

ALASKA LEGISLATURE

1955

HOUSE and SENATE FINANCE COMMITTEE FILES, 1999 - 2000

100

Amendment # 11

AMENDMENT

OFFERED IN THE SENATE FINANCE COMMITTEE

TO: SCS CSHB 100(FIN), Draft Version M dated 3/12/99

BY: ^{moved} **Senator Adams**

object Donley
1-8 FAILED

Dept. Department of Administration
BRU: Legal and Advocacy Services
Component: Public Defender Agency

RESTORE: \$297,000 GF

Amendment # 12

AMENDMENT

OFFERED IN THE SENATE FINANCE COMMITTEE:

TO: SCS CSHB 100(FIN), Draft Version M dated 3/12/99

Page 9, Line 2

Delete:	\$880,000 GF
Insert:	\$421,889 GF
Insert:	<u>\$430,300 Fed Repts</u>
Total:	\$852,189

moved

BY: Senator Leman

w/o objection, ADOPTED

moved Leman to RESCIND

w/o objection, RESCINDED

Reamendment 12
Reappropriate \$430,300 in Federal indirect receipts that may be used as state funds for the CSED shortfall. This use of federal receipts has been verified with the federal Region X auditor as an appropriate use of federal indirect funds as long as a specific appropriation is made by the legislature identifying the source of funds.

The Department of Administration Information Technology Group has reevaluated its computer charge back to CSED. CSED will not have to pay \$27,811 to DOA. That savings is reflected in the amendment (\$880,000 - \$852,189 = \$27,811).

ALASKA STATE LEGISLATURE
LEGISLATIVE BUDGET AND AUDIT COMMITTEE
Division of Legislative Finance



P.O.Box 113200
Juneau, AK 99811-3200
(907) 465-3795
FAX (907) 463-4885

DATE: March 9, 1999

TO: Representative Con Bunde
Senator Loren Leman
Commissioner Wilson Condon

FROM: Ginger Blaisdell *Ginger*
Fiscal Analyst

SUBJECT: Summary of Teleconference with Region X Health & Human Services

I called Vince Herberholt at the Federal Health and Human Services, Region X office in Seattle to discuss the use of the Child Support Enforcement Division's federal indirect charges. Mr. Herberholt scheduled a teleconference at 1:00pm with Linda Gillett, Region X-Alaska, Larry Lufkin, Federal Auditor, John Mallonee, CSED and me to discuss Alaska's use of the federal indirect receipts.

I summarized Alaska's position with the following introduction:

Alaska's Child Support Enforcement Division negotiated an indirect cost rate of 17.5% for fiscal years 1997, 1998 and 1999 and will be renegotiated this year. The state's indirect cost rate was determined by figuring the percent of CSED personal services as part of the Department of Revenue's personal services - 37.5%. Then calculated the Statewide Cost Allocation Plan allowance for CSED by 37.5% and the departmental costs allocable to CSED by 37.5% to get a total indirect cost total. This indirect total amount was divided into the total CSED personal services costs to determine a percentage - 18.74% (see attachment for indirect cost calculation). The Department of Revenue negotiated a 17.5% of total CSED personal services costs as the indirect cost rate for 3 years.

To simplify the scenario I rounded the indirect cost amount received by the Alaska CSED to \$1,000,000. I estimated that \$600,000 was used for the indirect costs incurred by Administrative Services and the Commissioner's Office in Revenue and that \$400,000 would not be spent in FY99 and lapse into the general fund. In previous years I had been told the

"excess" receipts must lapse into the general fund because Administrative Services and the Commissioner's Office were the only places where indirect could be used.

I asked the federal auditor specifically, "Based on the negotiated indirect cost allocation for CSED and keeping within federal guidelines, how can we spend the balance of the FY99 federal indirect receipts in this fiscal year to help reduce the shortfall that CSED currently faces?"

Larry Lufkin, federal auditor said that once the indirect rate is negotiated with the federal government, Region X will pay the calculated 17.5% to Alaska and considers those funds general state revenues. General state revenue can then be spent however they are appropriated. Hence, when they lapse into the general fund at the end of the fiscal year, they are spent as general state funds.

I asked if the state could spend the indirect receipts in this fiscal year or if Alaska had to wait until the end of the fiscal year when the indirect would lapse into the general fund.

Mr. Lufkin stated that as long as an appropriation made to spend the funds clearly identified them as general state funds, they could be used in this fiscal year.

Mr. Herberholt did remind the state that if the indirect was appropriated back to the CSED as general state funds, it could be considered match to secure additional federal funding.

The \$880,000 supplemental request for CSED secures \$1,760,000 in federal receipts. The agency has the federal receipt authority that has not yet been capitalized because CSED's state match revenues have declined during FY99. The federal incentive payments that the CSED uses as state match have declined as the Welfare Reform continues its success.

I mentioned concern that a memo I had received from Revenue's Administrative Services Division indicated that the indirect cost rate for Alaska might be reduced to an amount closer to actual costs seen in the last two years. The actual costs for the last two years are the federal receipts (indirect receipts) spent in the Administrative Services Division and Commissioner's Office in the Department of Revenue.

Mr. Lufkin and Mr. Herberholt stated that each state negotiates its indirect costs differently and that as much as 95% indirect has been contracted with other states. The negotiated indirect cost rate calculation is based on what Alaska determines to be direct vs. indirect costs to the CSED.

As the Department of Revenue enters into indirect cost rate negotiations in May, Alaska should consider different options of direct vs. indirect services to be provided for CSFD. For example, would it be more cost effective for Administrative Services to pay the Department of Administration charge-back costs for the CSED and add this as an indirect cost, then turn the receipts into match for CSED? Or full fund CSED as we have and use state general funds to capture more federal receipts? Additional areas to be considered for indirect costs could include the Courts, Department of Law, Office of Management and Budget and the Legislature.

Amendment # 13

AMENDMENT

OFFERED IN THE SENATE FINANCE COMMITTEE

moved

By Senate Finance Members:

TO: SCS CSHB 100(FIN), Draft Version M dated 3/12/99

Senator Adams

object Torgerson

1-8 FAILED

Department of Transportation

Page 10, after line 15, add a new subsection to section 17:

(h) Section 31, ch. 137, SLA 1998, page 61, lines 3 - 4, is amended to read:

	APPROPRIATION ITEMS	GENERAL FUND	OTHER FUNDS
Statewide Facility Maintenance and Operations	<u>18,021,600</u> [17,786,600]	<u>15,632,400</u> [15,397,400]	2,389,200

(i) Section 31, ch. 137, SLA 1998, page 61, line 7, is amended to read:

ALLOCATIONS

Northern Region Facilities	<u>7,657,100</u> [7,422,100]
-------------------------------	---------------------------------

This increment would fund the maintenance costs of Harborview in Valdez.

NEW
AMEND #14

AMENDMENT to CSHB 100

moved BY : Adams

object Touguisen
2-7 FAILED

line 2:
On page 15; Reduce the unallocated reduction to -664,850 [-900,500]

This amendment reduces the unallocated reduction by \$235,650.

This increment allows for the manual opening of the following roads during the Spring of 1999

Taylor Highway
Boundary Spur
McCarthy Road
Nome/Teller Road
Nome/Council Road
Glacier Creek/Nome
Fairbanks Creek Road; Tofty Road/Manley; Eureka Rampart
Kougarok Road/Nome Dexter Bypass
Copper River Hwy./Cordova
Denali Highway (MP 0-82)
Denali Highway (MP 82-129)
U.S. Creek

Amendment #14

AMENDMENT

OFFERED IN THE SENATE FINANCE COMMITTEE

By Senate Finance Members:

TO: SCS CSHB 100(FIN), Draft Version M dated 3/12/99

Senator Adams

WITHDRAWN

Page 15, line 2

DELETE:

Department of Transportation
Unallocated reduction

< -900,500. > General fund

INSERT

Department of Transportation
Unallocated reduction:

-708,000. General fund

This increment is for manually opening the following roads in the spring of 1999:

Taylor Highway	\$132,000.
Boundary Spur	\$ 10,500.
McCarthy Road	\$ 8,700.
Denali Highway	\$ 20,500.
Copper River Hwy.	\$ 15,000.
Fbks Cr., Tofty, Manley, Eureka/Rampart	\$ 3,950.
U.S. Creek	\$ 1,850.

Amendment # 15

A M E N D M E N T

OFFERED IN THE SENATE FINANCE COMMITTEE

moved by Sen. Torgerson .
BY SENATOR PARNELL

TO: SCS CSHB 100(FIN), Draft Version ML, dated 3/12/99

w/o objection,
ADOPTED

- 1 Page 11, line 11:
- 2 Delete "16,612.00"
- 3 Insert "20,682.00"

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

DIVISION OF ADMINISTRATIVE SERVICES

TONY KNOWLES, GOVERNOR

P.O. BOX 110650
JUNEAU, ALASKA 99811-0650
PHONE: (907) 465-3082
FAX: (907) 465-2499

March 10, 1999

RECEIVED

MAR 10 1999

Senate Finance
Committee

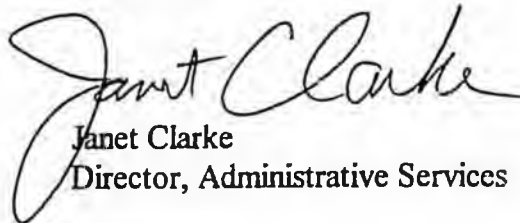
The Honorable Sean Parnell
The Honorable John Torgerson
Senate Finance Committee, Co-Chair
State Capitol, Room 518 and 516
Juneau, AK 99801-1182

Dear Senators Parnell and Torgerson:

The attached is a proposed amendment to the latest version of SB 83 that is necessitated by an additional miscellaneous claim item we became aware of today. The additional amount is \$4,070.00 for a late billing received from a vendor. A new summary sheet and a copy of the vendor's invoice are also attached.

If you have questions, or need additional clarification regarding this information, please contact me at 465-1630.

Sincerely,



Janet Clarke
Director, Administrative Services

cc: Senator Dave Donley, Capitol Building, Room 508
Senator Randy Phillips, Capitol Building, Room 103
Senator Pete Kelly, Capitol Building, Room 510
Senator Lyda Green, Capitol Building, Room 125
Senator Gary Wilken, Capitol Building, Room 514
Senator Loren Leman, Capitol Building, Room 115
Senator Al Adams, Capitol Building, Room 417
Annalee McConnell, Director, Office of Management and Budget
Elmer Lindstrom, Special Assistant
Lisa Emerson, Budget Analyst, Administrative Services

**DEPARTMENT OF HEALTH AND SOCIAL SERVICES
FY99 MISCELLANEOUS SUPPLEMENTAL**

FY	VENDOR	REF	CC	AC	REQUESTED AMOUNT	FUND SOURCE	BRU	LAPSED BAL AMOUNT	FUND	AR	REASON
96	Central Peninsula General Hospital	Bill	6213666	77340	\$512	GF	Purchased Services	\$231,497	11100	22545	Late Billing
96	Frontier Business Machines	Bill	6214020	76151	\$335	GF	Claims processing	\$3,874,956	11100	22513	Late Billing
96	Fairbanks Native Association	Bill	6337008	72690	\$558	GF	Mental Health Trust Boards	\$28,405	11100	22650	Late Billing
96	Jennie Stuart Medical Center	Bill	6213686	77620	\$166	GF	Purchased Services	\$153,043	11100	22540	Late Billing
96	Nancy L. Staton	Bill	6213686	77321	\$778	GF	Purchased Services	\$153,043	11100	22540	Late Billing
→ 97	Sharp Electronics Corp.	Bill	6311460	73866	\$4,070	GF	Maternal, Child & Family	\$222,143	11100	22613	Late Billing
97	University of Washington	Bill	6213458	73160	\$14,263	GF	Central Office General Admin	\$62,060	11100	22550	Late Billing
TOTAL					\$20,681						

Orlando Mosquito
 Orlando Mosquito
 Finance Officer 3/10/99

AMENDMENT # 16

moved
By Senator John Torgerson

OFFERED IN THE SENATE FINANCE COMMITTEE

TO: SCS CSHB 100(FIN), Draft Version N1 dated 3/12/99

w/o objection,
ADOPTED

Add (new section):

Department of Fish & Game

\$50,000.00 Statutory Designated Program Receipts

Explanation: This amendment adds an appropriation to the Department of Fish and Game budget to provide for a pink salmon pre-emergent fry sampling program in the Kodiak Management Area for the fiscal year ending June 30, 1999. The appropriation provides authority to receive and expend funds from the Kodiak area fisherman and the funding does not affect the General Fund budget.

Administrative Office
30530 Brown Road
Monroe, Washington 98272
Telephone (425) 486-9872
Fax (425) 487-9132

The Cannery (seasonal)
P.O. Box 38
Larsen Bay, Alaska 99424
Telephone (907) 447-2250
Fax (907) 447-2244



February 19, 1999

Pete Probasco
Westward Regional Supervisor
Alaska Department of Fish and Game
211 Mission Road
Kodiak, Alaska 99615

Dear Pete;

The preemergent pink salmon sampling program on Kodiak Island has been an important component of the annual pink salmon forecast presented by your department each year. Kodiak processors and fishermen have relied on the information to prepare for the coming season. Due to budget constraints the survey was not done in the Spring of 1998 but I feel strongly that it should be conducted again this year. The possibility of extensive fry loss due to freezing during this unusually cold winter make it critical that we have this information for planning for the summer of 2000.

I understand about \$50,000 was spent on the survey in 1997, the last year it was conducted. I believe Kodiak processors would contribute \$50,000 toward covering the survey in 1999. I will be contacting the other Kodiak processors, but currently you have a pledge of a total of \$30,000 from Wards Cove Packing and Kodiak Salmon Packers. I should have answers from the other processors by Monday, February 22.

Although we are late in our request, I urge you to give full consideration to conducting the study again this year using funds contributed by Kodiak processors.

Best regards,

Alan Beardsley
Alan J. Beardsley, President
Kodiak Salmon Packers

Post-It™ brand fax transmittal memo 7671		# of pages >
To <i>Sir. Tompensen</i>	From <i>Beardsley</i>	
Co	Co.	
Dept.	Phone #	
Fax # <i>4779</i>	Fax #	

1 program receipts to the Department of Fish and Game for the pink salmon pre-emergent fry
2 sampling program in the Kodiak Management Area for the fiscal year ending June 30, 1999.

3 * Sec. 25. VPSO PAROLE SUPERVISION PILOT PROGRAM. Section 31, ch. 137, SLA
4 1998, page 25, lines 29 - 30, is repealed.

5 * Sec. 26. LAPSE PROVISIONS. (a) The appropriation made by sec. 2 of this Act is to
6 capitalize a fund and does not lapse.

7 (b) The appropriations made by secs. 6(g) and (h) and 8(a) of this Act are for capital
8 projects and lapse under AS 37.25.020.

9 * Sec. 27. The appropriations made by secs. 22 and 23 of this Act are made under art. IX,
10 sec. 17(c), Constitution of the State of Alaska.

11 * Sec. 28. RETROACTIVITY. (a) Section 20(b) of this Act is retroactive to July 1, 1996.

12 (b) Section 23 of this Act is retroactive to July 1, 1998.

13 * Sec. 29. This Act takes effect immediately under AS 01.10.070(c).

1 (5) Department of Revenue

2 AR15538-97 Child Support Enforc 43,398.55

3 (b) The expenditures by the Department of Education from Adak School District
4 assets for legal services related to the closure of the Adak School District, during the
5 following fiscal years and in the following amounts, are ratified:

6 Fiscal Year	Amount
7 1997	\$72,873.54
8 1998	63,305.91

9 (c) The expenditures by the Department of Natural Resources for fire suppression, in
10 the amount of \$5,391,004, for the fiscal year ending June 30, 1998 (AR37313-98 Fire General
11 Fund) are ratified.

12 * Sec. 21. CORRECTIONS COMPUTERIZED MANAGEMENT INFORMATION
13 SYSTEM. Section 131, ch. 139, SLA 1998, page 41, lines 4 - 6, is amended to read:

14	APPROPRIATION	OTHER
15	ITEMS	FUNDS
16 Procurement and Development of a	<u>1.074.000</u>	<u>1.074.000</u>
17 Computerized Management	[500,000]	[500,000]
18 Information System (ED 99)		

19 * Sec. 22. CONSTITUTIONAL BUDGET RESERVE FUND. Section 42(b), ch. 139, SLA
20 1998, is amended to read:

21 (b) If the unrestricted state revenue available for appropriation in fiscal year
22 1999 is insufficient to cover the general fund appropriations made for fiscal year 1999,
23 the amount necessary to balance revenue and general fund appropriations, not to
24 exceed \$900,000,001 [\$700,000,001], is appropriated to the general fund from the
25 budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska).

26 * Sec. 23. DEPARTMENT OF REVENUE. The sum of \$460,000 is appropriated from
27 the constitutional budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska)
28 to the Department of Revenue, treasury division, for investment management costs, including
29 management fees, safekeeping and custody, and audit, for the constitutional budget reserve
30 fund for the fiscal year ending June 30, 1999.

31 * Sec. 24. FISH AND GAME. The sum of \$50,000 is appropriated from general fund

Amendment # 17

A M E N D M E N T

OFFERED IN THE SENATE FINANCE COMMITTEE

TO: SCS CSHB 100(FIN), Draft Version M dated 3/12/99

moved Torgerson
by: Sean Parnell
w/o objection, ADOPTED

1 Page 1, line 3, following "expenditures;":

2 Insert "amending an appropriation under art. IX, sec. 17(c), Constitution of the
3 State of Alaska, from the constitutional budget reserve fund;"

4 Page 16, following line 4:

5 Insert a new bill section to read:

6 "* Sec. 22. CONSTITUTIONAL BUDGET RESERVE FUND. Section 42(b), ch. 139,
7 SLA 1998, is amended to read:

8 (b) If the unrestricted state revenue available for appropriation in fiscal year 1999 is
9 insufficient to cover the general fund appropriations made for fiscal year 1999, the amount
10 necessary to balance revenue and general fund appropriations, not to exceed \$900,000,001
11 [\$700,000,001], is appropriated to the general fund from the budget reserve fund (art. IX,
12 sec. 17, Constitution of the State of Alaska)."

13 Renumber the following bill sections accordingly.

14 Page 16, following line 10:

15 Insert a new bill section to read:

16 "* Sec. 25. Section 22 of this Act amends an appropriation from the constitutional budget
17 reserve fund made under art. IX, sec. 17(c), Constitution of the State of Alaska."

18 Renumber the following bill sections accordingly.

Amendment # 18

AMENDMENT

OFFERED IN THE SENATE

TO: SCS CSHB 100(FIN), Draft Version M dated 3/12/99

moved

By: Senator Leman

w/o obj. ADOPTED

Page 16, Lines 17-21

~~Sec. 23.~~ Lapse Provisions [(b) The appropriations made by sec. 6(f) and 9(a) of this Act are for capital projects and lapse under AS 37.25.020.]

Insert (b) The appropriation made by sec. 6(f) of this Act for the Fairbanks Pioneers' Home boiler system replacement lapses June 30, 2000.

(c) The appropriation made by sec. 9(a) of this Act is for a capital project and lapses under AS 37.25.020.

Amendment # 19



ALASKA STATE LEGISLATURE

SENATOR RANDY PHILLIPS
SENATE DISTRICT L

Session (Jan-May)
State Capitol, Room 103
Juneau, Alaska 99801
1 (907) 465-4949
1 (907) 465-4979 Fax
Toll Free Anchorage Area
1-800-478-4950

Interim
P.O. Box 142
Eagle River, Alaska 99577
1 (907) 694-4949
1 (907) 694-4948 Fax

Amendment

Offered in the Senate

SCS CS11B100(FIN) "M" version

To: GSSB-83, work draft GS1023\D

By: Senator Randy Phillips

Re: Delete Sect. 7, Power Cost Equalization.

moved Phillips
object Adams

FAILED

- 1 Page 4. Lines 2 through 5. Delete all material.
- 2 Renumber sections accordingly

AMENDMENT # 20

moved By Senator Torgerson
w/o objection, ADOPTED

Senate Finance Committee
Amendment to CS SB 83 (draft D)

Amend sec. 19, page 11, line 7 as follows:

Administration \$27,865.62 [\$27,415.62]

This amendment increases the miscellaneous claims amount by \$450.00 to reflect an additional bill received by the department.

AMENDMENT # 21

moved By Senator Torgerson
w/o objection, ADOPTED

Senate Finance Committee
Amendment to ~~CS SB 83~~ (draft D)
SCS CS HB 100

Amend sec. 19, page 11, line 10 as follows:

Fish and Game \$1,698.35 [\$1,600.40]

This amendment increases the miscellaneous claims amount by \$97.95 to reflect an additional bill received by the department.

Moved By Senator Torgerson

w/o objection, ADOPTED

Senate Finance Committee
Amendment to CS SB 83 (draft D)

Amend sec. 20(i) by striking page 13 lines 9-15 and replacing with:

(i) (1) Section 31, ch. 137, SLA 1998, page 34, lines 28-30 is amended to read:

	APPROPRIATION ITEMS	GENERAL FUND
*****	*****	
***** Department of Health and Social Services *****		
*****	*****	
<u>Governor's Unallocated Reduction in Appropriations</u>	<u>-783,200</u>	<u>-783,200</u>

(2) Section 3, ch. 138, SLA 1998, page 5, lines 11-13 is amended to read:

	APPROPRIATION ITEMS	GENERAL FUND
*****	*****	
***** Department of Health and Social Services *****		
*****	*****	
<u>Governor's Unallocated Reduction in Appropriations</u>	<u>-229,200</u>	<u>-239,200</u>

This amendment reflects the department's intention to reduce GF/MH expenditures by 229,200. The amendment is needed because the GF/MH appropriations are not in the "regular" operating budget.

moved By Senator Torgerson
w/o objection, ADOPTED

Senate Finance Committee
Amendment to ~~CS SB 83~~ (draft D)
SCS CS HB 100

Amend sec. 20(p) by striking page 14 line 27 through page 15, line 2 and replacing with:

(p) (1) Section 31, ch. 137, SLA 1998, page 59, lines 14-16 is amended to read:

APPROPRIATION	GENERAL
ITEMS	FUND
*****	*****
***** Department of Transportation/Public Facilities *****	
*****	*****
<u>Governor's Unallocated Reduction in Appropriations</u>	<u>-720,500</u>
	<u>-720,500</u>

(2) Section 14, ch. 137, SLA 1998, is amended to read:

Sec. 14. MARINE HIGHWAY SYSTEM FUND. The sum of \$27,178,100 [\$27,358,100] is appropriated from the general fund to the Alaska marine highway system fund (AS 19.65.060).

This amendment reduces the FY99 GF deposit into the AMHS fund by 180,000 to reflect operational savings by the Alaska Marine Highway System, with the rest of the reductions to come from other departmental operations.

Amendment #24

AMENDMENT

OFFERED IN THE SENATE

moved BY SENATOR GREEN

TO: HCS CSSB 100(FIN), Draft Version "M" dated 3/12/99 *w/obj. ADDED*

1 Page 3, line 18, following ".":

2 Insert "It is the intent of the legislature that the appropriation made by this subsection
3 be used, first, to raise the number of full-time equivalent direct-care nurses to a minimum
4 ratio of one nurse to 50 residents per shift for residents in comprehensive, Alzheimer's
5 disease or related dementia, and enhanced assisted living levels of care, and, then, with any
6 remaining balance, for direct-care certified nurse aides."

Amendment #25

AMENDMENT

*moved by Torgersen
by: Senator Parnell
w/o obj. ADOPTED*

OFFERED IN THE SENATE

TO: SCS CSHB 100(FIN), Draft Version "M"

1 Page 7, lines 3 - 9:

2 Delete all material and insert:

3 "(l) Section 31, ch. 137, SLA 1998, page 36, lines 27, through page 37, line 6, is
4 amended to read:

	ALLOCATIONS	APPROPRIATION ITEMS	GENERAL FUND	OTHER FUNDS
7 Public Assistance		<u>67.238.000</u>	<u>25.491.000</u>	<u>41.747.000</u>
8 Administration		[65,466,100]	[25,521,000]	[39,945,100]
9 Public Assistance	<u>1,653,100</u>			
10 Administration	[1,683,100]			
11 Quality Control	988,100			
12 Public Assistance	22,581,700			
13 Field Services				
14 Fraud Investigation	1,156,400			
15 Public Assistance	4,919,900			
16 Data Processing				
17 Alaska Work Program	10,424,100			
18 Child Care Benefits	<u>25,514,700</u>			
19	[23,712,800]"			

Amendment #26

AMENDMENT

moved by Torgersen

BY SENATOR PARNELL

OFFERED IN THE SENATE

TO: SCS CSHB 100(FIN), Draft Version M, dated 3/12/99 *w/o obj. ADOPTED*

1 Page 1, line 3, following "expenditures;":

2 Insert "making an appropriation under art. IX, sec. 17(c), Constitution of the
3 **State of Alaska, from the constitutional budget reserve fund;**"

4 Page 9, line 6:

5 Delete "general fund"

6 Insert "constitutional budget reserve fund (art. IX, sec. 17, Constitution of the State
7 of Alaska)"

8 Page 16, following line 10:

9 Insert a new bill section to read:

10 "* Sec. 24. The appropriation made by sec. 16(b) of this Act is made under art. IX, sec.
11 17(c), Constitution of the State of Alaska."

12 Renumber the following bill sections accordingly.

Amendment #28

1-GH1023M.9

Cramer

3/12/99

moved

By: *Sen. Green*

object. *Sen. Adams*

By - 10 ADOPTED

AMENDMENT

OFFERED IN THE SENATE

TO: HCS CSSB 100(FIN), Draft Version "M"

1 Page 1, line 8:

2 Delete "The"

3 Insert "(a) Subject to (b) of this section, the"

4 Page 1, following line 12:

5 Insert a new subsection to read:

6 "(b) The appropriation made by (a) of this section is conditioned upon the enactment

7 into law after passage during the First Session of the Twenty-First Alaska State Legislature

8 of a version of SB 101, amending the definition of "disaster" for purposes of AS 26.23."

AMENDMENT # 29

moved Offered by Senator Torgerson

8-1 ADOPTED

~~AMENDMENT 19~~
Which amends SCS CSHB 100(FIN), Draft Version M Dated 3/1/99

For Senate Finance Committee

Page 4, Line 2-5.

Delete Amendment 19 language and substitute:

Section 7. Department of Community & Regional Affairs.

Delete:

<1,400,000> Power cost equalization and rural electric capitalization fund.

Insert:

\$1,050,000 Power cost equalization and rural electric capitalization fund.

Department of Law

Final Judgments - General Funds

Item #	Payable to/Case Name	Description	Date	Amount	Interest	Total	Cumulative Total
26	Larson, Timbers & Thomas Edward Davis v. CSED	Retroactive modification of child support obligation	7/8/97	\$899.50	186.82	\$1,086.32	
27	Tanana Chiefs Conference, Inc. CSED v. Native Village of Minto	Failure to comply with a withholding order	4/30/96	\$1,615.22	537.14	\$2,152.36	
28	Bryan Timbers Lewis Nakarak v. CSED	Income averaging used in calculation of child support obligation	9/16/97	\$891.00	167.12	\$1,058.12	\$2,119,922.11

Amendment #30

1-GH1023M.11

Cramer

3/12/99

AMENDMENT

OFFERED IN THE SENATE

moved BY SENATOR DONLEY

TO: SCS CSHB 100(FLN), Draft Version "M"

object Adams

withdrew

1 Page 2, lines 2 - 6:

moved Sen. Donley

2 Delete all material and insert:

object Adams withdrawn

3 **** Sec. 4. JUDGMENTS AND CLAIMS.** (a) The following appropriations are made
4 from the general fund to the Department of Law to pay judgments and claims against the
5 state for the fiscal year ending June 30, 1999, as stated:

w/o obj. ADOPTE!

6	JUDGMENT OR CLAIM	APPROPRIATION AMOUNT
7	(1) Daniel Aaronson for CSHD v. Barnette	\$ 432
8	(2) Bauer & Carse for CSED v. Savage	903
9	(3) Downes, MacDonald & Levengood	346
10	for in re Hendren	
11	(4) Trustees for Alaska for Kachemak Bay Conservation	42,871
12	Society v. State	
13	(5) Kenneth Kirk for Wrightson v. State	207
14	(6) George T. Freeman for Boyd v. State DOT/PF,	189,700
15	Chitty, and Campbell	
16	(7) Susan Sember for Khan v. State	525,953
17	(8) Earthjustice Legal Defense Fund, Inc. for Weiss v. State	514,366
18	(9) Earthjustice Legal Defense Fund, Inc. for Alaska	1,558
19	Environmental Center v. Weiss	
20	(10) Clifford, Lyons & Garde for Newton v. State	108,084
21	(11) David Baranow for Vidal v. Vidal	363
22	(12) Houston v. Houston for Walz v. Walz	200
23	(13) Perkins Coie for Cleary v. Smith	18,690
24	(14) Rice, Volland & Taylor for Cleary v. Smith	39,059
25	(15) Verne E. Rupright for Doe v. Burton	10,323

1-GH1023M.11

1	(16) Mary Alice McKeen for Gabrielli v. Gabrielli	2,291
2	(17) Paul Arrington for Arrington v. CSED	3,236
3	(18) Totland for Totland v. CSED	1,785
4	(19) Lee Holen Law Office for Minder v. State	75,038
5	(20) Brockman v. State	261,746
6	(21) Aleutians East Borough Peninsula Marketing	6,665
7	Association, Aleutians East Borough v. Rosier	

8 (b) The following appropriations are made from the public employees retirement trust
 9 fund to the Department of Law to pay judgements and claims against the state for the fiscal
 10 year ending June 30, 1999, as stated:

11	JUDGMENT OR CLAIM	APPROPRIATION AMOUNT
12	(1) Law Offices of William Soule for Williams v. PERS	\$13,852
13	(2) Mary Ann Williams for Stalnaker v. Williams	1,445

1-GH1023M.10
Cramer
3/12/99

Amendment #31

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR DONLEY

TO: SCS CS11B 100(FIN). Draft Version "M"

withdrawn

1 Page 2, lines 2 - 6:

2 Delete all material and insert:

3 *** Sec. 4. JUDGMENTS AND CLAIMS. (a) The following appropriations are made
4 from the general fund to the Department of Law to pay judgments and claims against the
5 state for the fiscal year ending June 30, 1999, as stated:

6	JUDGMENT OR CLAIM	APPROPRIATION AMOUNT
7	(1) Daniel Aaronson for CSED v. Barnette	\$ 432
8	(2) Bauer & Carse for CSED v. Savage	903
9	(3) Downes, MacDonald & Levengood	346
10	for In re Hendren	
11	(4) Trustees for Alaska for Kachemak Bay Conservation	42,871
12	Society v. State	
13	(5) Kenneth Kirk for Wrightson v. State	207
14	(6) George T. Freeman for Boyd v. State DOI/PF,	189,700
15	Chitty, and Campbell	
16	(7) Susan Sember for Khan v. State	525,953
17	(8) Earthjustice Legal Defense Fund, Inc. for Weiss v. State	514,366
18	(9) Earthjustice Legal Defense Fund, Inc. for Alaska	1,558
19	Environmental Center v. Weiss	
20	(10) Clifford, Lyons & Garde for Newton v. State	108,084
21	(11) David Baranow for Vidal v. Vidal	363
22	(12) Houston v. Houston for Walz v. Walz	200
23	(13) Perkins Coie for Cleary v. Smith	18,690
24	(14) Rice, Volland & Taylor for Cleary v. Smith	39,059
25	(15) Verne E. Rupright for Doe v. Burton	10,323

1-GH1023\M.10

1	(16) Robert H. Wagstaff for Bess v. Ulmer	12,136
2	(17) Mary Alice McKeen for Gabrielli v. Gabrielli	2,291
3	(18) Paul Arrington for Arrington v. CSED	3,236
4	(19) Totland for Totland v. CSED	1,785
5	(20) Lee Holcn Law Office for Minder v. State	75,038
6	(21) Brockman v. State	261,746
7	(22) Aleutians East Borough Peninsula Marketing	6,665
8	Association, Aleutians East Borough v. Rosier	

9 (b) The following appropriations are made from the public employees retirement trust
 10 fund to the Department of Law to pay judgements and claims against the state for the fiscal
 11 year ending June 30, 1999, as stated:

12	JUDGMENT OR CLAIM	APPROPRIATION AMOUNT
13	(1) Law Offices of William Soule for Williams v. PERS	\$13,852
14	(2) Mary Ann Williams for Stalnaker v. Williams	1,445

Amendment # 32

AMENDMENT to CSHB 100

moved BY: Adams } 7y-2n
object Torgerson } ADOPTED

Delete section 22.

5y-4n Adopted
amendment to amend

AMENDMENT #33

Offered in the Senate Finance Committee
TO: SCS CSHB100(FIN),
Draft Version M, Dated 3/12/99

By: Sen. Donley
WITHDRAWN

Amendment
to Amend # 32
54-45 ADOPTED

Page 3, Line 13,

DELETE:	\$563,000
INSERT:	\$448,000

VP50 funded

Page 12, Line 11,

DELETE:	<u>-331,700</u>	<u>-331,700</u>
INSERT:	<u>-216,700</u>	<u>-216,700</u>

Page 16, Lines 5 and 6,

DELETE: * Sec. 22. ↘

Amendment #34

AMENDMENT

OFFERED IN THE SENATE FINANCE COMMITTEE BY SENATOR LEMAN

To: SCS CSHB100(FIN), Draft version M dated 3/12/99

moved

object Sen. Adams

OBJECTION WITHDRAWN

*w/o objection,
ADAPTED*

Page 9, line 2

Delete: \$880,000 GF
Insert: \$421,889 GF/PR
Insert \$430,300 Indirect cost reimbursement

The unexpended and unobligated amount, not to exceed \$421,889 from program receipts received during fiscal year ending June 30, 1999 by the child support enforcement division that are collected from Alaska temporary assistance recipients that exceed \$7,244,400 are appropriated to the Department of Revenue, child support enforcement division for operating costs for the fiscal year ending June 30, 1999.

Reappropriate \$430,000 in Federal indirect receipts that may be used as state funds for the CSED shortfall. This use of federal receipts has been verified with the federal Region X auditor as an appropriate use of federal indirect funds as long as a specific appropriation is made by the legislature identifying the source of funds.

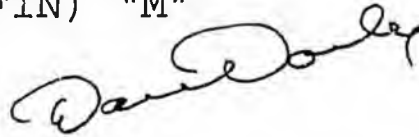
The Department of Administration Information Technology Group has reevaluated its computer charge back to CSED. CSED will not have to pay \$27,811 to DOA. That savings is reflected in the amendment (\$880,000-\$852,189=\$27,811).

AMENDMENT # 35

SENATE FINANCE COMMITTEE

By: Senator Donley

SCS CSHB 100 (FIN) "M"



ADD SUBSECTION^{4(c)} THE SUM OF \$10,000 IS APPROPRIATED FROM THE GENERAL FUND TO THE DEPARTMENT OF LAW TO PAY COSTS ASSOCIATED WITH THE JUDGMENTS AND CLAIMS LISTED IN SUBSECTIONS (A) AND (B). THESE FUNDS LAPSE June 30, 1999.

AMENDMENT # 35

SENATE FINANCE COMMITTEE

moved By: Senator Donley

u/o object. ADOPTED

SCS CSHB 100 (FIN) "M"

^{4"}
ADD SUBSECTION (C) THE SUM OF \$10,000 IS
APPROPRIATED FROM THE GENERAL FUND TO THE
DEPARTMENT OF LAW TO PAY COSTS ASSOCIATED WITH
THE JUDGMENTS AND CLAIMS LISTED IN SUBSECTIONS
(A) AND (B). THESE FUNDS LAPSE June 30, 1999.

SUBJECT: amend # 3 FAILED
DATE: 3/12/99

	YEA	NAY
SENATOR DONLEY		✓
SENATOR LEMAN		✓
SENATOR WILKEN		✓
SENATOR ADAMS		✓
SENATOR P. KELLY		✓
SENATOR L. GREEN	✓	
SENATOR PHILLIPS		✓
SENATOR TORGERSON		✓
SENATOR PARNELL		✓
TOTAL:	<u>1</u>	<u>8</u>

SUBJECT: Amend # 1 ADOPTED
DATE: 3/12/99

	YEA	NAY
SENATOR WILKEN	✓	
SENATOR ADAMS		✓
SENATOR P. KELLY	✓	
SENATOR L. GREEN	✓	
SENATOR PHILLIPS	✓	
SENATOR DONLEY	✓	
SENATOR LEMAN	✓	
SENATOR TORGERSON	✓	
SENATOR PARNELL	✓	
TOTAL:	<u>8</u>	<u>1</u>

SUBJECT: amend # 27 FAILED
DATE: 3/12/99

	YEA	NAY
SENATOR LEMAN		✓
SENATOR WILKEN		✓
SENATOR ADAMS		✓
SENATOR P. KELLY		✓
SENATOR L. GREEN		✓
SENATOR PHILLIPS	✓	
SENATOR DONLEY	✓	
SENATOR TORGERSON		✓
SENATOR PARNELL		✓
TOTAL:	<u>2</u>	<u>7</u>

SUBJECT: adopt SCS CS HB 100 (FIN)
DATE: 3/12/99 11.11

	YEA	NAY
SENATOR ADAMS	✓	
SENATOR P. KELLY	✓	
SENATOR L. GREEN	✓	
SENATOR PHILLIPS	✓	
SENATOR DONLEY		✓
SENATOR LEMAN	✓	
SENATOR WILKEN	✓	
SENATOR TOGERSON	✓	
SENATOR PARNELL	✓	
TOTAL:	<u>8</u>	<u>1</u>

SUBJECT: Amend # 4 FAILED
DATE: 3/12/99

	<u>YEA</u>	<u>NAY</u>
SENATOR P.KELLY		✓
SENATOR L. GREEN		✓
SENATOR PHILLIPS		✓
SENATOR DONLEY		✓
SENATOR LEMAN		✓
SENATOR WILKEN		✓
SENATOR ADAMS	✓	
SENATOR TORGERSON		✓
SENATOR PARNELL		✓
TOTAL:	<u>1</u>	<u>8</u>

SUBJECT: an amend # 5 FAILED
DATE: 3/12/99

	<u>YEA</u>	<u>NAY</u>
SENATOR L. GREEN		✓
SENATOR PHILLIPS		✓
SENATOR DONLEY		✓
SENATOR LEMAN		✓
SENATOR WILKEN		✓
SENATOR ADAMS	✓	
SENATOR P.KELLY		✓
SENATOR TORGERSON		✓
SENATOR PARNELL		✓
TOTAL:	<u>1</u>	<u>8</u>

SUBJECT: amend # 6 FAILED
DATE: 3/12/99

	<u>YEA</u>	<u>NAY</u>
SENATOR PHILLIPS		✓
SENATOR DONLEY		✓
SENATOR LEMAN		✓
SENATOR WILKEN		✓
SENATOR ADAMS		✓
SENATOR P. KELLY		✓
SENATOR L. GREEN	✓	
SENATOR TORGERSON		✓
SENATOR PARNELL		✓
TOTAL:	<u>4</u>	<u>5</u>

SUBJECT: amend 9 FAILED
DATE: 3/12/99

	<u>YEA</u>	<u>NAY</u>
SENATOR DONLEY		✓
SENATOR LEMAN		✓
SENATOR WILKEN		✓
SENATOR ADAMS	✓	
SENATOR P. KELLY		✓
SENATOR L. GREEN		✓
SENATOR PHILLIPS		✓
SENATOR TORGERSON		✓
SENATOR PARNELL		✓
TOTAL:	<u>1</u>	<u>8</u>

SUBJECT: amend #10 FAILED
DATE: 3/12/99

	<u>YEA</u>	<u>NAY</u>
SENATOR WILKEN		✓
SENATOR ADAMS	✓	
SENATOR P. KELLY		✓
SENATOR L. GREEN		✓
SENATOR PHILLIPS		✓
SENATOR DONLEY		✓
SENATOR LEMAN		✓
SENATOR TORGERSON		✓
SENATOR PARNELL		✓
TOTAL:	<u>1</u>	<u>8</u>

SUBJECT: amend #8
DATE: 3/12/99 ADOPTED

	<u>YEA</u>	<u>NAY</u>
SENATOR LEMAN	✓	
SENATOR WILKEN	✓	
SENATOR ADAMS		✓
SENATOR P. KELLY	✓	
SENATOR L. GREEN	✓	
SENATOR PHILLIPS	✓	
SENATOR DONLEY	✓	
SENATOR TORGERSON		✓
SENATOR PARNELL		✓
TOTAL:	<u>6</u>	<u>3</u>

SUBJECT: _____
DATE: _____

	<u>YEA</u>	<u>NAY</u>
SENATOR ADAMS		
SENATOR P. KELLY		
SENATOR L. GREEN		
SENATOR PHILLIPS		
SENATOR DONLEY		
SENATOR LEMAN		
SENATOR WILKEN		
SENATOR TORGERSON		
SENATOR PARNELL		
TOTAL:	<u> </u>	<u> </u>

SUBJECT: amend #11 FAILED
DATE: _____

	YEA	NAY
SENATOR P.KELLY		✓
SENATOR L. GREEN		✓
SENATOR PHILLIPS		✓
SENATOR DONLEY		✓
SENATOR LEMAN		✓
SENATOR WILKEN		✓
SENATOR ADAMS	✓	
SENATOR TORGERSON		✓
SENATOR PARNELL		✓
TOTAL:	<hr/>	<hr/>
	1	8

SUBJECT: amend #14 FAILED
DATE: 3/12

	YEA	NAY
SENATOR PHILLIPS	✓	
SENATOR DONLEY		✓
SENATOR LEMAN		✓
SENATOR WILKEN		✓
SENATOR ADAMS	✓	
SENATOR P. KELLY		✓
SENATOR L. GREEN		✓
SENATOR TORGERSON		✓
SENATOR PARNELL		✓
TOTAL:	<hr/>	<hr/>
	2	7

SUBJECT: amend #13 FAILED
DATE: _____

	YEA	NAY
SENATOR L. GREEN		✓
SENATOR PHILLIPS		✓
SENATOR DONLEY		✓
SENATOR LEMAN		✓
SENATOR WILKEN		✓
SENATOR ADAMS	✓	
SENATOR P.KELLY		✓
SENATOR TORGERSON		✓
SENATOR PARNELL		✓
TOTAL:	<hr/>	<hr/>
	1	8

SUBJECT: amend 17 ADOPTED
DATE: 3/12/99

	YEA	NAY
SENATOR DONLEY	✓	
SENATOR LEMAN	✓	
SENATOR WILKEN	✓	
SENATOR ADAMS	✓	
SENATOR P. KELLY	✓	
SENATOR L. GREEN	✓	
SENATOR PHILLIPS	✓	
SENATOR TORGERSON	✓	
SENATOR PARNELL	✓	
TOTAL:	<hr/>	
	9	

SUBJECT: amend. 28 ADOPTED
DATE: _____

	YEA	NAY
SENATOR WILKEN	✓	
SENATOR ADAMS		✓
SENATOR P. KELLY	✓	
SENATOR L. GREEN	✓	
SENATOR PHILLIPS	✓	
SENATOR DONLEY	✓	
SENATOR LEMAN	✓	
SENATOR TORGERSON	✓	
SENATOR PARNELL	✓	
TOTAL:	<hr/>	
	8	1

SUBJECT: amend # 18 FAILED
DATE: 3/12/99

	YEA	NAY
SENATOR LEMAN		✓
SENATOR WILKEN		✓
SENATOR ADAMS		✓
SENATOR P. KELLY		✓
SENATOR L. GREEN		✓
SENATOR PHILLIPS	✓	
SENATOR DONLEY	✓	
SENATOR TORGERSON		✓
SENATOR PARNELL		✓
TOTAL:	<hr/>	
		27

SUBJECT: amend # 29 ADOPTED
DATE: _____

	YEA	NAY
SENATOR ADAMS	✓	
SENATOR P. KELLY	✓	
SENATOR L. GREEN	✓	
SENATOR PHILLIPS		✓
SENATOR DONLEY	✓	
SENATOR LEMAN	✓	
SENATOR WILKEN	✓	
SENATOR TORGERSON	✓	
SENATOR PARNELL	✓	
TOTAL:	<hr/>	
	8	1

SUBJECT: amend. amend # 32
DATE: 3/12/99 ADOPTED

	YEA	NAY
SENATOR P.KELLY		✓
SENATOR L. GREEN	✓	
SENATOR PHILLIPS	✓	
SENATOR DONLEY	✓	
SENATOR LEMAN	✓	
SENATOR WILKEN		✓
SENATOR ADAMS		✓
SENATOR TORGERSON		✓
SENATOR PARNELL	✓	
TOTAL:		

5 4

SUBJECT: SCS CS HB 100 .M"
DATE: 3/12/99 R/O

	YEA	NAY
SENATOR PHILLIPS	✓	
SENATOR DONLEY	✓	
SENATOR LEMAN	✓	
SENATOR WILKEN	✓	
SENATOR ADAMS		✓
SENATOR P. KELLY	✓	
SENATOR L. GREEN	✓	
SENATOR TORGERSON	✓	
SENATOR PARNELL	✓	
TOTAL:		

8 1

SUBJECT: amended # 32
DATE: _____ ADOPTED

	YEA	NAY
SENATOR L. GREEN	✓	
SENATOR PHILLIPS	✓	
SENATOR DONLEY	✓	
SENATOR LEMAN	✓	
SENATOR WILKEN	✓	
SENATOR ADAMS	✓	
SENATOR P.KELLY		✓
SENATOR TORGERSON		✓
SENATOR PARNELL	✓	
TOTAL:		

7 2

Amendments to SCS CS HB 100 (FIN) "M", 3/12/99

	Amend #1	Torgerson	Disaster Relief
	Amend #2	Torgerson	Disaster Relief
	Amend #3	L. Green	
	Amend #4	Adams	DMVA (Southeast)
amended #	Amend #5	Adams	DMVA (Western Alaska)
	Amend #6	Donley	Claims
	Amend #7	Donley	Claims
	Amend #8	Donley	Claims
	Amend #9	Adams	Corrections (out-of-state)
	Amend #10	Adams	Corrections (Cook Inlet)
	Amend #11	Adams	Admin. (Public Defender)
	Amend #12	Leman	
	Amend #13	Adams	DOT
	Amend #14	Adams	DOT (unallocated reduction)
	Amend #15	Parnell	
	Amend #16	Torgerson	DF&G
	Amend #17	Parnell	
	Amend #18	Leman	Lapse Provision
	Amend #19	Phillips	PCE
	Amend #20	Torgerson	Adams, Misc. Claims
	Amend #21	Torgerson	F&G, Misc. Claims
	Amend #22	Torgerson	
	Amend #23	Torgerson	
	Amend #24	L. Green	
	Amend #25	Parnell	
	Amend #26	Parnell	
	Amend #27	Phillips	delete sec. 7.
	Amend #28	Green	
	Amend #29	Torgerson	
	Amend #30	Donley	
	Amend #31	Donley	
	Amend #32	Adams	
	Amend #33	Donley	
	Amend #34	Leman	

Amend. #35

Donley

1-GH1023M
Cramer
3/12/99

*moved Torgerson
object Donley
9-1 ADOPTED*

SENATE CS FOR CS FOR HOUSE BILL NO. 100(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY THE SENATE 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 capital, supplemental, and other appropriations;
2 making and amending appropriations to capitalize funds; ratifying certain
3 expenditures; and providing for an effective date."

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

5 * **Section 1. ECONOMIC DISASTER RELIEF.** Section 4, ch. 34, SLA 1998, is amended
6 to read:

7 Sec. 4. The appropriations made by this Act lapse June 30, 2001 [1999].

8 * **Sec. 2. DISASTER RELIEF FUND.** The sum of \$13,137,100 is appropriated to the
9 disaster relief fund (AS 26.23.300) for costs associated with declared disasters from the
10 following sources:

11	General fund	\$9,629,100
12	Federal receipts	3,508,000

13 * **Sec. 3. FIRE SUPPRESSION.** The sum of \$7,000,000 is appropriated from the general
14 fund to the Department of Natural Resources for fire suppression activities for the fiscal year

L

1	Bethel Culturally Relevant	<u>94,800</u>	<u>42,600</u>	52,200
2	CRC	[144,800]	[92,600]	

3 (h) Section 31, ch. 137, SLA 1998, page 25, lines 27 - 28, is amended to read:

4		APPROPRIATION	GENERAL	
5		ITEMS	FUND	
6	Community Residential Center	<u>331,000</u>	<u>331,000</u>	
7	Offender Supervision	[366,000]	[366,000]	

8 * Sec. 6. DEPARTMENT OF ADMINISTRATION. (a) The sum of \$35,000 is
 9 appropriated from statutory designated program receipts to the Department of Administration,
 10 division of finance, for additional operating costs for the fiscal year ending June 30, 1999.

11 (b) The sum of \$678,400 is appropriated from the general fund to the Department of
 12 Administration for the leasing program for the fiscal year ending June 30, 1999.

13 (c) The sum of \$563,000 is appropriated from the general fund to the office of public
 14 advocacy, Department of Administration, for operating costs for the fiscal year ending June 30,
 15 1999.

16 (d) The sum of \$1,000,000 is appropriated from Pioneers' Home receipts to the
 17 Pioneers' Homes, Department of Administration, for increased operating costs for the fiscal
 18 year ending June 30, 1999.

19 (e) Section 31, ch. 137, SLA 1998, page 16, lines 11 and 12, is amended to read:

20		APPROPRIATION	GENERAL	OTHER
21	ALLOCATIONS	ITEMS	FUND	FUNDS
22	Alaska Longevity Programs	<u>24,691,800</u>	<u>24,250,700</u>	441,100
23		[25,191,800]	[24,750,700]	
24	Pioneers Homes	<u>23,337,300</u>		
25		[23,837,300]		

26 (f) The unexpended and unobligated corporate receipts balances of the appropriations
 27 made in sec. 10, ch. 4, FSSLA 1994, page 7, lines 30 - 31 (federal competitive grants/public
 28 housing - \$7,076,000) and sec. 10, ch. 4, FSSLA 1994, page 7, line 32 (federal competitive
 29 grants - \$4,953,000), and the unexpended and unobligated corporate receipts balance, not to
 30 exceed \$676,834, of the appropriation made in sec. 10, ch. 4, FSSLA 1994, page 7, line 34
 31 (other competitive grants - \$1,300,000) are reappropriated to the Department of Administration

1 for boiler system replacement at the Fairbanks Pioneers' Home.

2 * Sec. 7. DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS. The sum of
3 \$1,400,000 is appropriated from the power cost equalization and rural electric capitalization
4 fund (AS 42.45.100) to the Department of Community and Regional Affairs for the power cost
5 equalization program for the fiscal year ending June 30, 1999.

6 * Sec. 8. DEPARTMENT OF CORRECTIONS. The sum of \$750,000 is appropriated from
7 the correctional industries fund (AS 33.32.020(a)) to the Department of Corrections, for
8 administrative and operational costs associated with the correctional industries program for the
9 fiscal year ending June 30, 1999.

10 * Sec. 9. DEPARTMENT OF EDUCATION. (a) The sum of \$2,500,000 is appropriated
11 from federal receipts to the Department of Education, Alaska vocational technical center, for
12 a marine vessel simulator.

13 (b) Section 31, ch. 137, SLA 1998, page 26, lines 6 - 7, is amended to read:

	APPROPRIATION	GENERAL	OTHER
	ALLOCATIONS	ITEMS	FUNDS
16 K-12 Support	<u>726,760,700</u>	<u>672,851,000</u>	53,909,700
	[730,760,700]	[676,851,000]	
18 Foundation Program	<u>656,931,300</u>		
	[660,931,300]		

20 (c) Section 33, ch. 137, SLA 1998, page 74, line 8, is amended to read:

21 Statutory Designated Program Receipts	<u>881,600</u>
22 <u>Vocational Rehabilitation Small Business</u>	<u>165,000</u>
23 <u>Enterprise Fund</u>	[1,046,600]

24 * Sec. 10. DEPARTMENT OF HEALTH AND SOCIAL SERVICES. (a) Section 131,
25 ch. 139, SLA 1998, page 51, lines 11 - 12, is amended to read:

	APPROPRIATION	GENERAL
	ITEMS	FUND
28 Emergency Medical Services	<u>311,600</u>	<u>311,600</u>
29 Communications Equipment (ED 99)	[341,600]	[341,600]

30 (b) Section 131, ch. 139, SLA 1998, page 51, lines 16 - 17, is amended to read:

	APPROPRIATION	GENERAL
--	---------------	---------

		ITEMS	FUND
1			
2	Vital Statistics Archive Imaging	<u>320,000</u>	<u>320,000</u>
3	and System Replacement (ED 3-4)	[340,000]	[340,000]

(c) Section 131, ch. 139, SLA 1998, page 51, lines 18 - 20, is amended to read:

	APPROPRIATION	GENERAL	OTHER	
	ITEMS	FUND	FUNDS	
7	Welfare Reform Information	<u>2,217,200</u>	<u>758,600</u>	1,458,600
8	System and Office	[2,417,200]	[958,600]	
9	Automation (ED 99)			

(d) Section 6, ch. 138, SLA 1998, page 14, lines 24 - 25, is amended to read:

	APPROPRIATION	GENERAL	OTHER	
	ITEMS	FUND	FUNDS	
13	Client Data Integration	<u>375,000</u>	<u>75,000</u>	300,000
14	Project (ED 99)	[400,000]	[100,000]	

(e) The sum of \$1,145,000 is appropriated from the general fund to the Department of Health and Social Services for catastrophic and chronic illness assistance for the fiscal year ending June 30, 1999.

(f) Section 3, ch. 138, SLA 1998, page 9, lines 17 - 22, is amended to read:

	APPROPRIATION	GENERAL	OTHER	
	ALLOCATIONS	ITEMS	FUND	FUNDS
21	Alcohol and Drug	<u>12,724,600</u>	<u>11,221,500</u>	1,503,100
22	Abuse Services	[12,808,600]	[11,305,500]	
23	Administration	1,103,500		
24	Alcohol and Drug			
25	Abuse Grants	9,067,700		
26	Correctional ADA			
27	Grant Services	281,800		
28	Rural Services	<u>2,271,600</u>		
29	Grants	[2,355,600]		

(g) Section 3, ch. 138, SLA 1998, page 9, line 23, is amended to read:

	APPROPRIATION	GENERAL	OTHER
--	---------------	---------	-------

		ITEMS	FUND	FUNDS
1				
2	Community Mental Health	<u>26,061,600</u>	<u>24,621,700</u>	1,439,900
3	Grants	[26,286,200]	[24,846,300]	

4 (h) Section 3, ch. 138, SLA 1998, page 10, lines 10 - 16, is amended to read:

5 ALLOCATIONS

6	Psychiatric	<u>6,950,400</u>		
7	Emergency	[7,005,400]		
8	Services			
9	Services to the	<u>10,701,400</u>		
10	Chronically	[10,801,400]		
11	Mentally Ill			
12	Designated	1,046,300		
13	Evaluation and			
14	Treatment			
15	Services for	<u>6,349,800</u>		
16	Seriously	[6,419,400]		
17	Emotionally			
18	Disturbed Youth			

19 (i) Section 31, ch. 137, SLA 1998, page 41, lines 3 - 4, is amended to read:

	APPROPRIATION	GENERAL	OTHER
	ALLOCATIONS	FUND	FUNDS

20			
21			
22	State Health Services	<u>68,575,200</u>	<u>22,799,500</u> 45,775,700
23		[68,626,100]	[22,850,400]
24	Nursing	<u>13,514,900</u>	
25		[13,524,900]	

26 (j) Section 31, ch. 137, SLA 1998, page 41, line 10, is amended to read:

27 ALLOCATIONS

28	Healthy Families	<u>1,175,200</u>	
29		[1,195,200]	

30 (k) Section 31, ch. 137, SLA 1998, page 41, line 25, is amended to read:

31 ALLOCATIONS

1 Community Health 1,575,200
 2 Grants [1,596,100]

3 (l) Section 31, ch. 137, SLA 1998, page 36, lines 27 - 29, is amended to read:

	APPROPRIATION	GENERAL	OTHER
	ALLOCATIONS	FUND	FUNDS
6 Public Assistance	<u>65,436,100</u>	<u>25,491,000</u>	39,945,100
7 Administration	[65,466,100]	[25,521,000]	
8 Public Assistance	<u>1,653,100</u>		
9 Administration	[1,683,100]		

10 (m) The sum of \$821,200 is appropriated to the Department of Health and Social
 11 Services for subsidized adoption and guardianship costs for the fiscal year ending June 30,
 12 1999, from the following sources:

13 General fund	\$656,900
14 Federal receipts	164,300

15 (n) Section 31, ch. 137, SLA 1998, page 21, line 6, is amended to read:

	APPROPRIATION	GENERAL	OTHER
	ITEMS	FUND	FUNDS
18 Child Assistance	28,396,800	<u>13,264,600</u>	<u>15,132,200</u>
19		[15,066,500]	[13,330,300]

20 * Sec. 11. INSURANCE AND BOND CLAIMS. Section 12, ch. 137, SLA 1998, is
 21 amended to read:

22 Sec. 12. INSURANCE AND BOND CLAIMS. (a) The amount necessary to
 23 fund the uses of the state insurance catastrophe reserve account described in
 24 AS 37.05.289(a) is appropriated from that account to the Department of Administration
 25 for those uses.

26 (b) Amounts equivalent to the amounts to be received in settlement of
 27 claims against bonds guaranteeing the reclamation of state land are appropriated
 28 from the general fund to the agency secured by the bond for the purpose of
 29 reclaiming state land affected by a use covered by the bond.

30 * Sec. 12. DEPARTMENT OF LAW. Section 31, ch. 137, SLA 1998, page 45, lines 9 -
 31 11, is amended to read:

	ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS
1				
2				
3	Oil and Gas Litigation	<u>6,184,100</u>	<u>5,690,600</u>	493,500
4	and Legal Services	[6,366,100]	[5,872,600]	
5	Oil & Gas Litigation	<u>5,808,400</u>		
6		[5,990,400]		

* Sec. 13. DEPARTMENT OF NATURAL RESOURCES. The sum of \$92,000 is appropriated from general fund program receipts to the Department of Natural Resources for workload increases at the state recorder's office for the fiscal year ending June 30, 1999.

* Sec. 14. DEPARTMENT OF PUBLIC SAFETY. (a) Section 31, ch. 137, SLA 1998, page 53, line 32, is amended to read:

	ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS
12				
13				
14	Alaska State Troopers	<u>12,418,000</u>	<u>8,231,900</u>	4,186,100
15		[12,618,000]	[8,431,900]	

(b) Section 31, ch. 137, SLA 1998, page 54, line 4, is amended to read:

	ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS
17				
18	Criminal Investigations	<u>3,003,000</u>		
19		[3,203,000]		

(c) Section 31, ch. 137, SLA 1998, page 55, line 13, is amended to read:

	ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS
21				
22				
23	Alaska State Trooper	<u>33,164,400</u>	<u>31,648,600</u>	1,515,800
24	Detachments	[32,964,400]	[31,448,600]	

(d) The sum of \$249,600 is appropriated from the general fund to the Department of Public Safety, Alaska state trooper detachments, for program support costs for the fiscal year ending June 30, 1999.

* Sec. 15. DEPARTMENT OF PUBLIC SAFETY: CAPITAL LAPSE PROVISION. Section 127(b), ch. 139, SLA 1998, is amended to read:

(b) The appropriations made by secs. 3(a), 5, 6, 11, 12(d), 35(a)(2) - (6), 36, 45, 46, 62, 64, 65, 111, 115(b), 116, 119, 120, and 121(b)(2) - (10) of this Act are for

1 capital projects and lapse under AS 37.25.020.

2 * **Sec. 16.** DEPARTMENT OF REVENUE. (a) The sum of \$880,000 is appropriated
3 from the general fund to the Department of Revenue, child support enforcement agency, for
4 operating costs to offset the anticipated reduction in federal incentive payments for the fiscal
5 year ending June 30, 1999.

6 (b) The sum of \$460,000 is appropriated from the general fund to the Department of
7 Revenue, treasury division, for investment management costs, including management fees,
8 safekeeping and custody, and audit, for the constitutional budget reserve fund for the fiscal
9 year ending June 30, 1999.

10 * **Sec. 17.** DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES. (a)
11 Section 101, ch. 123, SLA 1996, page 88, line 18, is amended to read:

12	Federal Receipts	<u>294,679,000</u>
13		[293,627,900]

14 (b) Section 101, ch. 123, SLA 1996, page 88, line 22, is amended to read:

15	International Airport	<u>19,490,900</u>
16	Revenue Fund	[20,542,000]

17 (c) Section 100, ch. 123, SLA 1996, page 66, lines 34 - 36, is amended to read:

18 ALLOCATIONS

19	Anchorage International	1,980,000
20	Airport <u>North and South</u>	
21	Terminal Ramp	
22	Reconstruction (ED 10-25)	

23 (d) Section 31, ch. 137, SLA 1998, page 60, lines 17 - 20, is amended to read:

24		APPROPRIATION	GENERAL	OTHER
25	ALLOCATIONS	ITEMS	FUND	FUNDS
26	Statewide Design and	<u>31,245,500</u>	<u>1,966,200</u>	29,279,300
27	Engineering Services	[31,145,500]	[1,866,200]	
28	Headquarters Design	<u>5,989,200</u>		
29	and Engineering	[5,889,200]		
30	Services			

31 (e) Section 31, ch. 137, SLA 1998, page 61, lines 24 - 25, is amended to read:

1		APPROPRIATION	GENERAL	OTHER
2		ITEMS	FUND	FUNDS
3	Measurement Standards &	<u>3,102,900</u>	<u>2,720,500</u>	382,400
4	Commercial Vehicle	[3,466,900]	[3,084,500]	
5	Enforcement			

(f) Section 31, ch. 137, SLA 1998, page 61, lines 26 - 27, is amended to read:

7		APPROPRIATION	GENERAL	OTHER
8		ITEMS	FUND	FUNDS
9	Central Region Highways and	<u>27,930,300</u>	<u>26,931,900</u>	998,400
10	Aviation	[27,952,100]	[26,953,700]	

(g) Section 31, ch. 137, SLA 1998, page 62, lines 3 - 4, is amended to read:

12		APPROPRIATION	GENERAL	OTHER
13		ITEMS	FUND	FUNDS
14	Northern Region Highways and	<u>37,107,000</u>	<u>36,322,800</u>	784,200
15	Aviation	[37,128,800]	[36,344,600]	

16 * Sec. 18. UNIVERSITY OF ALASKA. (a) The sum of \$7,000,000 is appropriated from
 17 university receipts to the University of Alaska, Fairbanks organized research, for new
 18 international Arctic research projects for the fiscal year ending June 30, 1999.

(b) Section 31, ch. 137, SLA 1998, page 63, line 31, is amended to read:

20		APPROPRIATION	GENERAL	OTHER
21		ITEMS	FUND	FUNDS
22	University of Alaska	<u>435,214,500</u>	166,106,800	<u>269,107,700</u>
23		[442,214,500]		[276,107,700]

(c) Section 31, ch. 137, SLA 1998, page 65, line 6, is amended to read:

25	ALLOCATIONS			
26	Fairbanks Campus	<u>138,419,900</u>		
27		[145,419,900]		

(d) Section 33, ch. 137, SLA 1998, page 78, line 20, is amended to read:

29	Federal Receipts	<u>54,506,200</u>		
30		[58,006,200]		

(e) Section 33, ch. 137, SLA 1998, page 78, line 27, is amended to read:

1 Governor's Unallocated Reduction in Appropriations -548,100 -548,100

2 (h) Section 31, ch. 137, SLA 1998, page 34, lines 6 - 8, is amended to read:

3 APPROPRIATION GENERAL

4 ITEMS FUND

5 *****

6 ***** Office of the Governor *****

7 *****

8 Governor's Unallocated Reduction in Appropriations -297,000 -297,000

9 (i) Section 31, ch. 137, SLA 1998, page 34, lines 28 - 30, is amended to read:

10 APPROPRIATION GENERAL

11 ITEMS FUND

12 *****

13 ***** Department of Health and Social Services *****

14 *****

15 Governor's Unallocated Reduction in Appropriations -1,012,400 -1,012,400

16 (j) Section 31, ch. 137, SLA 1998, page 43, lines 9 - 11, is amended to read:

17 APPROPRIATION GENERAL

18 ITEMS FUND

19 *****

20 ***** Department of Labor *****

21 *****

22 Governor's Unallocated Reduction in Appropriations -124,100 -124,100

23 (k) Section 31, ch. 137, SLA 1998, page 44, lines 9 - 11, is amended to read:

24 APPROPRIATION GENERAL

25 ITEMS FUND

26 *****

27 ***** Department of Law *****

28 *****

29 Governor's Unallocated Reduction in Appropriations -435,000 -435,000

30 (l) Section 31, ch. 137, SLA 1998, page 45, lines 16 - 18, is amended to read:

31 APPROPRIATION GENERAL

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31

ITEMS FUND

***** Department of Military and Veterans Affairs *****

Governor's Unallocated Reduction in Appropriations -125,700 -125,700

(m) Section 31, ch. 137, SLA 1998, page 46, lines 24 - 26, is amended to read:

APPROPRIATION GENERAL

ITEMS FUND

***** Department of Natural Resources *****

Governor's Unallocated Reduction in Appropriations -535,200 -535,200

(n) Section 31, ch. 137, SLA 1998, page 53, lines 13 - 15, is amended to read:

APPROPRIATION GENERAL

ITEMS FUND

***** Department of Public Safety *****

Governor's Unallocated Reduction in Appropriations -106,000 -106,000

(o) Section 31, ch. 137, SLA 1998, page 57, lines 23 - 25, is amended to read:

APPROPRIATION GENERAL

ITEMS FUND

***** Department of Revenue *****

Governor's Unallocated Reduction in Appropriations -108,600 -108,600

(p) Section 31, ch. 137, SLA 1998, page 59, lines 14 - 16, is amended to read:

APPROPRIATION GENERAL

ITEMS FUND

***** Department of Transportation/Public Facilities *****

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31

Governor's Unallocated Reduction in Appropriations -900,500 -900,500

(q) The reductions to departmental appropriations made by this section shall be taken from appropriations for

(1) personal services costs, to reflect a savings resulting from the governor's hiring freeze;

(2) travel, to reflect a savings resulting from restrictions on nonessential travel for state employees; and

(3) state purchasing and contracting.

* **Sec. 21. RATIFICATIONS.** (a) The following departmental expenditures made in fiscal years 1995, 1996, 1997, and 1998 are ratified to reverse the negative account balances in the Alaska state accounting system in the amounts listed for each AR number. The appropriations from which these expenditures were actually paid are amended by increasing them by the amount listed as follows:

(1) Department of Administration

(A) AR3589-95 Telecommun Services \$ 32,269.88

(B) AR7394-97 OPA Computerization 19.06

(C) AR11613-98 Central Duplicating/Mail 193,562.00

(2) Department of Community and Regional Affairs

AR52704-96 Rural Devel Grants 95 78.41

(3) Department of Environmental Conservation

AR49731-97 Lab Analysis 1,807.33

(4) Department of Law

AR13883-97 18-Ketchikan Pulp 1,457.14

(5) Department of Revenue

AR15538-97 Child Support Enforc 43,398.55

(b) The expenditures by the Department of Education from Adak School District assets for legal services related to the closure of the Adak School District, during the following fiscal years and in the following amounts, are ratified:

Fiscal Year	Amount
1997	\$72,873.54

STATE OF ALASKA

fr. Sen. Parnell

TONY KNOWLES, GOVERNOR

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
 DIVISION OF ENERGY

333 WEST FOURTH AVE., SUITE 220
 ANCHORAGE, ALASKA 99501-2341
 PHONE: (907) 269-4500
 DIRECTOR'S FAX: (907) 269-4645
 ENGINEERING FAX: (907) 219-4685

March 12, 1999

The Honorable Sean Parnell
 Alaska State Senator
 Capitol Building
 Juneau, Alaska 99801


Subject: Funding for PCE Program

Dear Senator Parnell:

This is to confirm that approximately \$1,050,000 in supplemental funding is needed to disburse payments to PCE recipients at a reduced level of 78% for the months of May and June 1999.

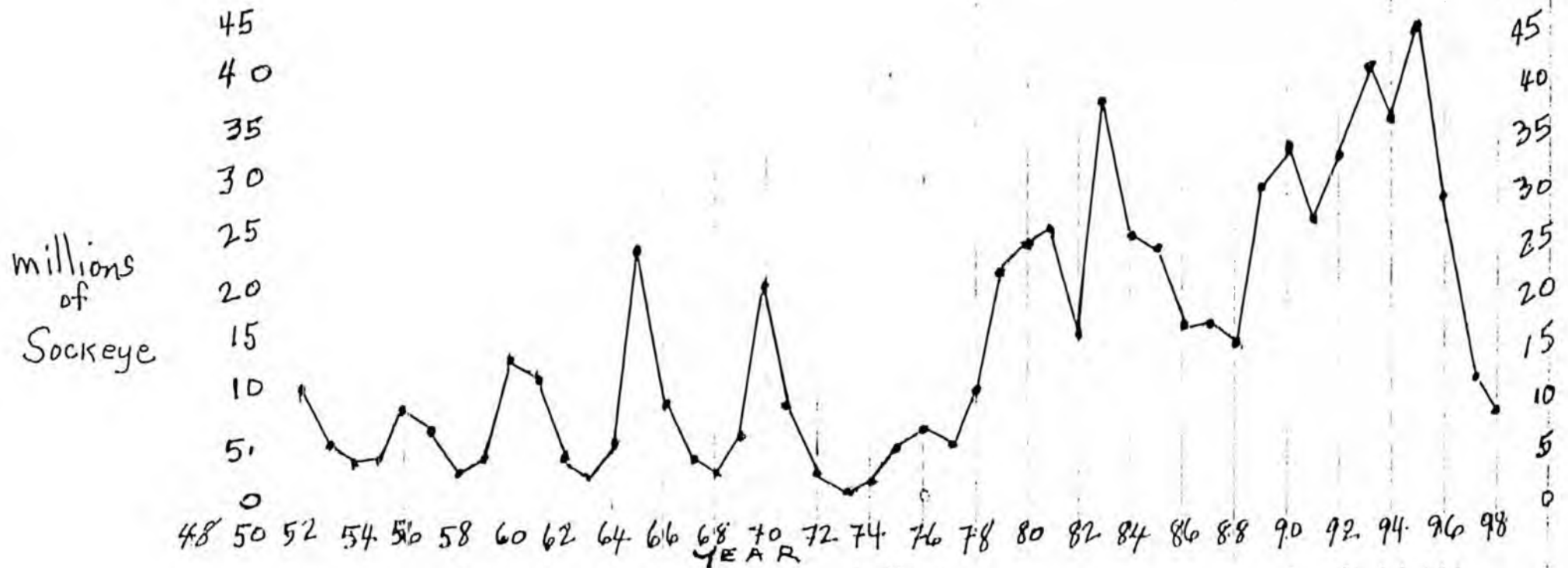
In the event that supplemental funding is not approved, the funding level will be reduced from the present level of 85% to 43% beginning with the eleventh billing period (May 1999).

Sincerely,


 Percy Frisby
 Director

Distributed by Sen. L. Green

Historic Bristol Bay Sockeye Harvest




TONY KNOWLES
GOVERNOR
governor@gov.state.ak.us


STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HB 100
P.O. Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500
Fax (907) 465-3532
www.gov.state.ak.us

February 17, 1999

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


Dear Speaker  Porter:

In recognition of oil revenues being substantially lower than projected when the FY99 budget was passed last May, my Administration has worked hard to cut the supplemental request as much as possible. Although last spring's budget plan included a \$16.5 million "place holder" for supplementals, the expenditures for fires, flood and fisheries disasters alone exceed that amount by more than \$3 million.

Other ~~the~~ critical supplementals have been brought down to \$901,700 by identifying cuts to offset short-funded areas and by requiring agencies to absorb many other unexpected cost increases. The \$6.3 million in belt-tightening I announced two weeks ago for hiring, travel and purchasing can cover both this \$901,700 and \$5.3 million needed for Corrections to comply with court orders in the Cleary settlement..

While this supplemental is \$5 million more than the place holder in the budget plan it represents a concerted effort by state agencies to offset the financial impact of disasters, known short-funding, and unanticipated expenditures for FY99. Further budget reductions will be part of the work still ahead of us on the FY2000 budget.

Sincerely,


Tony Knowles
Governor

TONY KNOWLES
GOVERNOR
governor@gov.state.ak.us



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HB 100
P.O. Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500
Fax (907) 465-3532
www.gov.state.ak.us

February 17, 1999

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

Dear Speaker *Brian* Porter:

In recognition of oil revenues being substantially lower than projected when the FY99 budget was passed last May, my Administration has worked hard to cut the supplemental request as much as possible. Although last spring's budget plan included a \$16.5 million "place holder" for supplementals, the expenditures for fires, flood and fisheries disasters alone exceed that amount by more than \$3 million.

Other ~~the~~ critical supplementals have been brought down to \$901,700 by identifying cuts to offset short-funded areas and by requiring agencies to absorb many other unexpected cost increases. The \$6.3 million in belt-tightening I announced two weeks ago for hiring, travel and purchasing can cover both this \$901,700 and \$5.3 million needed for Corrections to comply with court orders in the Cleary settlement..

While this supplemental is \$5 million more than the place holder in the budget plan it represents a concerted effort by state agencies to offset the financial impact of disasters, known short-funding, and unanticipated expenditures for FY99. Further budget reductions will be part of the work still ahead of us on the FY2000 budget.

Sincerely,

Tony Knowles
Tony Knowles
Governor

HB

102

HFIN

FILE

AMENDMENT |

OFFERED IN THE HOUSE

BY REPRESENTATIVE DAVIES

TO: HB 102

- 1 Page 3, line 27:
- 2 Delete "Such money itself"
- 3 Insert "Money placed into escrow and interest earned on money in escrow"

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: March 16, 1999

FURTHER REFERRALS:

Date of Committee Action: 3/26/99

The FINANCE Committee considered:

HB 102

HOUSE BILL NO. 102

CIGARETTE SALES: AGREEMENT/ESCROW

"An Act imposing certain requirements relating to cigarette sales in this state by tobacco product manufacturers, including requirements for escrow, payment, and reporting of money from cigarette sales in this state; providing penalties for noncompliance with those requirements; 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) Law, DOR 2/19/99

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Gene Therriault</i>	Therriault			X	
<i>Edon Mulder</i>	Mulder	✓			
<i>Van Bunde</i>	Bunde			✓	
<i>Ed DAVIES</i>	DAVIES (In principal...)	X			
<i>Ben Grussenford</i>	(Generally) Grussenford			✓	
<i>Charles E. Moses</i>	Moses			X	
<i>Larry D. DAVIES</i>	DAVIES			X	
<i>[Signature]</i>	Foster			X	

CHAIR'S SIGNATURE *Gene Therriault* *Edon Mulder*
 CO - Therriault Mulder

FISCAL NOTE

Bill Version: HB 102
 (H) Publish Date: 2/19/99

**STATE OF ALASKA
 1999 LEGISLATIVE SESSION**

Revision Date/Time (Note if correction) _____ Dept. Affected Law _____
 Title "... to a settlement agreement between BRU Civil Division _____
 certain tobacco product manufacturers and the state ..." Component Fair Business Practices _____
 Sponsor Rules Committee
 Requester Governor Component Serial No. 2206

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 any current year (FY99) cost: _____

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation implements a provision of the Master Settlement Agreement (MSA) between 46 states, including Alaska, and certain United States tobacco product manufacturers. That agreement, which was a final settlement of the states' litigation with the major tobacco manufacturers, was signed on November 23, 1998. Under the terms of the settlement, Alaska will receive \$670 million over the next 25 years to help offset the financial burdens imposed on the state by cigarette smoking. In addition to the monetary provisions, the settlement requires fundamental and far-ranging changes in the tobacco industry's business practices, advertising, and marketing.

This legislation, referred to in the MSA as the "model (or qualifying) statute," creates a reserve fund for nonparticipating manufacturers to pay future claims and is intended to level the playing field between the manufacturers who participated in the MSA (or sign on to it in the future) and those who did not. It is intended to neutralize the cost

Prepared by Joan M. Kasson Phone 465-5370
 Division Attorney General's Office Date/Time 2/8/99, 8:37 AM
 Approved by Commissioner M. Botelho Attorney General Date 2/8/99
 Agency Department of Law

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

For further distribution information call the Governor's Legislative Office

ANALYSIS CONTINUATION

disadvantages that the participating manufacturers experience (relative to the nonparticipating manufacturers) as a result of the MSA. It requires the nonparticipating manufacturers that sell tobacco products in the state and are not signatories of the MSA to establish escrow accounts to pay for qualified claims for health-related concerns tied to their sales of tobacco products in the state.

Alaska does not need to pass the model/qualifying statute in order to receive payments under the Master Settlement Agreement, but failure to enact it could result in a significant reduction (as much as 65 percent) in the state's allotment under the agreement in the future. If a state does not pass the model statute, the MSA provides for an adjustment to that state's payments if the participating manufacturers, as a result of the marketing restrictions, payments, and other restrictions in the settlement, experience a disadvantage and lose market share for sales of their tobacco products to nonparticipating manufacturers. However, under the terms of the MSA, if a state passes the model statute and enforces it, it will be exempt from any payment reductions, even if the settlement was a significant factor contributing to the participating manufacturers' loss of market share.

Under terms of the legislation, a tobacco product manufacturer selling cigarettes in the state must either become a participating manufacturer or place a set amount into an escrow account for each unit sold in the state. The Commissioner of Revenue will be responsible for receiving certification that the manufacturer is in compliance with the terms of the legislation, and the Attorney General will be responsible for bringing a civil action against a non-complying manufacturer. It is impossible to predict whether nonparticipating manufacturers will enter the Alaska market and whether there will be a need for the Attorney General to take legal action against companies that do not comply with the terms of the statute. At this time, however, we do not anticipate additional costs related to enforcing the legislation.

FISCAL NOTE

Version: HB 102
 (H) Publish Date: 2/19/99

**STATE OF ALASKA
 1999 LEGISLATIVE SESSION**

Revision Date/Time (Note if correction) _____ Dept. Affected Revenue
 Title Federal Government Tobacco Settlement BRU Revenue Operations
 Component Income and Excise Audit
 Sponsor RLS
 Requester Governor Component Serial No. 113

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 ()	0.0	0.0	0.0	0.0	0.0	0.0
-------------------------------	------------	------------	------------	------------	------------	------------

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (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						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See attachment.

Prepared by Tim Cottoreim, Appeals Officer *[Signature]* Phone 465-3695
 Division Income and Excise Audit Date/Time February 5, 1999
 Approved by Wilson L. Condon *[Signature]* Date February 4, 1999
 Commissioner Department of Revenue
 Agency

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

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

COMMITTEE COPY

ALASKA DEPARTMENT OF REVENUE

Income and Excise Audit Division

Cigarette Escrow Account

Draft 1-GB1036.A

February 5, 1999

Page 2 of 7

BILL ANALYSIS

Section 1 describes the health consequences from smoking cigarettes, and the state's obligation to provide and pay for medical assistance to and for persons with health conditions associated with cigarette smoking. This section holds the tobacco product manufacturers responsible for the financial burdens imposed on the state by cigarette smoking, describes the Master Settlement Agreement reached with the leading tobacco product manufacturers, and discusses the intent of this legislation, which is to prevent non-signatory manufacturers from deriving short-term profits and from becoming judgement-proof before liability arises.

Section 2 requires non-signatory manufacturers selling cigarettes in the state to either participate in the Master Settlement Agreement or place into a qualified escrow account by April 15 of each year an established amount for each cigarette sold in the state in the prior year. Funds in escrow will only be released: 1) to pay judgements or settlements from claims brought against the non-signatory manufacturer, 2) to the non-signatory manufacturer if payments placed in escrow exceed what would have been paid if the non-signatory manufacturer participated in the Master Settlement Agreement, or 3) to the non-signatory manufacturer after 25 years from the date of deposit. This section directs non-signatory manufacturers selling cigarettes in the state to certify that they are in compliance with the escrow requirements, and provides for civil actions if they fail to comply.

Section 3 establishes an immediate effective date.

OPERATING EXPENDITURES

This bill will require the Department of Revenue to revise its tax forms to allow verification of the name of each manufacturer whose cigarettes are being sold in the state. We believe the costs of new forms and the accompanying data capture and computer program modifications can be absorbed into the existing budget.

REVENUE

This Act provides no new revenue to the state.

TONY KNOWLES
GOVERNOR
www.gov.state.ak.us



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HB 102
P.O. Box 11000
Juneau, Alaska 99811-0000
Phone (907) 465-3500
Fax (907) 465-3532
www.gov.state.ak.us

February 19, 1999

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

Dear Speaker ~~Porter~~ ^{Brian}:

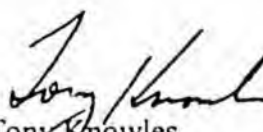
Cigarette smoking presents serious public health concerns to the state and its citizens. Recently, this Administration, along with virtually every other state, reached a monumental master settlement agreement with the leading tobacco producers. That agreement was approved by the Alaska Superior Court on February 9, 1999. Under the terms of the settlement, it is anticipated the State of Alaska will receive \$670 million over the next 25 years and will benefit from important restrictions on advertising and other matters to address public health concerns.

While this is an important step forward in addressing this significant health problem, the states that are parties to the agreement wanted to be sure the problem was more comprehensively addressed. This bill I transmit today would help do that by placing some requirements on tobacco product manufacturers who sell cigarettes in the state but do not sign the settlement agreement.

Under this bill, the non-participating tobacco manufacturers will take responsibility for their share of the financial burden caused by their products by setting up escrow accounts to cover qualified claims for health-related concerns. The availability of the escrow money will better ensure a source of compensation for Alaskans while preventing those manufacturers from deriving large, short-term profits from sales in this state and then becoming judgment-proof before liability may arise. This bill is fair and puts all tobacco product manufacturers on an equal footing regarding cigarette sales in Alaska.

I urge your prompt and favorable action on this bill, as part of an overall solution to address this major public health concern.

Sincerely,


Tony Knowles
Governor

LEGISLATION TO ACCOMPANY TOBACCO SETTLEMENT

"MODEL STATUTE" – HB 102/SB 84

The Tobacco Settlement: The tobacco manufacturers that participated in the November 23, 1998, settlement with the states represent over 98 percent of the tobacco manufacturing industry. The participating manufacturers agreed to make payments to the state for their violations of state law and to restrict their marketing practices. Alaska's payments over 25 years will total nearly \$670 million. No legislation to approve the terms of the settlement is required. However, the Master Settlement Agreement (MSA) contemplates important legislation, referred to as the "Model Statute," to assure that all manufacturers of tobacco products are accountable to Alaskans for potential future costs associated with their tobacco sales in the state.

Overview of the Model Statute Legislation: The settlement contemplates that all states will pass a model statute, with the goal being to provide assurances that all companies that sell tobacco products, including those that did not participate in the settlement, are financially capable of fulfilling their economic obligations, if any, to citizens and to the states. The model statute will give all tobacco manufacturers that sell their products in a state the option to either 1) sign on to the settlement agreement or 2) establish an escrow account and pay into that account at a stated rate per unit of tobacco sold in the state. The rates are proportional to the payments to be made by the participating manufacturers under the settlement. In other words, a tobacco manufacturer that did not participate in the settlement agreement could not get around the restrictions in the settlement and sell its products in Alaska with impunity, leaving either individual Alaskans, or the state, to pay the costs of treating resulting illnesses.

In addition, passage of the model statute legislation will protect the state's annual payments from a potential, but unlikely, Non-Participating Manufacturer Adjustment (see explanation below).

This statute was the subject of extensive and difficult negotiations, including discussions on whether the statute would survive legal challenges. The statute was reviewed by a number of antitrust and constitutional law experts who opined that this statute would survive legal challenge. Except for a few minor procedural changes, SB 84 and HB 102 are identical to the Model Statute provided in Exhibit T of the MSA.

Importance of Model Statute: Alaska is not required to pass the model statute to receive payments under the terms of the settlement. However, if Alaska does not pass the model statute, it will risk a reduction in payments under the Non-Participating Manufacturer (NPM) Adjustment formula of the settlement. Passing and enforcing the model statute will protect against such a reduction.

The settlement provides for an adjustment to a state's payments if the participating manufacturers experience a disadvantage and lose in-state market share for sales of their tobacco products to non-participating manufacturers as a result of the marketing restrictions, payments, and other provisions in the settlement agreement. However, each state has a safe haven from the application of the reduction formula: if it passes the model statute and enforces it, the state will be exempt from any payment reductions even if the settlement was a significant factor contributing to the participating manufacturers' loss of market share. Indeed, even if a court were to find the statute unconstitutional, the maximum NPM Adjustment Alaska would have to bear is 65% of the payment in any particular year. Without the passage of the statute, the maximum NPM Adjustment would be 100%.

Sectional Analysis

Section One: Section One is the findings and purpose section of the model statute legislation. Section One identifies tobacco as a serious public health problem in Alaska and discusses the burden that treating tobacco-related illnesses places on the State of Alaska. This section also establishes that it is the policy of the State of Alaska that tobacco product manufacturers—not the state or its citizens—bear the financial costs of treating smoking-related illnesses. Section One establishes the need to prevent other non-participating manufacturers from reaping short-term profits in Alaska, while leaving the state and its citizens without any financial protection from the known harms related to cigarette smoking. Finally, Section One identifies the purpose of the model statute legislation as the implementation of the November 23, 1998, MSA

Section Two: Section Two amends Alaska Statutes, Title 45, by adding Chapter 53, which is entitled "Cigarette Sales."

Sec. 45.53.010 recognizes the MSA entered into between the State of Alaska, and the Participating Manufacturers in *State v. Philip Morris*, 1JU-97-915 CI.

Sec. 45.53.020 requires that all tobacco product manufacturers do one of two things: (1) participate in the MSA, or (2) establish an escrow account and place dollars into that account at a stated rate per unit sold in this state. The rates are calculated to be equivalent to the rates paid by the Subsequent Participating Manufacturers (tobacco companies that signed the MSA after it was signed by the four original participating manufacturers) pursuant to the MSA. The changes in the rates also mirror the changes in the MSA annual payments on a per unit basis.

A manufacturer who places funds in escrow is entitled to withdraw interest or other earnings from the account as they are earned. The principal deposited in escrow can be released from escrow only:

1. to pay a judgment or settlement on any claim brought by the State or a party located in or residing in Alaska;
2. if the manufacturer establishes that the amount it would have paid the State had it participated in the MSA is less than the amount the manufacturer is required to place in escrow. In this case the manufacturer is allowed to withdraw the excess from the escrow; or
3. if the funds have remained in escrow for a period of 25 years from the date of payment.

Sec. AS 45.53.030 requires the commissioner of revenue to adopt regulations under the Administrative Procedure Act necessary to determine the volume of cigarettes manufactured by a tobacco product manufacturer that enter Alaska for sale in the state based on the amount of excise taxes paid. This will allow the commissioner of revenue to determine whether a tobacco manufacturer that does not sign the Master Settlement Agreement is making the appropriate deposits into the escrow account provided under AS 45.53.020.

Sec. AS 45.53.040 provides for auditing by the Alaska Department of Revenue of payments into escrow required by a tobacco manufacturer and enforcement by the Alaska Department of Law. This section provides for different levels of penalties against a tobacco manufacturer that fails to make the required deposits into escrow. If enforcement by the department of law is required and

the state prevails in an action brought under this section, the court may award the department full reasonable attorney's fees.

Sec. AS 45.53.990 sets forth the definitions. Many of the bill's definitions incorporate by reference the definitions in the MSA. This was done to avoid any confusion between the two documents, and to prevent this legislation from being overly lengthy. The MSA is a public document approved by the Juneau Superior Court on February 9, 1999, in the case of *State of Alaska v. Philip Morris*, 1JU-97-915 CI. A complete copy of the MSA can be found at www.naag.org on the Internet.

Consequences If the Legislature Does Not Pass the Model Statute

It is important to note that the State of Alaska is **not** required to pass the model statute legislation. The MSA and the Consent Decree will remain in force and effect regardless of legislative action on this bill. However passage of this statute will help protect public health and will protect the state settlement payments from a possible draconian and dramatic reduction. The MSA provides for an adjustment to state payments if the disadvantages experienced as a result of the MSA are a significant factor contributing to the participating manufacturers' loss of market share, i.e., the "Non-Participating Manufacturer Adjustment" (NPM Adjustment) found on page 58, at Section IX (d), of the MSA

To illustrate the potential impact of the NPM Adjustment, assume the following hypothetical situation:

1. In 2003 the Original Participating Manufacturers' (as defined at Section II (hh) of the MSA) (OPMs) market share was reduced from 97.5% in 1997 to 93.5%;
2. The OPMs shipped fewer cigarettes into the United States and Puerto Rico in 2003 than they shipped in 1997;
3. The MSA was a "significant factor" contributing to the market share loss;
4. All states except Alaska, California, Colorado, and Wyoming have adopted a Model Statute; and
5. The year for which payments are being calculated is 2004.

Alaska's payments based on the above hypothetical would be calculated as follows if the state had not passed the model statute:

Step One. Calculate the total dollars to be adjusted. In this hypothetical the loss of market share for which an adjustment is required is 2%. That 2% is calculated by subtracting the 2003 market share of 93.5% from the 1997 market share of 97.5% for a total market share loss of 4%; however, the first 2% of the total market share loss is not counted as part of the NPM Adjustment calculations. Then multiply the 2% market share loss times 3, resulting in a total percentage adjustment of 6%. (Note: under the MSA each 1% loss in market share results in a 3% reduction until the loss in market share reaches 16 2/3%, at which time the percentage reduction is calculated at a variable ratio.)

The 2004 total annual payment of \$7,004,000,000.00 to all of the states is reduced by an NPM adjustment of 6%, or \$420,240,000.00.

Step Two: Allocate the \$420,240,000.00 among the four states that did not pass the Model Statute. The following illustrates the allocation method:

States	Allocation % Established in Exhibit A to the MSA	2004 payment without NPM adjustment	% share of NPM Adjustment	Total NPM Adjustment \$420,240,000.00	2004 adjusted Payments
CALIFORNIA	0.127639554	\$893,987,436.22	0.866346800	\$364,283,699.20	\$529,703,737.01
COLORADO	0.013708614	\$ 96,015,132.46	0.093100201	\$ 39,124,428.61	\$ 56,890,703.84
ALASKA	0.003414187	\$ 23,912,965.75	0.023186990	\$ 9,744,100.72	\$ 14,168,865.03
WYOMING	0.002483449	\$ 17,394,076.80	0.016866009	\$ 7,087,771.46	\$ 10,306,305.33
Totals	0.147245804	\$1,031,309,611.22	1.000000000	\$420,240,000.00	\$611,069,611.22

The "% share of NPM Adjustment" (fourth column above) is calculated pro rata based on the states' relative allocations given in Exhibit A to the MSA. For example, Alaska's allocation established in Exhibit A is .03414187% of the total allocation of the four states whose payments will be adjusted by the NPM Adjustment because they did not pass a Model Statute.

The NPM Adjustment is calculated each year. For instance, if the Participating Manufacturers continued to lose market share and the market share in 2005 remained at 93.5%, these four states would continue to experience an NPM Adjustment.

OVERVIEW OF TOBACCO ISSUES

prepared by Alaska Department of Law

March 7, 1999

INTRODUCTION

During the past two years, the Knowles administration, with the help of the Alaska Legislature, has addressed the problems caused by tobacco and the challenge of limiting access on a number of fronts. Our joint efforts have included legislation to increase taxes on tobacco products, measures to limit youth access to tobacco, stepped-up enforcement activities, and, of course, litigation and participation in the national settlement with the industry. The Department of Law's efforts have been closely coordinated with the Alaska Departments of Health and Social Services and Revenue, local tobacco control groups, and other state attorneys general

ENFORCEMENT OF TOBACCO VENDOR AND TAX LAWS

➤ **TOBACCO VENDOR ENFORCEMENT (STING OPERATIONS):** During 1997 and 1998, the Department of Law ("Law") worked closely with the Anchorage and Juneau Police Departments to coordinate enforcement and prosecution of tobacco vendors that sold tobacco products to persons under 19. Law plans to work with the Fairbanks Department of Public Safety and Fairbanks City Attorney's Office during the early spring to emphasize enforcement of state tobacco laws.

- Last month Law announced a settlement related to tobacco business licensing litigation with 9 vendors operating a total of 11 stores (5 in Anchorage and 6 in Juneau). The vendors agreed to a settlement that required: (1) a three-day suspension of their tobacco licenses, (2) that they re-train all of their tobacco sales clerks in stores where violations occurred, and (3) that vendors make contributions totaling more than \$50,000 to a statewide youth tobacco prevention television campaign. This television campaign will air statewide for a month this spring.

➤ **STATE SALES TAX ENFORCEMENT:** State law requires any person who causes cigarettes to be brought into the state for personal consumption or resale to obtain a license from the Alaska Department of Revenue and pay the appropriate taxes. A federal law known as the "Jenkins Act" requires persons shipping cigarettes into Alaska to provide the state with a list identifying the recipients. With the growth of Internet sales, the Alaska Departments of Law and Revenue have worked closely with the federal Alcohol, Tobacco and

Firearms investigators and U.S. Attorney's Office to vigorously pursue illegal cigarette shipments. Investigations are currently underway, and additional investigations are likely.

- **EFFECTS OF TOBACCO TAX INCREASE:** In 1997 the Alaska Legislature adopted the nation's highest tax on tobacco products, \$1 per pack on cigarettes and 75 percent of the wholesale price on other tobacco products. According to a recent study released by the Departments of Health and Social Services and Revenue, taxable consumption of cigarettes has declined 17 percent since the tax went into effect. Although it will take several years to collect enough data to complete an analysis of the impact of the tax increase on tobacco consumption by youth and adults, the decline in consumption is viewed as a positive result of the increase in taxes. In addition, the monthly revenue from tobacco taxes has risen from \$1.5 million to \$4.3 million, a 190 percent increase, since the tax was raised.

LITIGATION AND THE NATIONAL SETTLEMENT

- **ALASKA'S LITIGATION:** In April 1997, Alaska filed suit against the major tobacco manufacturers based on state consumer protection and antitrust laws. The suit was scheduled to go to trial in February 2000.
- **NATIONAL SETTLEMENT:** On November 23, 1998, after extended negotiations, the State of Alaska and 45 other states reached a final settlement of litigation with the tobacco industry - Mississippi, Texas, Florida, and Minnesota had already settled their lawsuits. The settlement, which was approved by the Juneau Superior Court on February 9, 1999, ends the State's litigation with the industry. The settlement will mean payments of nearly \$670 million to Alaska over the next 25 years, starting in FY 2000.
- **PUBLIC HEALTH TERMS:** The significant public health terms of the settlement require: bans on marketing to youth; changes in corporate culture; disbanding trade associations; lobbying restrictions; opening industry research; and creation of a national teen smoking foundation and public education fund. The full settlement agreement is available at www.naag.org on the Internet.
- **THE PAYMENT STREAM:** The State of Alaska does not need to pass any legislation to receive payments under the settlement. However, legislation is required to protect Alaska's payments from the rather remote possibility of a nonparticipating manufacturer reduction, which is discussed in more detail below. The State also needs protection against attempts by HCFA (the federal Health Care Finance Administration) to recoup a portion of the state's funds, as will also be discussed below.

Under terms of the settlement agreement, Alaska will receive the following payments:

PAYMENTS TO ALASKA		
under		
SETTLEMENT OF TOBACCO LITIGATION		
	Date of Payment	Amount of Payment
Up-front Payment	between April 1999 and June 2000 (depending on actions of other states)	\$8,194,049.54
Annual Payments	between April and June 2000	\$21,890,915.46
	April 2001	\$23,638,672.09
	April 2002	\$28,383,145.58
	April 2003	\$23,651,761.36
	April 2004	\$23,912,967.90
	April 2005	\$23,912,967.90
	April 2006	\$23,912,967.90
	April 2007	\$23,912,967.90
	April 2008	\$24,387,539.93
	April 2009	\$24,387,539.93
	April 2010	\$24,387,539.93
	April 2011	\$24,387,539.93
	April 2012	\$24,387,539.93
	April 2013	\$24,387,539.93
	April 2014	\$24,387,539.93
	April 2015	\$24,387,539.93
	April 2016	\$24,387,539.93
	April 2017	\$24,387,539.93
	April 2018	\$27,327,155.20
	April 2019	\$27,327,155.20
	April 2020	\$27,327,155.20
	April 2021	\$27,327,155.20
	April 2022	\$27,327,155.20
	April 2023	\$27,327,155.20
	April 2024	\$27,327,155.20
	April 2025	\$27,327,155.20
	TOTAL	\$668,903,056.53

- **TIMING OF UP-FRONT PAYMENT:** On December 28, 1998, the tobacco companies paid an up-front payment into escrow as part of the agreement. No legislation is required for Alaska to receive its up-front payment, which will be disbursed to Alaska only when 80 percent of the states' lawsuits are dismissed without any appeal, or on June 30, 2000, whichever comes first. Right now, there are appeals in California and New York, so the anticipated receipt of the up-front payment will probably come closer to June 30, 2000.
- **TIMING OF ANNUAL PAYMENTS:** The first annual payment will be available no later than June 30, 2000. No legislation is required for Alaska to receive its annual payments. Alaska's first annual payment could come as early as April 2000, if 80 percent of the states' lawsuits are dismissed without any appeal, but in any case will be made no later than June 30, 2000. Beginning in 2001, the annual payments will be made to the state on April 15 each year.
- **ATTORNEYS' FEES:** The State of Alaska was represented in the tobacco litigation by the law firm of Hagens & Berman, which represented all the Northwest states. The settlement agreement allows the state's outside counsel to seek payment from the tobacco companies without affecting Alaska's share of the settlement. Hagens & Berman requested reimbursement directly from the tobacco companies, which agreed to pay \$10 million as full payment for the firm's representation of Alaska. This payment did not affect Alaska's share of the settlement. However, when compared to the state's settlement of \$668,903,056.53, the Hagens & Berman fee is approximately 1.5 percent.

THREAT TO SETTLEMENT FROM HCFA

- **FEDERAL RECOUPMENT:** The U.S. Health Care Finance Administration (HCFA) has taken the position that as much as half of the funds recovered through the national settlement are subject to the agency's right of recoupment. HCFA apparently bases its position on an interpretation of §1903(d)(2)(A-B) of the Social Security Act, which states that reimbursements to a state by a third party are "overpayments" from which HCFA may claim a pro-rata share.
 - The agency's position is based on the assumption that the state was specifically suing to collect state and federal dollars under a Medicaid reimbursement theory. One estimate shows that HCFA's interpretation of §1903(d) could result in a loss to the State of Alaska of \$400 million over 25 years. The Department of Law is working through Alaska's congressional delegation and other states to solve this problem, and it will defend the state's right to settlement funds in court if necessary. HCFA has represented