

ALASKA LEGISLATURE

2115

HOUSE and SENATE FINANCE COMMITTEE FILES, 1999 - 2000

216

SB

186

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 1/28/00

FURTHER:

REPORTED OUT OF
SFC 2/11/00

DATE TURNED
IN TO OFFICE: 2/11/00

Finance Committee considered

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 186

"An Act relating to the Alaska Higher Education Savings Trust; and providing for an effective date."

and recommends:

be replaced with _____ CS _____

adopt previous _____ CS _____

attached amendment(s)

adopt Letter of Intent by _____ Committee

further referral to the _____ Committee

*For Incoming
CS*

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>	X				
<i>Loren D. Leman</i>	✓				
<i>[Signature]</i>	✓				
Co-Chair: <i>[Signature]</i>	✓	Co-Chair:			
Co-Chair:		Co-Chair:			

NEW FISCAL NOTE(S):

Department Date Zero Fiscal

<i>For Incoming FN</i>			

PREVIOUS FISCAL NOTE(S):*

Department Date Zero Fiscal

<i>none</i>			

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

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- adopt previous _____ CS _____
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
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- 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>	X				
<i>Loren D. Roman</i>	✓				
<i>[Signature]</i>	✓				
Co-Chair: <i>[Signature]</i>	✓	Co-Chair:			
Co-Chair:		Co-Chair:			

NEW FISCAL NOTE(S):

Department Date Zero Fiscal

<i>Forthcoming</i>			
<i>FN</i>			

PREVIOUS FISCAL NOTE(S):*

Department Date Zero Fiscal

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

**STATE OF ALASKA
2000 LEGISLATIVE SESSION**

BILL NO. CS SS SB186 (FIN)

Revision Date/Time (Note if correction) _____	Dept. Affected _____
Title <u>College Tuition Savings Plan</u>	BRU _____
	Revenue <u>Revenue Operations</u>
	Component <u>Treasury Management</u>
Sponsor <u>Senator Tim Kelly</u>	
Requester <u>Senate Finance Committee</u>	Component No. <u>121</u>

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						
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
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 ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Interagency Receipts)	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: 0.0

POSITIONS

Full-time	0.0	0.0	0.0	0.0	0.0	0.0
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Earlier versions of this bill required the Treasury Division to be the custodian of funds. The Senate Finance version eliminates that requirement.

Prepared by: T. Davenport, Asst. Comptroller
 Division: Treasury Division
 Approved by: Commissioner Wilson Condon
 Agency: Revenue

Phone: 465-3751
 Date/Time: 2/14/00 7:47 AM
 Date: 02/14/2000

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FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. CSSB 123(FIN)

Revision Date _____ Dept. Affected Alaska Court System
 Title Public Interest Litigants BRU Alaska Court System
 Component Trial Courts
 Sponsor Senate Finance Committee
 Requester Senate Finance Committee Component Serial No. 769

Expenditures/Revenues (Thousands of Dollars)

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
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						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*
 No fiscal impact anticipated.

Prepared by: Doug Woollver, Administrative Attorney Phone: 907-264-8265
 Agency: Alaska Court System Date/Time: 2/22/00 1:00 PM

Approved by: Stephanie J. Cole, Administrative Director Date: 2/22/00
 Agency: Alaska Court System

V. Sen. Sec.

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

REPORTED OUT OF
SFC 2/11/00

BILL NO. CSSB186 (FIN)

Revision Date (Note if correction) _____ Dept. Affected University of Alaska
 Title An Act relating to the Alaska Higher Education BRU Statewide
 Savings Trust and the Alaska Advance College Tuition Savings Fund Component _____
 Sponsor Senator Tim Kelly _____
 Requester _____ Component Serial No. _____

Expenditures/Revenues

OPERATING EXPENDITURES	FY 01	FY 02	FY 03	FY 04	FY 05
Personal Services	50.0	50.0	50.0	50.0	50.0
Travel	10.0	5.0	5.0	5.0	5.0
Contractual	90.0	20.0	20.0	20.0	20.0
Supplies	30.0	25.0	25.0	25.0	25.0
Equipment	20.0				
Land & Structures					
Grants & Claims					
Miscellaneous					
TOTAL OPERATING	200.0	100.0	100.0	100.0	100.0

CAPITAL EXPENDITURES	FY 01	FY 02	FY 03	FY 04	FY 05
CHANGE IN REVENUES ()	60.0	70.0	80.0	90.0	100.0

FUND SOURCE

1002 Federal Receipts					
1003 GF Match					
1004 GF					
1005 GF/Program Receipts					
1037 GF/Mental Health					
1048 University Receipts	200.0	100.0	100.0	100.0	100.0
TOTAL	200.0	100.0	100.0	100.0	100.0

Estimate of any current year (FY00) cost: none

POSITIONS

Full-time	1	1	1	1	1
Part-time					
Temporary					

ANALYSIS: (Attach a separate page if necessary)

At this time there are many uncertainties about how the program can be best implemented. However, many of these cost will otherwise have to be incurred by the Advance College Tuition Program without regard to creation of the Alaska Higher Education Trust in order to meet participants needs for higher earning options. The Advance College Tuition program continues to have an important role in financing education, but changes in the federal tax and other laws currently favor more aggressive savings programs.

Prepared by Jim Lynch, Interim Vice President for Finance Phone 474-7448
 Division Statewide Finance Date Feb.14,'00
 Approved by Commissi Jim Lynch, Interim Vice President for Finance Date Feb.14,'00
 Agency Statewide Finance

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Ford
2/10/00

adopted

CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 186(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): **SENATORS TIM KELLY, Wilken**

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to a University of Alaska postsecondary education savings
2 program, to the Alaska Higher Education Savings Trust, and to the Alaska
3 advance college tuition savings fund; and providing for an effective date."

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

5 * **Section 1.** AS 09.25.120(a)(7) is amended to read:

6 (7) names, addresses, and other information identifying a person as a
7 participant in the Alaska Higher Education Savings Trust under AS 14.40.802 or
8 the advance college tuition savings [PAYMENT] program under AS 14.40.803 -
9 14.40.817;

10 * **Sec. 2.** AS 09.38.015(a)(9) is amended to read:

11 (9) tuition credit or savings accounts [CREDITS] under a higher
12 education savings account established under AS 14.40.802 or an advance college
13 tuition savings [PAYMENT] contract authorized under AS 14.40.809(a);

14 * **Sec. 3.** AS 14.40.170(a) is amended by adding a new paragraph to read:

L

1 (10) administer, manage, market, and promote a postsecondary
2 education savings program, including the Alaska Higher Education Savings Trust under
3 AS 14.40.802 and the Alaska advance college tuition savings fund under AS 14.40.803
4 - 14.40.817.

5 * Sec. 4. AS 14.40 is amended by adding a new section to article 6 to read:

6 **Sec. 14.40.802. Alaska Higher Education Savings Trust.** (a) The Alaska
7 Higher Education Savings Trust is established in the University of Alaska. The
8 purpose of this trust is to secure obligations to participants and beneficiaries under a
9 postsecondary education savings program operated by the University of Alaska and to
10 provide participants a convenient method of saving for college or other postsecondary
11 education. The Board of Regents of the University of Alaska shall

12 (1) adopt policies that provide for the administration, management,
13 promotion, and marketing of the trust;

14 (2) maintain the trust in compliance with requirements of 26 U.S.C.
15 (Internal Revenue Code) for a qualified state tuition program as defined in
16 26 U.S.C. 529;

17 (3) coordinate savings options established under the trust and the
18 administration of the trust with the Alaska advance college tuition savings fund (AS
19 14.40.803), including the creation of common administrative and record-keeping
20 systems, marketing programs, and operating reserves;

21 (4) establish participation agreements, including application, savings
22 options, and withdrawal procedures;

23 (5) enter into participation agreements with participants for the
24 (A) accumulation, investment, and distribution of funds;
25 (B) payment or reimbursement of qualified higher education
26 expenses; and

27 (C) benefit of a beneficiary;

28 (6) enter into contracts with one or more contractors, including
29 investment managers; in determining the persons to act as investment managers,
30 consideration must be given to the qualifications of the contractor, including the
31 contractor's ability to

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(A) administer financial programs with individual account maintenance and reporting;

(B) develop, market, and administer investment options appropriate for the trust; and

(C) augment the savings program with other beneficial products and services;

(7) allow both residents and nonresidents to participate in the trust;

(8) allow the transfer or rollover of funds from the Alaska advance college tuition savings fund and other qualified state tuition programs under 26 U.S.C. 529 and the participation agreement;

(9) allow withdrawals from the trust to be used for qualified higher education expenses, including room and board as allowed by 26 U.S.C. 529;

(10) establish penalties for withdrawals from the trust for nonqualified expenses and other distributions as required under 26 U.S.C. 529 or as provided in the participation agreement;

(11) engage an independent firm of certified public accountants to audit the financial position of the trust.

(b) The board may

(1) divide the trust into multiple investment portfolios;

(2) commingle amounts credited to some or all accounts for investment purposes;

(3) establish trusts and accounts as the board considers appropriate under 26 U.S.C. 529;

(4) require trust participants to pay ^{all} administrative fees;

(5) establish earnings reserves as provided in the participation agreement, including reserves for the payment of administrative costs.

(c) The University of Alaska, the board, the state, or an agency of the state is not liable for a loss of funds that are invested under a participation agreement or for the denial of a perceived tax or other benefit. The board shall provide written notice to each applicant that there is no guarantee of any rate of return or benefit and that any risk of loss in account value or other benefit rests exclusively with the participant and

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except for needs based scholarships

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the beneficiary.

(d) Notwithstanding any other provision of law, earnings on funds deposited with the trust are not subject to taxation by the state or a municipality.

(e) Funds on deposit with the trust may not be considered by the University of Alaska or an agency of the state to limit eligibility for a state-funded scholarship.

(f) A participant has the right, as provided in the participation agreement, to
(1) change the beneficiary of an account to another individual who is a member of the family of the former beneficiary; or

(2) direct that all or a portion of an account be transferred to an account with a new beneficiary if the new beneficiary is a member of the family of the former beneficiary.

(g) The right to change the beneficiary or to transfer between accounts described in (f) of this section may be denied or limited as provided in the participation agreement, including transfers that would result in contributions or account balances in excess of allowable limits under the participation agreement.

(h) Except as provided under AS 4.40.110(b)(4), an account established under this section

(1) is exempt from a claim by the creditors of a participant or of a beneficiary;

(2) is conclusively presumed to be a spendthrift trust;

(3) is not an asset or property of either the participant or the beneficiary;

(4) may not be assigned, pledged, or otherwise used to secure a loan or other advancement;

(5) is not subject to involuntarily transfer or alienation.

(i) Except as permitted in 26 U.S.C. 529, a participant or beneficiary may not directly or indirectly direct the investment of an account or earnings on the account.

(j) A participant may, as provided in the participation agreement, designate a person other than the participant as a successor participant. The designation of a successor participant does not take effect until the participant dies or is declared legally incompetent. If a participant dies or is declared legally incompetent without having

*#3
1/6/07*

1 effectively designated a successor participant, the beneficiary may designate a
2 successor participant in the manner prescribed above if the beneficiary is not the same
3 person as the successor participant.

4 (k) The trust, a participation agreement, and this section are intended to
5 comply with the requirements of 26 U.S.C. 529 and shall be interpreted in that manner
6 to the extent permitted by law.

7 (l) The trust and participation agreements may be modified or amended on a
8 retroactive basis in order to maintain compliance with 26 U.S.C. (Internal Revenue
9 Code) and to maintain efficient operation of the trust as determined by the board.

10 (m) A name, address, or other information identifying a person as a participant
11 or beneficiary in the trust is confidential.

12 (n) In this section,

13 (1) "account" means an individual trust account established under this
14 section;

15 (2) "beneficiary" means any person designated by a participation
16 agreement, or by another method of designation authorized in this section, to benefit
17 from payments for qualified higher education expenses at an eligible educational
18 institution;

19 (3) "board" means the Board of Regents of the University of Alaska;

20 (4) "member of the family" has the meaning given in 26 U.S.C. 529(e);

21 (5) "participant" means a person who has entered into a participation
22 agreement or has been appointed as a participant as provided in this section and in the
23 participation agreement;

24 (6) "participation agreement" means an agreement between a participant
25 and the board providing for the establishment by the participant of one or more
26 accounts under this section and for the administration of those accounts for the benefit
27 of the participant and the beneficiary;

28 (7) "qualified higher education expenses" has the meaning given in
29 26 U.S.C. 529(e);

30 (8) "trust" means the Alaska Higher Education Savings Trust.

31 * Sec. 5. AS 14.40.803 is amended to read:

1 **Sec. 14.40.803. Alaska advance college tuition savings [PAYMENT] fund**
2 **[ESTABLISHED].** (a) The Alaska advance college tuition savings [PAYMENT]
3 fund is established as a nonlapsing fund of the University of Alaska. The [FUND IS
4 ESTABLISHED FOR THE] purpose of the fund is to secure obligations to
5 participants under a postsecondary education savings program operated by the
6 University of Alaska and to enhance [ENHANCING] the ability of the university to
7 provide (1) higher education for the people of the state; (2) wide and affordable access
8 to higher education for residents and their children; (3) an incentive for residents to
9 achieve higher academic standards in grades 7 - 12; and (4) an incentive for residents
10 to continue and complete secondary and postsecondary education. The fund may be
11 divided into separate accounts for accounting purposes.

12 (b) The fund consists of

13 (1) permanent fund dividend and cash contributions made under
14 AS 14.40.807 under the terms of an advance college tuition savings [PAYMENT]
15 contract;

16 (2) appropriations, gifts, bequests, and contributions; and

17 (3) income and earnings of the fund.

18 (c) Assets of the fund shall be expended to make payments to the university
19 and other eligible educational institutions, including payments for refunds, redemptions,
20 and awards under a savings [AN ADVANCE TUITION PAYMENT] contract or
21 scholarships, [A PREPAID TUITION SCHOLARSHIP, AND] costs of administration,
22 and other obligations of the fund.

23 * **Sec. 6.** AS 14.40.807(a) is amended to read:

24 (a) Contributions to the fund under the terms of an advance college tuition
25 savings [PAYMENT] contract may be made by direct cash payments or by
26 contributions from the permanent fund dividend. The Department of Revenue shall

27 (1) prepare the permanent fund dividend application to allow an
28 applicant or a parent, legal guardian, or other authorized representative of an applicant
29 who is an unemancipated minor to contribute 50 percent of a dividend to the fund
30 [UNDER THE TERMS OF AN ADVANCE TUITION PAYMENT CONTRACT]; and

31 (2) include with each application for a permanent fund dividend an

1 explanation of the advance college [ADVANCED] tuition savings [PAYMENT]
2 program, including the right to receive a refund, a disclosure of the potential tax
3 liability of the fund, and disclosure of the possible general effect of the tax liability on
4 the advance college tuition savings [PAYMENT] program.

5 * Sec. 7. AS 14.40.809 is amended to read:

6 **Sec. 14.40.809. Powers and duties of the University of Alaska.** (a) The
7 Board of Regents of the University of Alaska may contract with a purchaser for the
8 purchase of advance college tuition credits for the payment of tuition and other
9 qualified higher education expenses [BY THE PURCHASER] for a beneficiary of any
10 age to attend a branch of the university or other eligible educational institution to
11 which the beneficiary is admitted. A purchaser and a beneficiary may be the same
12 person.

13 (b) The board shall

14 (1) make appropriate arrangements as necessary to fulfill the board's
15 obligations under an advance college tuition savings [PAYMENT] contract;

16 (2) establish and adopt a formal plan for administration of the advance
17 college tuition savings [PAYMENT PROGRAM AND PREPAID TUITION
18 SCHOLARSHIP] program; the terms and conditions of the plan shall be considered
19 a part of an advance college tuition savings [PAYMENT] contract;

20 (3) establish investment objectives, criteria, and asset allocation
21 guidelines for the fund based on prudent institutional investor guidelines and actuarial
22 analysis of the earnings requirements for the advance college tuition savings
23 [PAYMENT] plan; and

24 (4) enter into contracts or agreements considered necessary for the
25 investment of the fund, including contracts or agreements with investment
26 managers, consultants, and other custodians of the fund;

27 (5) engage a financial advisor to annually report on the investment
28 performance of the fund;

29 (6) engage an independent firm of certified public accountants to
30 audit the financial position of the fund;

31 (7) do all acts, whether or not expressly authorized, that the board

1 considers necessary or proper in administering the assets of the fund;

2 (8) enter into reciprocal agreements with Sheldon Jackson College,
3 Alaska Pacific University, and other eligible educational institutions or state tuition
4 programs that the board determines to be beneficial to the advance college tuition
5 savings [PAYMENT] program;

6 (9) coordinate savings options established under the Alaska advance
7 college tuition savings program and the administration of the fund with the
8 Alaska Higher Education Savings Trust (AS 14.40.802) including the creation of
9 common administrative and record-keeping systems, marketing programs, and
10 operating reserves.

11 * Sec. 8. AS 14.40.811 is amended to read:

12 Sec. 14.40.811. Advance college tuition savings [PAYMENT] contracts. (a)
13 An advance college tuition savings [PAYMENT] contract must set out or include by
14 reference to the plan

15 (1) the name and date of birth of the purchaser and the beneficiary
16 under the contract;

17 (2) the number of advance college [PREPAID] tuition credits
18 purchased under the contract;

19 (3) the terms and conditions under which the contract may be
20 terminated and refunds made;

21 (4) the assumption of a contractual obligation by the board to provide
22 funding for specified education benefits for [TO] the beneficiary in accordance with
23 the terms of the plan;

24 (5) the period of time during which the beneficiary may receive the
25 benefits of the contract; and

26 (6) other terms and conditions the board determines to be appropriate
27 or that are required under 26 U.S.C. [BY THE UNITED STATES] (Internal Revenue
28 Code).

29 (b) An advance college tuition savings [PAYMENT] contract may be
30 terminated

31 (1) if the board determines that the number of purchasers is insufficient

1 to maintain the fund on an actuarially sound basis; or

2 (2) under other circumstances determined by the board and set out in
3 the advance tuition savings [PAYMENT] contract or in the plan.

4 * Sec. 9. AS 14.40.817(1) is amended to read:

5 (1) "advance college tuition savings [PAYMENT] contract" or
6 "contract" means a contract entered into by the board and a purchaser to provide for
7 the qualified higher education expenses of a beneficiary;

8 * Sec. 10. AS 14.40.817(5) is amended to read:

9 (5) "fund" means the Alaska advance college tuition savings
10 [PAYMENT] fund established under AS 14.40.803;

11 * Sec. 11. AS 14.40.817(6) is amended to read:

12 (6) "plan" means the formal plan for administration of an advance
13 college tuition savings [PAYMENT] program [AND PREPAID TUITION
14 SCHOLARSHIP PROGRAM] adopted by the board under AS 14.40.809(b);

15 * Sec. 12. AS 14.40.817(7) is amended to read:

16 (7) "purchaser" means the person who is named in the contract and has
17 the rights conferred upon a purchaser under an advance college tuition savings
18 [PAYMENT] contract;

19 * Sec. 13. AS 45.55.990(32) is amended to read:

20 (32) "security" means a note; stock; treasury stock; bond; debenture;
21 evidence of indebtedness; certificate of interest or participation in any profit-sharing
22 agreement; limited liability company interest under AS 10.50, notwithstanding the
23 limitations of AS 45.08.103(c); collateral-trust certificate; preorganization certificate
24 or subscription; transferable share; investment contract; voting-trust certificate;
25 certificate of deposit for a security; certificate of interest or participation in an oil, gas,
26 or mining title or lease or in payments out of production under the title or lease or in
27 any sale of or indenture or bond or contract for the conveyance of land or any interest
28 in land; an option on a contract for the future delivery of agricultural or mineral
29 commodities or any other commodity offered or sold to the public and not regulated
30 by the Commodity Futures Trading Commission; however, the contract or option is not
31 subject to the provisions of AS 45.55.070 if it is sold or purchased on the floor of a

1 bona fide exchange or board of trade and offered or sold to the public by a broker-
2 dealer or agent registered under this chapter; investment of money or money's worth
3 including goods furnished or services performed in the risk capital of a venture with
4 the expectation of some benefit to the investor where the investor has no direct control
5 over the investment or policy decision of the venture; or, in general, any interest or
6 instrument commonly known as a "security," or any certificate of interest or
7 participation in, temporary or interim certificate for, receipt for, guarantee of, or
8 warrant or right to subscribe to or purchase, any of the foregoing; "security" does not
9 include a participation agreement entered into under AS 14.40.802 or an insurance
10 or endowment policy or annuity contract under which an insurance company promises
11 to pay a fixed or variable sum of money either in a lump sum or periodically for life
12 or for some other specified period;

13 * **Sec. 14.** AS 14.40.805 is repealed.

14 * **Sec. 15.** This Act takes effect immediately under AS 01.10.070(c).

SENATE FINANCE
COMMITTEE
Amendment Number: 1 LLS1084N.1
Bill Number: SB 186 Ford
Sponsor: Johnson Date: 2/7/00 1/25/00
Logged In By: Mindy

AMENDMENT

OFFERED IN THE SENATE

TO: CSSSSB 186(HES)

- 1 Page 2, line 2:
- 2 Delete "; the program must include"
- 3 Insert ", including"

LEGAL SERVICES

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

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FAX (907) 465-2029
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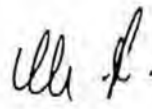
State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

January 25, 2000

SUBJECT: Sectional Summary of CSSSSB 186(HES).

TO: Senator Tim Kelly
Attn: Ben

FROM: Michael F. Ford 
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Provides that the name, address, or other information identifying a person as a participant in the Alaska Higher Education Saving Trust under AS 14.40.802 or the advance college tuition savings program under AS 14.40.803 - 14.40.817 is not a public record subject to public inspection under AS 09.25.120.

Section 2. Provides that a tuition credit or savings account under the Alaska Higher Education Saving Trust under AS 14.40.802 or the advance college tuition savings program under AS 14.40.803 - 14.40.817 is not subject to the execution process to collect creditor claims.

Section 3. Provides authority for the University of Alaska Board of Regents to operate a postsecondary education savings program and requires that the program include the Alaska Higher Education Saving Trust under AS 14.40.802 and the advance college tuition savings program under AS 14.40.803 - 14.40.817.

Section 4. Creates the Alaska Higher Education Savings Trust. Imposes duties on the Board of Regents on managing the trust and creates powers in operating the trust. Precludes liability for trust fund losses. Provides that trust fund earnings are not subject to taxation by the state or a municipality.

Section 5. Amends the existing advance tuition savings fund to provide that the purpose of the fund is to secure obligations to participants under a postsecondary education savings program operated by the University of Alaska.

Senator Tim Kelly
January 25, 2000
Page 2

Section 6. Technical amendment.

Section 7. Adds additional duties relating to the management of the advance tuition savings fund.

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Section 9. Technical amendment.

Section 10. Technical amendment.

Section 11. Technical amendment.

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Section 13. Repeals a provision of law relating to management of the advance tuition savings fund by the commissioner of the Department of Revenue.

Section 14. Effective date.

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MANAGING YOUR MONEY

Generous tax savings point many to prepaid tuition plan

By Thomas A. Fogarty
USA TODAY

Robert and Debra Armstrong of Elmira, N.Y., have been good savers on behalf of their two children.

When the government paid off early a bond they had bought to help finance the kids' college education, the Armstrongs invested the unexpected cash in the New York College Choice Tuition Savings Program, one of the USA's 40 state-sponsored college savings plans.

"My husband read up on it and thought it was a really good deal," Debra says. Particularly attractive, she says, was being able to deduct up to \$10,000 this year on their state income tax for their contribution.

State income plans, which offer professional money management and deferral of federal income tax on earnings, have become the rage among college savers (story, 1B). Assets have shot up to \$7.1 billion from about \$3 billion six months ago. Twelve states — Florida, Hawaii, Illinois, Kansas, Minnesota, North Dakota, Oklahoma, Tennessee, Vermont, Oregon, West Virginia and Wyoming — plan savings programs.

Missouri and New Mexico are poised to open prepaid plans, which let investors lock in tuition at public universities by prepaying a lower rate.

Unique benefits

The "529 plans," named after the section of federal tax law that permits them, "combine a menu of benefits that you're just not going to find elsewhere," says Joseph Hurley, a Professor, N.Y., accountant who has written a guide to the plans.

Many states hired investment companies to manage the accounts. TIAA-CREF, the company known for managing educators' pensions, has the most state plan contracts (see chart). Fidelity Investments and Salomon Smith Barney have others, and they market some plans nationwide.

All plans provide for investors to cash out if a student wins a scholarship, becomes not to attend college, dies or becomes disabled.

Donors and beneficiaries need not be related, and some plans even allow the donor to be the beneficiary.

The federal government has deducted college expenses broadly to include tuition, fees, books, supplies and living expenses.

The advantages

Among the most frequently cited advantages of the plans:

► **Federal income taxes.** Earnings grow tax-deferred until they are withdrawn — and when the money is spent for education, it's taxed at the student's rate, typically 15%.

► **State income taxes.** All states that have income taxes match the federal deferral of taxes on earnings, some, like New York with its \$10,000 reduction per couple for contributions, go far beyond. Virginia and Mississippi offer generous tax breaks, such as unlimited deductions or contributions, and tax exemptions or credits at withdrawal if the money is used for college.

► **Estate planning.** Donors can contribute up to \$50,000 without triggering the federal gift tax that normally kicks in after \$10,000 a year. That special treatment makes state tuition plans especially appealing to high-income grandparents seeking a way to transfer wealth.

► **Control.** The contributor retains control of decisions about disbursement. So if parents or grandparents disapprove of Johnny's plan to study the logistics of rock concert tours at Camp State U, they can transfer the account to another beneficiary.

Rules are drawn to make sure the money goes for college expenses, and penalties apply when it is used for something else. Most states follow some guidelines for that penalty, such as 10% of earnings and taxation of the donor's tax rate, which, presumably is higher than the student's.

Saving for college? Here's how state tuition plans rate

College savers are no longer limited to their own state in selecting a state tuition plan, so they face an array of choices. Here is a listing of the plans that are now operating. More are on the way, including the listing given each plan by Joseph Hurley, a certified public accountant who has written a guide to funds called "The Best Way to Save for College." A rating of 5 is best; a 1 is worst. More information can be found on Hurley's Web site, www.savingforcollege.com, and on the Web site of the College Savings Plan Network, www.collegesavings.org.

State	Name (phone)	Web site	Hurley's rating	Type of program	Available to non-residents (Hurley's rating)	Enrollment period	Investment/management
Ala.	Prepaid Affordable College Tuition (PACT) Program (800-253-7228)	agencies.state.al.us/treasurer	2	Prepaid	No	Semiannual	Tracks Ala. tuition and has no interest if canceled
Alaska	Advance College Tuition (ACT) in Alaska, 800-478-0003; outside Alaska, 907-474-5571	www.alaska.edu/awact	1	Combined	No	Open	Money market interest rate
Ariz.	Arizona Family College Savings Plan (800-229-2591)	www.acosai.edu	3	Savings	Yes (3)	Open	CD rates, 4% minimum of S&P 500 mutual funds
Ariz.	Arizona Tax-deferred Tuition Savings Program (877-442-6553)	www.thegroupan.com	5	Savings	Yes (4)	Open	Nine age-based portfolios
Calif.	Golden State Scholars Trust College Savings Program (877-728-4338)	www.scholarstrust.com	4	Savings	Yes (3)	Open	Age-based portfolio managed by TIAA-CREF
Colo.	Scholar's Choice College Savings Program (888-572-4652)	www.scholars-choice.com	Savings: 3 Prepaid: 2	Both	Savings: Yes (4) Prepaid: Yes (1)	Open	Savings: age-based portfolio; Salomon Smith Barney mutual funds
Conn.	Connecticut Higher Education Trust (CHET) (888-799-2438)	www.usabot.chset.com	3	Savings	Yes (3)	Open	Age-based portfolio; Vanguard managers
Del.	Delaware College Investment Plan (800-544-1855)	www.hesbly.com/osaware	4	Savings	Yes (4)	Open	Age-based portfolio using 7 funds
Fla.	Florida Prepaid Tuition Program (800-552-4723)	www.flcol.state.fl.us/prepaid	2	Prepaid	No	October-January	Tracks Fla. tuition increases; interest if canceled
Ill.	College Bond (877-877-3724)	www.collegebond.com	2	Prepaid	No	Oct. 18-Feb. 18	Tracks Ill. tuition and has no heavy cancellation penalties
Ind.	Indiana Family College Savings Plan (888-414-6800)	www.chsai.state.in.us/IFCS	4	Savings	Yes (4)	Open	Many One Group mutual funds; Vanguard bond fund
Iowa	College Savings Iowa (888-445-6696)	www.collegesavingsiowa.com	4	Savings	Yes (3)	Open	One of four Vanguard portfolios
Ky.	Kentucky Education Savings Plan Trust (877-598-7878)	www.kentuckytrust.org	4	Savings	No	Open	Age-based portfolio managed by TIAA-CREF
La.	Louisiana Student Tuition Assistance and Revenue Trust Program (START) (800-259-5626)	www.osa.state.la.us/start.htm	4	Savings	No	Open; Nov. 1 deadline for matching grant	Government bonds and other income investments
Maine	NextGen College Investing Plan (877-463-9843)	www.nextgenplan.com	3	Savings	Yes (4)	Open	Age-based portfolio using M Lynch mutual funds
Md.	Maryland Prepaid College Trust (888-463-4723)	www.prepaid.usmd.edu	2	Prepaid	No	Feb. 10-June 10	Tracks Md. avg. tuition and cannot cancel first three years
Mass.	U. Fund (800-544-2776) U. Plan (800-449-5332)	www.mefa.org	Savings: 4 Prepaid: 2	Both	Savings: Yes (4) Prepaid: Yes (1)	Savings: Open Prepaid: May 2000	Savings: age-based portfolio; Fidelity mutual funds
Mich.	Michigan Education Trust (800-638-4543)	www.mest.tl.state.mi.us/collegesavings/mestindex.htm	1	Prepaid	No	Fall/winter	Tracks Mich. tuition and has cancellations
Miss.	Mississippi Prepaid Affordable College Tuition Program (MPACT) (800-987-4450)	www.treasurer.state.ms.us	3	Prepaid	No	Sept. 1-Nov. 30	Tracks Miss. tuition and has cancellations
Mo.	Missouri Saving for Tuition Program (MOST) (888-414-6678)	www.missourimost.org	5	Savings	Yes (4)	Open	Age-based portfolio of funds, some TIAA-CREF
Mont.	Montana Family Education Savings Program (800-868-2723)	montana.college-savings.com	4	Savings	Yes (3)	Open	CDs based on avg. college cost 4% minimum
Nev.	Nevada Prepaid Tuition Program (888-477-2667)	prepaid-tuition.state.nv.us	3	Prepaid	No	Aug. 30-Nov. 16	Tracks Nevada tuition increases
N.H.	UNIQUE College Investing Plan (800-544-1722)	personal400.hesbly.com/planning/college	5	Savings	Yes (4)	Open	Age-based portfolio using Fidelity mutual funds
N.J.	New Jersey Better Education Savings Trust (NJBEST) (877-465-2368)	www.state.nj.us/treasurer/osa	3	Savings	No	Open	Invested by state; minimum 6% bonds
N.Y.	New York's College Savings Program (877-897-2837)	www.nysaves.com	4	Savings	Yes (4)	Open	Age-based portfolio managed by TIAA-CREF
N.C.	College Vision Fund (800-600-3453)	www.collegevisionfund.org	2	Savings	No	Open	Fund-income securities
Ohio	Ohio Prepaid Tuition Program (800-233-6734)	www.ohiocollege-savings.org	2	Both	No	Open	Tracks Ohio tuition increases
Pa.	Pennsylvania Tuition Account Program (TAP) (800-440-4000)	www.pacta.org	2	Prepaid	No	Open	Tracks Pa. tuition increases; no interest if canceled
R.I.	Rhode Island Education Savings Trust (RIHEST) (877-474-4378)	www.rihest.com	3	Savings	Yes (3)	Open	Age-based portfolio with Vanguard money managers
S.C.	Prepaid Affordable College Education (PACE) (888-772-4723)	www.state.sc.us/vco	2	Prepaid	No	Oct. 1-Jan. 21	Tracks S.C. tuition and has no interest if canceled
Tenn.	Tennessee Bicentennial Education System Trust (BEST) (888-486-2378)	www.treasurer.state.tn.us/best.htm	1	Prepaid	No	Open	Tracks Tenn. tuition and has no interest if canceled
Texas	Texas Tomorrow Fund (800-445-4723)	www.texasctomorrowfund.com	2	Prepaid	No	Nov. 1-March 28	Tracks Texas tuition and has no interest if canceled
Utah	Utah Educational Savings Plan Trust (UESP) (800-418-2551)	www.uesp.org	4	Savings	Yes (4)	Open	Four options, with state-run Vanguard fund and Vanguard stock bond index funds
Va.	Virginia Education Savings Trust (VEST) Virginia Prepaid Education Program (VPEP) (888-567-0540)	www.vpep.state.va.us	Savings: 3 Prepaid: 3	Both	Savings: Yes (4) Prepaid: No	Savings: Open Prepaid: Dec. 1-Feb. 29	Prepaid: tracks Va. tuition and 4% interest; savings: seven age-based portfolios
Wash.	Guaranteed Education Tuition of Washington (GET) (877-438-8848)	www.get.wa.gov	2	Prepaid	No	Sept. 1-Jan. 15	Tracks Wash. tuition increases
W.Va.	West Virginia Prepaid College Plan (800-307-4701)	www.wvtreasurer.com	2	Prepaid	No	October-January	Tracks W.Va. tuition and has no interest if canceled
W.Va.	Edvest Wisconsin (888-338-3789)	www.edvest.wisconsin.gov	1	Savings	No	Open	Tuition units similar to U.S. Savings Bonds, now 6% interest

The downside

So, what's not to like? **Kalman Chany**, author of *Praying for College Without Going Broke*, says state officials and companies that manage the plans are only picking the plans' good points.

For starters, Chany says, anyone who invests in a tuition plan before making sure they are getting the maximum employer match to their company's 401(k) plan — if they have one — is making a big mistake. Beyond that, Chany and others point out several potential pitfalls:

► **Penalties.** Most states are strict on locking participants into the plan. As a result, penalties for canceling an

account can be steep.

► **Lack of investment choice.** Once an account is open, the state — or the investment company acting as the state's agent — takes full control over how the money is invested. In most savings plans, the assets are allocated, according to the beneficiary's age, among stocks, bonds and money market mutual funds.

The younger the beneficiary, the more risk is taken. By the time the student reaches college, most of the account is invested in low-risk bonds and money market mutual funds.

Chany says some plans are too risk-averse. He cites New York's plan, which limits stock investments on behalf of newborns to just 36% of

an account. New Hampshire, by contrast, invests 88% of a newborn's account in stocks.

► **Prepaid plan conversions.** Prepaid tuition contracts let students convert state university tuition credits for use at a private or out-of-state college. Some plans, however, make conversions at a significant discount from public university tuition.

► **Taxes.** Tax payers aren't considered a college expense under IRS rules. So a student must have another source of money to pay taxes on money coming out of the savings plan. As a result, Chany says parents who expect to invest only modest amounts for their child's education may be better off with a plan via an

investment account, which lets a minor withdraw up to \$100 in interest tax-free each year.

► **Impact on financial aid.** Prepaid tuition contracts let students convert state university tuition credits for use at a private or out-of-state college. Some plans, however, make conversions at a significant discount from public university tuition.

By contrast, at least for now, the government has issued an interpretation that gives savings plans relatively favorable treatment in financial aid calculations. As a result, savings accounts have less negative impact on aid than other assets.

But the dispute over how savings plans should be viewed in aid calculations is far from settled. A future determination could mean a savings account could cut a student's \$

financial aid substantially.

So how do you pick a plan? The first decision is between paid and a savings plan.

► **A prepaid plan** is for a conservative investor who wants the assurance that the full cost of college, at least the cost of tuition at a university, will be covered.

► **A savings plan** is for those who can live with the idea that things may come up short of funding tuition.

Once that decision is made, in case if your own state offers you several, many times the state's own offerings are so good that they will eliminate the need to look any further.

States make saving for college easier

By Mike J. Dalessi
For the Journal

PERSONAL FINANCE



The ever-rising cost of higher education has many parents wondering, "How will I afford to send my children to college, and what is the best way to save for this important goal?"

If you have begun to explore education-funding possibilities, you have probably found that there is a downside to many traditional savings plans.

For example, if you would like to put the funds for your child's education into a custodial account, you are making an irrevocable gift to your child and giving up control of the money in that account. Upon the age of majority, your child can use the funds for any purpose, and you will have to hope that paying for education is a priority.

Education-specific savings alternatives, such as the Education IRA, do provide tax-free distributions for education expenses. However, parents with relatively high incomes may not be allowed to contribute to these accounts, and those who are able to contribute are limited to \$500 annually.

Other investments, such as U.S. Savings Bonds, a popular gift for children, carry modest invest rates of 4 percent to 5 percent.

Congress has heard the concerns of parents dissatisfied with these conventional savings plans and has passed legislation that gives individual states the authority to establish Qualified State Tuition programs — a boon for anyone interested in saving as much money as possible for a college education.

Recent changes to these programs, also called Section 529 College Savings Plans after the IRS code that establishes them, have allowed individuals to contribute substantially more money toward higher-education expenses while reaping significant tax benefits.

Many states have the new version of these College Savings Plans in place, while others are expected to implement their own plans over the next several months.

Alaska does not have a plan in place, but Alaskans can use Colorado's plan. If Alaska eventually implements a plan, local investors will be able to transfer their accounts from Colorado to

Alaska with no penalties or taxes.

Since these state-sponsored savings plans typically have no income restrictions and allow for relatively large contributions that can exceed six figures in many cases, they can be the answer to the education funding concerns of many middle- and upper-income families.

The funds in College Savings Plans are usually invested in a family of pre-selected portfolios according to the age of the student or the years to enrollment in college.

The contributor has no say in how the funds are invested other



Dalessi

than a possible choice of a balanced or conservative savings option.

The portfolios typically hold more equities while the account's student beneficiary is young. As the student ages, funds are automatically moved into portfolios with a

larger portion of fixed-income investments, thus reducing the risk of stock market volatility on funds needed to pay for college expenses in the near future.

The performance of the portfolios depends on market conditions and there is no guarantee

Continued on Page 18

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States' College Savings Plans often the smartest way to put tuition away now

Continued from Page 5

that there will be enough money in the account to cover all education expenses.

Those saving for education expenses through College Savings Plans may be able to benefit from the many tax advantages that these accounts provide on the contribution,

growth and distribution levels.

While contributions are not federally tax-deductible, they may be deductible on state or local tax returns. For this reason, investors should look into the programs within their own states to determine if this tax savings makes their state-sponsored plans more attractive than those of other states. Of

course, savings options and fund performance should also be examined.

The assets in a College Savings Plan grow tax-deferred, meaning that any dividends and realized capital gains are not taxed annually. This feature will allow the account to grow larger than an identical taxable account where

earnings are taxed every year.

The earnings on distributions used for qualified education expenses, which include tuition, fees, certain room and board expenses, supplies and equipment, are taxable upon withdrawal at the student's rate.

Since most children do not have earned income, the federal tax rate is usually 15 percent. Qualified distributions may be free of state and local taxes. Penalties apply to non-qualified withdrawals.

Where you live may not be the best place to invest. Several states allow accounts to be opened by and for nonresidents. If your state has a College Savings Plan, you should weigh any local tax benefits against the benefits and conditions of

plans offered by other states.

Also, if you are already saving within a custodial account, an Education IRA and with U.S. Savings Bonds, you may want to explore the tax-free transfer of these savings to a College Savings Plan. Your financial adviser can provide more information and can help you decide which education-funding strategy may be appropriate in your case.

Mike J. Dalessi is vice president-investments and branch manager for Smith Barney in Juneau. He can be reached at 1-800-178-0600.

Salomon Smith Barney does not provide tax or legal advice. Please contact a tax or legal adviser for guidance.

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SPONSOR STATEMENT
CSSSSB 186

"An Act relating to the Alaska Higher Education Savings Trust and the Alaska Advanced College Tuition Savings Fund; and providing for an effective date."

Alaska, through its student loan program and the Advanced College Tuition program, has traditionally offered its residents seeking a higher education, solid financial options. Senate Bill 186 continues this trend and will allow residents and non-residents alike, the further option to invest money into a trust fund that may be used for higher education expenses. SB 186 will ensure that Alaskans will continue to have flexible and powerful financial opportunities to utilize for their higher education.

Under IRS Code 26 USC 529, commonly known as "Section 529", states are allowed to create "qualified State tuition programs." Section 529 defines "qualified State tuition program" as a program established and maintained by a State or an agency under which a person may either purchase tuition credits or certificates on behalf of a designated beneficiary. This entitles the beneficiary to the waiver or payment of qualified education expense of the beneficiary; or, make contributions to an account, which is established for the purpose of meeting the qualified higher education expenses of the designated beneficiary.

Under Section 529, individuals are permitted to front-load large sums of money, in some states in excess of \$100,000, gift-tax free either in one lump sum or over a five-year period. The Savings Trust would grow, tax-deferred, until withdrawn by the beneficiary. This is quite a contrast to the \$500 annual limit placed on an Education IRA. Furthermore, the participant may change the beneficiary at any time and may even choose him or herself to be the beneficiary. Section 529 provides unprecedented flexibility and savings power.

Approximately 40 states have already or are planning to implement a college savings plan. The program will be administered by the University of Alaska and will be known as the "Alaska Higher Education Savings Trust." The bill also changes the structure of the current Advanced College Tuition program by updating its composition to conform to new IRS codes and changing the name of the program to the Advanced College Savings Fund. In order to keep the overhead, record keeping and marketing costs to a minimum, SB 186 places both programs under one administrative roof.

It is vital that this education savings program be flexible and designed to maximize returns for the investor with minimal tax consequences. Not only is this important so that Alaskans are able to have meaningful savings options for their higher education, but, with a strong program, it should entice non-residents as well to invest their savings dollars in Alaska.

###

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MEMORANDUM

January 25, 2000

SUBJECT: Sectional Summary of CSSSSB 186(HES).
TO: Senator Tim Kelly
Attn: Ben
FROM: Michael F. Ford 
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Provides that the name, address, or other information identifying a person as a participant in the Alaska Higher Education Saving Trust under AS 14.40.802 or the advance college tuition savings program under AS 14.40.803 - 14.40.817 is not a public record subject to public inspection under AS 09.25.120.

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Section 5. Amends the existing advance tuition savings fund to provide that the purpose of the fund is to secure obligations to participants under a postsecondary education savings program operated by the University of Alaska.

Senator Tim Kelly
January 25, 2000
Page 2

Section 6. Technical amendment.

Section 7. Adds additional duties relating to the management of the advance tuition savings fund.

Section 8. Technical amendment.

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Section 10. Technical amendment.

Section 11. Technical amendment.

Section 12. Provides that a participation agreement entered into under AS 14.40.802 is not a security subject to regulation under AS 45.55.

Section 13. Repeals a provision of law relating to management of the advance tuition savings fund by the commissioner of the Department of Revenue.

Section 14. Effective date.

MFF:glc:jr
00-025 glc

Bill History/Action Display



BILL: SB 186 SHORT TITLE: COLLEGE TUITION SAVINGS PLAN
 BILL VERSION: SSSB 186
 SPONSOR(S): SENATOR(S) KELLY TIM, Wilken

CURRENT STATUS: (S) FIN STATUS DATE: 1/28/00

TITLE: "An Act relating to the Alaska Higher Education Savings Trust; and providing for an effective date."

Bill/Resolution has Zero Fiscal Note(s).

Jrn-Date	Jrn-Page	Action
1/10/00	<u>1931</u>	(S) PREFILE RELEASED - 12/30/99
1/10/00	<u>1931</u>	(S) READ THE FIRST TIME
1/10/00	<u>1931</u>	(S) PREFILE RELEASED - SPONSOR SUB 1/7/00
1/10/00	<u>1931</u>	(S) SPONSOR SUBSTITUTE RD 1ST TIME-REFERRAL
1/10/00	<u>1931</u>	(S) HES, FIN
1/25/00	<u>2069</u>	(S) COSPONSOR(S): WILKEN
1/28/00		(S) HES RPT CS 2DP 2NR
1/28/00		(S) DP: WILKEN, MILLER; NR: PEARCE, ELTON
1/28/00		(S) FISCAL NOTE TO SSSB (REV)
1/28/00		(S) REFERRED TO FINANCE

Similar Subject Match or Exact Subject Match

- EDUCATION
- TRUSTS
- UNIVERSITIES

Bill Root:

[Return to BASIS Main Menu\(21st Legislature\)](#)
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SB

192

HFIN

FILE

W/D
See new #2

#2

AMENDMENT#

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BY REPRESENTATIVE AUSTERMAN

TO: HCS SB281 (FIN) Draft Version " "

Page _____, line _____:

Department of Environmental Conservation

Village Safe Water Projects
Larsen Bay Water Storage Tank Replacement

Fund Source
GF \$150.0

Following the December 6th, 1999 earthquake that centered on the Kodiak Island region, registering 7.0 on the Richter scale (HRV), the community water tank in the village of Larsen Bay deteriorated completely. Presently they are piping in water through a temporary system that doesn't allow for filtering. This puts the village in a state of noncompliance with the Surface Water Treatment Rule.

See new

Administration Amendment # 15

Offered by: _____

Add a new subsection to Section 20

(h) The sum of \$114,100 is appropriated from general fund program receipts, collected under AS 13.26.410(e) and AS 44.21.410 (a)(8), to the Department of Administration, office of public advocacy for operating costs for the fiscal year ending June 30, 2000.

Discussion:

- The amount funded in the House CS is the original estimate of 508.8 which will pay the majority but not all of the anticipated FY2000 billings from private sector vendors.
- An updated projection of the FY2000 shortfall was submitted on April 11 for 622.9, an increase of 114.1 over the original estimate.
- This is a conservative projection; if the supplemental appropriation remains at 508.8 there may be a situation similar to last year when OPA was unable to pay nearly 60.0 of vendor billings and had to request a prior year (FY1999) supplemental earlier this session.
- OPA may not be able to pay vendors in a timely manner which may undercut its ability to continue to secure contractual services at a rate substantially below the market rate for private attorney services.

#1

No
obj

4/27

AMENDMENT

OFFERED IN THE HOUSE

TO: CSHB 192(FIN) am

1 Insert new bill sections to read:

2 * Sec. A. MEDICAID SERVICES. (a) Section 43, ch. 84, SLA 1999, page 42, lines 17 -
3 18, is amended to read:

	Appropriation	General	Other
	Items	Funds	Funds
6 Council on Domestic Violence and	<u>9,832,800</u>	3,729,100	<u>6,103,700</u>
7 Sexual Assault	[8,832,800]		[5,103,700]

8 (b) Section 43, ch. 84, SLA 1999, page 31, line 23, is amended to read:

	Appropriation	General	Other
	Items	Funds	Funds
11 Purchased Services	<u>39,138,400</u>	25,831,800	<u>13,306,600</u>
12	[38,138,400]		[12,306,600]

13 (c) Section 43, ch. 84, SLA 1999, page 33, line 33, is amended to read:

	Appropriation	General	Other
	Items	Funds	Funds
16 State Health Services	<u>72,530,500</u>	22,133,600	<u>50,396,900</u>
17	[71,990,500]		[49,856,900]

18 (d) Section 3, ch. 85, SLA 1999, page 5, line 27, is amended to read:

	Appropriation	General	Other
	Items	Funds	Funds
21 State Health Services	<u>4,979,700</u>	4,419,700	<u>560,000</u>
22	[4,519,700]		[100,000]

23 (e) Section 43, ch. 84, SLA 1999, page 31, lines 3 - 5, is amended to read:

	Appropriation	General	Other
	Allocations	Funds	Funds
24			
25			

1	Public Assistance	<u>89,846,600</u>	25,272,100	<u>64,574,500</u>
2	Administration			[61,574,500]
3	Public Assistance	<u>4,525,000</u>		
4	Administration	[1,525,000]		

5 (f) The sum of \$1,000,000 is reappropriated from the unexpended and unobligated
6 balance of general funds appropriated by sec. 43, ch. 84, SLA 1999, page 42, lines 17 - 18,
7 as amended by (a) of this section (Council on Domestic Violence and Sexual Assault -
8 \$9,832,800) to the Department of Health and Social Services for medicaid services for the
9 fiscal year ending June 30, 2001. The amount of general funds appropriated by sec. 43,
10 ch. 84, SLA 1999, page 42, lines 17 - 18, as amended by (a) of this section, is reduced by the
11 amount reappropriated by this subsection.

12 (g) The sum of \$1,000,000 is reappropriated from the unexpended and unobligated
13 balance of general funds appropriated by sec. 43, ch. 84, SLA 1999, page 31, line 23, as
14 amended by (b) of this section (Purchased Services - \$39,138,400) to the Department of
15 Health and Social Services for medicaid services for the fiscal year ending June 30, 2001.
16 The amount of general funds appropriated by sec. 43, ch. 84, SLA 1999, page 31, line 23, as
17 amended by (b) of this section, is reduced by the amount reappropriated by this subsection.

18 (h) The sum of \$540,000 is reappropriated from the unexpended and unobligated
19 balance of general funds appropriated by sec. 43, ch. 84, SLA 1999, page 33, line 33, as
20 amended by (c) of this section (State Health Services - \$72,530,500) to the Department of
21 Health and Social Services for medicaid services for the fiscal year ending June 30, 2001.
22 The amount of general funds appropriated by sec. 43, ch. 84, SLA 1999, page 33, line 33, as
23 amended by (c) of this section, is reduced by the amount reappropriated by this subsection.

24 (i) The sum of \$460,000 is reappropriated from the unexpended and unobligated
25 balance of general funds/mental health appropriated by sec. 3, ch. 85, SLA 1999, page 5, line
26 27, as amended by (d) of this section (State Health Services - \$4,979,700) to the Department
27 of Health and Social Services for medicaid services for the fiscal year ending June 30, 2001.
28 The amount of general funds/mental health appropriated by sec. 3, ch. 85, SLA 1999, page 5,
29 line 27, as amended by (d) of this section, is reduced by the amount reappropriated by this
30 subsection.

31 * **Sec. B.** Section A of this Act takes effect immediately under AS 01.10.070(c).

~~# SB~~

AMENDMENT #

Replacement #2

Adopted

Replacement-2

BY REPRESENTATIVE AUSTERMAN

OFFERED IN HOUSE FINANCE

TO: HCS SB281 (FIN) Draft Version "N"
Department of Environmental Conservation

Page 7, line 5:

Delete: "Karluk Water and Sewer Upgrades
Feasibility Study"

Add: "Larsen Bay Water Storage Tank Replacement"

Following the December 6th, 1999 earthquake that centered on the Kodiak Island region, registering 7.0 on the Richter scale (HRV), the community water tank in the village of Larsen Bay deteriorated completely. Presently they are piping in water through a temporary system that doesn't allow for filtering. This puts the village in a state of noncompliance with the Surface Water Treatment Rule.

Changes

1. Section 19 (page 68) has been deleted because updated language for the Governor's office (sec. 45, page 78) and the Legislature (sec. 47, page 78) reappropriations have been added in this CS but legislative legal did not delete the earlier, outdated section put in by the Senate. Section 19 is that section.
2. There was incorrect reappropriation language in Section 58 (page 85) (Eldon's reapprop). That language has been corrected in the CS before you.
3. There is duplicated language for DEC Unalaska reappropriations between Section 49 (page 80) and Section 66 (page 91). The duplicative language has been deleted from Section 66 in the CS. Also, Section 54 DEC Klawock reapprop(page 83) needs to be deleted due to duplication. It is also currently in Section 49.

Also, remember to allow Leg Finance to appropriate AHFC Receipts before appropriated general funds are used as state funds.

withdrawn

3

AMENDMENT

Offered in
To

By

Add a new section to read:

*Sec. __. ANCHORAGE INTERNATIONAL AIRPORT CONSTRUCTION.

(a) The amount earned by the investments authorized by AS 37.15.410 and AS 37.15.420 of the International Airports Construction Fund for the period February 28, 1999 to June 30, 2001, after any payment required under U.S.C. 148, not to exceed \$ 18,140,000, is appropriated from the International Airports Construction Fund to the Department of Transportation & Public Facilities for construction costs of the Anchorage International Airport Terminal Redevelopment Project.

(b) The appropriation in section (a) is contingent upon approval by the signatory airlines in accordance with the Anchorage International Airport operating agreement.

(This section needs to be added to the capital lapse provision).

7/21/18

#4

withdrawn

Amendment

Offered in House Finance

By

To: CS SB 192 (FIN) am

Department of Natural Resources
Section 1, page 17, line 5, insert:

	Appropriation Items	General Funds
Holtna Basin Gas Survey	380,000	380,000

Renumber accordingly

#5

Failed 2-8

AMENDMENT

ADD A NEW SECTION

Sec. ____ **Learning Opportunity Grants.** The sum of \$6,430,222 is appropriated from the general fund to the Department of Education and Early Development for payment as grants to each school district in an amount equal to the school district's adjusted average daily membership multiplied by \$30.60, as Learning Opportunity Grants to pay the costs of supplemental student instructional programs to improve student performance on the high school graduation examination or benchmark examinations for the fiscal year ending June 30, 2001.

withdrawn

#6

* Sec. ____ . ANCHORAGE PIONEERS' HOME VENTILATION AND HUMIDIFICATION SYSTEM EMERGENCY REPAIR AND UPGRADE. The unappropriated pioneers' homes receipts received in FY2000 and FY2001, not to exceed \$880,000, are appropriated to the Department of Administration for the Anchorage pioneers' home ventilation and humidification system emergency repair and upgrade capital project.

Add to capital project lapse section.

Discussion:

Repairs to the Anchorage Pioneers' Home are urgently needed. SB 192 currently funds only \$250.0 of the Governor's request of \$1,488.1. That amount is not enough for actual repair work to begin, meaning the project would be delayed by at least six months, and then only if the balance is appropriated next year.

This amendment would use receipts collected from Pioneers' Home residents to fund a significant portion of the project. This amount is based on the department's current forecast that receipts will exceed appropriations (in the operating budget) by about \$440.0 this year and next.

If this amendment is adopted, the Anchorage Pioneers' Home will have \$1.130.0 available to get work underway. Although not expected to be enough to complete all the repairs and upgrades needed, it will allow the most critical improvements to be made.

#7

AMENDMENT

OFFERED IN SENATE FINANCE

Failed 2-8

TO: CS SB 192 (FIN)

Add a new section to read:

The sum of \$450,000 is appropriated from the general fund to the Department of Administration for payment as a grant under AS 37.05.315 to the City of Kenai for final design and engineering for the Kenai Coastal Trail/Bluff Restoration project.

Filed 2-8

#8

AMENDMENT

OFFERED IN HOUSE FINANCE

TO: CS SB 192 (FIN) am

Department of Transportation and Public Facilities

Section 1, Page 19, line 26 is amended to read:

Kenai: Nikiski Emergency Escape Route Rehabilitation (ED 9)

Under Appropriation Items

Insert: "450,000"

Under General Funds

Insert: "450,000"

Re-number accordingly

AMENDMENT

#9
failed
2-8

Amendment to CSSB 192(FIN)am

Sponsor:

Department of Education and Early Development

Page 4, after line 18 insert the following project:

Museum Collection Preservation-Modification
and Renovation of Storage (ED 3-4)

**General
Funds**

295,600

Renumber accordingly.

Failed
2-8

#10

Amendment #

offered in House Finance

TO: CS SB 192(FIN) am
1-GS2043\M.a

sponsored by

Department of Revenue
section 1, page 18, line 20
increase

	Appropriation Items	Federal Recpts.	Corporation Recpts.
AHFC Low Income Weatherization	5,400,000	1,400,000	4,000,000

failed
2-8
AMENDMENT

11

To: CS CSSB 192

Offered by:

ADD A NEW SECTION:

Sec. ____ DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT. The sum of \$602,900 is appropriated from the general fund to the Department of Education and Early Development, Schools for the Handicapped, for the educational cost of children placed in out-of-state residential treatment *for the fiscal year ending June 30, 2000.*

- 56 children are in the custody of either the Division of Family and Youth Services or the Division of Juvenile Justice
- Appropriate level of care is unavailable in Alaska

Failed
2-8

#12

AMENDMENT

Offered in: House Finance
To: CSSB 192(FIN) AM

By:

*Sec. __. DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES. The appropriations made in CCS HB 312, sec. 1 are amended as follows:

Statewide Highways and Aviation Maintenance Needs	(971.4) HWCF
Statewide Highways and Aviation Maintenance Needs	971.4 GF
Central Highways and Aviation	(528.6) HWCF
Central Highways and Aviation	528.6 GF

The Highway Working Capital Fund (HWCF) is made up of money agencies have contributed to replace vehicles that have reached the ends of their useful lives. The appropriation of \$1.5 million from the HWCF would impact the cash flow of this fund. All departments including the Department of Transportation and Public Facilities will either have to delay replacement of vehicles OR finance replacement. Financing costs would be spread as a cost to the fund, resulting in increased charges for all departments.

If DOT&PF does not receive an appropriation for \$1.5 million, the department will be unable to reopen maintenance stations, will have to close additional maintenance stations and some rural airports.

Held

DOT/PF Amendment # 13

Offered by: _____

Failed 2-7

*Sec. _____ Department of Transportation and Public Facilities. (a) The appropriations made in sec. 1 of CCS for HB 312 for the following appropriations are amended as follows:

Allocations	Appropriation Items	General Funds	Other Funds
Statewide Facility Maintenance and Operations	17,534,000	<u>14,955,600</u> [14,519,600]	<u>2,578,400</u> [3,014,400]
Central Region Highways and Aviation	28,823,100	<u>26,225,800</u> [26,160,800]	<u>2,597,300</u> [2,662,300]
Whittier Access and Tunnel	450,000	<u>100,000</u> [0.0]	<u>350,000</u> [450,000]
Northern Region Highways and Aviation	37,240,200	<u>36,241,300</u> [35,773,400]	<u>998,900</u> [1,466,800]
Southeast Region Highways and Aviation	8,993,100	<u>8,741,200</u> [8,694,700]	<u>251,900</u> [298,400]

(b) Sec. 2 of CCS for HB 312 is amended as follows:

Department of Transportation/ Public Facilities General Fund Receipts	<u>95,665,800</u> [94,550,400]
[Public Building Fund	1,115,400]

Discussion

The new Public Building Fund statute requires that money deposited in the fund will come from "payments made to the Department of Administration by a public or private occupant of a covered building [listed in the bill] under an agreement with the Department of Administration for costs of the occupant's use and occupancy of building space". The new statute continues: "...the legislature may appropriate amounts from the Alaska public building fund to the Department of Administration to pay use, management, operation, maintenance, and depreciation costs related to space of covered buildings managed under an agreement with the Department of Administration."

The appropriations to DOT/PF made by the Senate in the operating budget are incompatible with this legislation. The intent was to operate and maintain state buildings in a more businesslike, cost-effective manner, and to begin addressing the extensive backlog of deferred maintenance problems. The diversion of funds from the Public Building Fund for other purposes means the loss of a large part of the money collected to begin addressing these deferred maintenance problems, resulting in continued deterioration of the facilities. Some of these problems are urgent, including facilities that right now have leaking roofs and window vapor seals.

This use of funds to subsidize the DOT/PF operating budget would also clearly be contrary to AS 37.07.080(e) which requires that the agency providing the service (the Public Building Fund) must charge for the services based on actual costs or a cost allocation method.

W/D

#14

AMENDMENT

Offered in:

By:

To:

Add a new section to read:

*Sec. __. DEPARTMENT OF HEALTH AND SOCIAL SERVICES. (a) The sum of \$82,000 is appropriated from the general fund to the Department of Health and Social Services for operating costs for the McLaughlin and Bethel Youth Facilities for the Fiscal Year Ending June 30, 2000.

Adding this amendment would still appropriate less than the Governor's original request of \$217,000 for McLaughlin \$120,000 and Bethel \$97,000. The Division of Juvenile Justice plans to eliminate planned weekend detention at the new Mat-Su Youth Facility for a savings of \$65,000 to achieve savings for the reduced request. .

McLaughlin Youth Center

The proposed supplemental of \$70.0 will fund approximately 60% of the original supplemental request of \$120.0. As of the end of March, the average detention population of 76.1 juveniles for the 55-bed facility is 38% over capacity, an increase in population from the original supplemental request when it was 33% over capacity. The overtime costs at MYC average \$75.0 per month due to the overcrowding in the facility. This overcrowding not only impacts personal services but also increases food, medical and clothing costs

Bethel Youth Facility

The average detention population at Bethel of 15.5 juveniles in an 8-bed detention facility is 194% over capacity, which has remained the same as when the department requested the original supplemental of \$97.0. BYF overtime is averaging \$13.2 per month due to the overcrowding in the facility. The population in Bethel includes young people being held for murder, attempted murder and other serious offenses.

New # 15 Adopted

Administration Amendment # _____

Offered by: _____

Add a new subsection to Section 20

(h) The sum of \$100,000 is appropriated from statutory designated program receipts (AS 37.05.146(b)(3)), to the Department of Administration, office of public advocacy for operating costs for the fiscal year ending June 30, 2000.

Discussion:

- This funding is from fees received by OPA for management of public guardian accounts.
- If this amendment is not approved, OPA might not be able to pay all vendors in a timely manner which may undercut its ability to continue to secure contractual services at a rate substantially below the market rate for private attorney services.

Failed 2-8

#16

AMENDMENT

Offered in:
To:

By:

ADD:

Department of Corrections

Facility Maintenance, Repair, Replacement
And Renovation (ED 99)

400.0 GF

Department of Education and Early Development

Museum Collection Preservation – Modification
And Renovation of Storage Area (ED 80)

295.6 GF

Department of Health and Social Services

Deferred Maintenance, Renewal, Replacement
And Equipment (ED 99)

157.3 GF

Department of Military and Veterans' Affairs

Military Youth Academy Dining Hall Upgrades
And Safety Improvements (ED 23)

249.2 GF

Department of Transportation and Public Facilities

Facilities Deferred Maintenance and Critical
Repairs

700.0 GF

TOTAL

1,802.1 GF

~~PA~~ ~~E~~

Adopted

New 17

DEC Amendment # _____

Offered by: Davis

M. Kelly

Add to the Department of Environmental Conservation

Environmental Health Food Safety Laboratory
Relocation Programming and Site Planning

240.0 AHFC Dividend

~~Add to Language Section~~

~~Sec. — The sum of \$237,700 is appropriated from corporate receipts of the Alaska Housing Finance Corporation to the Department of Administration for payment as a grant under AS 37.06.010 to the Municipality of Anchorage for design, planning, initial construction, and match for federal and local funds for the Anchorage Senior Center~~

Brief Discussion

Issue: The State's Food Safety Laboratory has resided at its present location in Palmer for over thirty years with only minor renovations or upgrades. The lease expires December 2000 and under the State Procurement code, it cannot be extended. The structure is outdated and does not meet current building codes.

Life, Health, Safety: The lab tests food products produced in Alaska to ensure they are safe to consume; ensures the safety of public water supplies; and tests water samples from shellfish growing areas.

Cost Savings: The new Food Safety Laboratory is critically needed, and the department has come up with the most cost-effective alternative. Delaying the project an additional year exacerbates the problem and ultimately increases the overall cost. In addition, the State will be at risk for occupying a building after the statutory limitation for tenancy has expired (AS 36.30.083). The State will also be at risk of being directed with thirty days notice to vacate the building. Vacating the building will result in loss of the critical services delivered to Alaskan citizens by the laboratory.

1-GS2043\N.3

1 (Legislative Finance - \$2,959,100) that was directed by the Legislative Budget and Audit
2 Committee to the accounts in the Legislative Affairs Agency for the House Finance
3 Committee and the Senate Finance Committee is reappropriated to the Legislative Budget and
4 Audit Committee for those accounts, respectively, for operating costs for the fiscal year
5 ending June 30, 2001.

6 (e) Section 64(e), ch. 2, FSSLA 1999, is amended to read:

7 (e) The unexpended and unobligated balance of the appropriation made in sec.
8 90, ch. 139, SLA 1998, (House Special Committee on World Trade and State/Federal
9 Relations, Legislative Council, Council on State Governments) is reappropriated to the
10 Legislative Council for the Council of State Governments annual meeting, for the
11 House Special Committee on World Trade and State/Federal Relations, and for the
12 Legislative Council for the fiscal years [YEAR] ending June 30, 2000, and June 30,
13 2001.

14 (f) Section 64(f), ch. 2, FSSLA 1999, is amended to read:

15 (f) Contingent upon the passage of a concurrent resolution by the First
16 Regular Session of the Twenty-First Alaska State Legislature establishing a long-term
17 care task force, the unexpended and unobligated balance of the appropriation made
18 by sec. 32, ch. 137, SLA 1998, page 71, lines 19 - 20 (SCR 11 - Long-Term Care
19 Task Force - \$20,700) is reappropriated to the Legislative Council for the operation
20 of a long-term care task force for the fiscal years [YEAR] ending June 30, 2000, and
21 June 30, 2001.

22 (g) The unexpended and unobligated balance of the appropriation made by sec. 44,
23 ch. 84, SLA 1999, page 51, lines 24 - 25 (SB 33 Task Force on Privatization - \$26,000) is
24 reappropriated to the Legislative Council for operating costs for the fiscal year ending June
25 30, 2001.

26 (h) The unexpended and unobligated balances of those portions of the appropriation
27 made in sec. 43, ch. 84, SLA 1999, page 50, line 24, and allocated on page 50, line 28
28 (Council and Subcommittees - \$574,200) that were directed by the Legislative Council to the
29 accounts in the Legislative Affairs Agency for Legislative Council, Administrative Regulation
30 Review, and Joint Armed Services are reappropriated to the Legislative Council for operating
31 costs for the fiscal year ending June 30, 2001.

32 (i) The unexpended and unobligated balances of the appropriation made in sec. 43,

1-GS2043\N.3

1 ch. 84, SLA 1999, page 50, line 19, and allocated on page 50, line 23 (Committee Expenses -
2 \$143,200), of the appropriation made in sec. 43, ch. 84, SLA 1999, page 50, line 24, and
3 allocated on page 50, line 27 (Session Expenses - \$5,947,000), and of the appropriation made
4 in sec. 43, ch. 84, SLA 1999, page 50, line 31 (Legislative Operating Budget - \$5,720,100)
5 are reappropriated to Senate and House Leadership for Senate and House leadership expenses
6 for the fiscal year ending June 30, 2001."

Failed
2-8

#18

AMENDMENT

Offered in:
To:

By:

ADD:

Department of Transportation and Public Facilities

Harbor Deferred Maintenance

400.0 GF

Airport Deferred Maintenance

400.0 GF

Highway Deferred Maintenance

700.0 GF

TOTAL

1,500.0 GF

W/D

#19

AMENDMENT
TO: CS for SB192 (Fin) Am

Under the Department of Revenue, Alaska Housing Finance Corporation
Add the following projects:

	Appropriation Items	General Funds	Other Funds
AHFC Chugach View Renovation	2,000,000		2,000,000
AHFC Eyak Manor Renovation	1,600,000		1,600,000
AHFC Senior and Statewide Deferred Maintenance and Renovation	975,000		975,000

This amendment would restore funding for the top three priority items of AHFC reduced in the version passed by the Senate. Restoration of these projects would bring AHFC's total funding to \$18.7 million in corporate funds – a reduction of \$6.5 million from the Governor request, and a further reduction of \$3.7 million from last year's authorization.

The fund source for these appropriations would be "AHFC Bond Funds". The bonds would be AHFC general obligation bonds as authorized by HB281. Authorization language was included in HB281 for AHFC public housing projects, but no appropriation for any AHFC projects was included in HB287 – the appropriation vehicle for the bond package.

This amendment would add the necessary appropriation language to allow AHFC to include a portion of its projects in the bonds issued using AHFC's general obligation credit. Approving this amendment is necessary to help insure that AHFC will be able to successfully market bonds sold on behalf of the state by illustrating that AHFC is being allowed to maintain its own facilities at the same time it is being used to pay for state capital project needs.

Failed 5-5

#20

AMENDMENT

Offered in
To:

By

Department of Transportation & Public Facilities
Marine Transportation Projects
Section 1, page 34, insert after line 21

Add project: Alaska Marine Highway System: Sitka Shuttle Vessel

\$6,900,000 Federal Receipts

~~\$537,000 General Fund Match~~

Failed 2-8

#21

* Sec. ___. EXXON VALDEZ OIL SPILL RESTORATION FUND. (a) The legislature finds that

(1) as a result of the judgment entered by the United States District Court in the criminal case United States of America v. Exxon Shipping Company and Exxon Corporation, No. A90-015 CR, the state received \$50,000,000 in restitution "to be used by the State of Alaska . . . exclusively for restoration projects, within the State of Alaska, relating to the 'Exxon Valdez' oil spill";

(2) the money received by the state in restitution is held in the "Exxon Valdez oil spill restoration fund," established by the Department of Revenue, to implement the judgment, and

(3) the appropriation in (b) of this section is made in order to achieve the purposes set out in the court's restitution order described in (1) of this subsection.

(b) The unappropriated and unobligated balance of income accrued on or before June 30, 2001, in the fund described in (a)(2) of this section is appropriated to the Department of Fish and Game for the purpose of restoring, replacing, or enhancing resources or services injured or lost as a result of the Exxon Valdez oil spill through a multiple-year project to provide for coordination among the Department of Fish and Game, the Department of Environmental Conservation, the Exxon Valdez Oil Spill Trustee Council, the North Pacific Research Board, and similar entities, of fisheries and contaminants research and monitoring projects financed or carried out by those entities in this state and the North Pacific waters.

* Sec. ___. LAPSE PROVISION. The appropriation made by sec. ___(b) of this Act is for a capital project and lapses under AS 37.25.020.

Failed 2-8

#22

AMENDMENT

Offered in:

By:

To:

Add a new section to read:

*Sec. __. DEPARTMENT OF HEALTH AND SOCIAL SERVICES. (a) The sum of \$1,119,400 is appropriated to the Department of Health and Social Services, Mat-Su Youth Facility for FY2001 operating costs from the unexpended and unobligated balance of the interest and income appropriated to the Alaska Railroad Corporation by sec. 145(b), ch. 208, SLA 1990, as added by sec. 56, ch. 100, SLA 1997, and as amended by sec. 40(b), ch 2, FSSLA 1999 (Matanuska-Susitna Borough - \$900,000 for economic development).

(b) The sum of \$1,119,400 that was appropriated from the general fund to the Department of Health and Social Services, juvenile justice, for the Mat-Su Youth Facility in a section of CCS HB 312 is repealed and reappropriated to the Department of Education and Early Development, early development, head start grants, for the fiscal year ending June 30, 2001.

W/D

#23

AMENDMENT

Offered in:
To:

By:

Add new sections to read:

*Sec. __. ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY. The sum of \$4,200,000 that was declared available for appropriation by the board of directors of the Alaska Industrial Development and Export Authority as a one-time additional fiscal year 2000 dividend from the unrestricted balance in the Alaska Industrial Development and Export Authority revolving fund (AS 44.88.060) is appropriated in sec. __ of this Act. (Cite section below)

*Sec. __. POWER COST EQUALIZATION. The sum of \$4,200,000 is appropriated from the Alaska Industrial Development and Export Authority revolving fund (AS 44.88.060) to the power cost equalization and rural electric capitalization fund (AS 42.45.100). (This section needs to be referenced in the lapse provisions for capitalizing a fund.)

Discussion

The fast track supplemental funded only enough for PCE's cash flow needs through mid-May. This will provide enough additional funds from the \$8 million one-time AIDEA FY2000 dividend to fund the program for the full year at a total of \$15.7 million.

Failed 2-8 # 24

AMENDMENT

Offered in: House Finance
To: CSSB 192(FIN) AM

By:

Add to Page 3 Line 22 (Department of Community and Economic Development):

Rural Power Systems Upgrades
(ED99)

540,000 GF

The legislature has appropriated GF for Rural Power Systems upgrades in SLA 92, 93, 95, 96 and 97. These funds have been used to match other state, local and federal funds to complete projects in many rural communities. This appropriation equates to \$45,000 each for projects in 12 rural communities. Participation by the Denali Commission (\$7.8 million) helps expedite a long-standing state program to complete electrical system upgrades. Improvements include: re-sizing generators, re-balancing of electrical loads, line loss assessments, line extensions, powerhouse construction and other electrical generation and distribution system repairs or upgrades which bring the systems into compliance with National Electric Code and Rural Utilities Services standards, prevent hazardous conditions and enhance system reliability.

Failed 2-7

#25

AMENDMENT

Offered in: House Finance
To: CSSB 192(FIN) AM

By:

Add after Page 3 Line 22 (Department of Community and Economic Development):

Alternative Energy Program
(ED99)

150,000 GF

This GF appropriation will be used in conjunction with \$4.3 million U.S. Department of Energy grants for the development of wind/fuel cell hybrid systems and battery storage applications in rural Alaska.

Failed 2-7 #26

AMENDMENT

ADD A NEW SECTION

Sec. ____ The sum of \$1,361.300 is appropriated from the general fund to the Department of Education and Early Development for the child care subsidy program for the fiscal year ending June 30, 2001.

This amendment will provide funding to address the projected waitlist of families eligible for child care assistance in FY2001.

w/d

27

AMENDMENT

To: HCS CSSB 192(FIN)

Offered by:

DELETE

On page 77, line 18 \$200,000

INSERT

On page 77, line 18 \$679,000

This increases the amount of General Funds to fully fund the pupil transportation program in FY2001.

AMENDMENT

#28
Failed 4-6

OFFERED IN THE HOUSE FINANCE COMMITTEE BY REPRESENTATIVE DAVIES

To HCS CSSB192(FIN) – Draft Version “N”

Insert a new bill section to read:

“*Sec. A. NATIONAL PETROLEUM RESERVE – ALASKA IMPACT GRANT PROGRAM. The amount received by the National Petroleum Reserve – Alaska special revenue fund (AS 37.05.530) under 42 U.S.C. 6508 during the fiscal year ending June 30, 2001, is appropriated to the Department of Community and Economic Development for the fiscal year ending June 30, 2001, for grants under the National Petroleum Reserve – Alaska impact program.”

Explanation:

AS 37.05.530 establishes the National Petroleum Reserve – Alaska (NPRA) special revenue fund and impact grant program. Federal funds through the Bureau of Land Management (BLM) are dispersed to the State under 42 U.S.C. 6508. The Department of Community and Economic Development administers the grant program. Municipalities impacted by NPRA oil and gas development may apply for and be eligible to receive grants to alleviate the impacts. BLM recently held a NPRA lease sale and current estimates are that the State should receive annually approximately \$2.0 million for the next ten years. This figure is subject to change, especially if there are additional lease sales held.

Adopted

AMENDMENT

29

Offered in
To

By Mulder

Add a new section to read:

*Sec. __. ANCHORAGE INTERNATIONAL AIRPORT CONSTRUCTION.

(a) The amount earned by the investments authorized by AS 37.15.410 and AS 37.15.420 of the International Airports Construction Fund for the period February 28, 1999 to June 30, 2001, after any payment required under U.S.C. 148, not to exceed \$ 18,140,000, is appropriated from the International Airports Construction Fund to the Department of Transportation & Public Facilities for construction costs of the Anchorage International Airport Terminal Redevelopment Project.

(b) The appropriation in section (a) is contingent upon approval by the signatory airlines in accordance with the Anchorage International Airport operating agreement.

(This section needs to be added to the capital lapse provision).

Failed

AMENDMENT

30

Offered in:

By: DAVIES

To:

Add a new section to read:

*Sec. __. DEPARTMENT OF HEALTH AND SOCIAL SERVICES. The sum of \$700,000 is appropriated from general funds to the Department of Health and Social Services for the Infant Learning Program for the fiscal year ending June 30, 2001.

- *The conference committee on the Operating budget funds the Governor's requested increment of \$700,000 GF to eliminate the wait list for this program with Inter-Agency Receipts. The source of the funds is the recent 5-year Fetal Alcohol Syndrome/Fetal Alcohol Affect federal grant obtained by Senator Ted Stevens.*
- *The children on the Infant Learning Program wait list are 50% delayed and do not tend to have FAS.*
- *Alaska has one of the nation's highest estimated rates of alcohol-related risk factors and a high rate of births where alcohol was present during pregnancy.*
- *The purpose of the new federal grant is not to use the funds to supplant state general funds but provide funds for a statewide, comprehensive FAS prevention, intervention and service delivery project. Much needs to be done to address this entirely preventable cause of birth defects to Alaska's children.*

Held w/D

AMENDMENT to HCS CSSB NO.192(FIN)

Offered in:

By:

31
DAVIES

Add a new section to read:

*Sec. ___. DEPARTMENT OF CORRECTIONS. (a) The general fund program receipts due to the Department of Corrections as of June 30, 2000, that exceed the authorization for general fund program receipts in sec. 43, ch. 84, SLA 1999, page 21, line 32 (Administration and Operations) are appropriated to the Department of Corrections for facility maintenance, repair, replacement and renovation.

(b) The sum of \$15,313 is appropriated from the permanent fund dividend fund (AS 43.23.028) to the Department of Corrections for facility maintenance, repair, replacement and renovation.

(This section should be referenced in the lapse section for capital projects.)

Explanation: These excess collections are needed for necessary repairs and maintenance items in various correctional centers throughout the state. The prior funding history and level of need has been \$900.0 for FY 2000, \$800.0 for FY99 and \$900.0 for FY98. This addition would maintain the necessary level of funding for the deferred maintenance projects.

Adopted

#32

AMENDMENT to SB 192

By: Therriault

Insert a new section after section 69 (effective dates) as follows:

- Sec. __. The appropriation for the Anchorage Pioneers' Home Ventilation and Humidification System Emergency Repair and Upgrade made in section 1 takes effect immediately under AS 01.10.070(c).

Renumber the following section(s) accordingly.

Discussion:

\$440.0 of the funding for this project is from receipts collected during the current fiscal year.

Failed 4-6

AMENDMENT #

33

OFFERED IN HOUSE FINANCE

TO: CSSB 192 (FIN)

Sec. 1 Department of Transportation and Public Facilities

Page 19, line 8

	GF	GF
Alaska Marine Highway System: Overhaul, Rehabilitation, and Mandatory Training	[4,200,000]	<u>4,800,000</u>

Annual vessel overhaul and shore facility maintenance programs - (\$450,000) This serious cut in vessel maintenance will be spread across the fleet and will hasten the continued deterioration of the aging ships. This fleet-wide deterioration will accelerate over time and will lead to increased breakdowns and serious schedule disruptions severely impacting the traveling public. The recent emergency hull repairs to the M/V TAKU and the extended shipyard period of the M/Vs TAKU and LeCONTE are evidence of less than adequate maintenance funding over the years. These older vessels will require increased maintenance funding in the years to come. Breakdowns and emergency repairs will have a significant effect on published schedules resulting in customer dissatisfaction, loss of service and loss of revenue. Degraded vessel material condition will bring increased risks to crews and traveling public and high liability in the event of personal accidents. This reduction will reduce the amount of vessel work at shipyards in Alaska.

Funding for Standards for Training, Certification and Watchkeeping (STCW) will be reduced 1/3 (\$150,000). AMHS is on a fixed schedule to ensure compliance with STCW regulations by the February 1, 2002 deadline. IMO (International Maritime Organization) certification requires certification for all members of the crews and imposes significant increases in formal classroom and hands-on experience for all vessel crew members. Failure to achieve fleet-wide STCW certification will result in the tying up of vessels for lack of qualified crewmembers. AMHS will be in serious jeopardy of not having adequately certificated crews to meet summer service requirements in 2002. This cut will only defer the training need. FY02 request will be increased to satisfy this training requirement.

failed
2-8

Amendment 34

Offered in House Finance

By Representative John Davies

To: CS SB 192 (FIN) am

Department of Natural Resources

ADD

Section 1, page 17, line 16, insert:

	Appropriation Items	General Funds
Seismic Data and Interpretation	60,000	60,000

Renumber accordingly

Failed

AMENDMENT

35

Add the following projects to the projects authorized with AHFC Bonds and / or General Funds in HB 281

Department of Education Priority	School Construction Projects		
7	Bering Strait	Golovin School Phase III	9,609,516
8	Southwest Region	Togiak School Replacement	25,027,049
9	Bering Strait	Koyuk K-12 School	600,737
10	Yupit	Akiachak Elementary Replacement And Secondary Renovation	14,370,287
Subtotal School Construction			49,607,589
Priority	Major Maintenance Projects		
3	Yukon-Koyukuk	Nulato Structural Repairs	400,724
7	Bering Strait	Shishmaref School Roof Replacement And Renovation, Phase III	8,133,754
9	Chatham	Angoon Elementary School Major Maintenance	2,222,675
11	Wrangell City	Wrangell Elementary And High School Structural Repairs	363,650
12	Wrangell City	Elementary and Middle School Renovation	1,229,000
13	Ketchikan	Schoenbar Renovation, Phase I	2,219,785
14	Wrangell City	Middle School Shop Renovation	168,518
15	Hoonah City	Swimming Pool Sprinkler	212,458
16	North Slope Borough	Tikigaq School Renovation	3,713,270
18	Tanana City	Tanana Kitchen Renovation	426,179
19	Chatham	Angoon High School Major Maintenance	1,687,794
20	Iditarod Area	Takotna Community School Water Project	179,512
21	Iditarod Area	Blackwell School Heating Renovation & Site Repair	280,010
22	Wrangell City	Elementary & High Schools Roof & Exterior Repairs	103,760
23	Galena	Project Education Food Service Renovation	159,088
24	Delta/Greely	Fort Greely Utility Conversion	1,996,941
25	Sitka City Borough	Blatchley Middle School Exterior Upgrade	317,638
26	Southwest Region	Clark's Point Generator Building	36,302
28	Yakutat City	Yakutat High School Gym Structural Repairs	86,936
29	Dillingham City	Elementary School Weatherization	145,860
30	Yupit	Akiak High School Repairs	329,954
33	Nenana City	Elementary Wing Sprinkler Expansion	106,333
34	Juneau	Juneau Douglas High School Renovation	9,097,138
35	Alaska Gateway	Tok Multipurpose Recreation Complex Renovation	969,494
36	Southwest Region	Koliganek School Weather Protection	379,555
37	Galena	High School Repairs	128,652
39	Hoonah City	Hoonah Schools Renovation	1,223,725
40	Lower Yukon	Alakanuk Mechanical System Upgrade	997,557
41	Kuspuk	George Morgan Sr. High School Sewage System Replacement	411,972
42	Lower Yukon	Emmonak Mechanical System Upgrade	715,772
43	Iditarod Area	David-Louis Memorial School Asbestos Abatement & Demolition	417,242
44	Denali Borough	Cantwell School Heating And Sprinkler System	668,122
45	Hydaburg City	Upgrading Facilities & Tanks Project	899,942
46	Lower Kuskokwim	Districtwide Water Treatment, Subsurface Sources	1,470,002
47	Denali Borough	Cantwell School Code Upgrade & Roof Repair	334,462
48	Dillingham City	Central Administration Roof	50,252
49	Kenai Peninsula	Soldotna High School Roofing Replacement	644,012

50	Tanana City	Tanana School Major Maintenance	2,976,374
51	Yakutat City	Yakutat High School Renovation	1,390,906
52	Chugach	Whittier Fire Alarm Replacement	40,431
55	Iditarod Area	Innoko River School Water & Sewer Emergency	190,407
56	Denali Borough	Anderson School Heating & Ventilation	1,164,266
60	Alaska Gateway	Tetlin Sewer Line	85,031
61	Dillingham City	High School Fire Panel Replacement	64,623
62	Dillingham City	High School Gym Roof	158,151
63	Kuspuk	Crow Village Sam School Sewage System Replacement, Chuathbaluk	349,272
65	Kake City	Kake Middle School Renovation & Generator Installation	300,075
66	Iditarod Area	Innoko River School Vocational Education Code Upgrade	73,821
67	Dillingham City	Elementary Gym Floor	51,562
68	Copper River	Glennallen High School Gym Floor Renovation	1,035,544
69	Chugach	Tatitlek Fire Alarm Replacement & Security System	35,471
70	Kuspuk	Johnnie John Sr. School Sewage System Replacement, Crooked Creek	356,257
71	Iditarod Area	McGrath School Foundation & Deterioration Repairs	188,835
73	Sitka City Borough	Districtwide Major Maintenance	482,058
74	Chugach	Districtwide Fuel Tank Upgrades	227,642
75	Galena	High School Floor Renovation	128,786
76	Hoonah City	Hoonah Pool Upgrades	167,394
77	Chugach	Tatitlek Generator Replacement	197,122
78	Lower Kuskokwim	Kilbuck School Boiler Replacement	287,041
80	Yukon Flats	Chalkyitsik Sewage Lagoon & Water Tank	780,341
81	Lower Kuskokwim	Districtwide Asbestos Abatement	4,865,404
82	Iditarod Area	McGrath School Heating & Mechanical Design & Renovation	244,373
83	Lower Kuskokwim	Districtwide ADA Upgrade	2,203,040
84	Iditarod Area	Holy Cross School Shower, Bathroom & Flooring Deterioration	49,384
85	Yukon Flats	Fort Yukon High School Gym Sprinklers	115,353
86	Dillingham City	Oil Tank Removal/Replacement	51,562
		Subtotal Major Maintenance	59,090,596
		TOTAL SCHOOL CONSTRUCTION/MAJOR MAINTENANCE	108,698,185

Offered BY:

#36

Adopted

Mulder

Add to Department of Transportation and Public Facilities
Anchorage Metropolitan Area Transportation Study (AMATS) Projects

Section 1, Page 28, insert after line 21

"Anchorage: C Street Phase II

International Airport Road to Dimond Boulevard Reconstruction

13,000,000 Federal Receipts

This allows the next project that is ready to be funded if any of the currently proposed projects are delayed this summer.

Amend 37 Amended Pg 1A

	Appropriation	General	Other
	Allocations	Funds	Funds
1			
2			
3	Replacement and Water System		
4	Repair (ED 26-28)		
5	Replacement and Repair of	185,000	185,000
6	Security Systems and Life and		
7	Safety Equipment (ED 99)		
8	*****	*****	
9	***** Department of Education and Early Development *****		
10	*****	*****	
11	Alaska Vocational Technical	365,000	365,000
12	Center Roof Repair, Replacement		
13	and Deferred Maintenance (ED 7-9)		
14	Head Start Health and Safety	200,000	200,000
15	Repairs (ED 99)		
16	Mt. Edgecumbe High School Dorm	150,000	150,000
17	Renovation and Facilities		
18	Upgrades (ED 2)		
19	Statewide Library Electronic	65,000	64,692
20	Doorway (SLED) (ED 99)		308
21	It is the intent of the legislature that the Statewide Library Electronic Doorway appropriation be placed		
22	within the operating budget in future fiscal years.		
23	Grants to Named Recipients		
24	(AS 37.05.316)		
25	Alaska Aviation Heritage Museum	50,000	50,000
26	(ED 10-25)		
27	*****	*****	
28	***** Department of Environmental Conservation *****		
29	*****	*****	
30	Alaska Clean Water Agenda	667,000	667,000
31	Enhancement Projects (ED 99)		
32	Cook Inlet Information	315,000	315,000
33	Management and Monitoring System		

		Appropriation	General	Other
	Allocations	Items	Funds	Funds
1				
2				
3	Contingent upon the department entering into a			
4	Memorandum of Agreement with the			
5	Municipality of Anchorage to share the use of			
6	the Tudor Road Maintenance Site, \$200,000 is			
7	appropriated for the costs related to the transfer			
8	of this facility from the Department of Military			
9	and Veterans Affairs to the Department of			
10	Transportation and Public Facilities.			
11	Facilities Maintenance and	900,800	250,800	650,000
12	Repairs			
13	Air Guard Facility Maintenance	600 000		
14	(ED 99)			
15	Army Guard Facility Deferred	300,800		
16	Maintenance and scheduled			
17	Renewal and Replacement (ED 99)			
18	Grants to Named Recipients			
19	(AS 37.05.316)			
20	Anchorage Economic Development	150,000	150,000	
21	Corporation (ED 10-25)			
22	*****			
23	***** Department of Natural Resources *****			
24	*****			
25	Abandoned Mine Lands Reclamation	1,500,000		1,500,000
26	Federal Program (ED 99)			
27	Agriculture Revolving Loan Fund	125,000		125,000
28	Asset Disposals (ED 26-28)			
29	Airborne Geological and	250,000	250,000	
30	Geophysical Mineral Inventory			
31	(ED 99)			
32	Boating Safety Federal Program	660,000		660,000
33	(ED 99)			

1	2	Appropriation		General	Other
		Allocations	Items	Funds	Funds
3	Cooperative Forestry Pass		250,000		250,000
4	Through Federal Grants (ED 99)				
5	Fire Suppression Engine		175,000	175,000	
6	Replacements and Equipment				
7	Refurbishments (ED 99)				
8	History and Archaeology Army		1,000,000		1,000,000
9	Public Works (ED 99)				
10	Land and Water Conservation Fund		900,000		900,000
11	Grants (ED 99)				
12	Mat-Su Borough Negotiated Timber		50,000		50,000
13	Sale (ED 26-28)				
14	Mining Claim Processing and		250,000		250,000
15	Online Permitting (ED 99)				
16	National Historic Preservation		640,000		640,000
17	Fund and Federal Grants (ED 99)				
18	National Recreational Trails		710,000		710,000
19	Federal Program (ED 99)				
20	Parks Capital Improvements		168,000	168,000	
21	through Reinvestments (ED 99)				
22	Recorder's Office Equipment		250,000	250,000	
23	Replacement and Historic Records				
24	Preservation (ED 99)				
25	Reduce Property Losses Due to		80,000	80,000	
26	Wildfires (ED 99)				
27	Snowmobile Trails Development		188,800	188,800	
28	(ED 99)				

→ 29 It is the intent of the legislature to spend \$188,800 for the Snowmobile Trails Development grants program.
 30 This grant program was funded in FY00 and it is the intent of the legislature to continue funding it through
 31 FY01. The legislature recommends that \$136,800 of the funds will be used for grants, and \$52,000 will be
 32 used to administer the grants program.

	Appropriation	General	Other
	Allocations	Items	Funds
1			
2			
3	State Park Emergency Repairs	286,200	286,200
4	(E7 99)		
5	Grants to Named Recipients		
6	(AS 37.05.316)		
7	State Historic Preservation	50,000	50,000
8	Office (ED 99)		
9	*****	*****	
10	***** Department of Public Safety *****		
11	* ***	*****	
12	Aircraft and Vessel Repair and	892,280	892,280
13	Maintenance (ED 99)		
14	Breath Alcohol Equipment	123,750	61,875
15	Replacement - Phase 2 of 3		61,875
16	(ED 99)		
17	Crime Lab Equipment Replacement	207,100	207,100
18	(ED 99)		
19	Fish and Wildlife Statewide Law	205,300	205,300
20	Enforcement Equipment		
21	Replacement (ED 99)		
22	Southeast Emergency	221,500	171,500
23	Communications Upgrade (ED 3-4)		50,000
24	Trooper Law Enforcement	350,000	350,000
25	Equipment (ED 99)		
26	It is the intent of the legislature that \$149,500 of this appropriation be used for the department's top priority		
27	and \$40,000 be used for breathalyzer <i>breath alcohol analysis equip</i>		
28	Video Arraignments - Phase 1 of	510,000	510,000
29	2 (ED 99)		
30	*****	*****	
31	***** Department of Revenue *****		
32	*****	*****	

	Appropriation	General	Other
	Allocations	Funds	Funds
1			
2			
3	Facilities (ED 99)		
4	Parks Highway: Milepost 185 -	340,000	
5	East Fork Wayside (ED 26-28)		
6	Richardson Highway: Milepost 127	1,345,000	
7	- Gulkana River Wayside (ED 36)		
8	Seward: Pathway Construction	285,000	
9	Phase 1 (ED 7-9)		
10	Soldotna: Soldotna School Trail	190,000	
11	Construction (ED 7-9)		
12	Southeast Region: Scenic	185,000	
13	Viewshed Enhancement (ED 99)		
14	Statewide: Scenic Byways Grants	210,000	
15	(ED 99)		
16	Valdez: Airport Road Bike Trail	200,000	
17	(ED 35)		
18	Willow: Parks Highway Underpass	140,000	
19	Construction (ED 26-28)		
20	*****	*****	
21	***** University of Alaska *****		
22	*****	*****	
23	University of Alaska, Fairbanks -	5,000,000	5,000,000
24	Hutchison Career Center (ED 29-		
25	34)		
26	University of Alaska Small	450,000	450,000
27	Business Development Programs		
28	(ED 99)		
29	It is the intent of the legislature that the appropriation for the Small Business Development Program be		
30	placed in the operating budget in future fiscal years.		
31	*****	*****	
32	***** Alaska Court System *****		
33	*****	*****	

Adopted



1-GS2043\N.2
Cook
4/27/00

37

AMENDMENT

OFFERED IN THE HOUSE

TO: HCS CSSB 192(FIN), Draft Version "N"

By Rep Phillips

1 Page 3, following line 16:

2 Insert new material to read:

3		"APPROPRIATION	GENERAL
4		ITEMS	FUND
5	Organization Grants to Cities (AS 29.05.180(a))		
6	Adak Incorporation Grant	50,000	50,000"

7 Adjust funding information accordingly.