializing in
dential prope

Valley Ho
Association
appointed W
"Bill" Patti
vice president
finance. Patti
oversees co
business ser
vices, and fac
vices. Pateso
ence in health

The Juneau
ors Bureau h
mers es direc
convention s
Summers w
responsible
securing mec
and conver
that in
overnight st
Juneau. Surr



Headquarters
4300 Benlface Parkway
Anchorage, Alaska
907-338-6100

Mailing Address
PO Box 101020
Anchorage, AK 99510-1020
Internet Web Site
<http://www.ahfc.state.ak.us>

February 18, 1999

The Honorable Carl Morgan
Alaska House of Representatives
State Capitol Building
Juneau, Alaska

Dear Representative Morgan:

This letter is intended to provide comments regarding AHFC's review and analysis of HB 93.

It is the mission of AHFC "to provide Alaskans access to safe, quality, affordable housing." This legislation, as introduced, will allow the corporation to better accomplish its mission and goals for all residents who qualify for this program.

Sectional Analysis

Section 1 of the legislation would allow for refinancing of loans made under AHFC's Rural Mortgage program (page 1, line 13). Current statute allows for the origination and purchase of loans, but does not authorize refinancing of existing loans.

Section 2 amends the definition of "housing" under AHFC's Rural Mortgage program to allow lending for owner-occupied homes of up to four units (page 2, lines 10 & 11). Current statute limits the program to single family homes or duplexes.

Section 3 provides an immediate effective date.

Background Information

The Rural Mortgage program was merged into AHFC in 1992 from the Department of Community & Regional Affairs. Loans are made from the housing assistance loan fund (AS 18.56.420). The following is some general information about the loan program:

- The maximum loan term is 30 years or the remaining economic life of the property.
- Interest rates are established in statute as one percent less than the taxable bond rate.
- Loans made under this program are assumable by qualified borrowers.
- Conventional loans require a minimum down payment of 5 percent on a single-family residence and 10 percent on a duplex. For new construction built by the owner, the maximum financing is 100 percent of allowable cost, not to exceed 95 percent of appraised value on a single family residence, and 90% on a duplex. Loans in excess of 90% financing require mortgage insurance. Higher loan-to-values are available on certain federally insured or guaranteed loans.
- Currently, only single-family homes and duplexes are eligible for this program.
- Loans may only be made for homes located in small communities. "Small community" is defined as a community with a population of 6,500 or less that is not connected by road or rail to Anchorage or Fairbanks, or a community with a population of 1,600 or less that is connected by road or rail to Anchorage or Fairbanks.



"HOUSING FOR ALL ALASKANS"



**ALASKA HOUSING FINANCE CORPORATION
RURAL LOAN PORTFOLIO**

COMMUNITY	NUMBER OF LOANS	DOLLAR AMOUNT
Anchor Point	27	\$ 3,241,863
Anderson	1	67,500
Aniak	8	880,014
Barrow	131	19,465,492
Beluga	2	196,500
Bethel	207	26,556,379
Bettles Field	1	37,200
Chevak	1	27,000
Chignik	1	65,000
Clam Gulch	2	159,200
Cold Bay	1	120,000
Cooper Landing	2	292,000
Copper Center	11	1,232,147
Cordova	106	11,737,100
Craig	55	7,698,901
Delta Junction	22	1,754,772
Denali Park	1	92,000
Dillingham	70	8,475,057
Dutch Harbor	1	200,000
Eagle	1	54,000
Elfin Cove	1	73,800
Emmonak	1	49,500
Fort Yukon	3	118,275
Gakona	1	118,619

CORRECTION

THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION



Rev. 6/98

Central Microfilm Services
Department of Education & Early Development
State of Alaska



Headquarters
4300 Borlface Parkway
Anchorage, Alaska
907-338-6100

Mailing Address
PO Box 101020
Anchorage, AK 99510-1020
Internet Web Site
<http://www.ahfc.state.ak.us>

February 18, 1999

The Honorable Carl Morgan
Alaska House of Representatives
State Capitol Building
Juneau, Alaska

Dear Representative Morgan:

This letter is intended to provide comments regarding AHFC's review and analysis of HB 93.

It is the mission of AHFC "to provide Alaskans access to safe, quality, affordable housing." This legislation, as introduced, will allow the corporation to better accomplish its mission and goals for all residents who qualify for this program.

Sectional Analysis

Section 1 of the legislation would allow for refinancing of loans made under AHFC's Rural Mortgage program (page 1, line 13). Current statute allows for the origination and purchase of loans, but does not authorize refinancing of existing loans.

Section 2 amends the definition of "housing" under AHFC's Rural Mortgage program to allow lending for owner-occupied homes of up to four units (page 2, lines 10 & 11). Current statute limits the program to single family homes or duplexes.

Section 3 provides an immediate effective date.

Background Information

The Rural Mortgage program was merged into AHFC in 1992 from the Department of Community & Regional Affairs. Loans are made from the housing assistance loan fund (AS 18.56.420). The following is some general information about the loan program:

- The maximum loan term is 30 years or the remaining economic life of the property.
- Interest rates are established in statute as one percent less than the taxable bond rate.
- Loans made under this program are assumable by qualified borrowers.
- Conventional loans require a minimum down payment of 5 percent on a single-family residence and 10 percent on a duplex. For new construction built by the owner, the maximum financing is 100 percent of allowable cost, not to exceed 95 percent of appraised value on a single family residence, and 90% on a duplex. Loans in excess of 90% financing require mortgage insurance. Higher loan-to-values are available on certain federally insured or guaranteed loans.
- Currently, only single-family homes and duplexes are eligible for this program.
- Loans may only be made for homes located in small communities. "Small community" is defined as a community with a population of 6,500 or less that is not connected by road or rail to Anchorage or Fairbanks, or a community with a population of 1,600 or less that is connected by road or rail to Anchorage or Fairbanks.



"HOUSING FOR ALL ALASKANS"



HB 93 letter
February 18, 1999
Page 2

As of February 18, 1999, there are 2,571 Rural Mortgage loans at a value of \$323,825,093.

AHFC believes that allowing the opportunity to refinance existing loans will provide better affordability for many residents. As of February 18, 1999, there are 515 loans at a value of \$48,026,786 with an interest rate of 8% or higher. By allowing these borrowers to take advantage of current interest rates, monthly savings to these borrowers is estimated to range between \$130 and \$200 per month.

As an example, AHFC established a Streamline Refinance program that allowed borrowers with an AHFC urban mortgage to refinance their home loans with minimal transaction costs in February of 1998. To date, 1,499 loans worth over \$128 million have refinanced under the program. While some of these loans resulted in small payment increases for people who refinanced from a 30 to a 15 year loan, nearly 75% of the refinanced loans created average savings of \$193 per month. Put another way - close to \$2 million in buying power was put back into the annual Alaskan economy. HB 93 would allow the same kind of opportunity for borrowers under the Rural Mortgage program.

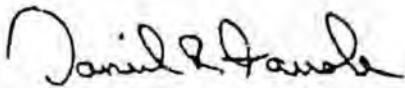
The current definition (AS 18.56.600) limits the term "housing" to either owner-occupied single-family or duplexes for the Rural Mortgage program. HB 93 would bring this term into compliance with current industry standards for lending by allowing owner-occupied housing up to four units. This is the same standard that is used by the VA, FHA, Fannie Mae, Freddie Mac, and AHFC's conventional urban loan programs.

Conclusion

This legislation attempts to make two changes that will allow the Rural Mortgage program to make the same kind of loans considered standard practice under conventional lending. Because the results of this legislation fit within the mission of AHFC to provide affordable and safe housing opportunities for Alaskans, the corporation supports passage of the bill.

Thank you for sponsoring HB 93 and the cooperative efforts you have extended to us in putting this bill together. AHFC staff will be available through the legislative committee process to testify and assist in the discussions. Please do not hesitate to refer anyone with questions or the need for information to contact my office.

Sincerely,



Daniel R. Fauske, CEO/Executive Director
Alaska Housing Finance Corporation

**ALASKA HOUSING FINANCE CORPORATION
RURAL LOAN PORTFOLIO**

COMMUNITY	NUMBER OF LOANS	DOLLAR AMOUNT
Anchor Point	27	\$ 3,241,863
Anderson	1	67,500
Aniak	8	880,014
Barrow	131	19,465,492
Beluga	2	196,500
Bethel	207	26,556,379
Bettles Field	1	37,200
Chevak	1	27,000
Chignik	1	65,000
Clam Gulch	2	159,200
Cold Bay	1	120,000
Cooper Landing	2	292,000
Copper Center	11	1,232,147
Cordova	106	11,737,100
Craig	55	7,698,901
Delta Junction	22	1,754,772
Denali Park	1	92,000
Dillingham	70	8,475,057
Dutch Harbor	1	200,000
Eagle	1	54,000
Elfin Cove	1	73,800
Emmonak	1	49,500
Fort Yukon	3	118,275
Gakona	1	118,619

Galena	16	978,900
Gambell	1	58,500
Glennallen	15	1,653,431
Gustavus	3	339,500
Haines	66	6,123,170
Healy	19	2,425,800
Homer	84	10,980,340
Hoonah	15	1,254,850
Iliamna	3	276,950
Kake	3	278,869
Kasigluk	3	185,350
Kasilof	13	1,436,786
Kenai	55	7,111,680
Ketchikan	207	33,015,192
Kiana	4	385,854
King Cove	2	138,500
King Salmon	14	1,709,802
Klawock	8	1,132,638
Kodiak	411	60,701,374
Kotzebue	76	9,003,977
Koyuk	1	135,000
Lake Minchumina	1	28,900
Larson Bay	1	50,000
Manokotak	2	68,200
McGrath	9	676,764
Mekoryuk	3	170,000

Metlakatla	10	690,200
Naknek	17	2,150,346
Nenana	3	256,965
Nikiski	45	5,369,098
Nikolai	1	27,000
Ninilchik	11	1,260,092
Nome	169	18,822,601
Nondalton	1	62,027
Noorvik	2	311,531
Nuiqsut	1	103,500
Ouzinkie	1	130,000
Palmer	2	180,000
Pelican	9	640,525
Petersburg	205	25,253,409
Port Alexander	3	121,550
Port Heiden	1	65,000
Port Lions	1	38,000
Ruby	1	81,000
Salcha	1	81,000
Sand Point	10	836,693
Savoogna	1	31,000
Selawik	2	97,700
Seldovia	10	620,056
Seward	27	3,481,487
Shismaref	1	99,262
Skagway	28	2,407,849

Soldotna	105	12,989,849
St. George	1	41,923
St. Mary's	4	416,400
St. Paul Island	4	249,750
Stebbins	1	23,600
Sterling	37	4,959,504
Sutton	2	164,400
Talkeetna	9	1,072,150
Tanana	1	40,000
Tenakee	1	70,000
Thorne Bay	14	1,508,100
Tok	4	453,500
Trapper Creek	1	110,000
Unalakleet	6	775,071
Wasilla	1	85,000
Whale Pass	2	244,112
Wrangell	86	9,093,126
Yakutat	7	680,150
Totals	2,571	\$ 323,825,093

HB

93

SFIN

FILE

was referred to the
Senate Finance
Committee

Hearing(s) were held

The bill did not move
from Committee

A M E N D M E N T

OFFERED IN THE SENATE

BY SENATOR MACKIE

TO: HB 93

1 Page 1, following line 4:

2 Insert a new bill section to read:

3 **** Section 1.** AS 18.55.997(b)(2) is amended to read:

4 (2) "rural" means a community with a population of 6,500 or less
 5 that is not connected by road or rail to Anchorage or Fairbanks, or with a
 6 population of 1,600 or less that is connected by road or rail to Anchorage or
 7 Fairbanks; in this paragraph. "connected by road" does not include a connection
 8 by the Alaska marine highway system [HAS THE MEANING GIVEN THE TERM
 9 "SMALL COMMUNITY" IN AS 18.56.600]."

10 Page 1, line 5:

11 Delete **** Section 1.**

12 Insert **** Sec. 2.**

13 Renumber the following bill sections accordingly.

14 Page 2, lines 9 - 13:

15 Delete all material and insert:

16 **** Sec. 3.** AS 18.56.600 is amended to read:

17 **Sec. 18.56.600. Definitions.** In AS 18.56.400 - 18.56.600,

18 (1) "housing" means owner-occupied housing having four or fewer
 19 dwelling units [, SINGLE-FAMILY HOUSING AND OWNER-OCCUPIED
 20 DUPLEXES] in which not more than 25 percent of the gross floor area is or will be
 21 devoted to commercial use;

22 (2) "small community" means a community with a population of 6,500

1 or less that is not connected by road or rail to Anchorage or Fairbanks, or with a
2 population of 1,600 or less that is connected by road or rail to Anchorage or
3 Fairbanks; in this paragraph, "connected by road" does not include a connection by
4 the Alaska marine highway system or a connection that crosses an international
5 border."

SENATE FINANCE
COMMITTEE # 2
Amendment Number: 2
Bill Number: HR 93
Sponsor: Wilken Date: 4/10/99
Logged In By: galtram

SENATE FINANCE COMMITTEE

AMENDMENT No. _____

By WILKEN

To: _____ SENATE BILL No. _____

To: _____ ^{House} SENATE BILL No. 93

~~PS 2 LINE 10-12~~

~~LINE 10-11 • DELETE BOLD LANGUAGE~~

~~LINE 11 • REUSE [SINCE FAN... DOPHRES]~~

~~LINE 12 • DELETE "IN WHICH... USE"~~

PS 2 LINE 9

DELETE SECTION 2

Alaska State Legislature

SESSION

State Capitol Building, Suite 409

Juneau, Alaska 99801-1182

Phone: 907-465-4527

Fax: 907-465-2197

Toll Free: 800-491-4527

E-mail: Representative_Carl_Morgan@legis.state.ak.us

MEMBER

Community & Regional Affairs Committee

Health, Education & Social Services Committee

House Resources Committee

Special Committee on Fisheries



INTERIM

P.O. Box 243

Aniak, Alaska 99557

Phone: 907-675-4413

Representative Carl M. Morgan, Jr. District 36

Sponsor Statement HB 93

“An Act relating to the Alaska Housing Finance Corporation’s rural assistance loan program and to the definition of ‘housing’ for purposes of the corporation’s housing assistance loan program; and providing for an effective date.”

This legislation would modify AHFC's Rural Mortgage to allow two simple changes:

1. The Rural Mortgage program would allow for refinancing of home loans in the same manner any conventional mortgage allows. While many people across Alaska and the United States have taken advantage of low interest rates to refinance their home mortgages, state law simply does not provide this as an option under the rural lending program.
2. The current definition in state law limits the term "housing" to either single-family and owner-occupied duplexes. This legislation would bring this term into compliance with current industry standards for lending by allowing owner-occupied housing up to four units. Simply, the Rural Mortgage program would be allowed to finance up to four-plexes. This is the same standard that is used by the VA, FHA, Fannie Mae, Freddie Mac and AHFC's conventional urban loan program.

It is important to note that this bill does not allow the Rural Mortgage loan program to make any kinds of loans that are not allowed under conventional lending practices or industry standards. Simply, the bill attempts to allow the Rural Mortgage loan program to make the same kind of loans allowed for any conventional urban loan program.

For example, in February of 1998, AHFC established a Streamline Refinance program that allowed borrowers with an AHFC urban mortgage to refinance their home loans with minimal transaction costs. By allowing homeowners to take advantage of current low interest rates, AHFC reports that over 1,100 loans were refinanced in 1998. This bill would amend state law to simply allow the same kind of opportunity for rural borrowers.

AHFC's rural loan portfolio has over 1,100 loans with interest rates over 8% totaling approximately \$115 million. Of these loans, just over 500 have a rate higher than 9%. The current interest rate for the Rural Mortgage loan program is 6.125% for a 30 year loan. Lowering home loans by whole percentage points can lower monthly payments by hundreds of dollars – essentially putting this buying power back into the homeowners pocket and the state economy.

This is not in any sense a "give-away" program. The Rural Mortgage loan program is a revolving fund. AHFC reports that default rates in the Rural Mortgage loan program are generally the same or often less than the rate of defaults on conventional urban loans.

In short, this legislation attempts to make two simple changes that will allow a lending program to make the same kind of loans considered standard practice under convention lending. Not only is it an issue of fairness for rural borrowers, but it is also good business for AHFC. These are good loans, and will also provide financing opportunity to assist the rural housing market.



Headquarters
4300 Boniface Parkway
Anchorage, Alaska
907-338-6100

Mailing Address
PO Box 101020
Anchorage, AK 99510-1020
Internet Web Site
<http://www.ahfc.state.ak.us>

February 18, 1999

The Honorable Carl Morgan
Alaska House of Representatives
State Capitol Building
Juneau, Alaska

Dear Representative Morgan:

This letter is intended to provide comments regarding AHFC's review and analysis of HB 93.

It is the mission of AHFC "to provide Alaskans access to safe, quality, affordable housing." This legislation, as introduced, will allow the corporation to better accomplish its mission and goals for all residents who qualify for this program.

Sectional Analysis

Section 1 of the legislation would allow for refinancing of loans made under AHFC's Rural Mortgage program (page 1, line 13). Current statute allows for the origination and purchase of loans, but does not authorize refinancing of existing loans.

Section 2 amends the definition of "housing" under AHFC's Rural Mortgage program to allow lending for owner-occupied homes of up to four units (page 2, lines 10 & 11). Current statute limits the program to single family homes or duplexes.

Section 3 provides an immediate effective date.

Background Information

The Rural Mortgage program was merged into AHFC in 1992 from the Department of Community & Regional Affairs. Loans are made from the housing assistance loan fund (AS 18.56.420). The following is some general information about the loan program:

- The maximum loan term is 30 years or the remaining economic life of the property.
- Interest rates are established in statute as one percent less than the taxable bond rate.
- Loans made under this program are assumable by qualified borrowers.
- Conventional loans require a minimum down payment of 5 percent on a single-family residence and 10 percent on a duplex. For new construction built by the owner, the maximum financing is 100 percent of allowable cost, not to exceed 95 percent of appraised value on a single family residence, and 90% on a duplex. Loans in excess of 90% financing require mortgage insurance. Higher loan-to-values are available on certain federally insured or guaranteed loans.
- Currently, only single-family homes and duplexes are eligible for this program.
- Loans may only be made for homes located in small communities. "Small community" is defined as a community with a population of 6,500 or less that is not connected by road or rail to Anchorage or Fairbanks, or a community with a population of 1,600 or less that is connected by road or rail to Anchorage or Fairbanks.



"HOUSING FOR ALL ALASKANS"



HB 93 letter
February 18, 1999
Page 2

As of February 18, 1999, there are 2,571 Rural Mortgage loans at a value of \$323,825,093.

AHFC believes that allowing the opportunity to refinance existing loans will provide better affordability for many residents. As of February 18, 1999, there are 515 loans at a value of \$48,026,786 with an interest rate of 8% or higher. By allowing these borrowers to take advantage of current interest rates, monthly savings to these borrowers is estimated to range between \$130 and \$200 per month.

As an example, AHFC established a Streamline Refinance program that allowed borrowers with an AHFC urban mortgage to refinance their home loans with minimal transaction costs in February of 1998. To date, 1,499 loans worth over \$128 million have refinanced under the program. While some of these loans resulted in small payment increases for people who refinanced from a 30 to a 15 year loan, nearly 75% of the refinanced loans created average savings of \$193 per month. Put another way – close to \$2 million in buying power was put back into the annual Alaskan economy. HB 93 would allow the same kind of opportunity for borrowers under the Rural Mortgage program.

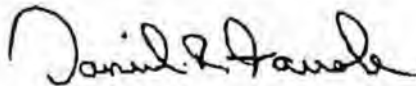
The current definition (AS 18.56.600) limits the term "housing" to either owner-occupied single-family or duplexes for the Rural Mortgage program. HB 93 would bring this term into compliance with current industry standards for lending by allowing owner-occupied housing up to four units. This is the same standard that is used by the VA, FHA, Fannie Mac, Freddie Mac, and AHFC's conventional urban loan programs.

Conclusion

This legislation attempts to make two changes that will allow the Rural Mortgage program to make the same kind of loans considered standard practice under conventional lending. Because the results of this legislation fit within the mission of AHFC to provide affordable and safe housing opportunities for Alaskans, the corporation supports passage of the bill.

Thank you for sponsoring HB 93 and the cooperative efforts you have extended to us in putting this bill together. AHFC staff will be available through the legislative committee process to testify and assist in the discussions. Please do not hesitate to refer anyone with questions or the need for information to contact my office.

Sincerely,



Daniel R. Fauske, CEO/Executive Director
Alaska Housing Finance Corporation

ek:

ify it for the ballot.

TION ON BILLS OF NOTE

4, eliminating Daylight Sav-
Time in Alaska, passed the
se World Trade Committee
before Labor and Com-
ce.

993, allowing refinancing of
C rural home loans, passed
se Finance. Next before
s to be scheduled for a floor

0122, requiring the state to
its office buildings and rent
n back where necessary
ed House State Affairs. Next
re Finance.

9, allowing noncertified
hers to contribute to retire-
t accounts during interim pe-
s, passed Senate Labor and
merce. Next before Health,
cation and Social Services.

46, renaming the Capitol
ool building after former Lt.
Terry Miller, passed Senate
e Affairs. Next before Rules
e scheduled for a floor vote.

85, allowing state employees
uy up temporary time served
credit it toward retirement,
sed Senate Labor and Com-
ce. Next before Finance.

HER

finance subcommittees in the
se and Senate are continuing
aws of all departments, with
osed legislative budgets for
y scheduled to be released
he end of the month.

has been placed in this year's proposed supplemental budget. The budget, however, lacks funds to repair Perseverance Trail and provide what some say is crucial assistance to rural Alaska.

The state will be able to withdraw \$900 million from its budget reserve fund to cover this year's deficit, an increase from the \$700 million limit initially imposed by lawmakers. Funding for state programs will run short this month unless the change is made, but the new amount still won't cover the \$1.2 billion deficit predicted because of lower-than-expected oil prices.

"The net result is we increase the draw by \$200 million and keep state government going for at least another couple of months," Rep. Eldon Mulder, an Anchorage

the supplemental budget, which pays for unexpected and emergency expenses incurred during the year. Gov. Tony Knowles requested \$18.7 million in state general funds and \$14.9 million in other funds, while the House proposal contains \$15 million in state and \$16.3 million in other funds.

Among the House reductions is \$1.7 million of the \$9.6 million in state funds sought for disaster relief to Southwest Alaska because of poor salmon runs. An argument to restore full funding was made by Rep. Mary Kapsner, a Bethel Democrat, who said fishing is the primary source of income for half of her constituents, many of whom have no way to pay their bills.

"The people lucky enough to be in debt are in debt up to their ears," she said.

youth centers in a large number of communities, Mulder said.

"This is not a loan or direct assistance," he said. "This is, in all fairness, a jobs program."

An amendment to restore the funding failed by a 26-14 vote.

Rural Alaska will also be affected by the elimination of \$1.4 million sought to maintain the Power Cost Equalization program, which provides partial reimbursement for higher rural utility costs, at current levels. Democrats in the legislative minority argued during committee hearings that people shouldn't be penalized because of higher-than-expected costs. Republicans said the state should not have paid the same amount as previous years if there was a danger of running short of funds.

neau Democrat, said not fixing the trail will cost the state money because of lawsuits from people who are injured or killed.

"People are going to use this trail," she said. "It is absolutely foreseeable. We can block this trail any way we want to. People can come down the back side and use it."

Mulder said lawmakers want the city to take over the trail and discussions with officials have indicated a solution may be reached, but keeping the funding out now "is the real inducement to try and come forward."

Kerttula's amendment failed by a 23-13 vote.

The House is expected to pass the budget Thursday with the Senate considering the measure this weekend or early next week.

Juneau Empire

Bill would save homeowners in interest

By SVEND HOLST

THE JUNEAU EMPIRE

A measure that would allow some rural homeowners to refinance their loans breezed through the House Finance Committee on Tuesday.

According to Kay Murphy, director of mortgage operations for the Alaska Housing Finance Corp., about 550 of the 3,000 people using the publicly owned corporation's rural loan program pay more than 8 percent interest on their home loans. Under the provisions of House Bill 93, those homeowners can take advantage of to-

day's low interest rates.

"If their interest is lower, it wouldn't necessarily make sense to refinance," she said. The rural program's interest rate was just under 6.5 percent today, Murphy said.

The rural loan program, one of several basic programs run by AHFC, started in the early 1980s. Those applying for such loans need to meet standard criteria to get the loans and must come from Alaska's smaller communities.

Qualifying borrowers pay an interest rate 1 percent lower than that of conventional home loans.

The rate difference is based on the idea that it's more expensive to live in the Bush, but the program doesn't undermine other loan programs, Murphy said.

The bill's sponsor, Aniak Republican Rep. Carl Morgan, said its provisions extended features of comparable urban loan programs to rural borrowers.

"The bill attempts to allow the rural loan program to make loans like other conventional urban loan programs," Morgan said.

"This is not by any sense a giveaway program. These are good loans."

The default rate of just a little more than 3 percent for the rural loan program is slightly less than that of its urban equivalent, Murphy said.

Another change to state statutes contained within HB 93 expands the definition of what constitutes a home under the loan program to include owner-occupied housing with four or fewer dwelling units.

Rep. Richard Foster, a Nome Democrat and member of the Republican-led House majority, said similar provisions were pushed by rural legislators in past years.

Faculty unhappy with chancellor hire procedure

THE ASSOCIATED PRESS

FAIRBANKS - Two University of Alaska faculty groups are fuming over their lack of involvement

they normally have an advisory role in the hiring process.

Carol Gold, secretary of the

It is the first major controversy of Hamilton's eight-month tenure, which had been marked by praise from faculty legislators and the

said Hamilton and the regents believed it was best to act immediately.

“
e're looking at different
tions for the future.
Mary Rubadeau

Rural mortgage measure clears step

By the Journal Staff



House Bill 93, allowing refinancing of rural Alaska Housing Finance Corp. mortgages, passed out of the House Community and Regional Affairs Committee and is now in the Finance Committee.

The intent is to make AHFC's rural mortgage programs conform with the state housing corporation's urban programs, which allow refinancing.

"Right now, the rate for a new rural 30-year loan is about 6.125 percent. Just over 1,100 of AHFC's outstanding rural loans have interest rates over 8 percent; that's about \$115 million," Rep. Carl Morgan, R-Aniak, said.

Rural default rates are about the same as urban rates, he said. "This is a win-win bill."

HB 93 also expands the types of dwellings that can qualify for rural AHFC loans, again to conform with urban programs.

Morgan is sponsor of the measure.

BILLS TO WATCH

Finance cuts Y2K request

The Senate Finance Committee slashed two supplemental budget requests from the Knowles administration.

One was for \$19.5 million for state year 2000 computer system repairs and testing, which was cut to \$12.6 million. A second was a cut of a University of Alaska request from \$5 million to \$2.7 million.

The full Y2K appropriation has passed the House, but the Senate committee questioned whether the needs are real.

"We understand the importance of making sure vital state functions continue operating safely and efficiently" after the end of 1999, said Sen. Sean Parnell, R-Anchorage, "but it seemed as though every time we raised specific questions about the numbers in the governor's request, we found the hard costs weren't there."

For example, the committee

found that of \$110,000 requested in the special appropriation to assess Y2K compatibility in the new state ferry Kennicott, all but \$32,000 was included in a separate \$600,000 Y2K request for the entire ferry system.

The committee also felt the ferry's builder should be pressed to pay for Y2K repairs, Parnell said.

"Scrutiny of the governor's request revealed many similar opportunities for reductions," said Sen. Gary Wilken, R-Fairbanks, who chaired a Finance subcommittee on the request.

Bill rewrites securities laws

A complex, 70-page rewrite of state laws governing securities transactions was voted out of the House Labor and Commerce Committee and is now in the Judiciary Committee.

House Bill 83 is intended to bring Alaska into compliance with the federal National Markets Securities Act.

The state Department of Commerce and Economic Development has been working on the bill for some time and has circulated drafts, along with proposed regulations, in the Alaska financial community.

A revised law and regulations must be in effect by October to comply with the new federal act, state commerce officials told the Labor and Commerce committee.



engineering cons
Faschan will be



Faschan



Hansen

has more than
experience. F
William McDon
association wi
through 1999.

Prudential Vi
Real Estate
hired Dan Fly
Patti Higgins a
Mark Peters

The agents join
the company
sales associa
specializing in re
dential properti

Valley Hosp
Association
appointed Wils
"Bill" Patten
vice president
finance. Patten
oversees corp
business servic
vices, and facilit
vices. Patten
ence in healthca

The Juneau C
tors Bureau ha
mers as direct
convention sa
Summers will
responsible
securing meet
and convent
that inv
overnight stay
Juneau. Sum
has experience

IF YOU'RE IN THE
TOURISM INDUSTRY,
HERE'S SOMEWHERE
ELSE YOU SHOULD BE

The 2000 Official Alaska State Vacation Planner

- Reach 450,000 potential visitors with your ad.
- Ads cost as little as \$175 (until March 19).
- Requested by potential visitors and travel agents.
- Ads arranged by region and type of service - easy to find and use!
- Credible, authoritative editorial environment.
- Great value! Cost-effective access to your customer base.
- Ads appear on the Internet - and can be linked to your home page.

KOMATSU
Forklifts



3000-33,000 lb lift trucks



ALASKA ASSOCIATION OF REALTORS, INC.
741 S. ADAMS STREET, SUITE 100 - ANCHORAGE, ALASKA 99503
Telephone 907-563-7133 - Fax 907-561-1779

February 26, 1999

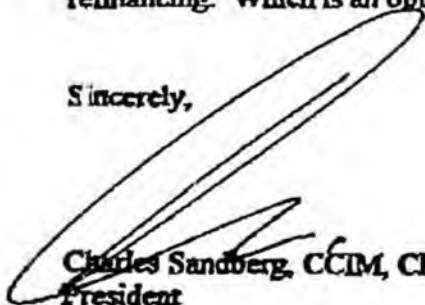
Representative Carl Morgan
State Capital
Juneau, Alaska 99801

Dear Representative Morgan,

The Alaska Association of REALTORS, with its over 1100 members statewide wish to express their support for HB 93/A relating to Alaska Housing Finance Corporation.

This legislation would enhance the availability of home ownership in rural areas of the state. It will also allow existing homeowners in rural areas to use AFHC programs for refinancing. Which is an option that is not currently open to rural areas.

Sincerely,


Charles Sandberg, CCIM, CRS, GRI
President



Back-up HB93
INFO

AHFC LOAN ACTIVITY - KENAI PENINSULA

	1997		1998		Change %	
	Loans	Amount	Loans	Amount	Loans	Amount
✓ Homer						
Taxable	5	\$568,950	11	\$1,553,674	120%	173%
Tax Exempt	11	\$923,806	19	\$1,872,026	73%	103%
Veterans	1	\$80,000	12	\$1,401,217	1100%	1652%
Rural	11	\$1,017,534	43	\$6,475,506	291%	533%
TOTAL	28	\$2,590,290	85	\$11,302,423	204%	335%
Kenai						
Taxable	3	\$251,992	17	\$1,896,253	467%	549%
Tax Exempt	35	\$3,267,787	40	\$3,520,719	14%	8%
Veterans	13	\$1,431,391	11	\$1,166,973	-15%	-18%
Rural	10	\$1,226,303	42	\$5,442,803	320%	344%
TOTAL	61	\$6,217,773	110	\$12,026,748	80%	93%
✓ Nikiski						
Taxable	0	\$0	1	\$63,000	100%	100%
Tax Exempt	6	\$569,176	5	\$488,152	-17%	-14%
Veterans	1	\$111,580	4	\$453,340	300%	306%
Rural	3	\$922,931	34	\$4,160,765	325%	351%
TOTAL	15	\$1,603,687	44	\$5,165,257	193%	222%
✓ Seward						
Taxable	4	\$559,950	13	\$1,409,314	225%	32%
Tax Exempt	5	\$535,508	11	\$985,957	120%	84%
Veterans	2	\$244,000	3	\$334,575	50%	37%
Rural	6	\$760,303	21	\$2,721,184	250%	258%
TOTAL	17	\$2,099,761	48	\$5,451,030	182%	160%
✓ Soldotna						
Taxable	1	\$130,000	19	\$1,684,673	1800%	1196%
Tax Exempt	31	\$2,952,832	36	\$3,400,382	16%	15%
Veterans	10	\$1,259,176	17	\$1,763,597	70%	40%
Rural	16	\$1,792,141	86	\$10,828,128	438%	504%
TOTAL	58	\$6,134,149	158	\$17,676,780	172%	188%



Post-It™ brand fax transmittal memo 7671 # of pages 1

To Lori Nottingham	From John Bitney
Co. Rep. Carl Moran	Co. AHFC
Dept.	Phone # 330.8445
Fax #	Fax #

ahfc:jbw

printed 3/25/99 - 10:08 AM

KODIAK OFFICE
112 MILL BAY ROAD
KODIAK, ALASKA 99615
(907) 486-4925
(907) 486-5264 (FAX)

ALASKA STATE LEGISLATURE



STATE CAPITOL
JUNEAU, ALASKA 99801-1182
(907) 465-4925
(800) 821-4925 (TOLL FREE)
(907) 465-3517 (FAX)

SENATOR JERRY MACKIE

SENATE MAJORITY LEADER

April 2, 1999

MEMORANDUM

To: Senator Torgerson, Co-chair
Senator Parnell, Co-chair
Senate Finance Committee

From: Senator Mackie

Re: Amending HB 93, Rural Assistance Housing Loans.

HB 93 is currently in the Senate Finance Committee. I would appreciate an amendment that would increase the population cap for a community's eligibility for the rural housing loan program. This would resolve a situation that has developed in Haines. Because of a recent successful annexation, the city's population has increased to approximately 1750. This surpasses the current 1600 ceiling for the small community program thereby eliminating residents of Haines. This unfortunate circumstance serves as a penalty for the city's, otherwise, praiseworthy efforts to respond to expanded local government needs.

On reading the attached definition that establishes the ceiling, AS 18.56.600 (2), it would appear that Haines, Skagway, and Hyder are subject to the more restricted 1600 cap because of having a long, tenuous, and indirect road connection to the railbelt area of the state. All other small communities in Southeast are subject to the 6,500 population cap. I believe that this result was unintended when the definition was first enacted.

The following amendment would place Haines, Skagway, and Hyder in their rightful category of small communities less than 6,500 that is the ceiling for all other small Southeast communities. This is accomplished by the phrase "or a connection that crosses an international border" that is added to AS 18.56.600 (2).

I much would appreciate your favorable consideration of this amendment.

SENATE FINANCE COMMITTEE

SIGN-IN

HB 93-RURAL ASSISTANCE HOUSING LOANS

NAME: John Bitney Subject/Bill No: 1693

Co./Dept./Title: AHFC Phone: 330.8445

Address: 4330 Bonifac Zip: 99510

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

HB

94

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: March 8, 1999

FURTHER REFERRALS:

Date of Committee Action: 3/15/99

The FINANCE Committee considered:

HB 94

HOUSE BILL NO. 94

ABC BD EMPLOYEES NOT EXEMPT EMPLOYEES

"An Act removing employees of the Alcoholic Beverage Control Board from the exempt service."

recommends it be replaced with the following committee substitute _____ [] the same title
[] a new title

[] additional referral to _____ Committee
[] attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept) _____ APPROVES PREVIOUS: (Dept/Date) _____
 [] fiscal note(s) _____ [] fiscal note(s) _____

 [] zero fiscal note(s) _____ [zero fiscal note(s) DOR 3/8/99 _____

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>Gene Theriault</i> Theriault			X	
<i>Don Bunde</i> Bunde			✓	
<i>Vic Kohring</i> Kohring	X			
<i>Alan Austerman</i> Austerman			X	
<i>John Davis</i> J. DAVIS	X			
<i>Bob Grussendorf</i> Grussendorf	X			
<i>Robert Moses</i> Moses	X			
<i>John G. Davis</i> G. DAVIS	X			
<i>W.K. Williams</i> Williams	X			
<i>Robert Foster</i> Foster	X			
<i>[Signature]</i>				

Co- CHAIR'S SIGNATURE *Gene Theriault*
Theriault

FISCAL NOTE

Bill Version: HB 94

(H) Publish Date: 3/8/99

**STATE OF ALASKA
1999 LEGISLATIVE SESSION**

Revision Date/Time (Note if correction) _____ Dept. Affected Revenue
 Title Removing employee of the Alcoholic Beverage BRU ABC Board
Control Board from exempt service Component ABC Board
 Sponsor Rep. Kott
 Requester House Labor & Commerce Committee Component Serial No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
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 (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of current year (FY99) cost: _____

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact on the ABC Board

Prepared by Doug Griffin, Director
 Division ABC Board
 Approved by Wilson L. Condon
 Commissioner
 Agency Department of Revenue

Phone 465-2301

Date/Time February 25, 1999, 3:16 PM

Date 2/26/99

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

For further distribution information, call the Governor's Legislative Office

FISCAL NOTE

Bill Version: HB 94

(H) Publish Date: 3/8/99

**STATE OF ALASKA
1999 LEGISLATIVE SESSION**

Revision Date/Time (Note if correction) _____ Dept. Affected Revenue _____
 Title Removing employee of the Alcoholic Beverage BRU ABC Board
Control Board from exempt service Component ABC Board
 Sponsor Rep. Kott
 Requester House Labor & Commerce Committee Component Serial No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
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 (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of current year (FY99) cost: _____

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact on the ABC Board

Prepared by Doug Griffin, Director
 Division ABC Board
 Approved by Wilson L. Condon
 Commissioner
 Agency Department of Revenue

Phone 465-2301

Date/Time February 25, 1999 3:16 PM

Date 2/26/99

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

For further distribution information, call the Governor's Legislative Office

Alaska State Legislature

House of Representatives

COMMITTEES
JUDICIARY COMMITTEE, CHAIR
RULES
MILITARY & VETERANS AFFAIRS
UTILITY RESTRUCTURING
ETHICS



INTERIM:
10928 EAGLE RIVER RD., SUITE 141
EAGLE RIVER, AK 99577

SESSION:
ALASKA STATE CAPITOL
JUNEAU, AK 99801

Sponsor Statement

HB 94

An Act removing employees of the Alcoholic Beverage Control Board from the exempt service.

This bill is a house keeping measure. The Alcohol Beverage Control employees are now all in the classified service and the statute AS39.25.110(15) is now superfluous and should be repealed.

At one time the Alcohol Beverage Control (ABC) employees were exempt and were appointed to their positions. Presently all ABC employees are in the classified service. The present statute lists ABC employees as in the exempt service. This statute is no longer applicable to the current situation.

My interest in this matter is based on Mr. Charbonneau's letter to me explaining the situation. Mr. Charbonneau is a constituent and resides in my district. I am responding to a constituent's request as his representative to the Alaska Legislature.

It is my understanding that the administration does not oppose this bill.

I urge your support for this legislation.



Representative Pete Kott

JUNEAU OFFICE (907) 465-3777 TOLL FREE 1-800-861-KOTT(5688) FAX (907) 465-2819
EAGLE RIVER OFFICE (907) 694-8944 FAX (907) 694-8945 E-MAIL: representative_pete_kott@legis.state.ak.us



FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. HB 94

Revision Date/Time (Note if correction) _____ Dept. Affected Revenue
 Title Removing employee of the Alcoholic Beverage BRU ABC Board
Control Board from exempt service Component ABC Board
 Sponsor Rep. Kott
 Requester House Labor & Commerce Committee Component Serial No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
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 (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of current year (FY99) cost: _____

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact on the ABC Board

Prepared by Doug Griffin, Director
 Division ABC Board
 Approved by Wilson L. Condon
 Commissioner
 Agency Department of Revenue

Phone 465-2301

Date/Time February 25, 1999, 3:16 PM

Date 2/26/99

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

For further distribution information, call the Governor's Legislative Office

PROPOSED STATUTE CHANGE
AS 39.25.110(15) EXEMPT SERVICE

Representative Pete Kott:
State Capitol, Room 204
Juneau, Ak. 99801-1182

Dear Representative Kott,

It has come to our attention that a contradiction exists between state statute and union representation involving employees of the Alcoholic Beverage Control Board.

The Statute AS 39.25.110(15) Exempt service, shows "officers, agents and employees of the Alcoholic Beverage Control Board granted limited peace officer powers by the Alcoholic Beverage Control Board under AS 04.06.110" are exempt employees.

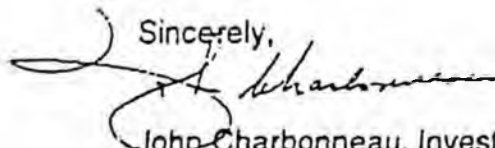
All employees of the Alcoholic Beverage Control Board are represented by a union, pay union dues, and have been so since unions started representing employees of the State of Alaska. At no time, have employees of the A.B.C. Board been treated as exempt employees, nor have they desired to be treated as exempt.

We are requesting AS39.25.110(15) be amended by the deletion of section(15).

The other investigators of this agency have been contacted regarding this matter and are in concurrence with this request.

Thank you for your consideration regarding this matter. If there is any thing further you need please do not hesitate to call me.

Sincerely,



John Charbonneau, Investigator
State of Alaska
Alcoholic Beverage Control
550 W. 7th. Ave. Suite 350
Anchorage, Ak. 99501

Sec. 39.25.100. Classified service.

The classified service consists of all positions in the state service not included in the exempt service or in the partially exempt service.

History -

(Sec. 4 ch 144 SLA 1960)

Decisions -

Quoted in *Mueller v. Alaska State Bd. of Personnel*, 425 P.2d 145 (Alaska 1967); *State v. Bogenrife*, 513 P.2d 13 (Alaska 1973).

Sec. 39.25.110. Exempt service.

Unless otherwise provided by law, the following positions in the state service constitute the exempt service and are exempt from the provisions of this chapter and the rules adopted under it:

- (1) persons elected to public office by popular vote or appointed to fill vacancies in elected offices;
- (2) justices, judges, magistrates, and employees of the judicial branch including employees of the judicial council;
- (3) employees of the state legislature and its agencies;
- (4) the head of each principal department in the executive branch;
- (5) officers and employees of the University of Alaska;
- (6) certificated teachers and noncertificated employees employed by a regional educational attendance area established and organized under AS 14.08.031 - 14.08.041 to teach in, administer, or operate schools under the control of a regional educational attendance area school board;
- (7) certificated teachers employed by the Department of Education as correspondence teachers, teachers in skill centers operated by the Department of Education, or in Mt. Edgecumbe School;
- (8) patients and inmates employed in state institutions;
- (9) persons employed in a professional capacity to make a temporary or special inquiry, study or examination as authorized by the governor;
- (10) members of boards, commissions, or authorities;
- (11) the officers and employees of the following boards, commissions, and authorities:
 - (A) [Repealed, Sec. 13 ch 43 SLA 1994].
 - (B) Alaska Permanent Fund Corporation;
 - (C) Alaska Industrial Development and Export Authority;
 - (D) Alaska Commercial Fisheries Entry Commission;
 - (E) Alaska Commission on Postsecondary Education;
 - (F) Alaska Aerospace Development Corporation;
- (12) the executive secretary and legal counsel of the Alaska Municipal Bond Bank Authority;
- (13) the state medical examiner, deputy medical examiner, and assistant medical examiners appointed under AS 12.65.015 and physicians licensed to practice in this state and employed by the division of mental health and developmental disabilities in the Department of Health and Social Services or by the Department of Corrections;
- (14) petroleum engineers and petroleum geologists employed in a professional capacity by the Department of Natural Resources and by the Oil and Gas Conservation Commission, except for those employed in the division of geological and geophysical

surveys in the Department of Natural Resources;

(15) officers, agents, and employees of the Alcoholic Beverage Control Board granted limited peace officer powers by the Alcoholic Beverage Control Board under AS 04.06.110;

(16) persons employed by the division of marine transportation as masters and members of the crews of vessels who operate the state ferry system and who are covered by a collective bargaining agreement provided in AS 23.40.040;

(17) officers and employees of the state who reside in foreign countries;

(18) employees of the Alaska Seafood Marketing Institute;

(19) emergency fire-fighting personnel employed by the Department of Natural Resources for a fire emergency or for fire prevention and related activities conducted under AS 41.15.030;

(20) employees of the Office of the Governor and the office of the lieutenant governor, including the staff of the governor's mansion;

(21) employees of the Citizens' Advisory Commission on Federal Areas in Alaska established under AS 41.37.010;

(22) youth employed by the Department of Natural Resources under the Youth Employment and Student Intern programs;

(23) the executive director of the Medicaid Rate Advisory Commission;

(24) students employed by the state institutions in which the students are enrolled;

(25) the executive director and staff of the Alaska Science and Technology Foundation established under AS 37.17.010;

(26) investment officers in the Department of Revenue;

(27) the executive director and other staff of the Alaska Tourism Marketing Council;

(28) persons engaged in employment or pre-employment training programs operated by the Department of Military and Veterans' Affairs;

(29) [Repealed, Sec. 9 ch 115 SLA 1989].

(30) a person employed as an actuary or assistant actuary by the division of insurance in the Department of Commerce and Economic Development;

(31) the chief administrative law judge and any other administrative law judges appointed to the office of tax appeals of the Department of Administration under AS 43.05.400 - 43.05.499;

(32) a participant in the Alaska temporary assistance program under AS 47.27 who holds a temporary position with the state in order to obtain job training or experience;

(33) a person employed as a convener under AS 44.62.730 or as a facilitator under AS 44.62.760 related to a negotiated regulation making process under AS 44.62.710 - 44.62.800.

History -

(Sec. 5 ch 144 SLA 1960; am Sec. 1 ch 48 SLA 1961; am Sec. 1 ch 133 SLA 1961; am Sec. 3 ch 93 SLA 1962; am Sec. 3 ch 24 SLA 1966; am Sec. 31 ch 46 SLA 1970; am Sec. 65 ch 69 SLA 1970; am Sec. 13 ch 113 SLA 1970; am Sec. 3 ch 78 SLA 1971; am Sec. 18 ch 78 SLA 1974; am Sec. 42 ch 127 SLA 1974; am Sec. 2 ch 32 SLA 1975; am Sec. 2 ch 79 SLA 1975; am Sec. 37 ch 124 SLA 1975; am Sec. 1 ch 157 SLA 1976; am Sec. 3 ch 90 SLA 1978; am Sec. 7 ch 18 SLA 1980; am Sec. 43 ch 106 SLA 1980; am Sec. 10 ch 131 SLA 1980; am Sec. 4 ch 148 SLA 1980; am Sec. 4 ch 106 SLA 1981; am Sec. 2, 3 ch 37 SLA 1982; am Sec. 7 ch 112 SLA 1982; am Sec. 1 ch 11 SLA 1983; am Sec. 1 ch 103 SLA 1984; am Sec. 58 ch 21 SLA 1985; am Sec. 1

ch 50 SLA 1985; am Sec. 69 ch 14 SLA 1987; am Sec. 1 ch 61 SLA 1987; am Sec. 2 ch 37 SLA 1988; am Sec. 2 ch 78 SLA 1988; am Sec. 26 ch 141 SLA 1988; am E.O. No. 72 Sec. 2 (1989) am Sec. 11 ch 95 SLA 1989; am Sec. 7, 9 ch 115 SLA 1989; am Sec. 10 ch 88 SLA 1991; am Sec. 1 ch 17 SLA 1992; am Sec. 4 ch 47 SLA 1993; am Sec. 13 ch 43 SLA 1994; am Sec. 111 ch 62 SLA 1995; am Sec. 17 ch 103 SLA 1996; am Sec. 25 ch 107 SLA 1996; am Sec. 6 ch 108 SLA 1996; am Sec. 1 ch 121 SLA 1996; am Sec. 4, 7 ch 117 SLA 1998)

Postponed Repeal Effective Date -

of paragraph (33). - Under Sec. 7, ch. 117, SLA 1998, paragraph (33) is repealed July 1, 2003.

Revisors Notes -

Former paragraph (29) was enacted as (28). Renumbered in 1989. Paragraph (32) was enacted as (31); renumbered in 1996.

Amendment Notes -

The 1991 amendment, effective July 2, 1991, in paragraph (11), redesignated former subparagraphs (D) to (F) as subparagraphs (C) to (E) and added subparagraph (F).

The 1992 amendment, effective May 16, 1992, in paragraph (13), inserted "or by the Department of Corrections" and made a stylistic change.

The 1993 amendment, effective September 1, 1993, in paragraph (13), added "the state medical examiner appointed under AS 12.65.015 and" to the beginning.

The 1994 amendment, effective May 16, 1994, repealed subparagraph (11)(A), relating to the Alaska Gas Pipeline Financing Authority.

The 1995 amendment, effective July 1, 1995, added paragraph (30).

The first 1996 amendment, effective September 23, 1996, inserted ", deputy medical examiner, and assistant medical examiners" near the beginning of paragraph (13).

The second 1996 amendment, effective July 1, 1997, added paragraph (32).

The third 1996 amendment, effective July 1, 1996, added paragraph (31).

The fourth 1996 amendment, effective September 27, 1996, in paragraph (19), substituted "emergency fire-fighting personnel" for "fire fighters" and added "or for fire prevention and related activities conducted under AS 41.15.030" at the end.

The 1998 amendment, effective June 23, 1998, added paragraph (33).

Editors Notes -

Section 41.37.010, referred to in paragraph (21), is repealed June 30, 1998.

Decisions -

The thrust of the exemptions in this chapter, - the Public Employees Retirement System, former AS 39.35.680(5)(c), and the statutory leave provisions for state employees, AS 39.20.310, is to provide for those public employees who are not susceptible to ordinary recruiting and examining procedures. *Hafing v. Inlandboatmen's Union*, 585 P.2d 870 (Alaska 1978).

No inconsistency between ferry crew exemption of this section and inclusion of such personnel with Public Employment Relations Act, AS 23.40.070 et seq. - See *Hafing v. Inlandboatmen's Union*, 585 P.2d 870 (Alaska 1978).

National Guard exempt from Personnel Act. - Because of the state's adoption of federal personnel rules and regulation regarding promotion and separation in the Alaska National Guard, it has "otherwise provided by law" that members of the National Guard are exempt from the Alaska Personnel Act. *State, Dep't of Military & Veterans Affairs v. Bowen*, 953 P.2d 888 (Alaska 1998).

Effect of being in exempt service. - The "exempt service" is a category of jobs which, for whatever reason, the Legislature wanted to exclude from the state personnel system. Not every

person in the exempt service is a confidential employee. The fact that plaintiff was in the exempt service did not mean that the Alaska Energy Center lacked the power to give him a three-year contract. *Zerbetz v. Alaska Energy Ctr.*, 708 P.2d 1270, 1276-1277 (Alaska 1985).

Cited in *State v. Haley*, 687 P.2d 305 (Alaska 1984); *McGrath v. University of Alaska*, 813 P.2d 1370 (Alaska 1991).

HB

94

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 4/14/99

FURTHER: 5 4/29/99

DATE TURNED
IN TO OFFICE: 4/29/99

Finance Committee considered

HOUSE BILL NO. 94

"An Act removing employees of the Alcoholic Beverage Control Board from the exempt service."

and recommends:

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

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

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

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal
Rev/ABC Board	2/24/99	/	

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

**STATE OF ALASKA
 1999 LEGISLATIVE SESSION**

Revision Date/Time (Note if correction) _____ Dept. Affected Revenue
 Title Removing employee of the Alcoholic Beverage BRU ABC Board
Control Board from exempt service Component ABC Board
 Sponsor Rep. Kott
 Requester House Labor & Commerce Committee Component Serial No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
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 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of current year (FY99) cost: _____

POSITIONS

POSITIONS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact on the ABC Board

Prepared by Doug Griffin, Director
 Division ABC Board
 Approved by Wilson L. Condon
 Commissioner
 Agency Department of Revenue

Phone 465-2301
 Date/Time February 25, 1999, 3:16 PM
 Date 2/26/99

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
 For further distribution information, call the Governor's Legislative Office

Alaska State Legislature

House of Representatives

COMMITTEES
JUDICIARY COMMITTEE, CHAIR
RULES
MILITARY & VETERANS AFFAIRS
UTILITY RESTRUCTURING
ETHICS



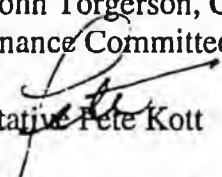
INTERIM:
10928 EAGLE RIVER RD., SUITE 141
EAGLE RIVER, AK 99577

SESSION:
ALASKA STATE CAPITOL
JUNEAU, AK 99801

MEMORANDUM

Date: April 13, 1999

TO: Senator Sean Parnell, Co-Chairman
Senator John Torgerson, Co-Chairman
Senate Finance Committee

From: Representative  Pete Kott

Subject: Request to Waive HB 94

House Bill 94, "An Act removing employees of the Alcoholic Beverage Control Board from the exempt service", was passed out of the Senate Labor & Commerce without amendment. HB 94 unanimously passed the house 30 to 0 and has had no opposition or concerns. Plus the administration testified that they had no objection to HB 94.

HB 94 is a house keeping measure. At one time the Alcohol Beverage Control (ABC) employees were exempt and were appointed to their positions. For over twenty years all ABC employees have been in the classified service. The present statute lists ABC employees as in the exempt service. This statute is no longer applicable to the current situation and needs to be repealed.

Because HB 94 has a zero fiscal note, the Finance Committee does not need to expend their valuable time hearing this bill and I request that the bill be waived out of committee.



Representative Pete Kott

JUNEAU OFFICE (907) 465-3777 TOLL FREE 1-800-861-KOTT(5688) FAX (907) 465-2819
EAGLE RIVER OFFICE (907) 694-8944 FAX (907) 694-8945 E-MAIL: representative_pete_kott@legis.state.ak.us



Sponsor Statement

HB 94

An Act removing employees of the Alcoholic Beverage Control Board from the exempt service.

This bill is a house keeping measure. The Alcohol Beverage Control employees are now all in the classified service and the statute AS39.25.110(15) is now superfluous and should be repealed.

At one time the Alcohol Beverage Control (ABC) employees were exempt and were appointed to their positions. Presently all ABC employees are in the classified service. The present statute lists ABC employees as in the exempt service. This statute is no longer applicable to the current situation.

My interest in this matter is based on Mr. Charbonneau's letter to me explaining the situation. Mr. Charbonneau is a constituent and resides in my district. I am responding to a constituent's request as his representative to the Alaska Legislature.

It is my understanding that the administration does not oppose this bill.

I urge your support for this legislation.

PROPOSED STATUTE CHANGE
AS 39.25.110(15) EXEMPT SERVICE

Representative Pete Kott:
State Capitol, Room 204
Juneau, Ak. 99801-1182

Dear Representative Kott,

It has come to our attention that a contradiction exists between state statute and union representation involving employees of the Alcoholic Beverage Control Board.

The Statute AS 39.25.110(15) Exempt service, shows "officers, agents and employees of the Alcoholic Beverage Control Board granted limited peace officer powers by the Alcoholic Beverage Control Board under AS 04.06.110" are exempt employees.

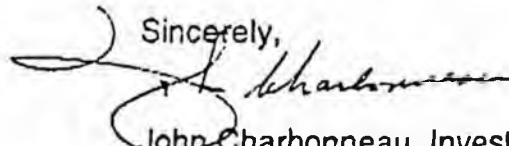
All employees of the Alcoholic Beverage Control Board are represented by a union, pay union dues, and have been so since unions started representing employees of the State of Alaska. At no time, have employees of the A.B.C. Board been treated as exempt employees, nor have they desired to be treated as exempt.

We are requesting AS39.25.110(15) be amended by the deletion of section(15).

The other investigators of this agency have been contacted regarding this matter and are in concurrence with this request.

Thank you for your consideration regarding this matter. If there is any thing further you need please do not hesitate to call me.

Sincerely,



John Charbonneau, Investigator
State of Alaska
Alcoholic Beverage Control
550 W. 7th. Ave. Suite 350
Anchorage, Ak. 99501

Sponsor Statement

HB 94

An Act removing employees of the Alcoholic Beverage Control Board from the exempt service.

This bill is a house keeping measure. The Alcohol Beverage Control employees are now all in the classified service and the statute AS39.25.110(15) is now superfluous and should be repealed.

At one time the Alcohol Beverage Control (ABC) employees were exempt and were appointed to their positions. Presently all ABC employees are in the classified service. The present statute lists ABC employees as in the exempt service. This statute is no longer applicable to the current situation.

My interest in this matter is based on Mr. Charbonneau's letter to me explaining the situation. Mr. Charbonneau is a constituent and resides in my district. I am responding to a constituent's request as his representative to the Alaska Legislature.

It is my understanding that the administration does not oppose this bill.

I urge your support for this legislation.

PROPOSED STATUTE CHANGE
AS 39.25.110(15) EXEMPT SERVICE

Representative Pete Kott:
State Capitol, Room 204
Juneau, Ak. 99801-1182

Dear Representative Kott,

It has come to our attention that a contradiction exists between state statute and union representation involving employees of the Alcoholic Beverage Control Board.

The Statute AS 39.25.110(15) Exempt service, shows "officers, agents and employees of the Alcoholic Beverage Control Board granted limited peace officer powers by the Alcoholic Beverage Control Board under AS 04.06.110" are exempt employees.

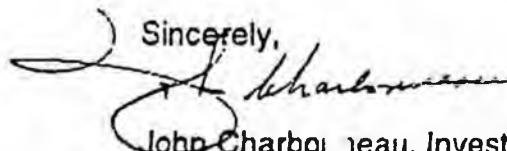
All employees of the Alcoholic Beverage Control Board are represented by a union, pay union dues, and have been so since unions started representing employees of the State of Alaska. At no time, have employees of the A.B.C. Board been treated as exempt employees, nor have they desired to be treated as exempt.

We are requesting AS39.25.110(15) be amended by the deletion of section(15).

The other investigators of this agency have been contacted regarding this matter and are in concurrence with this request.

Thank you for your consideration regarding this matter. If there is any thing further you need please do not hesitate to call me.

Sincerely,



John Charbonneau, Investigator
State of Alaska
Alcoholic Beverage Control
550 W. 7th. Ave. Suite 350
Anchorage, Ak. 99501

SENATE FINANCE COMMITTEE

SIGN-IN

HB 94-ABC BD EMPLOYEES NOT EXEMPT EMPLOYEES

NAME: PAT HARMAN Sub./Bill No: _____

Co./Dept./Title: REP KOTT'S STAFF Phone: _____

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond to Questions

NAME: _____ Sub./Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond to Questions

NAME: _____ Sub./Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond to Questions

NAME: _____ Sub./Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond to Questions

HB

95

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: February 16, 1999

FURTHER REFERRALS:

Date of Committee Action: 5/4/99

The FINANCE Committee considered:

HB 95

HOUSE BILL NO. 95

CONSTIT BUD RES. FUND APPROP

"An Act making and amending appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

recommends it be replaced with the following committee substitute CS HB 95 (FIN) the same title a new title

additional referral to _____ Committee

attached amendment(s)

ADOPTS: _____ Letter of Intent

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

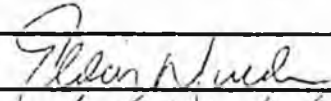

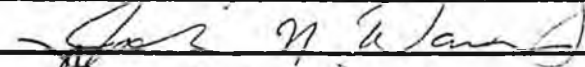
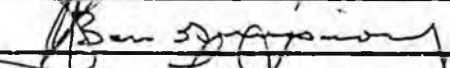
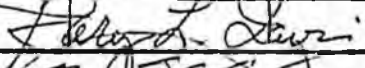

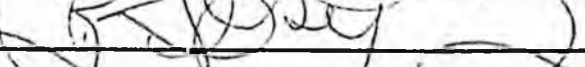



APPROVES PREVIOUS: _____ (Dept/Date)

fiscal note(s) _____


fiscal note(s) _____

zero fiscal note(s) _____

zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
	Mulder	<input checked="" type="checkbox"/>			
	Kohring	<input checked="" type="checkbox"/>			
	Davies	<input checked="" type="checkbox"/>			
	Grussendorf	<input checked="" type="checkbox"/>			
	Davis	<input checked="" type="checkbox"/>			
	Williams	<input checked="" type="checkbox"/>			
	Foster	<input checked="" type="checkbox"/>			
					
					
					

CO-CHAIR'S SIGNATURE


mulder

\$500 + \$ approp from CBR
to LAN 6/30/99 | 6/30/2000
amendment pending

\$100 + \$
leg Council

CS FOR HOUSE BILL NO. 95(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

**Offered:
Referred:**

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

A BILL

FOR AN ACT ENTITLED

1 "An Act making and amending appropriations under art. IX, sec. 17(c),
2 Constitution of the State of Alaska, from the constitutional budget reserve fund;
3 and providing for an effective date."

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

5 * **Section 1. CONSTITUTIONAL BUDGET RESERVE FUND.** Section 42(b), ch. 139,
6 SLA 1998, is amended to read:

7 (b) If the unrestricted state revenue available for appropriation in fiscal year
8 1999 is insufficient to cover the general fund appropriations made for fiscal year 1999,
9 the amount necessary to balance revenue and general fund appropriations [, NOT TO
10 EXCEED \$700,000,001,] is appropriated to the general fund from the budget reserve
11 fund (art. IX, sec. 17, Constitution of the State of Alaska).

12 * **Sec. 2. ALASKA OIL AND GAS CONSERVATION COMMITTEE.** The sum of
13 \$188,000 is appropriated from the constitutional budget reserve fund (art. IX, sec. 17,
14 Constitution of the State of Alaska) to the Alaska Oil and Gas Conservation Committee for

- 1 operating costs for the fiscal year ending June 30, 1999.
- 2 * **Sec. 3.** The appropriations made by secs. 1 and 2 of this Act are made under art. IX,
- 3 sec. 17(c), Constitution of the State of Alaska.
- 4 * **Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).

A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE MULDER

TO: CSHB 95(FIN), Draft Version "P"

1 Page 2, following line 1:

2 Insert a new bill section to read:

3 "* Sec. 3. The sum of \$500,000 is appropriated from the constitutional budget reserve
4 fund (art. IX, sec. 17, Constitution of the State of Alaska) to the Department of Law for costs
5 associated with the proposed BP Amoco - ARCO merger for the fiscal years ending June 30,
6 1999, and June 30, 2000."

7 Renumber the following bill sections accordingly.

8 Page 2, line 2:

9 Delete "secs. 1 and 2 of"

A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE MULDER

TO: CSHB 95(FIN), Draft Version "P"

1 Page 2, following line 1:

2 Insert a new bill section to read:

3 "* Sec. 3. The sum of \$100,000 is appropriated from the constitutional budget reserve
4 fund (art. IX, sec. 17, Constitution of the State of Alaska) to the Legislative Council for costs
5 associated with the proposed BP Amoco - ARCO merger for the fiscal years ending June 30,
6 1999, and June 30, 2000."

7 Page 2, line 2:

8 Delete "secs. 1 and 2 of"

TONY KNOWLES
GOVERNOR



HB 95
P.O. Box 11000
Juneau, Alaska 99811
(907) 465-3500
Fax (907) 465-3532

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 10, 1999

The Honorable Brian Porter
Speaker of the House
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Speaker *Brian* Porter:

In 1990, Alaska voters created the Constitutional Budget Reserve (CBR) to cushion state services and the state's economy from some of the effects of oil price volatility. Since then, state budgets have included a provision authorizing use of this oil volatility reserve if general funds are not adequate for the budget levels appropriated by the Legislature. Until last year, there was no specified limit on the dollar amount that could be drawn for this purpose since no one can predict oil prices with certainty. Most years we have needed far less CBR funds than anticipated when the budgets were passed.

The FY99 budget bill differed from prior years because it contained a \$700,000,001 cap on the use of CBR funds. When the budget was passed last May, the Department of Revenue's spring oil price forecast for FY99 was \$15.32, and the CBR draw was estimated to be \$685 million. If oil had stayed as forecast, the \$700 million cap on a CBR draw would not have affected budget levels set by the Legislature.

The Department of Revenue's most recent forecast predicts an annual oil price of \$11.58. If that price holds during the remaining four months of the fiscal year, general fund revenues will have to be supplemented with an estimated \$1.2 billion from the CBR.


The bill I am introducing today removes the specific limit on the amount of CBR funds to ensure we can continue to meet the expenditures authorized by the Legislature in this year's budget. Because no one can say exactly how much will be needed between now and June 30, a CBR limit with a revised specific dollar amount could result in another similar problem later in the fiscal year, possibly even after the Legislature has adjourned. Whether or not there is a limit on the CBR draw, agencies cannot expend more than the amount appropriated by the Legislature.

The Honorable Brian Porter
February 10, 1999
Page 2

This bill also corrects an inadvertent oversight from May when the CBR management fees did not come up for a separate CBR vote.

I urge your prompt passage of this bill so we can resolve the issue before incurring cash flow problems at the beginning of March.

Sincerely,


Tony Knowles
Governor