

ALASKA LEGISLATURE

2029

HOUSE and SENATE FINANCE COMMITTEE FILES, 1999 - 2000

180

FISCAL NOTE

STATE OF ALASKA

BILL NO. HB419 | _____

2000 LEGISLATIVE SESSION

Revision Date (Note if correction) _____ Dept. Affected University of Alaska
 Title _____ BRU Statewide
 Worker's Comp _____ Component _____
 Sponsor House Labor & Commerce by Request
 Requester _____ Component Serial No _____

Expenditures/Revenues

OPERATING EXPENDITURES	FY 01	FY 02	FY 03	FY 04	FY 05
Personal Services					
Travel					
Contractual					
Supplies					
Equipment					
Land & Structures					
Grants & Claims	83.0	83.0	83.0	83.0	83.0
Miscellaneous					
TOTAL OPERATING	83.0	83.0	83.0	83.0	83.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES () ()	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE

1002 Federal Receipts	3.2	3.2	3.2	3.2	3.2
1003 GF Match					
1004 GF	62.3	62.3	62.3	62.3	62.3
1005 GF/Program Receipts					
1037 GF/Mental Health					
1048 University Receipts	17.5	17.5	17.5	17.5	17.5
TOTAL	83.0	83.0	83.0	83.0	83.0

Estimate of any current year (FY00) cost: none

POSITIONS

Full-time					
Part-time					
Temporary					

ANALYSIS: (Attach a separate page if necessary)

Estimated impact based on 8.3 percent increase as determined by Carolyn Pearl, State Relations Executive, National Council on Compensation Insurance, Inc.

Prepared by Pat Pitney, Director Phone 474-2602
 Division UA Budget and Institutional Research Date 3/27/00
 Approved by Commis Pat Pitney, Director Date 3/27/00
 Agency UA Budget and Institutional Research

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HB 419
Side-by-Side Analysis

SB 278 Section & Alaska Statute Citation	Proposed Law	Present Law
Section 1	Quick, efficient, fair, etc.	The same.
Section 2 amends AS 23.30.041(g)	The employee's choice of a rehabilitation specialist must be made within 15 days.	The employee must notify the employer of a choice of a rehabilitation specialist within 10 days.
Section 3 amends AS 23.30.041(h)	Allows suspension of benefits for failure to give the employer timely notice of the choice of specialist.	There is no penalty for late notification.
Section 3 amends AS 23.30.041(h)	Reemployment plans require continuous participation by employees	Reemployment plans require a defined schedule, not continuous participation.
Section 3 amends AS 23.30.041(h)	Plans must maximize use of the employees' transferable skills.	An employee's technical skills are simply one element of the plan.
Section 3 amends AS 23.30.041(h)	An employee's medical stability to be determined by a Board-appointed physician or a physician retained by the employer, as well as by a treating physician.	An employee's medical stability is to be determined by a treating physician.
Section 4 amends AS 23.30.041(k)	Provides benefits in this section be called "compensation."	Benefits under this section are termed "wages."
Section 4 amends AS 23.30.041(k)	Increases the weekly benefit rate to 70% of employee's spendable weekly wage.	Weekly benefits under this section is 60% of the employee's spendable weekly wage.
Section 4 amends AS 23.30.041(k)	Allows an offset or reduction of compensation when compensation and wages exceed 80% of the spendable weekly wage.	Benefits are not reduced for wages earned for work in a reemployment plan.

It suspends compensation when a lump-sum permanent partial impairment (PPI) payment has been made, until that PPI amount would have been paid out as weekly compensation benefits.

Uncertain if a PPI lump-sum paid before rehabilitation may be offset against benefits received during the reemployment plan.

Bars entitlement to permanent total disability (PTD) benefits while an employee is engaged in a reemployment process, changing the law as interpreted by the Alaska Supreme Court decision in Meek v. Unocal Corp., 914 P.2d. 1276 (Alaska 1996).

An employee may be entitled to PTD benefits while an employee is engaged in a reemployment process when no compensation is provided.

Section 5
amends AS 23.30.041(l)

Increases the maximum cost of a reemployment plan to \$13,300.

The maximum cost of a reemployment plan is \$10,000.

Section 6
amends AS 23.30.041(n)

Permits an employer to suspend benefits if an employee fails to give the employer timely notice of the employee's choice of rehabilitation specialist under AS 23.30.041(g).

There is no penalty if an employee fails to give timely notice to the employer, concerning the employee's choice of rehabilitation specialist under AS 23.30.041(g).

Section 7
adds a new subsection,
AS 23.30.041(r)

Permits an employee to waive reemployment benefits after a doctor has determined that the employee may have a permanent impairment and is unable to return to their job at the time of the injury, without having to go through a formal Compromise and Release (C&R) agreement.

An employee's entitlement to reemployment benefits may not be forfeited or waived without Board approval of a formal C&R agreement. Under 8 AAC 45.160 at present, waiver of vocational rehabilitation is presumed unreasonable.

Section 8
amends AS 23.30.095(f)

Requires the usual, customary and reasonable (UCR) medical fee schedule to be updated at least once a year.

The UCR medical fee schedule has no specific updating requirement.

<p>Section 9 adds new subsections, AS 23.30.095(l)&(m)</p>	<p>Delays the deadline for the payment of medical bills to 30 days. This changes the law resulting from the Alaska Supreme Court decision in Childs v. Copper Valley Electrical Association, 860 P.2d 1184 (Alaska 1993).</p>	<p>The Alaska Supreme Court decided in Childs v. Copper Valley Electrical Association, that payment on medical bills is due within 14 days under AS 23.30.155.</p>
<p>Section 10 amends AS 23.30.105(a)</p>	<p>Places a two-year time limit on the employee's right to request reemployment benefits.</p>	<p>AS 23.30.105(a) does not list reemployment benefits under the provision placing a two-year time limit on requests for benefits.</p>
<p>Section 11 amends AS 23.30.107(a)</p>	<p>Requires all requests for medical releases to be in writing, and to give notice of the employee's right to request a protective order from the Board.</p>	<p>Does not require requests for medical releases to be in any particular form; and does not require the employer to give notice of the employee's right to request a protective order from the Board.</p>
<p>Section 12 adds a new section, AS 23.30.108</p>	<p>Requires decisions concerning medical releases to be made in prehearing conferences by a Board designee, with a limited right of appeal to the Board for abuse of discretion.</p>	<p>Decisions concerning medical releases may be made in prehearing conferences or by the Board in a hearing. The Board reviews prehearing release decisions under a "preponderance of the evidence" standard.</p>
<p>Section 13 adds a new subsection, AS 23.30.110(h)</p>	<p>Restarts a two-year statute of limitations on an employee's right to pursue a claim, whenever the Board continues or cancels a hearing. This changes the law from the Alaska Supreme Court decisions in Tipton v Arco and Huston v Coho cases.</p>	<p>The Alaska Supreme Court decided in Tipton and Huston cases, that a request for a hearing completely stops the running of 110(c), the two-year statute of limitations on an employee's right to pursue a claim.</p>
<p>Section 14 adds a new subsection, AS 23.30.155(p)</p>	<p>Requires interest on late benefits to be paid at the rate used by the Alaska courts.(3% above the Jan. 2nd. prime)</p>	<p>Interest on late benefits are paid at the rate of 10.5 % under A S 45.45.010.</p>

Section 15
amends AS 23.30.175(a)

Ties future maximum and minimum weekly compensation rates to the Alaska average weekly wage rate of the year preceding the injury. The maximum compensation rate would be 122% of the Alaska average weekly wage rate, and the minimum compensation rate would be 22% of the maximum compensation rate.

The maximum compensation rate is \$700 per wk \$154/\$110.

Section 16
adds a new section,
AS 23.30.175(d)

Requires the annual determination of Alaska average weekly wage.

N/A

Section 17
amends AS 23.30.190(a)

Increases the whole-person value for permanent partial impairment ratings to \$177,000.

The whole-person value for a permanent partial impairment rating is \$135,000.

Section 18
amends AS 23.30.215(a)

Increases funeral expense benefits \$5000.
It also increases the combined benefits for a widow / widower with one child to 90% of the spendable weekly wage.

Funeral expense benefits are \$2,500.

Combined benefits for a widow/widower with one child are 80% of the spendable weekly wage.

It increases the combined benefits of a widow/widower with two children to 100% of the spendable weekly wage. |

The combined benefits of a widow/widower with two children is 80% of the spendable weekly wage.

It increases the benefits to orphans to 100% of the spendable weekly wage.

The benefits of orphans are 80% of the spendable weekly wage.

Section 19
amends AS 23.30.220(a)

Incorporates overtime wages into the calculation of an employee's gross weekly wages.
It bases the calculation of seasonal and temporary workers' gross weekly wages on earnings from the 12 months immediately preceding the injury.

Overtime and premium pay are excluded from the calculation of an employee's gross weekly wages.

It bases the calculation of seasonal and temporary workers' gross weekly wages on earnings from the calendar year preceding the calendar year of injury.

SENATE FINANCE COMMITTEE

SIGN-IN

HB 419-WORKERS' COMPENSATION

NAME: Paul Grossi Subject/Bill No: HB 419

Co./Dept./Title: Dept of Labor W.D. Director W. Comp Phone: 465-2790

Address: Dept of Labor + W.D. Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: Don Etheridge Subject/Bill No: H 3419

Co./Dept./Title: AFI-CIO Phone: 586 3707

Address: 710 W 9TH ST Judd Hall Zip: 79901

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____

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

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____

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

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

Bill History/Action Display



BILL: HB 419 SHORT TITLE: WORKERS' COMPENSATION
 BILL VERSION: CSHB 419(RLS)
 SPONSOR(S): LABOR & COMMERCE BY REQUEST

CURRENT STATUS: (S) FIN STATUS DATE: 4/19/00

HEARING: (S) JUD Apr 19 2:00 PM BELTZ 211 TELECONFERENCE
 HEARING: (S) FIN Apr 20 9:00 AM SENATE FINANCE 532

TITLE: "An Act relating to the weekly rate of compensation and minimum and maximum compensation rates for workers' compensation; specifying components of a workers' compensation reemployment plan; adjusting workers' compensation benefits for permanent partial impairment, for reemployment plans, for rehabilitation benefits, for widows, widowers, and orphans, and for funerals; relating to permanent total disability of an employee receiving rehabilitation benefits; relating to calculation of gross weekly earnings for workers' compensation benefits for seasonal and temporary workers and for workers with overtime or premium pay; setting time limits for requesting a hearing on claims for workers' compensation, for selecting a rehabilitation specialist, and for payment of medical bills; relating to termination and to waiver of rehabilitation benefits, obtaining medical releases, and resolving discovery disputes relating to workers' compensation; setting an interest rate for late payments of workers' compensation; providing for updating the workers' compensation medical fee schedule; and providing for an effective date."

Full Text Fiscal Notes Detailed 2000 fiscal note information currently not available on-line.

Committee Action With Bill History

Jrn-Date	Jrn-Page	Action
2/23/00	<u>2279</u>	(H) READ THE FIRST TIME - REFERRALS
2/23/00	<u>2279</u>	(H) L&C, JUD, FIN
3/29/00	<u>2750</u>	(H) L&C RPT CS(L&C) NT 1DP 5NR
3/29/00	<u>2751</u>	(H) DP: ROKEBERG; NR: MURKOWSKI, HARRIS,
3/29/00	<u>2751</u>	(H) CISSNA, SANDERS, HALCRO
3/29/00	<u>2751</u>	(H) 3 FNS (UA, LABOR, GOV/ALL DEPTS)
4/05/00	<u>2869</u>	(H) JUD RPT CS(JUD) 2DP 3NR 1AM
4/05/00	<u>2869</u>	(H) DP: ROKEBERG, KOTT; NR: MURKOWSKI,
4/05/00	<u>2869</u>	(H) KERTTULA, JAMES; AM: CROFT
4/05/00	<u>2869</u>	(H) 3 FNS (GOV/ALL DEPTS, LABOR, UA)3/29/00
4/13/00	<u>3107</u>	(H) FIN RPT CS(FIN) NT 4DP 7NR
4/13/00	<u>3108</u>	(H) DP: MULDER, DAVIES, WILLIAMS, PHILLIPS;
4/13/00	<u>3108</u>	(H) NR: THERRIAULT, BUNDE, AUSTERMAN,
4/13/00	<u>3108</u>	(H) GRUSSENDORF, MOSES, DAVIS, FOSTER
4/13/00	<u>3108</u>	(H) LETTER OF INTENT WITH H.FIN REPORT
4/13/00	<u>3109</u>	(H) 3 FNS (GOV/ALL DEPTS, LABOR, UA)3/29/00
4/15/00	<u>3168</u>	(H) RLS RPT CS(RLS) 3DP 1NR
4/15/00	<u>3169</u>	(H) DP: GREEN, PORTER, KOTT; NR: COWDERY
4/15/00	<u>3169</u>	(H) 3 FNS (GOV/ALL DEPTS, LABOR, UA)3/29/00
4/15/00	<u>3183</u>	(H) RULES TO CALENDAR 4/15/00
4/15/00	<u>3183</u>	(H) READ THE SECOND TIME
4/15/00	<u>3184</u>	(H) RLS CS ADOPTED UNAN CONSENT
4/15/00	<u>3184</u>	(H) ADVANCED TO THIRD READING UNAN CONSENT
4/15/00	<u>3184</u>	(H) READ THE THIRD TIME CSHB 419(RLS)
4/15/00	<u>3185</u>	(H) PASSED Y34 N2 E2 A2
4/15/00	<u>3185</u>	(H) EFFECTIVE DATE(S) SAME AS PASSAGE
4/15/00	<u>3211</u>	(H) TRANSMITTED TO (S)
4/16/00	<u>3153</u>	(S) READ THE FIRST TIME - REFERRALS

4/16/00	<u>3154</u>	(S)	JUD, FIN	
4/19/00		(S)	JUD RPT SCS 3NR	SAME TITLE
4/19/00		(S)	NR: TAYLOR, ELLIS, DONLEY	
4/19/00		(S)	(H) FISCAL NOTES (GOV/ALL, LABOR, UA)	
4/19/00		(S)	REFERRED TO FINANCE	

Similar Subject Match or Exact Subject Match

BUSINESS

EMPLOYMENT

LABOR

WORKERS COMPENSATION

Bill Root:

Display History/Action

Clear Bill Root

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SENATE FINANCE COMMITTEE

SIGN-IN

HB 419-WORKERS' COMPENSATION

NAME: Paul Grossi Subject/Bill No: HB 419
Co./Dept./Title: Dept of Labor + W.D. Phone: 465-2790
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

SENATE FINANCE COMMITTEE #4
Amendment Number: #4
Bill Number: HB 419 1-LS1418N.3
Sponsor: Phillips Date: 4/26/00 Ford
Logged In By: Mindy 4/26/00

AMENDMENT

OFFERED IN THE SENATE
TO: SCS CSHB 419(JUD)

BY SENATOR PHILLIPS
Recommendation #5, Page 47

- 1 Page 1, line 6, following "benefits;":
- 2 Insert "relating to the duty of an employer to obtain workers' compensation
- 3 insurance;"

- 4 Page 6, following line 5:
- 5 Insert a new bill section to read:
- 6 "* Sec. 8. AS 23.30.080 is amended by adding a new section to read:
- 7 (c) If an employer fails to insure or provide security as required by
- 8 AS 23.30.075, the board ~~shall~~ *may assess a civil penalty of up to \$1,000⁰⁰ per day.* require the employer to pay to the employee a penalty
- 9 equal to 50 percent of the compensation due under this chapter."

- 10 Renumber the following bill sections accordingly.

- 11 Page 13, line 5:
- 12 Delete "secs. 2 - 19"
- 13 Insert "secs. 2 - 20"

- 14 Page 13, line 6:
- 15 Delete "Section 20"
- 16 Insert "Section 21"

- 17 Page 13, line 7:
- 18 Delete "sec. 21"
- 19 Insert "sec. 22"

WORK DRAFT

WORK DRAFT

WORK DRAFT

1-LS1639A
Ford
4/26/00

SENATE CONCURRENT RESOLUTION NO.
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY

Introduced:

Referred:

A RESOLUTION

1 Suspending Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State
2 Legislature, concerning House Bill No. 419, relating to workers' compensation.

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

4 That under Rule 54, Uniform Rules of the Alaska State Legislature, the provisions of
5 Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State Legislature, regarding
6 changes to the title of a bill are suspended in consideration of House Bill No. 419, relating
7 to workers' compensation.

LEGAL SERVICES

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

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

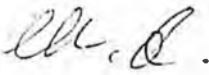
State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

April 26, 2000

SUBJECT: Workers' compensation - (SCS CSHB 419(FIN))

TO: Senator John Torgerson
Attn: Darwin

FROM: Michael F. Ford 
Legislative Counsel

The Senate Finance Committee passed out HB 419 with an amendment that raises an issue that I wanted to bring to your attention. The committee amended bill sec. 18 of the SCS to provide an additional death benefit for a widow, widower, or children of the deceased (See AS 23.30.215(a)(5)). However, the added provision fails to indicate what happens if there is no widow, widower, or children of the deceased. Presumably the death benefit would go to the heirs of the deceased, but that is unclear in this amendment.

Please contact me if you have further questions.

MFF:pl
00-166.plm

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. SCS CSHB 419 (JU)

Revision Date/Time 04/24/2000 Dept. Affected All State Agencies
 Title "An act relating to workers' compensation reform. BRU

 _____ Component _____
 Sponsor House Rules Committee
 Requester Senate Finance Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services	762.9	762.9	762.9	762.9	762.9	762.9
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	762.9	762.9	762.9	762.9	762.9	762.9

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

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

1002 Federal Receipts	75.0	75.0	75.0	75.0	75.0	75.0
1016 Federal Incentive Payments	0.3	0.3	0.3	0.3	0.3	0.3
1133 Indirect Cost Reimbursement	0.1	0.1	0.1	0.1	0.1	0.1
1003 GF Match	18.7	18.7	18.7	18.7	18.7	18.7
1004 GF	372.4	372.4	372.4	372.4	372.4	372.4
1005 GF/Program Receipts	27.5	27.5	27.5	27.5	27.5	27.5
other (GF)	28.0	28.0	28.0	28.0	28.0	28.0
Other (Specify Type)	240.9	240.9	240.9	240.9	240.9	240.9
TOTAL	762.9	762.9	762.9	762.9	762.9	762.9

Estimate of any current year (FY2000) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Consolidation of statewide risk management costs to departments' personal services expense. See attached for detailed fund source amounts.

Prepared by: Joan Brown, Chief Budget Analyst Phone 465-4681
 Division Office of Management and Budget Date/Time 4/24/00 4:17 PM
 Approved by Director Annalee McConnell Date 04/24/2000
 Agency Governor's Office

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Workers' Compensation Reform

Fund Code	Fund Source	Category	Administra- tion 105.9	Comm. & Econ. Dev. 6.2	Correc-tions 93.0	Court System 13.5	Ed & Early Dev. 11.2	Environ- mental Conser- vation 10.0	Fish & Game 39.8	Health & Social Srvc. 117.2	Labor & Workforce Dev. 19.9	Law 8.3	Legislat- ure 5.3	Military & Veterans Affairs 8.0	Natural Resources 40.4	Office of the Governor 3.7	Public Safety 77.2	Revenue 9.1	Transporta- tion & Public Facilities 194.2	Total	
1002	Fed Rcpts	Fed	1.4	0.1	2.2		1.2	2.6	10.6	30.0	13.7	0.1		4.3	2.6	0.2	1.7	3.3	1.0	75.0	
1016	Fed Incentive Payments	Fed																			0.3
1133	Indirect Cost Reimbursement	Fed																			0.1
		Fed Total	1.4	0.1	2.2	0.0	1.2	2.6	19.6	30.0	13.7	0.1	0.0	4.3	2.6	0.2	1.7	3.7	1.0	75.4	
1003	GF Match	GF	0.4	0.1			0.2	0.6	0.2	14.4	0.8	0.0		0.7	0.3	0.3	0.6			0.1	18.7
1004	GF	GF	46.1	1.0	84.2	13.5	4.0	1.4	12.5	44.3	2.2	4.7	5.3	2.2	22.5	3.2	70.4	1.2	53.7	372.4	
1005	GF/PR	GF	10.4	2.0			0.2	0.9	1.3	0.9	0.2	0.1		5.5			1.3	0.5	4.2	27.5	
1037	GF/Mental Health	GF	14.9		3.6		0.0			7.1		0.0									25.6
1118	Pioneers Homes Rcpts	GF	2.4																		2.4
		GF Total	74.2	3.1	87.8	13.5	4.4	2.9	14.0	66.7	3.2	4.8	5.3	2.9	28.3	3.5	72.3	1.7	58.0	446.6	
1007	IA Rcpts	Other	6.8	0.8	0.3		3.1	0.3	2.8	16.0	2.6	3.3		0.4	2.9		2.2	0.4	2.5	44.4	
1011	Advance College Tuition Payment Fund	Other																			0.0
1014	Donated Commodity / Handling Fee	Other					0.1														0.1
1017	Benefit Systems Rcpts	Other	2.3																		2.3
1018	Exxon Valdez Oil Spill	Other						0.0	0.9						0.2						1.1
1021	Ag Loan Fund	Other													1.0						1.0
1023	FICA Admin Fund	Other	0.1																		0.1
1024	Fish & Game Fund	Other							7.9			0.0					0.6				8.5
1025	Science & Tech	Other		0.2																	0.2
1026	Hwy Working Capital	Other																		14.9	14.9
1027	International Airports Revenue Fund	Other																			0.0
1029	PERS	Other	3.7																		3.7
1031	Second Injury Fund	Other									0.1										0.1
1032	Disabled Fishermans Reserve Acct	Other									0.1										0.1
1033	Surplus Property	Other	0.3																		0.3
1034	TERS	Other	1.5																		1.5
1035	Vets Revolving Loan Fund	Other		0.0																	0.0
1036	Comm Fish Revolving Loan Fund	Other		0.4																	0.4

Workers' Compensation Reform

Fund Code	Fund Source	Category	Adminstration 105.9	Comm. & Econ. Dev. 6.2	Corrections 93.0	Court System 13.5	Ed & Early Dev. 11.2	Environmental Conservation 10.0	Fish & Game 39.8	Health & Social Srvcs. 117.2	Labor & Workforce Dev. 19.9	Law 8.3	Legislature 5.3	Military & Veterans Affairs 8.0	Natural Resources 40.4	Office of the Governor 3.7	Public Safety 77.2	Revenue 9.1	Transportation & Public Facilities 194.2	Total
1040	Real Estate Surety Fund	Other		0.0																0.0
1042	Judicial Retirement System	Other	0.0																	0.0
1045	Nail Guard Retirement System	Other	0.1																	0.1
1046	Student Revolving Loan Fund	Other																		0.0
1049	Training & Building Fund	Other									0.1									0.1
1050	Perm Fund Dividend Fund	Other															0.2	0.6		0.8
1051	Rural Dev Initiative Fund	Other		0.0																0.0
1052	Oil/Haz Response Fund	Other						2.5												2.5
1053	ILTF	Other																0.0		0.0
1055	IA Oil & Haz	Other							0.0			0.1		0.2	0.0		0.1			0.4
1057	Small Bus Loan Fund	Other		0.0																0.0
1061	CIP Rcpts	Other	0.2	0.2	0.6		0.0	0.6	1.1	0.8				0.2	2.2			0.3	83.0	89.2
1066	Public School Fund	Other																0.0		0.0
1067	Mining Revolving Loan Fund	Other		0.0																0.0
1068	Child Care Revolving Loan Fund	Other		0.0																0.0
1069	Historical District Revolving Loan Fund	Other		0.0																0.0
1070	Fisheries Enhancement Revolving Loan Fund	Other		0.1																0.1
1071	Alternative Energy Revolving Loan Fund	Other		0.0																0.0
1075	Clean Water Loan Fund	Other						0.1												0.1
1076	Marine Hwy System Fund	Other																		0.0
1079	Storage Tank Asst Fund	Other						0.2												0.2
1081	ISF	Other	12.8																	12.8
1092	MHTAAR	Other	0.1		0.1					1.5					0.6					2.3

Workers' Compensation Reform

Fund Code	Fund Source	Category	Adminstration 105.9	Comm. & Econ. Dev. 6.2	Corrections 93.0	Court System 13.5	Ed & Early Dev. 11.2	Environmental Conservation 10.0	Fish & Game 39.8	Health & Social Svcs. 117.2	Labor & Workforce Dev. 19.9	Law 8.3	Legislature 5.3	Military & Veterans Affairs 8.0	Natural Resources 40.4	Office of the Governor 3.7	Public Safety 77.2	Revenue 9.1	Transportation & Public Facilities 194.2	Total
1093	Clean Air Protection Fund	Other						0.6												0.6
1094	Mental Health Trust Admin	Other																0.1		0.1
1098	Children's Trust Fund Earnings	Other																0.0		0.0
1100	Alaska Drinking Water Fund	Other						0.1												0.1
1101	Aerospace Dev Corp Rcpts	Other		0.0																0.0
1102	AIDEA Rcpts	Other		0.5																0.5
1103	AHFC Rcpts	Other																1.7		1.7
1104	Municipal Bond Bank Rcpts	Other																0.0		0.0
1105	Perm Fund Corp Rcpts	Other													1.0			0.6		1.6
1106	Post-Secondary Ed Comm Rcpts	Other					2.1													2.1
1108	SDPR	Other	2.2		2.0		0.3	0.1	1.1	2.2	0.1	0.0			1.6		0.1	0.0	0.8	10.5
1109	Test Fisheries Rcpts	Other							1.4											1.4
1115	International Trade & Bus Endowment Income	Other		0.0																0.0
1141	RCA Rcpts	Other		0.8																0.8
1147	Public Bldg Fund	Other	0.2																	0.2
		Other Total	30.3	3.0	3.0	0.0	5.6	4.5	15.2	20.5	3.0	3.4	0.0	0.8	9.5	0.0	3.2	3.7	135.2	240.9
		Grand Total	105.9	6.2	93.0	13.5	11.2	10.0	39.8	117.2	19.9	8.3	5.3	8.0	40.4	3.7	77.2	9.1	194.2	762.9

FISCAL NOTE

**STATE OF ALASKA
2000 LEGISLATIVE SESSION**

BILL NO. SCS CSHB 419 (JU)

Revision Date/Time 04/24/2000 Dept. Affected All State Agencies
 Title "An act relating to workers' compensation reform. BRU

 Component _____

 Sponsor House Rules Committee
 Requester Senate Finance Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services	762.9	762.9	762.9	762.9	762.9	762.9
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	762.9	762.9	762.9	762.9	762.9	762.9

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	75.0	75.0	75.0	75.0	75.0	75.0
1016 Federal Incentive Payments	0.3	0.3	0.3	0.3	0.3	0.3
1133 Indirect Cost Reimbursement	0.1	0.1	0.1	0.1	0.1	0.1
1003 GF Match	18.7	18.7	18.7	18.7	18.7	18.7
1004 GF	372.4	372.4	372.4	372.4	372.4	372.4
1005 GF/Program Receipts	27.5	27.5	27.5	27.5	27.5	27.5
other (GF)	28.0	28.0	28.0	28.0	28.0	28.0
Other (Specify Type)	240.9	240.9	240.9	240.9	240.9	240.9
TOTAL	762.9	762.9	762.9	762.9	762.9	762.9

Estimate of any current year (FY2000) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

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

Consolidation of statewide risk management costs to departments' personal services expense. See attached for detailed fund source amounts.

Prepared by: Joan Brown, Chief Budget Analyst Phone 465-4681
 Division Office of Management and Budget Date/Time 4/24/00 4:17 PM
 Approved by Director Annalee McConnell Date 04/24/2000
 Agency Governor's Office

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Workers' Compensation Reform

Fund Code	Fund Source	Category	Adminstr tion 105.9	Comm. & Econ. Dev. 6.2	Correc tions 93.0	Court System 13.5	Ed & Early Dev. 11.2	Environ mental Conser vation 10.0	Fish & Game 39.8	Health & Social Srvcs. 117.2	Labor & Workforce Dev. 19.9	Law 8.3	Legislat ure 5.3	Military & Veterans Affairs 8.0	Natural Resources 40.4	Office of the Governor 3.7	Public Safety 77.2	Revenue 9.1	Transportati on & Public Facilities 194.2	Total
1002	Fed Rcpts	Fed	1.4	0.1	2.2		1.2	2.6	10.6	30.0	13.7	0.1		4.3	2.6	0.2	1.7	3.3	1.0	75.0
1016	Fed Incentive Payments	Fed																0.3		0.3
1133	Indirect Cost Reimbursement	Fed																0.1		0.1
		Fed Total	1.4	0.1	2.2	0.0	1.2	2.6	10.6	30.0	13.7	0.1	0.0	4.3	2.6	0.2	1.7	3.7	1.0	75.4
1003	GF Match	GF	0.4	0.1			0.2	0.6	0.2	14.4	0.8	0.0		0.7	0.3	0.3	0.6		0.1	18.7
1004	GF	GF	46.1	1.0	84.2	13.5	4.0	1.4	12.5	44.3	2.2	4.7	5.3	2.2	22.5	3.2	70.4	1.2	53.7	372.4
1005	GF/PR	GF	10.4	2.0			0.2	0.9	1.3	0.9	0.2	0.1		5.5			1.3	0.5	4.2	27.5
1037	GF/Mental Health	GF	14.9		3.6		0.0			7.1		0.0								25.6
1118	Pioneers Homes Rcpts	GF	2.4																	2.4
		GF Total	74.2	3.1	87.8	13.5	4.4	2.9	14.0	66.7	3.2	4.8	5.3	2.9	28.3	3.5	72.3	1.7	58.0	446.6
1007	IA Rcpts	Other	6.8	0.8	0.3		3.1	0.3	2.8	16.0	2.6	3.3		0.4	2.9		2.2	0.4	2.5	44.4
1011	Advance College Tuition Payment Fund Donated Commodity / Handling Fee	Other					0.1													0.1
1017	Benefit Systems Rcpts	Other	2.3																	2.3
1018	Exxon Valdez Oil Spill	Other						0.0	0.9						0.2					1.1
1021	Ag Loan Fund	Other													1.0					1.0
1023	FICA Admin Fund	Other	0.1																	0.1
1024	Fish & Game Fund	Other							7.9			0.0					0.6			8.5
1025	Science & Tech	Other		0.2																0.2
1026	Hwy Working Capital International Airports	Other																		14.9
1027	Revenue Fund	Other																0.0	34.0	34.0
1029	PERS	Other	3.7																	3.7
1031	Second Injury Fund Disabled Fishermans	Other									0.1									0.1
1032	Reserve Acct	Other									0.1									0.1
1033	Surplus Property	Other	0.3																	0.3
1034	TERS	Other	1.5																	1.5
1035	Vets Revolving Loan Fund	Other		0.0																0.0
1036	Comm Fish Revolving Loan Fund	Other		0.4																0.4

Workers' Compensation Reform

Fund Code	Fund Source	Category	Adminstra tion 105.9	Comm. & Econ. Dev. 6.2	Correcio ns 93.0	Court System 13.5	Ed & Early Dev. 11.2	Environm ental Conserva tion 10.0	Fish & Game 39.8	Health & Social Srvcs. 117.2	Labor & Workforce Dev. 19.9	Law 8.3	Legislat ure 5.3	Military & Veterans Affairs 8.0	Natural Resources 40.4	Office of the Governor 3.7	Public Safety 77.2	Revenue 9.1	Transportati on & Public Facilities 194.2	Total
1040	Real Estate Surety Fund	Other		0.0																0.0
1042	Judicial Retirement System	Other	0.0																	0.0
1045	Natl Guard Retirement System	Other	0.1																	0.1
1046	Student Revolving Loan Fund	Other																	0.0	0.0
1049	Training & Building Fund	Other									0.1									0.1
1050	Perm Fund Dividend Fund	Other															0.2	0.6		0.8
1051	Rural Dev Initiative Fund	Other		0.0																0.0
1052	Oil/Haz Response Fund	Other						2.5												2.5
1053	ILTF	Other																0.0		0.0
1055	IA Oil & Haz	Other							0.0			0.1		0.2	0.0		0.1			0.4
1057	Small Bus Loan Fund	Other		0.0																0.0
1061	CIP Rcpts	Other	0.2	0.2	0.6		0.0	0.6	1.1	0.8				0.2	2.2			0.3	83.0	89.2
1066	Public School Fund	Other																0.0		0.0
1067	Mining Revolving Loan Fund	Other		0.0																0.0
1068	Child Care Revolving Loan Fund	Other		0.0																0.0
1069	Historical District Revolving Loan Fund	Other		0.0																0.0
1070	Fisheries Enhancement Revolving Loan Fund	Other		0.1																0.1
1071	Alternative Energy Revolving Loan Fund	Other		0.0																0.0
1075	Clean Water Loan Fund	Other						0.1												0.1
1076	Marine Hwy System Fund	Other																	0.0	0.0
1079	Storage Tank Asst Fund	Other						0.2												0.2
1081	ISF	Other	12.8																	12.8
1092	MHTAAR	Other	0.1		0.1					1.5					0.6					2.3

Workers' Compensation Reform

Fund Code	Fund Source	Category	Adminstr tion 105.9	Comm. & Econ. Dev. 6.2	Correctio ns 93.0	Court System 13.5	Ed & Early Dev. 11.2	Environm ental Conserva tion 10.0	Fish & Game 39.8	Health & Social Srvc. 117.2	Labor & Workforce Dev. 19.9	Law 8.3	Legislat ure 5.3	Military & Veterans Affairs 8.0	Natural Resources 40.4	Office of the Governor 3.7	Public Safety 77.2	Revenue 9.1	Transportati on & Public Facilities 194.2	Total
1093	Clean Air Protection Fund	Other						0.6												0.6
1094	Mental Health Trust Admin	Other																0.1		0.1
1098	Children's Trust Fund Earnings	Other																0.0		0.0
1100	Alaska Drinking Water Fund	Other						0.1												0.1
1101	Aerospace Dev Corp Rcpts	Other		0.0																0.0
1102	AIDEA Rcpts	Other		0.5																0.5
1103	AHFC Rcpts	Other																1.7		1.7
1104	Municipal Bond Bank Rcpts	Other																0.0		0.0
1105	Perm Fund Corp Rcpts	Other													1.0			0.6		1.6
1106	Post-Secondary Ed Comm Rcpts	Other					2.1													2.1
1108	SDPR	Other	2.2		2.0		0.3	0.1	1.1	2.2	0.1	0.0			1.6		0.1	0.0	0.8	10.5
1109	Test Fisheries Rcpts	Other							1.4											1.4
1115	International Trade & Bus Endowment Income	Other		0.0																0.0
1141	RCA Rcpts	Other		0.8																0.8
1147	Public Bldg Fund	Other	0.2																	0.2
		Other Total	30.3	3.0	3.0	0.0	5.6	4.5	15.2	20.5	3.0	3.4	0.0	0.8	9.5	0.0	3.2	3.7	135.2	240.9
		Grand Total	105.9	6.2	93.0	13.5	11.2	10.0	39.8	117.2	19.9	8.3	5.3	8.0	40.4	3.7	77.2	9.1	194.2	762.9

HB

420

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. CSHB 420 (Fin)

Revision Date/Time (Note if correction) _____ Dept. Affected Community & Econ Dev
 Title Tourism Marketing Contracts BRU Tourism
 Component _____
 Sponsor Finance
 Requester Finance Component No. 2278

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
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 (FY2000) cost: _____

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

General Concerns:

- It will be difficult to anticipate the amount available for a contract or to sign a binding contract without a specific amount appropriated.
- Difficult to engage in contract negotiations during the session.
- August was the date approved by the industry last year as a good time for the contract, since it is a relatively quiet time of year.

Section 3, Specific issues relating to this year's implementation:

- Marketing plan must be approved by Department which must include many components (see AS 44.33.125(b); no plan yet proposed, and ATIA marketing committee just appointed 2 weeks ago.
- ATIA must provide matching funds: fundraising March through May, thus will not be fully available by May 1.
- ATIA may not qualify as the QTA, at least until membership is set in late May. See 44.33.125 (j).

Prepared by: Jeff Bush Phone 465-2500
 Division Commissioner's Office Date/Time 3/3/00 4:55 PM
 Approved by Commissioner Deborah Sedwick Date 3/3/00
 Agency Community & Economic Development

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(11)

HOUSE COMMITTEE REPORT

Date Referred to Committee: February 23, 2000

FURTHER REFERRALS:

Date of Committee Action: 2/29/00

The FINANCE Committee considered:

HB 420

HOUSE BILL NO. 420

TOURISM MARKETING CONTRACTS

"An Act relating to tourism marketing contracts; and providing for an effective date."

recommends it be replaced
with the following committee substitute

CS 1-420 (FIN)

the same title
 a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

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

APPROVES PREVIOUS: _____

(Dept/Date)

fiscal note(s) _____

fiscal note(s) _____

zero fiscal note(s) _____

zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Gene Therriault</i>	Therriault	X			
<i>Carl Bunde</i>	Bunde			✓	
<i>John Foster</i>	Foster			X	
<i>J. Davis</i>	J. Davis				X
<i>Ben Gross</i>	Gross				X
<i>Ch. Davis</i>	Ch. Davis			X	
<i>W. Williams</i>	Williams			X	
<i>Gail Phillips</i>	Phillips				✓
<i>Paul E. Moses</i>	Moses			X	

CHAIR'S SIGNATURE *Gene Therriault*
Therriault

amended 2/29

HOUSE BILL NO. 420

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Introduced: 2/23/00
Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to tourism marketing contracts; and providing for an effective
2 date."

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

4 * **Section 1.** AS 44.33.125(a), as enacted in sec. 7, ch. 29, SLA 1999, is amended to read:

5 (a) Subject to appropriations for the purpose, the Department of Community
6 and Economic Development shall, on or before ~~April~~ ^{MAY} [AUGUST] 1 of each fiscal
7 year, contract with a single qualified trade association for the purpose of planning and
8 executing a destination tourism marketing campaign during the next fiscal year. The
9 contract may be awarded only if the qualified trade association provides matching
10 funds equal to at least 30 percent of the costs of the marketing campaign described in
11 the contract. The marketing campaign may promote distinct segments of tourism, such
12 as highway tourism, seasonal tourism, ecotourism, cultural tourism, regional tourism,
13 and rural tourism. Before the contract is executed, the marketing campaign plan must
14 be approved by the department.

1 * **Sec. 2.** AS 44.33.125(a), as amended in sec. 8, ch. 29, SLA 1999, is amended to read:

2 (a) Subject to appropriations for the purpose, the Department of Commerce and
3 Economic Development shall, on or before April [AUGUST] 1 of each fiscal year,
4 contract with a single qualified trade association for the purpose of planning and
5 executing a destination tourism marketing campaign during the next fiscal year. The
6 contract may be awarded only if the qualified trade association provides matching
7 funds equal to at least 60 percent of the costs of the marketing campaign described in
8 the contract. The marketing campaign may promote distinct segments of tourism, such
9 as highway tourism, seasonal tourism, ecotourism, cultural tourism, regional tourism,
10 and rural tourism. Before executing the contract, the marketing campaign plan must
11 be approved by the department.

12 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section
13 to read:

14 **TRANSITION.** To carry out the purposes of ch. 29, SLA 1999, and subject to
15 appropriations for the purpose, the Department of Community and Economic Development
16 shall, on or before April 1, 2000, contract with a single qualified trade association for the
17 purpose of planning and executing a destination tourism marketing campaign for fiscal year
18 2001.

19 * **Sec. 4.** Section 1 of this Act takes effect July 1, 2000.

20 * **Sec. 5.** Section 2 of this Act takes effect July 1, 2002.

21 * **Sec. 5.** Section 3 of this Act takes effect immediately under AS 01.10.070(c).

Alaska Tourism Marketing Timeline

In order to implement a marketing program for FY01 a number of major commitments need to be made and sub-contractors hired. For example, Visitors planning a trip to Alaska require information approximately one year prior to their intended travel date. Starting distribution of the 2001 Vacation Planner in October 2000 is critical to visitor industry businesses. Research has shown that the peak planning period for an Alaska vacation is 6 to 9 months prior to the intended date of travel.

Production - December through May

- The decision is made to print a Vacation Planner for the following year.
- Send requests for proposals to Advertising Agencies to enter into a contract for design, layout, advertising, marketing, and production supervision of the Vacation Planner.
- Select contractors, Advertising Agency and others as needed to implement all components of the marketing plan.
- Send requests for proposals to printing companies for cost of printing the 96 page planner and availability of print dates in September.
- Determine Vacation Planner advertising rates and deadlines.
- Identify pay-to-play components of the marketing program in conjunction with the Vacation Planner.

Distribution of Advertising Sales Information to Visitor

Industry Businesses - March through May

- Determine Vacation Planner sales staff.
- Design and produce the advertising solicitation packet.
- Mail advertising materials to approximately 4,000 visitor industry businesses.

Selling Vacation Planner Ads - March through May

- Process, data enter and fulfill orders from advertisers.
- Available to answers questions and guide industry businesses through the marketing process.

Research and Planning - February through April

- Develop the marketing and advertising program for distribution of the Vacation Planner.
- Secure advertising space for magazine ads, TV image, and newspapers nationwide.

Printing the Vacation Planner - August and September

- All materials that make up the printed Vacation Planner are sent to a color house in August for printing in September.
- September the Vacation Planner is printed.
- Printed planners are delivered to a mail-house.

Distribution of 2001 Vacation Planner - October through September 2001.

- Vacation planners are sent out.

Visitor Industry Reservations for 2001 - November through April

- The majority of reservations for travel during 2001 will be made during this time.

HB

426

HFIN

FILE

FISCAL NOTE

Bill Version: HB 426
(H) Publish Date: 2/28/00

STATE OF ALASKA 2000 LEGISLATIVE SESSION

Revision Date/Time (Note if correction) _____ Dept. Affected DOT&PF
 Title Land Exchange: Seward Highway BRU Design and Engineering Services
Transportation Corridor Component Central Reg Design and Eng Svcs
 Sponsor Rules
 Requester Governor Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2000) cost: _____

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Dennis Poshard Phone 465-3904
 Division Commissioner's Office Date/Time 2/22/00 4:58 PM
 Approved by Commissioner *Joseph L. Perkins* Date 2/22/00
 Agency Joseph L. Perkins, DOT&PF

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FISCAL NOTE

Bill Version: HB 426

BIL (H) Publish Date: 2/28/00

STATE OF ALASKA 2000 LEGISLATIVE SESSION

Revision Date/Time: _____ Dept Affected: Natural Resources
 Title: An Act relating to transfers of public land or BRU: Parks & Recreation Management
grants or conveyances of interest in public land among... Component: Parks Management
 Sponsor: Rules
 Requestor: Governor Component No. #452

Expenditures/Revenues (Thousands of Dollars)
 Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006
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 (fund code)	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 any current year (FY2000) cost: \$ none

POSITIONS

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

ANALYSIS:

(Attach a separate page if necessary)

There is no anticipated fiscal impact associated with implementation of this legislation.

Prepared by: Jim Stratton, Director *[Signature]* Phone: 269-8701
 Division: Parks Date: 22-Feb-00
 Approved by Commissioner: _____ Date: _____
 Agency: Natural Resources *[Signature]* Date: 22-Feb-00

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COMMITTEE COPY

FISCAL NOTE Bill Version: HB 426

BIL (H) Publish Date: 2/28/00

**STATE OF ALASKA
2000 LEGISLATIVE SESSION**

Revision Date/Time: _____ Dept Affected: Natural Resources
 Title: An Act relating to transfers of public land or BRU: Parks & Recreation Management
grants or conveyances of interest in public land among... Component: Parks Management
 Sponsor: Rules
 Requestor: Governor Component No. #452

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006
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 (fund code)	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 any current year (FY2000) cost: \$ none

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

There is no anticipated fiscal impact associated with implementation of this legislation.

Prepared by: Jim Stratton, Director Phone: 269-8701
 Division: Parks Date: 22-Feb-00
 Approved by Commissioner: John Shively Date: 22-Feb-00
 Agency: Natural Resources

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FISCAL NOTE

Bill Version: HB 426

(H) Publish Date: 2/28/00

**STATE OF ALASKA
2000 LEGISLATIVE SESSION**

Revision Date/Time (Note if correction) _____ Dept. Affected DOT&PF
 Title Land Exchange: Seward Highway BRU Design and Engineering Services
Transportation Corridor Component Central Reg Design and Eng Svcs
 Sponsor Rules
 Requester Governor Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
-----------------------------	------------	------------	------------	------------	------------	------------

CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
-------------------------------	------------	------------	------------	------------	------------	------------

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2000) cost: _____

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Dennis Poshard Phone 465-3904
 Division Commissioner's Office Date/Time 2/22/00 4:58 PM
 Approved by Commissioner Joseph L. Perkins Date 2/22/00
 Agency Joseph L. Perkins, DOT&PF

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FISCAL NOTE Bill Version: HB 426

BIL (H) Publish Date: 2/28/00

**STATE OF ALASKA
2000 LEGISLATIVE SESSION**

Revision Date/Time: _____ Dept Affected: Natural Resources
 Title: An Act relating to transfers of public land or BRU: Parks & Recreation Management
grants or conveyances of interest in public land among... Component: Parks Management
 Sponsor: Rules
 Requestor: Governor Component No. #152

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006
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 (fund code)	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 any current year (FY2000) cost: \$ none

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

There is no anticipated fiscal impact associated with implementation of this legislation.

Prepared by: Jim Stratton, Director *[Signature]* Phone: 269-8701
 Division: Parks Date: 22-Feb-00
 Approved by Commissioner: John Shively *[Signature]* Date: 22-Feb-00
 Agency: Natural Resources

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FISCAL NOTE

Bill Version: HB 426
 (H) Publish Date: 2/28/00

**STATE OF ALASKA
 2000 LEGISLATIVE SESSION**

Revision Date/Time (Note if correction) _____ Dept. Affected DOT&PF
 Title Land Exchange: Seward Highway BRU Design and Engineering Services
Transportation Corridor Component Central Reg Design and Eng Svcs
 Sponsor Rules
 Requester Governor Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2000) cost: _____

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Dennis Poshard Phone 465-3904
 Division Commissioner's Office Date/Time 2/22/00 4:58 PM
 Approved by Commissioner *Joseph L. Perkins* Date 2/22/00
 Agency Joseph L. Perkins, DOT&PF

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HB

428

HFIN

FILE

(11)

HOUSE COMMITTEE REPORT

Date Referred to Committee: March 3, 2000

FURTHER REFERRALS:

Date of Committee Action: 3/29/00

The FINANCE Committee considered:

HB 428

HOUSE BILL NO. 428

INTEREST ON CHILD SUPPORT OVERPAYMENTS

"An Act relating to interest on child support overpayments that are disbursed to the obligor."

recommends it be replaced with the following committee substitute CS HB 428 (Fin) the same title a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____ APPROVES PREVIOUS: (Dept/Date)

fiscal note(s) _____ fiscal note(s) _____

zero fiscal note(s) AFC zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Gene Theriault</i>	Theriault	X			
<i>Theriault</i>	Mulder			X	
<i>Mark Bunde</i>	Bunde	✓			
<i>Wm Aude</i>	Austerman	X			
<i>John M. Davies</i>	Davies	X			
<i>Ben Sussendorf</i>	Gussendorf	X			
<i>Paul E. Moses</i>	Moses	X			
<i>David</i>	DAVID	X			
<i>David</i>	David	✓			
<i>David</i>	Foster	X			
<i>David</i>	Witt	X			

CHAIR'S SIGNATURE Gene Theriault

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. CSHB 428 (FIN)

Revision Date: _____
Title: Interest on Child Support Overpayments

Dept. Affected Revenue
BRU Child Support Enforcement Div.
Component Child Support Enforcement Div.

Sponsor: House Finance Committee
Requester: _____

Component Serial No. 111

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
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						
1091 Designated Program Receipts						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

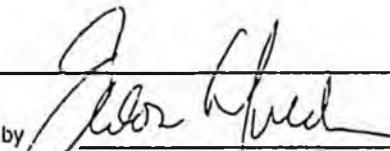
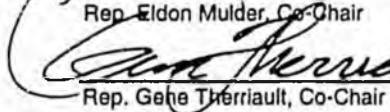
Estimate of any current year (FY00) cost: _____

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by


Rep. Eldon Mulder, Co-Chair

Rep. Gehe Therriault, Co-Chair

House Finance Committee

House Finance Committee

Phone 465-2647

Phone 465-4797

Date 3/29/00

1-LS1243VK
Lauterbach
3/27/00

Adopted

CS FOR HOUSE BILL NO. 428(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): HOUSE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to interest on child support overpayments that are disbursed to
2 the obligor."

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

4 * **Section 1.** AS 25.27.062(l) is amended to read:

5 (l) Unless modified or terminated by the agency or the court, an order to
6 withhold income under this chapter remains in effect, except as provided in (k) of this
7 section, until the support order is satisfied. The agency or court may not terminate or
8 modify an income withholding order solely on the ground that the obligor has paid all
9 arrearages. Upon satisfaction of a support order, if the order is

10 (1) being enforced by the agency, the agency shall, within 15 working
11 days, notify all persons served by the agency with the income withholding order that
12 withholding is no longer required; if the agency receives money from an obligor under
13 an income withholding order after the underlying support order has been satisfied and
14 the agency was enforcing the support order at the time it became satisfied, the agency

1 shall immediately return the overpayment to the obligor; if the agency fails to return
2 an overpayment as required under this paragraph, the state is liable to the obligor for
3 the amount of the overpayment, plus interest at the rate of six percent a year
4 [IMPOSED UNDER AS 43.05.225], and a person to whom the agency erroneously
5 disbursed the overpayment is liable to the state for the amount disbursed, plus interest
6 at the rate of six percent a year [IMPOSED UNDER AS 43.05.225];

7 (2) not being enforced by the agency, the obligor shall file a motion
8 in court requesting termination of the withholding order and serve the motion on the
9 obligee; the court shall enter an order terminating the withholding order if the court
10 determines that the support order has been satisfied; the obligor may deliver a copy
11 of the termination order to persons who were served with the income withholding
12 order; when a termination order is entered, the obligee shall, upon request of the
13 obligor, notify the obligor of all persons who have been served with the income
14 withholding order by the obligee.

15 * Sec. 2. AS 25.27 is amended by adding a new section to read:

16 **Sec. 25.27.320. Interest on agency return of certain overpayments.** (a) If
17 the agency disburses money to an obligor because the agency made an error and
18 mistakenly required the obligor to overpay under a support order enforced by the
19 agency, the agency shall include interest with the disbursement at the rate of six
20 percent a year. The interest accrues from the date the payment at issue was received
21 by the agency, regardless of when the payment is determined to be an overpayment.

22 (b) The provisions of (a) of this section do not apply to situations where the
23 agency is ordered by a court to return money to an obligor based on the obligor's being
24 the prevailing party in a court action.

25 * Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section
26 to read:

27 **APPLICABILITY.** This Act applies to disbursements to an obligor on or after the
28 effective date of this Act.

Alaska State Legislature



REPRESENTATIVE
GENE THERRIAULT

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Fairbanks, Alaska 99701
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Fax: (907) 488-4271

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Fax: (907) 465-3864

House District 33

House Of Representatives

House Bill 428

Sponsor: Representative Gene Therriault

Sponsor Statement

House Bill 428 requires the Child Support Enforcement Division to pay interest on the return of overpayments of child support when the overpayment is due to a mistake made by the agency. The agency would be required to pay obligors six percent, the same amount of interest the agency can charge on child support arrearages imposed under 25.27.020(a)(2)(B). The requirement to pay interest on returns of overpayment is not a new precedent; AS 43.05.280 imposes a similar requirement on the Department of Revenue when refunding or crediting an overpayment of tax.

HB 428 is in response to an inequity in the child support collection system that allows the agency to charge interest when an obligor is late paying support, but does not require the agency to pay interest when returning overpayments that are the direct result of a mistake made by the agency. This bill would provide incentive to the agency to be more careful when calculating support and more prompt about returning overpayments. This bill carries no fiscal note as the agency would be expected to absorb the cost of paying the interest out of its annual budget.

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. HB428

Revision Date/Time (Note if correction)		Dept. Affected	Department of Revenue
Title	Interest on Child Support	BRU	Child Support Enforcement Division
	Overpayments	Component	Child Support Enforcement Division
Sponsor	House Finance Committee		
Requester	House Finance Committee	Component No.	111

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous	3.0	3.0	3.0	3.0	3.0	3.0
TOTAL OPERATING	3.0	3.0	3.0	3.0	3.0	3.0

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

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

FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	3.0	3.0	3.0	3.0	3.0	3.0
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	3.0	3.0	3.0	3.0	3.0	3.0

Estimate of any current year (FY2000) cost: _____

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

A portion of CSED's collections balance earns interest in an interest-bearing account. This interest goes into the state's General Fund -- it is not part of the CSED budget. This fiscal note is to give us the authority to use a small portion of those earnings to pay 6% interest (annual rate) on erroneous child support collections refunded to non-custodial parents, as required in HB428. Though this revenue would be included in the division's General Fund program receipts, it would be identified through the use of a separate collocation code.

Prepared by:	Barbara Miklos, Director	Phone	
Division	Child Support Enforcement Division	Date/Time	3/20/00 1:45 PM
Approved by Commissioner	Wilson L. Condon	Date	03/20/2000
Agency	Revenue		

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Alaska State Legislature

REPRESENTATIVE
GENE THERRIAULT

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Fax: (907) 488-4271



House Of Representatives

While in session
State Capitol
Juneau, Alaska
99801-1182
(907) 465-4797
Fax: (907) 465-3884

House District 33

CSHB 428(FIN)

Sponsor: Representative Gene Therriault

Sponsor Statement

CSHB428(FIN) requires the Child Support Enforcement Division to pay interest on the return of overpayments of child support when the overpayment is due to a mistake made by the agency. The agency would be required to pay obligors six percent, the same amount of interest the agency can charge on child support arrearages set out in AS 25.27.025, imposed under AS 25.27.020(a)(2)(B). The requirement to pay interest on returns of overpayment is not a new precedent; AS 43.05.280 imposes a similar requirement on the Department of Revenue when refunding or crediting an overpayment of tax.

CSHB 428(FIN) also changes the amount of interest the Division of Child Support Enforcement must pay under 25.27.062(l)(1) when it is delinquent returning overpayments that have been withheld by an employer after the support order has been satisfied. Under current law, the rate of interest is set out in AS 43.05.225 at "five percentage points above the annual rate charged member banks for advances by the 12th Federal Reserve District as of the first day of that calendar quarter, or at the annual rate of 11 percent, whichever is greater, compounded quarterly as of the last day of that quarter." CSHB 428(FIN) changes the rate to a consistent six percent.

CSHB 428(FIN) is in response to an inequity in the child support collection system that allows the agency to charge interest when an obligor is late paying support, but does not require the agency to pay interest when returning overpayments that are the direct result of a mistake made by the agency. This bill would provide incentive to the agency to be more careful when calculating support and more prompt about returning overpayments. This bill carries no fiscal note as the agency would be expected to absorb the cost of paying the interest out of its annual budget.

CSHB 428 (FIN)

Sponsor: Representative Gene Therriault

Explanation of Changes

The Committee Substitute for HB 428 changes the amount of interest the Division of Child Support Enforcement must pay under AS 25.27.062(1)(1) when it is delinquent returning overpayments that have been withheld by an employer after the support order has been satisfied. Under current law, the rate of interest is set out in AS 43.05.225 at "five percentage points above the annual rate charged member banks for advances by the 12th Federal Reserve District as of the first day of that calendar quarter, or at the annual rate of 11 percent, whichever is greater, compounded quarterly as of the last day of that quarter." CSHB 428(FIN) changes the rate to six percent to make it consistent with the rate set in AS 25.27.320.

HB

432

HFIN

FILE

(11)

HOUSE COMMITTEE REPORT

Date Referred to Committee: March 21, 2000

FURTHER REFERRALS:

Date of Committee Action: 4/4/00

The FINANCE Committee considered:

HB 432

HOUSE BILL NO. 432

BOARD OF STORAGE TANK ASSISTANCE

"An Act extending the termination date of the Board of Storage Tank Assistance; expanding the authority of the board to issue recommendations concerning cleanup decisions; and providing for an effective date."

recommends it be replaced with the following committee substitute (S HB 432 (FIN)) the same title a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____ APPROVES PREVIOUS: (Dept/Date) _____
 fiscal note(s) _____ fiscal note(s) DEC 3/21/00

zero fiscal note(s) _____ zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Gene Therriault</i>	Therriault	X			
<i>Edon Mulder</i>	Mulder	X			
<i>John Bunde</i>	Bunde				
<i>Alan Austerman</i>	Austerman	X			
<i>John J. Davis</i>	J. DAVIS	X			
<i>Ben Grossendief</i>	Grossendief	X			
<i>Michael R. Moses</i>	Moses	X			
<i>John G. Davis</i>	G. DAVIS	X			
<i>W.K. Williams</i>	Williams	X			
<i>Laird Phillips</i>	Phillips	X			

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

FISCAL NOTE

Bill Version: HB 432

(H) Publish Date: 3/21/00

STATE OF ALASKA 2000 LEGISLATIVE SESSION

Revision Date/Time (Note if correction) _____ Dept. Affected Environmental Conservation
 Title Board of Storage Tank Assistance BRU Contaminated Sites Program
 Component Contaminated Sites Program
 Sponsor House Resources Committee
 Requester House Resources Committee Component No. 2386

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel	11.2	11.2	11.2	11.2		
Contractual	40.2	40.2	40.2	40.2		
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	51.4	51.4	51.4	51.4	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						
1079 Storage Tank Assistance Fund	51.4	51.4	51.4	51.4		
TOTAL	51.4	51.4	51.4	51.4	0.0	0.0

Estimate of any current year (FY2000) cost: 0.0

POSITIONS

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

ANALYSIS:

Travel - The Board is likely to hold one meeting in Juneau and three in Anchorage each year. Approximately five people will travel to each meeting, including Department staff, at an average cost of \$560 per person.
 Contractual - Executive administration of the Board will be privatized, as it was during FY 00. Costs to organize the Board meetings and interact with stakeholders and the Department are based on past Board activities while recognizing that the program was cut significantly in FY 00. Board administration during FY 00 was approximately 100.0. The work to revise the program as required by the FY 00 cuts as well as completion of new loan regulations has been accomplished. It is anticipated that work for the Board in FY 01 will be minimal and focused on the four meetings that will be held throughout the year. The administrator will interact with the Department and tank owners and operators concerning questions and appeals on eligible costs and new appeals under the new authority for review of the Department's cleanup decisions.

Prepared by: Larry Dietrick Phone (907) 465-525
 Division: Spill Prevention and Response Date/Time 3/17/00 10:32 AM
 Approved by: [Signature] Date 3-17-00
 Agency: Department of Environmental Conservation

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FISCAL NOTE

 Bill Version: HB 432
 (H) Publish Date: 3/21/00

 STATE OF ALASKA
 2000 LEGISLATIVE SESSION

 Revision Date/Time (Note if correction) _____ Dept. Affected Environmental Conservation
 Title Board of Storage Tank Assistance BRU Contaminated Sites Program
 Component Contaminated Sites Program
 Sponsor House Resources Committee
 Requester House Resources Committee Component No. 2386
Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel	11.2	11.2	11.2	11.2		
Contractual	40.2	40.2	40.2	40.2		
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	51.4	51.4	51.4	51.4	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						
1079 Storage Tank Assistance Fund	51.4	51.4	51.4	51.4		
TOTAL	51.4	51.4	51.4	51.4	0.0	0.0

 Estimate of any current year (FY2000) cost: 0.0
POSITIONS

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

ANALYSIS:

Travel – The Board is likely to hold one meeting in Juneau and three in Anchorage each year. Approximately five people will travel to each meeting, including Department staff, at an average cost of \$560 per person.

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 Prepared by: Larry Dietrick Phone (907) 465-5250
 Division Spill Prevention and Response Date/Time 3/17/00 10:32 AM
 Approved by: [Signature] Date 3-17-00
 Agency Department of Environmental Conservation

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

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4-4-00

adopted no objection

AMENDMENT

OFFERED IN THE HOUSE
TO: HB 432

BY REPRESENTATIVE MULDER

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

2 Insert "relating to the eligibility of certain nonprofit entities for financial
3 assistance under the tank cleanup grant program and the tank upgrading and closure
4 program;"

5 Page 3, line 5:

6 Following "state":

7 Delete "or"

8 Insert ", [OR]"

9 Following "municipality":

10 Insert "or an entity that has qualified for nonprofit status under
11 Sec. 501(c)(3) of the Internal Revenue Code (26 U.S.C. 501(c)(3))"

12 Page 4, following line 3:

13 Insert a new bill section to read:

14 "** Sec. 4. AS 46.03.430(c) is amended to read:

15 (c) A grant may not be awarded under this section:

16 (1) for upgrading or closure activities that do not meet the
17 requirements of state and federal law;

18 (2) unless the owner or operator certifies under oath and subject to
19 penalty for perjury, on a form required by the department, that the tangible net worth
20 of the operator is \$250,000 or less as of July 1, 1999 and, unless the tank is owned
21 by the state, [OR] a municipality, or an entity that has qualified for nonprofit
22 status under Sec. 501(c)(3) of the Internal Revenue Code (26 U.S.C. 501(c)(3)),
23 that the net worth of the owner is \$250,000 or less as of July 1, 1999;

1 (3) if the grant, when combined with a grant to the same owner or
2 operator under AS 46.03.420, exceeds \$250,000; or

3 (4) if the grant, when combined with grants and loans to the same
4 owner or operator under AS 46.03.420 and 46.03.422, exceeds \$500,000."

5 Renumber the following bill section accordingly.

withdrawn
AMENDMENT

House Bill 432 Board of Storage Tank Assistance

Page 1, line 6:

Delete: 2003

Insert: 2002

The Storage Tank Assistance Fund

and the
Alaska Storage Tank Program

Questions and Answers



Cleanup activities at an Anchorage gas station.

During the years 1986 through 1990, increased federal regulations and aggressive EPA enforcement action forced numerous Alaska underground storage tank owners out of business. Many of these tank owners could not afford the high cost of cleanup of contamination from their leaking tanks. The 1990 Legislature determined that the State should have an assistance-based tank program to keep these affected businesses "in business" as productive members of the Alaska economic community.



The Problem

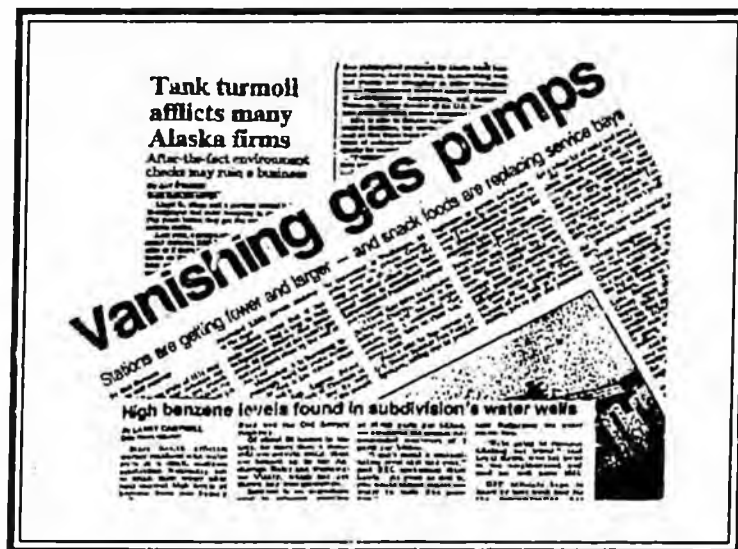
Headlines are commonplace throughout the state concerning underground storage tank owner problems and pollution resulting from leaking underground storage tanks. Many tank owners are reducing their liability and cutting back on services while others have simply gone out of business altogether.

The Storage Tank Assistance Program was established to protect Alaska's drinking water supplies and to help Alaska's regulated underground storage tank owners and operators meet EPA's tough new environmental laws and regulations pertaining to underground petroleum storage tanks.



The goals of the program were simple:

- * cleanup existing leaks,*
- * prevent future leaks, and*
- * help Alaska's tank owners and operators through educational, technical and financial assistance.*



Questions and Answers

WHAT IS A REGULATED UNDERGROUND STORAGE TANK?

- * Regulated tanks are predominantly motor fuel tanks.
- * In general, gasoline, diesel and waste oil tanks greater than 110 gallons are regulated, although there are exemptions.
- * Heating oil tanks are NOT regulated.
- * Residential motor fuel tanks less than 1100 gallons for farm or residential use are NOT regulated.
- * Several other types of tanks are not regulated depending upon their use.

WHO REGULATES UNDERGROUND STORAGE TANKS?

- * EPA regulates tanks under 40 CFR 280 and 40 CFR 281.
- * State of Alaska regulates tanks under Title 46 and 18 AAC 78 and 18 AAC 75.
- * Local governments may regulate tanks under the Uniform Fire Code and the National Fire Protection Association.

WHO IS ELIGIBLE FOR FINANCIAL ASSISTANCE?

- * Any commercial or private owner or operator of underground storage tanks regulated by the Underground Storage Tank Regulations, 18 AAC 78, is eligible for some form of financial assistance. Essentially, if a tank owner pays into the program, through a registration fee, then the tank is eligible for assistance. Only certain owners and operators qualify for grants, while all owners and operators can qualify for loans.
- * Village, City, Borough or municipally owned tanks are NOT eligible, although specific appropriations can be legislatively granted to these entities from the Fund.
- * State and Federal owned tanks are NOT eligible.

WHAT KIND OF TANKS ARE ELIGIBLE?

- * Industrial, Contracting, Auto Dealerships, Car Rental Agencies, Trucking and Transportation firms comprise 26% of the eligible tanks.
- * Nearly 20% of the eligible tanks are used for aircraft refueling, both commercial and private.
- * Utilities, Fire Stations, Police and Ambulance services total another 19% of the eligible tanks.
- * Less than 30% of the eligible tanks are fuel retailers such as gas and service stations.

WHAT KIND OF ASSISTANCE IS AVAILABLE?

- * Technical assistance is available through the Department of Environmental Conservation. Staff provide guidance documents and technical assistance on the proper handling of stored products, system upgrading or closing and cleanup of contamination resulting from leaking tanks.
- * Educational Assistance is provided by both the Department of Environmental Conservation and the Board of Storage Tank Assistance. Workshops are conducted annually and staff are provided to assist nationally recognized training courses for presentation in Alaska. A quarterly newsletter "Alaska Underground", is published by the Department to provide timely information on technical and regulatory aspects of tank ownership and maintenance, installation and closure, as well as the latest developments in cleanup and remediation techniques. The newsletter also provides information to contractors and consultants actually conducting tank work.
- * Financial Assistance is provided in the form of grants and loans to offset the high cost of tank upgrades to meet EPA standards and to cover proper closure and release investigation, corrective action and cleanup costs.

WHAT TYPE OF FINANCIAL ASSISTANCE DOES THE PROGRAM PROVIDE?

- * The Storage Tank Assistance Fund provides grants for upgrading or closing up to 60% of the eligible costs with a maximum combined grant of \$60,000 per facility for owners for operators that can demonstrate total assets of \$250,000 after deducting the estimated cost to upgrade and cleanup their tanks.
- * Grants for cleanup of petroleum contamination are provided for a maximum of \$250,000 for owners or operators that can demonstrate total assets of \$1,000,000 after deducting the estimated cost to upgrade and cleanup their tanks. The owner is responsible for 10% of the cost up to a maximum of \$25,000.
- * Loans are available for the 10% not covered by the cleanup grant up to a maximum of \$25,000. Owners receiving loans must pay back the loan to the state over five years.
- * For owners and operators that cannot qualify for a cleanup grant, a loan may be obtained to a maximum of \$500,000. Owners and operators that exceed the cleanup grant cap may also apply for loans. The total allowable combined grant and loan cannot exceed \$500,000.

DOES THE PROGRAM ENCOURAGE PRIVATE PARTICIPATION?

- * Most upgrades involve multiple tanks and costs usually range from \$120,000 to well over \$200,000. Typically a grant from the Storage Tank Assistance Fund actually covers only 30% to 40% of the owners cost. The owner must pay the majority of costs involved.
- * The balance of the upgrading cost is provided by banks in the form of direct loans to the tank owner or operator. Many banks require that an owner or operator be eligible to receive funds from the Storage Tank Assistance Fund and that a letter be provided from the Department stating that the owner will be receiving financial assistance. The banks are then assured that the work will be conducted according to standard practice and in compliance with applicable laws and regulations.

* The tank owner or operator actually receives the funds and is directly responsible for supervising the funded activity and for insuring that the work is conducted in accordance with applicable laws and regulations. The Department of Environmental Conservation only provides guidance and oversight to insure all work is completed properly and consistent with customary practice and costs. Private sector consulting firms that are approved by the Department or contractors certified by the State conduct work for the owners and operators. The owner or operator contracts directly with the contractors and consultants.

DON'T LARGE FIRMS GET MOST OF THE FUNDS THAT ARE AVAILABLE?

* No. Since the program was changed in 1999, only small companies are eligible for grants from the program. Larger companies with assets exceeding \$1,000,000 are only eligible for Cleanup Loans. Upgrade grants are only issued to those owners and operators that can demonstrate total assets under \$250,000. All applicants are priority ranked for funding according to regulations and criteria established by the Board of Storage Tank Assistance. The ranking system emphasizes public health threat foremost followed by numerous other considerations such as nearest alternative fuel source and whether the facility is in a rural location. Several other criteria are used to rank applications with an emphasis on small rural tank owners that pose an imminent public health threat and have acted in good faith to undertake as much of the work as possible on their own. This usually means that unless an imminent public health threat exists, larger companies tend to rank lower on priority ranking lists.

WHY CAN'T OWNERS AND OPERATORS JUST GET A BANK LOAN?

* Banks do provide loans for certain activities such as closure or upgrading of a facility. The cost of an upgrade ranges from \$120,000 to \$200,000 or more to meet the federal standards. Banks will provide loans to cover that portion of the upgrade that is not covered by a grant from the Storage Tank Assistance Fund. Without assistance from the state, many small tank owners would not have sufficient resources to undertake an upgrade even with bank financing.

* Banks do not generally provide loans for cleanup purposes. The total cost of a cleanup is not known until the actual cleanup is complete and extremely difficult to estimate. Most Alaska tank owner's principal asset is the actual property that requires cleanup. A parcel of land that is contaminated essentially has no value until clean and actually represent a significant liability. Since collateral is required for nearly all loans, tank owners with contaminated sites normally cannot provide sufficient collateral to back a loan large enough to undertake the cleanup. The average cost of cleanup in Alaska is presently \$140,000 per site with some cleanups currently approaching \$500,000. These very high cleanup costs are virtually impossible to cover for the average Alaska tank owner.

* Joint and several liability laws also provide a detriment to bank financing for cleanup activities. Banks that foreclose on contaminated property become liable for completion of the cleanup. Many times the cost of the cleanup will be 3 or 4 times the clean site value of the property. Banks also will not provide a loan to a tank owner if the business itself must be shutdown to conduct the cleanup. If a business has no income, it cannot repay a loan. Many businesses have been closed for a year or more while cleanup activities are completed. In numerous cases, the loss of revenues has caused bankruptcy and foreclosure, a fact that banks understand all too well.

WHY DO TANK OWNERS HAVE TO UPGRADE THEIR TANKS?

* In 1984, federal law (Subtitle I of the Resource Conservation and Recovery Act) mandated that owners of certain kinds of underground storage tanks (USTs) containing petroleum products and other regulated substances meet standards which would prevent leaks and assure adequate cleanup where leaks occurred. That law was followed by federal UST regulations in December of 1988.

* 7,247 underground petroleum storage tanks have been identified in the State of Alaska. Of that total, 1,193 tanks are currently in use. Other tanks probably exist which have not been reported. Most of these tanks are not protected from leaks and spills. These tanks may be unknowingly damaging the State's drinking water supplies. Since groundwater provides drinking supplies for nearly 70% of the population in Alaska, any contamination that reaches groundwater could cause a serious public health threat. Additionally, the vapors from leaks may seep into basements of homes and buildings and may cause other safety and health hazards.

WHY DO WE HAVE CONTAMINATION FROM TANKS?

* Piping leaks, overfills and spillage during deliveries are common problems.

* Leaking tanks or piping can be nearly impossible to detect without special equipment. A considerable number of leaks occur due to failed fittings between the tank and piping, spillage during filling, overfilling or corrosion.

* Corrosion holes in steel tanks cannot be seen until the tank or piping has been removed or exposed. A corrosion hole that causes a tenth of a gallon per hour leak would release over 800 gallons of fuel per year into the lands of the state. The leak could go unnoticed for years, slowly percolating through the soil and possibly into the water table. This leaking fuel can eventually migrate toward a private or municipal drinking water well.



Sterling facility undergoing cleanup activities.

AREN'T THESE PROBLEMS THE TANK OWNERS FAULT?

* Although the leak originates from an owner's facility, the leak is very rarely caused by negligence on the owners part. The facility was usually installed and operated to a standard of practice that was considered sound and conscientious at the time of installation. Many times the facility owner or operator is treated as a criminal, when in fact the leak or spill might have been caused by natural processes such as corrosion over time or by an accident caused by a passerby. Just a simple case of accidentally spilling waste oil on the ground or repeated overfilling of vehicle gas tanks by customers can add up to a serious contamination problem for a facility owner.

* It is worth noting that petroleum contamination was not considered a serious health hazard until just a few years ago, long after these facilities had been installed. The State of Alaska only recently halted routine oiling of roads, now considered dangerous to public health and critical habitats. The underground storage tank rules imposed by EPA are "after the fact" environmental regulations that have caused a notable and detrimental economic impact to small businesses.



AREN'T THESE PROBLEMS JUST THE "COST OF DOING BUSINESS"?

* The requirements to upgrade or clean up contamination from leaking tanks are relatively new "after the fact" regulations from EPA that did not exist when these businesses started nor during most of their existence. Many businesses acquired facilities with existing contamination. These owners are now faced with the formidable task of "making right what wasn't a problem before". The cost to clean these contaminated sites has skyrocketed beyond the reach of an average business in Alaska. The cost can easily reach several hundred thousand dollars per site. Investigating the extent of contamination, soil and water sampling, excavation, contaminated soil disposal, total tank and piping system replacement, interim business shutdown, loss of revenues and threats of penalties regarding contamination that occurs through natural corrosion, customer negligence and accidents were not a consideration when these businesses began.

WHY DID THE STATE GET INVOLVED?

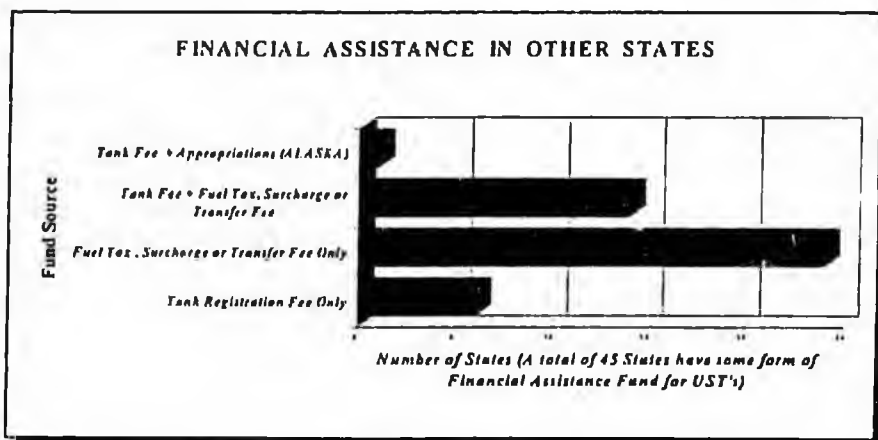
* During the years 1986 through 1990, increased federal regulations and aggressive EPA enforcement action forced numerous Alaska tank owners out of business. Many of these tank owners could not afford the high cost of cleanup of contamination from their leaking tanks. If an owner cannot pay the cost of cleanup, the State actually undertakes the task using Response Funds. The 1990 Legislature determined that the State should have an assistance-based tank program to keep these affected businesses "in business" as productive members of the Alaska economic community.

* Many of the facilities affected by the EPA requirements are in outlying areas of the State, on the Alaska Highway, remote lodges, rural community airstrips and remote fishing villages. Although protecting drinking water supplies in urban areas such as Anchorage and Fairbanks is critical, maintaining essential fuel services for the State is undeniably an important consideration for stable economic growth, tourism and access.

* Since December 31, 1993, most tank owners have been required to demonstrate \$1 million of financial responsibility per occurrence and \$2 million aggregate. Failure to comply may result in \$10,000 daily fines from EPA. Alaskan tank owners can meet the financial responsibility requirement by purchasing pollution liability insurance. Pollution liability insurance is available but very expensive for most small tank owners. The problem still involves the question of eligibility for insurance. Is a facility actually insurable? Many insurance plans call for a clean site to be demonstrated. However, most of these facilities have had numerous incidents of overfilling and spillage during fuel deliveries or in some cases, actual leaks. The Storage Tank Assistance Fund helps owners help themselves by assisting owners of contaminated sites to undertake proper cleanup and become insurable. Insurance policies can then be purchased from the private sector, thereby allowing a tank owner to meet the federal financial responsibility requirement.

* Developing an assistance-based program was considered to be the best way to promote strong pollution prevention practices to avoid future contamination of drinking water supplies. By providing assistance to tank owners to cleanup contamination and to promote the upgrade of their facilities to federal standards, the regulated community was more willing to step forward and report old spills or leaks without the fear of fines and penalties from the EPA. Although the "big stick" approach from EPA got attention, the State's "white hat" approach got results.

* Alaska was not the only state that recognized the problem tank owners were facing with the new federal requirements. Currently, forty-five states have financial assistance programs for underground storage tanks. Seventeen of these states have recently expanded their programs to include aboveground tanks as well.



AREN'T MOST OF THE LEAKING TANKS OWNED BY BIG COMPANIES?

* Just because a facility is named "Alaska Chevron" does not mean it is owned by Chevron. The name usually signifies the brand of product sold. Most businesses covered by the EPA's underground storage tank regulations are small, "Mom-and-Pop" businesses. DEC estimates that of the 7,247 tanks that have been identified in Alaska, there are 1,193 presently in use of which most are privately owned. It is estimated that over two-thirds of the privately owned tanks in Alaska are owned by small, independent companies.

IS THERE MUCH DEMAND FOR FINANCIAL ASSISTANCE?

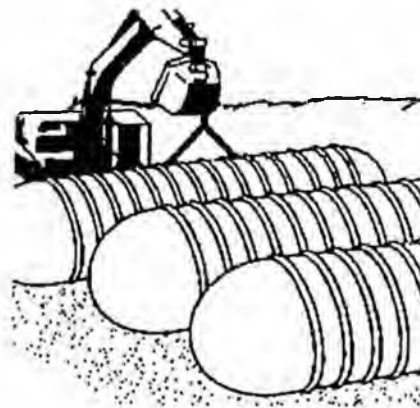
* Presently, there are nearly 60 unfunded requests for financial assistance for testing, closure, upgrade or cleanup activities in the State of Alaska.

* Over \$27 million has been expended, encumbered or obligated through fiscal year 99.

HOW MUCH MONEY HAS THE PROGRAM RECEIVED SO FAR?

* The Storage Tank Assistance Fund received an initial capitalization of \$6 million in fiscal year 1991. In fiscal year 1992, no new monies were appropriated to the Fund. For fiscal year 1993, the Alaska Legislature appropriated \$5 million to the Storage Tank Assistance Fund. The Alaska Legislature appropriated \$4.5 million to the UST Financial Assistance Program for fiscal year 1994 and \$2.9 million for fiscal year 1995. For fiscal years 1996 & 1997 the Program received \$1.9 million each year and in Fiscal Year 1998 the Fund received \$ 5 million. In FY 99, the program received \$5 Million and a statutory change directing the department and the Board to establish a Cleanup Loan program as well as new standards for eligibility for grants.

* Funds appropriated by the Alaska State Legislature to the Storage Tank Assistance Fund are allocated annually by the Board of Storage Tank Assistance to different financial assistance programs, the tank cleanup program, the tank cleanup Loan program the tank upgrading program and the tank closure program. The Board of Storage Tank Assistance makes the annual allocations after taking into consideration the amount of money in the Fund, the money required to meet the needs for each program, as supported by approved applications and the requirement that the greatest priority be given to funding UST's that present the greatest threat or potential threat to human health.



WHAT AGENCY ADMINISTERS THE STORAGE TANK ASSISTANCE FUND?

- * The Department of Environmental Conservation administers the Storage Tank Assistance Fund. The Department is responsible for advertising the application periods, receiving the applications, processing the requests, administering the grants and auditing the project costs. The Division of Investments in the Department of Commerce and Economic Development works in partnership with the DEC to provide cleanup loans for eligible UST owners and operators.
- * The Department of Environmental Conservation has a staff of three Environmental Specialists in Anchorage to process the actual grant applications. A Grants Administrator and a Clerk Typist provide additional support for the program.
- * The 1990 Legislature established the seven-member Board of Storage Tank Assistance with one government member and six public members. Members are appointed by the Governor and serve without compensation other than per diem and expenses when traveling. They have an Executive Director, contracted from the private sector, who is their sole employee. The first duty of the Board was to write regulations relating to financial assistance for UST owners and operators. The Board also jointly developed regulations with DEC pertaining to cleanup standards and allowable technologies to be used in the cleanup of contamination resulting from leaking tanks.
- * The Board is an Appeal Board to mediate disputes between the Department of Environmental Conservation and regulated underground petroleum storage tank owners and operators. In regard to disputes arising over eligibility, priority rankings and eligible costs, the Board's decisions are binding upon the department and the owner or operator. For corrective action plan disputes the board may only issue recommendations.
- * Although the Board developed the financial assistance regulations, the Department of Environmental Conservation actually implements those regulations by physically processing each applicant's request for financial assistance. This enables the Board to remain objective and unbiased when a dispute arises. The Board is then tasked with resolving the matter in a prompt and conscientious manner.



For Further Information Contact the Board of Storage Tank Assistance at (907)364-2514 or the Department of Environmental Conservation, Storage Tank Program, at (907) 465-5203.

Key Factors in the Development of the Storage Tank Assistance Fund

- Federal Mandates from Congress / EPA
- Significant Environmental Impact
- Specific Deadlines for Upgrading to New Tank Standards
- High Visibility Enforcement by EPA on Small Business Owners
- Major Leaks from UST's in Anchorage and Fairbanks
- Response Fund Actions on UST Owners Forcing Owners Out of Business
- Essential Services Threatened
- Major Economic Impact on Small Companies
- Strong Private Sector Voice (Alaska Underground Tank Owners & Operators Assoc.)



Cleanups from leaking tanks can be traumatic on Alaska's small businesses, such as this "mom and pop" facility on the Kenai Peninsula.

Key Factors in the Success of the Storage Tank Assistance Fund

- State Regulatory and Enforcement Program
- State UST Registration Program
- Program Linked to State & Federal UST/LUST Programs through DEC
- Emphasis and Priorities on Environmental Concerns
- Strong Public Outreach Program - Bulletins, Quarterly Newsletter, Workshops
- Cost Controls & Detailed Project Oversight and Auditing Practices
- Active Board to Mediate Disputes and Provide Oversight to the Program
- UST Worker Certification Program
- Consulting Firm Approval Program (QAPP)
- Joint Public & Private Sector Technical Working Groups
- Strong Private Sector Voice (Alaska Underground Tank Owners & Operators Assoc.)



THE STORAGE TANK ASSISTANCE PROGRAM

The Storage Tank Assistance Fund -- What is it all about?

* AN ENVIRONMENTAL CLEANUP PROGRAM RESTORING ALASKA'S DRINKING WATER SUPPLIES.

* Providing grants and loans to Alaskan businesses to offset the high cost of environmental cleanups to keep Alaskan businesses in business.

* A POLLUTION PREVENTION PROGRAM FOR UNDERGROUND PETROLEUM STORAGE TANKS.

* Providing incentives and grants to tank owners and operators to upgrade or close their tanks to prevent future leaks.

* AN ALASKAN BUSINESS ASSISTANCE PROGRAM.

* Providing relief to Alaskan businesses and private individuals faced with the high cost of environmental compliance.



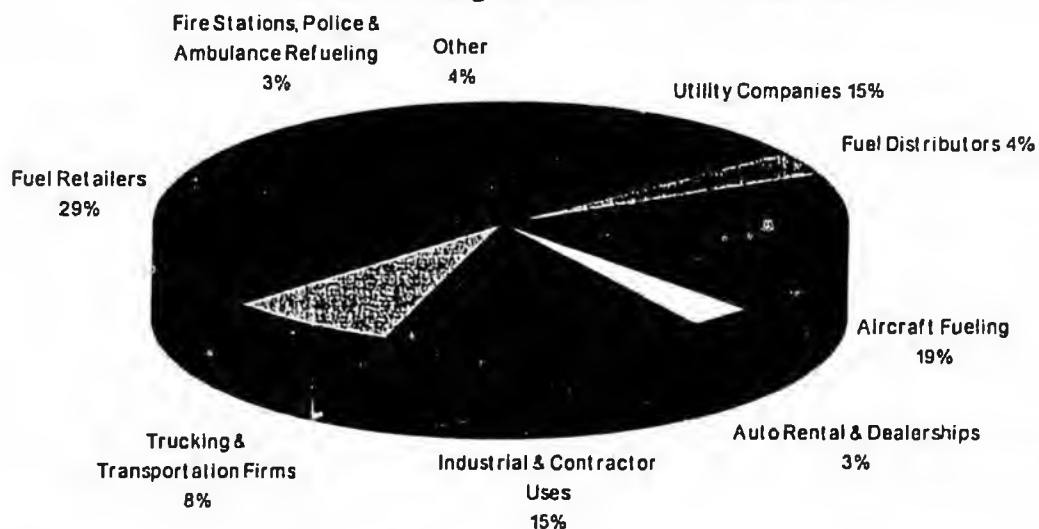
Since Program Inception in 1991

* Over \$27 Million has been expended, encumbered or obligated for financial assistance grants and loans through Fiscal Year 00.

* Over 1000 financial assistance requests for tank tightness testing, site assessments, soil or groundwater cleanup or to upgrade tanks to new EPA standards and prevent future leaks have been funded or encumbered.

* Over 2000 Financial Assistance Requests have been received to-date.

Tank Uses for USTs Eligible for Financial Assistance



How the *Storage Tank Assistance Fund* affects environmental cleanups in Alaska

*** Because there is an Assistance Program -**



Public Health Threats from petroleum contamination are addressed through not only a Priority Ranking System that is based primarily upon the Alaska Hazard Ranking Model but also through a unique Emergency Grant system that provides for emergency cleanup assistance almost immediately after an imminent public health threat is identified.

*** Because there is an Assistance Program -**



UST owners and operators do not fear legal action and have stepped forward to cooperate with DEC to undertake soil and groundwater cleanup.

*** Because there is an Assistance Program -**

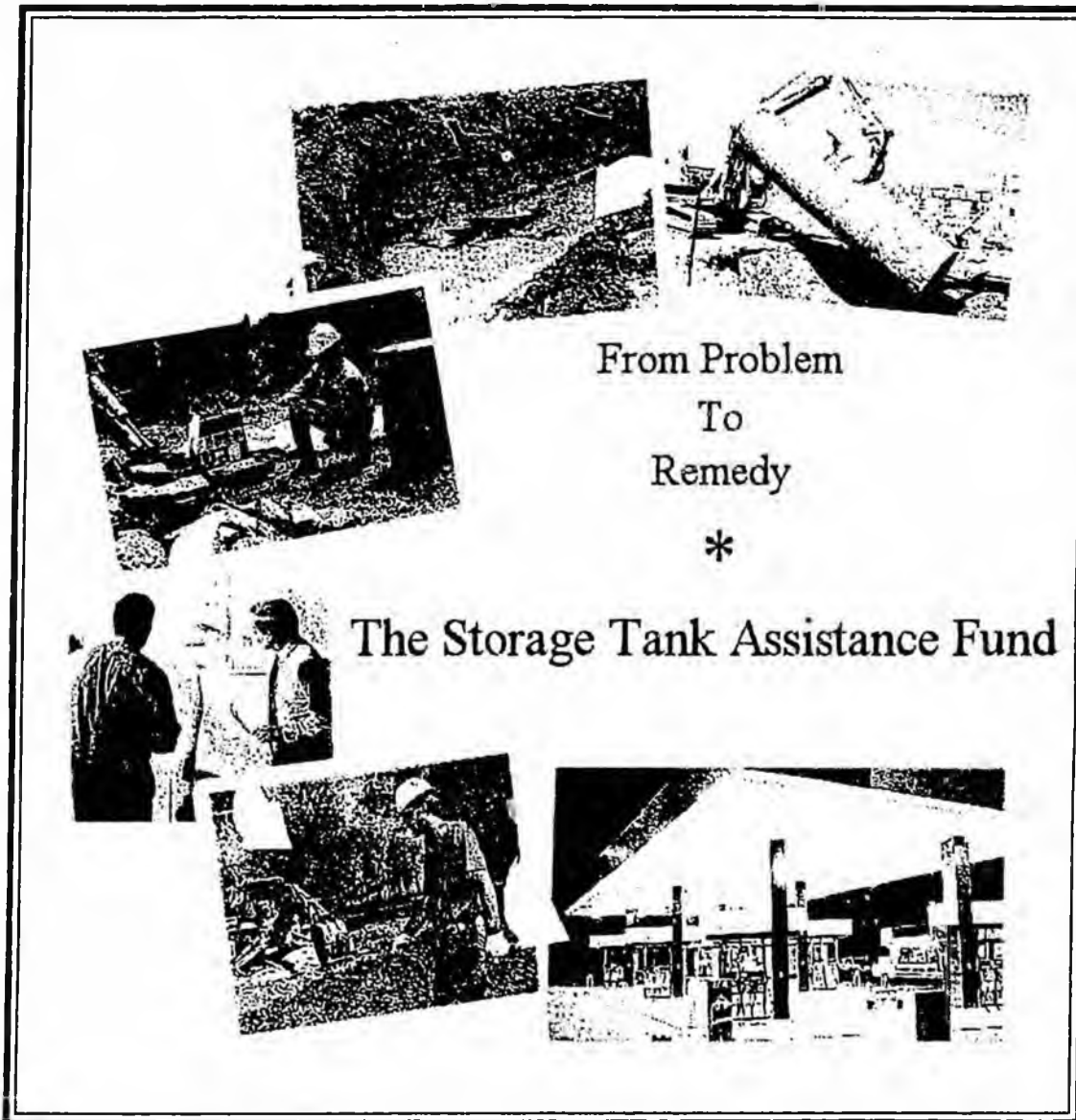


Litigation has been avoided thereby saving the State of Alaska millions of dollars in legal costs.

*** Because there is an Assistance Program -**



Cleanup activities directly involve the owner or operator and reduce the need for State lead actions and oversight. This approach further reduces both higher cost State contractors as well as the number of State staff required to oversee the cleanup activities.



From Problem
To
Remedy

*

The Storage Tank Assistance Fund

The Storage Tank Assistance Fund

*Board of Storage Tank Assistance
410 Willoughby Ave.
Juneau, Alaska 99801
Phone (907) 364-2514
Fax (907) 364-2518
cresolve@eagle.ptialaska.net*

Web: http://www.state.ak.us/dec/dspar/stp_home.htm

Alaska State Legislature

House Resources Committee

Co-Chair Beverly Masek
(907) 465-3715
FAX (907) 465-4822
Capitol Building, Room 124
Juneau, Alaska 99801



Co-Chair Bill Hudson
(907) 465-6890
FAX (907) 465-2273
Committee Meetings
M/W/F 1 - 3 p.m.

Members: Vice Chair John Cowdery, Representatives: Ramona Barnes, John Harris, Carl Morgan, Jim Whitaker, Reggie Joule, and Mary Kapsner

HB 432 ✓

SPONSOR STATEMENT

HB 432 Board of Storage Tank Assistance

The Board of Storage Tank Assistance was created in 1990 in response to a clean up program initiated by increased federal regulations and aggressive Environmental Protection Agency (EPA) enforcement actions. Many Alaska underground storage tank owners were forced out of business because they could not afford the high cost of cleanup of contamination from their leaking tanks.

The Storage Tank Assistance Program was established to protect Alaska's drinking water supplies and to help Alaska's regulated underground storage tank owners and operators meet EPA's tough new environmental laws and regulations pertaining to underground petroleum storage tanks. The goals of the program were simple: cleanup existing leaks, prevent future leaks, and help Alaska's tank owners and operators through educational, technical, and financial assistance. Although originally established as a financial assistance grant program, the program was restructured in 1999 as predominately a loan program.

HB 432 extends the termination date of the Board of Storage Tank Assistance to June 30, 2003. It is necessary to extend the termination date because many sites have just initiated cleanup or are in the midst of a long term cleanup process which are not expected to be completed for a few years. Furthermore, as the new loan program is expected to be implemented this upcoming construction season, it is imperative that the Board remain available to mediate and resolve disputes between the Department of Environmental Conservation (DEC) and Alaska's underground storage tank owners.

HB 432 also expands the authority of the Board. Historically, there has been a delay by DEC in sending final cleanup decisions to businesses. Cleanup decisions, (no further action) provide evidence that the contaminated site has been cleaned up. Many sites are pending sale or are waiting on bank financing. The transactions cannot proceed until final cleanup decision letters are distributed by DEC. By expanding the Board's authority to issue recommendations concerning cleanup decisions it is expected that many new cleanup decisions will be issued that in the past have been delayed or simply overlooked. This expansion of authority will not be binding authority; it will simply provide a forum for the Board, businesses, and DEC to discuss final decision letters.

HB

432

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 4/18/00

REPORTED OUT OF
SFC 4/20/00

FURTHER:

DATE TURNED
IN TO OFFICE: 20 April 00

Finance Committee considered

CS FOR HOUSE BILL NO. 432(FIN)

BOARD OF STORAGE TANK ASSISTANCE

and recommends:

- be replaced with 5 CS HB 432 (FIN)
- adopt previous CS ()
- attached amendment(s) forth coming
- adopt Letter of Intent by _____
- further referral to the _____

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

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

NEW FISCAL NOTE(S):

Department Date Zero Fiscal

DEC	4/29/00			5.4

PREVIOUS FISCAL NOTE(S):*

Department Date Zero Fiscal

DEC	7/17/00			5.4

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. SCS HB 432(fin)

Revision Date/Time (Note if correction) _____ Dept. Affected Environmental Conservation
 Title Board of Storage Tank Assistance BRU Contaminated Sites Program
 Component Contaminated Sites Program
 Sponsor House Resources Committee
 Requester House Resources Committee Component No. 2386

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel	11.2	11.2				
Contractual	40.2	40.2				
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	51.4	51.4	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						
1079 Storage Tank Assistance Fund	51.4	51.4	0.0	0.0		
TOTAL	51.4	51.4	0.0	0.0	0.0	0.0

Estimate of any current year (FY2000) cost: 0.0

POSITIONS

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

ANALYSIS:

Travel – The Board is likely to hold one meeting in Juneau and three in Anchorage each year. Approximately five people will travel to each meeting, including Department staff, at an average cost of \$560 per person.
 Contractual – Executive administration of the Board will be privatized, as it was during FY 00. Costs to organize the Board meetings and interact with stakeholders and the Department are based on past Board activities while recognizing that the program was cut significantly in FY 00. Board administration during FY 00 was approximately 100.0. The work to revise the program as required by the FY 00 cuts as well as completion of new loan regulations has been accomplished. It is anticipated that work for the Board in FY 01 will be minimal and focused on the four meetings that will be held throughout the year. The administrator will interact with the Department and tank owners and operators concerning questions and appeals on eligible costs and new appeals under the new authority for review of the Department's cleanup decisions.

Prepared by: Larry Dietrick Phone (907) 465-5250
 Division Spill Prevention and Response Date/Time 4/20/00 11:00 AM
 Approved by: [Signature] Date 4-20-00
 Agency Department of Environmental Conservation

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SENATE FINANCE
COMMITTEE
Amendment Number: #1
Bill Number: HB42
Sponsor: Leman Date: 4/20/00
Logged In By: Jamie

AMENDMENT

OFFERED IN SENATE FINANCE

Senator Leman

TO: COMMITTEE SUBSTITUTE HB 432 (FIN)

Page 1, Line 8

DELETE [2003]

Insert 2001

SENATE FINANCE COMMITTEE

SIGN-IN

HB 432-BOARD OF STORAGE TANK ASSISTANCE

NAME: JOHN BARNETT Subject/Bill No: HB 432

Co./Dept./Title: BOARD OF STORAGE TANK ASSISTANCE Phone: 364-2514

Address: P.O. Box 240651 DOUGLAS AK Zip: 99824

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____

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

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____

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

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____

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

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions