

ALASKA LEGISLATURE

2133

HOUSE and SENATE FINANCE COMMITTEE FILES, 1999 - 2000

aides to committee and other members of the legislature.

SUMMARY OF INFORMATION

CSHB 573 - An Act relating to state and municipal programs that
(Finance) provide a financial benefit to entities and individuals, including an exemption from municipal property taxation for certain primary residences; and providing for an effective date.

Discussion was had with Allison Elgee, Scott

Burgess, Colonel Carroll, Jeff Morrison, Senator Sturgulewski, and Sandra Wicks. Ms. Elgee presented a comparison of the provisions in the CSHB 573(FIN) and SCS CSHB 573(HES) versions of the bill. CSHB 573(FIN) was subsequently HELD in committee for further review.

CSHB 326 - An Act relating to requirements for limited teacher
(Finance) certificates; defining 'teacher'; and providing for an effective date.

Discussion was had with Dave Hardy and Charlie May Moore. CSHB 326(FIN) was subsequently REPORTED OUT of committee with a \$19.3 (program receipts) fiscal note from the Dept. of Education. Co-chairman Pourchot and Senators Hoffman, Shultz, Duncan, and Uehling signed the committee report "do pass".

CSHB 385 - An Act relating to video display terminals.

(L&C) am

Discussion was had with Barnaby Dow and Mike McMullen. SCS CSHB 385(L&C) was REPORTED OUT of committee with a \$28.5 (inter-agency receipts) fiscal note from the Dept. of Administration. Co-chairman Pourchot and Senators Duncan and Uehling signed the committee report "do pass". Senator Shultz signed "no recommendation".

HB 443 - An Act increasing the total number of superior court judges from 30 to 31, increasing the number of superior court judges in the fourth judicial district from five to six, and decreasing the number of district judges in the fourth judicial district from four to three; and providing

for an effective date.

Discussion was had with Chris Christensen. HB 443 was subsequently REPORTED OUT of committee with zero fiscal notes from the Dept. of Law, DOA/Office of Public Advocacy, DOA/Public Defender, and a \$126.2 note from the Court System. Senators Hoffman and Shultz signed the committee report "do pass".

Co-chairman Pourchot and Senators Duncan and Uehling signed "no recommendation. Co-chairman Kerttula signed "do not pass".

CSSSHB 20 - An Act relating to qualifications for longevity

(Finance) bonus payments; and providing for an effective date.

Discussion was had with Gloria Hartzman and Dennis DeWitt. CSSSHB 20(FIN) was subsequently REPORTED OUT of committee with a zero fiscal note from the Dept. of Health & Social Services. Co-chairman Pourchot and Senators Duncan, Shultz, and Uehling signed the committee report "do pass".

CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 20 (FINANCE)

An Act relating to qualifications for longevity bonus payments; and providing for an effective date.

Co-chairman Pourchot directed CSSSHB 20(FIN) be brought on for discussion.

GLORIA HARTZMAN, aide to Representative Sharp came before committee. Ms. Hartzman stated that the bill would correct the 1985 legislation, which by a broad brush approach, made all nursing home residents ineligible for longevity bonus payments. There is a small percentage of nursing home

residents who pay their total nursing home charges, ranging from \$5,000 to \$9,000 a month, entirely from private resources, until their savings are exhausted. The legislation is designed to correct a discriminatory disenfranchisement action. A person residing in a nursing home would be eligible to continue receiving a longevity bonus payment, if the costs of care of the person residing in the nursing home are paid entirely from private sources.

The Division of Pioneers' Benefits conducted two telephone survey, one in December 1990 and the other late last year, which indicated that there are approximately twenty-nine self-pay patients who would be eligible for the longevity

bonus. Ms. Hartzman advised that she had recently contacted three of the facilities and was told that the numbers were significantly lower than the most recent survey. That indicates that the bill's fiscal note prepared by the Department of Administration is more than adequate. She further advised that it is a "fair assumption" that the majority of the funds would eventually be used to continue the self-pay option for a few more months by those residents, providing an offset to future state medicaid costs.

DENNIS DEWITT, Director, Division of Pioneers' Benefits next came before committee. Speaking to the fiscal note he prepared for the Department of Administration, Mr. Dewitt voiced his belief that there are approximately twenty-nine people who would qualify and that the cost of the longevity bonus would be about \$87.0 per year.

Senator Duncan asked Mr. Dewitt what the department's position was on the legislation. Mr. Dewitt replied that "the department was not supporting but was neutral on the bill".

In response to Senator Uehling's inquiry, Mr. Dewitt voiced his belief that the number of people qualifying would not fluctuate over time and if anything, it might not be as large as it is now.

GORDON LANDIS, Division of Medical Assistance, Dept. of Health and Social Services came to the table. Co-chairman Pourchot asked Mr. Landis to address the question of whether or not the legislation would endanger medicaid payments in those facilities.

End, SFC-92, Z, Side 1
Begin, SFC-92, Z, Side 2

Mr. Landis explained that the rationale behind the prohibition of issuance of longevity bonus payments to nursing homes recipients who are on medicaid, came from a change in the Social Security Act in 1984-85 and a resulting

adversarial administrative hearing. This particular legislation was discussed last year and again this year with the health care finance administration representatives that provide the medicaid funding. Because of changes in the work relationship and changes in the nature of the bonus itself, the health care finance administration does not have a problem with the bill. The division does not feel the legislation is problematic.

Senator Uehling MOVED for passage of CSSSHB 20(Finance) from committee with individual recommendations. No objection having been raised, CSSSHB 20(Finance) was REPORTED OUT of committee with the accompanying zero note from the Dept. of Health & Social Services and a \$87.0 fiscal note from the

Department of Administration.

House
92
HFIN
92/02/19
1340

HOUSE FINANCE COMMITTEE
February 19, 1992
1:40 P.M.

TAPE HFC 92-13, Side 1, #000 - end.

TAPE HFC 92-13, Side 2, #000 - end.

TAPE HFC 92-14, Side 1, #000 - 541.

CALL TO ORDER

Co-Chair Mike Navarre called the meeting of the House Finance Committee to order at 1:40 p.m.

PRESENT

Co-Chair Navarre	Representative Barnes
Co-Chair MacLean	Representative Brown
Vice-Chair Boyer	Representative Jacko
Representative Koponen	Representative Larson
Representative Phillips	Representative Sharp

Representative Ulmer was not present for the meeting.

ALSO PRESENT

Chris Ashenbrenner, Division of Medical Assistance, Department of Health and Social Services; Representative Donley; Laurie Otto, Aide, Representative Donley; John Salemi, Public Defender, Alaska Public Defender Agency;

Gayle Horetski, Deputy Commissioner, Department of Public Safety; Margot Knuth, Assistant Attorney General, Department of Law; Diane Schenker, Special Assistant, Department of Corrections.

SUMMARY INFORMATION HB 20 An Act relating to qualifications for longevity bonus payments; and providing for an effective date.

CSSS HB 20 (FIN) was reported out of Committee with a "do pass" recommendation and with a zero

fiscal note from the Department of Health and Social Services and a fiscal note in the amount of \$87 thousand by the Department of Administration.

HB 396 An Act relating to the crimes of assault, sexual assault, unlawful exploitation of a minor, and misconduct involving weapons; relating to the

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statute of limitations in criminal offenses;

imposing a standard of proof in sentencing proceedings; requiring a 99-year prison term without discretionary parole for first degree murder if the defendant has a prior murder conviction, kills a peace officer, fire fighter, or correctional officer, or commits a torture murder; relating to sentencing of certain first felony offenders; limiting a court's discretion to refer certain criminal cases to a three-judge sentencing panel based upon the defendant's potential for rehabilitation; relating to sentencing and discretionary parole of offenders found to have an exceptional potential for rehabilitation; and amending Alaska Rule of Criminal Procedure 35.

CS HB 396 (JUD) was reported out of Committee with "no recommendation" and with a fiscal note in the amount of \$102.2 from the Department of Administration and zero fiscal notes by the Department of Corrections, the Department of Law, the Alaska Court System and the Department of Public Safety.

HOUSE BILL 20

"An Act relating to qualifications for longevity bonus payments; and providing for an effective date."

Representative Sharp stated that HB 20 would correct a change in the law which happened in 1985 which made all nursing home residents ineligible for Longevity Bonus payments. Care for most nursing home residents is carried by the state and federal government. There is a small percentage of nursing home residents whose total nursing home charges range from \$5 - \$8 thousand dollars per month which is paid entirely by private resources.

The legislation is designed to correct discriminatory disenfranchisement. Under the proposed legislation, a person residing in a nursing home would be eligible to receive a longevity bonus payment if the cost of care is paid entirely from private sources. Currently, there are

twenty-nine self paid patients who are eligible for the longevity bonus under this bill. The maximum annual increase would be \$75 - \$90 thousand dollars as indicated in the fiscal note.

Representative Brown asked if the "hold harmless" clause would interfere with the eligibility of these patients.

Representative Sharp replied that those eligible to receive

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the longevity bonus are not eligible to receive Medicaid.

Consequently, there is no "hold harmless".

CHRIS ASHENBRENNER, DIVISION OF MEDICAL ASSISTANCE, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, stated that the proposed legislation would not impact the "hold harmless" patients. The anticipated expenditure to the Department is approximately \$40 thousand dollars.

Co-Chair Navarre MOVED to change the effective date to July, 1, 1992. There being NO OBJECTION, it was so ordered.

Representative Larson asked if there would be legal ramifications to the proposed legislation. Representative Sharp replied that this was discussed in the House State Affairs Committee last year and the opinion was there would be no inequity problems.

Representative Sharp MOVED to report CS HB 20 (JUD) out of Committee with individual recommendations and with the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

CS HB 20 (JUD) was reported out of Committee with a "do pass" recommendation and with a fiscal note in the amount of \$87 thousand by the Department of Administration and a zero fiscal note by the Department of Health and Social Services.

HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES
STANDING COMMITTEE

May 6, 1991
8:00 a.m.

MEMBERS PRESENT

Rep. Georgianna Lincoln, Co-Chair
Rep. Patrick Carney, Co-Chair
Rep. Mark Hanley
Rep. John Gonzales
Rep. Mary Miller

MEMBERS ABSENT

Rep. Bettye Davis, Vice-Chair
Rep. Cheri Davis

COMMITTEE CALENDAR

HB 253: "An Act relating to training for child care workers."

CSHB 253(HES) - MOVED OUT WITH INDIVIDUAL RECOMMENDATIONS

*HB 52: "An Act relating to child support for children who are not minors and representation of their interest during certain proceedings."

HEARD AND REFERRED TO SUBCOMMITTEE

HB 132: "An Act making a special appropriation to the Department of Transportation and Public Facilities, Alaska marine highway system, for handicapped access on certain state ferries; and providing for an effective date."

CSHB 132(TRA) MOVED OUT - DO PASS

HB 20: "An Act relating to qualifications for longevity bonus payments; and providing for an effective date."

CSSSHB 20(STA) MOVED OUT - DO PASS

*HJR 42: Urging the Bush Administration and the Congress to increase funding for the Women, Infants, and Children Program so that it is available to all eligible persons.

NOT HEARD - HELD OVER TILL TUESDAY, MAY 7, 1991

* First public hearing.

WITNESS REGISTER

Dianne Lindback, Legislative Aide
Rep. Fran Ulmer
P.O. Box V
Juneau, Alaska 99811
(907) 465-4947
Position Statement: Commented on HB 52

Ardith Lynch, Deputy Director
Child Support Enforcement Division
Department of Revenue
550 West 7th
Anchorage, Alaska 99501
(907) 263-6272
Position Statement: Commented on HB 52

Sherry Goll, Lobbyist
Alaska Women's Lobby
P.O. Box 22156
Juneau, Alaska 99802
(907) 463-6744
Position Statement: Supported HB 52

Rep. Jerry Mackie
House of Representatives
P.O. Box V
Juneau, Alaska 99811
(907) 465-4925
Position Statement: Prime Sponsor of HB 132

Jim Ayers, Director
Alaska Marine Highway System
P.O. Box R
Juneau, Alaska 99811
(907) 465-3959
Position Statement: Commented on HB 132

Rep. Ed Sharp
House of Representatives
P.O. Box V
Juneau, Alaska 99811
(907) 465-3004
Position Statement: Prime Sponsor of HB 20

Barbara Bathony, Director
Pioneers' Benefits

Department of Administration
P.O. Box CL
Juneau, Alaska 99811
(907) 465-4400
Position Statement: Commented on HB 20

Gordon Landes, Public Assistance Program Officer
Division of Medical Assistance
Department of Health and Social Services
P.O. Box H-07
Juneau, Alaska 99811
(907) 465-3355
Position Statement: Commented on HB 20

Joe Penttila, President
Pioneer of Alaska, Igloo 25, Petersburg
P.O. Box 1069
Petersburg, Alaska 99833
(907) 772-3531
Position Statement: Supported HB 20

PREVIOUS ACTION

BILL: HB 253
SHORT TITLE: TRAINING OF CHILD CARE WORKERS

PRIME SPONSOR: ELLIS
CO-SPONSOR: C.DAVIS,GRUENBERG,KOPONEN,ULMER

JRN-DATE	JRN-PG	ACTION
04/03/91	667	(H) READ THE FIRST TIME - REFERRAL(S)
04/03/91	667	(H) CRA, HES, FIN
04/24/91		(H) CRA AT 01:30 PM CAPITOL RM 124
04/24/91		(H) MINUTE(CRA)
04/26/91	969	(H) CRA RPT CS(CRA) NEW TITLE 4DP 3NR
04/26/91	970	(H) -FISCAL NOTE (DC&RA) 4/26/91
05/02/91		(H) HES AT 08:00 AM CAPITOL RM 106
05/02/91		(H) MINUTE(HES)
05/02/91		(H) MINUTE(HES)
05/03/91		(H) MINUTE(HES)
05/06/91		(H) MINUTE(HES)

BILL: HB 52
SHORT TITLE: CHILD SUPPORT FOR NONMINORS

PRIME SPONSOR: ULMER
CO-SPONSOR: B.DAVIS

JRN-DATE	JRN-PG	ACTION
01/22/91	42	(H) READ THE FIRST TIME -

REFERRAL(S)
01/22/91 42 (H) HES, JUDICIARY
05/06/91 (H) HES AT 08:00 AM CAPITOL RM 106
05/06/91 (H) MINUTE(HES)

BILL: HB 132
SHORT TITLE: APPROP: HANDICAPPED ACCESS ON FERRIES

PRIME SPONSOR: MACKIE
CO-SPONSOR: HUDSON,BROWN

JRN-DATE	JRN-PG	ACTION
02/11/91	201	(H) READ THE FIRST TIME - REFERRAL(S)
02/11/91	202	(H) TRA, HES, FINANCE
02/20/91	280	(H) CO-SPONSOR ADDED: BROWN
03/05/91		(H) TRA AT 08:30 AM CAPITOL RM 17
03/05/91		(H) MINUTE(TRA)
04/18/91		(H) TRA AT 08:30 AM CAPITOL RM 17
04/23/91		(H) TRA AT 08:30 AM CAPITOL RM 17
04/23/91		(H) MINUTE(TRA)
04/24/91	926	(H) TRA RPT CS(TRA) 3DP 1NR
04/24/91	926	(H) LETTER OF INTENT WITH TRA REPORT
05/06/91	1137	(H) HES RPT CS(TRA) 5DP
05/06/91	1138	(H) REFERRED TO FINANCE
05/06/91		(H) HES AT 08:00 AM CAPITOL RM 106
05/06/91		(H) MINUTE(HES)

BILL: HB 20
SHORT TITLE: LONGEVITY BONUS/NURSING HOME RESIDENTS
NAME: SSHB 20

PRIME SPONSOR: SHARP
CO-SPONSOR: TAYLOR,GONZALES,GRUENBERG,IVAN,MARTIN,
M.A.MILLER,G.PHILLIPS,HUDSON,ZAWACKI,LEMAN

JRN-DATE	JRN-PG	ACTION
01/11/91	21	(H) PREFILE RELEASED
01/21/91	21	(H) READ THE FIRST TIME - REFERRAL(S)
01/21/91	21	(H) STATE AFFAIRS, HES, FINANCE
01/23/91	60	(H) CO-SPONSOR ADDED: TAYLOR
02/04/91	142	(H) SPONSOR SUBSTITUTE INTRODUCED -REFERRALS
02/04/91	142	(H) STATE AFFAIRS, HES, FINANCE
02/06/91	173	(H) CO-SPONSOR ADDED: HUDSON, ZAWACKI
02/11/91	204	(H) CO-SPONSOR ADDED: LEMAN
02/27/91		(H) STA AT 08:30 AM CAPITOL RM 102
04/01/91		(H) STA AT 01:00 PM ANCHORAGE LIO
04/01/91		(H) MINUTE(STA)
04/17/91		(H) STA AT 08:30 AM CAPITOL RM 102

04/17/91 (H) MINUTE(STA)
 04/19/91 864 (H) STA RPT CS(STA) 6DP
 04/19/91 864 (H) -FISCAL NOTE (ADM) 4/19/91
 04/19/91 864 (H) -ZERO FISCAL NOTE (DHSS)
 4/19/91
 05/06/91 1136 (H) HES RPT CS(STA) 4DP
 05/06/91 1136 (H) -FISCAL NOTE (ADM) 5/6/91
 05/06/91 1137 (H) -PREV ZERO FN (DHSS) 4/19/91
 05/06/91 1137 (H) REFERRED TO FINANCE
 05/06/91 (H) HES AT 08:00 AM CAPITOL RM 106
 05/06/91 (H) MINUTE(HES)

BILL: HJR 42

SHORT TITLE: FUNDING OF WOMEN/INFANTS/CHILDREN PROGRAM

PRIME SPONSOR: B.DAVIS

CO-SPONSOR: BROWN, ELLIS, KOPONEN, C.DAVIS, BRUCKMAN,
 FINKELSTEIN, ULMER, NAVARRE, MOYER, MACLEAN,
 LINCOLN, KUBINA, JACKO, IVAN, GRUENBERG, MACKIE,
 BOYER, PARNELL, LARSON, CARNEY, DONLEY, BAKER,
 FOSTER, GONZALES, SHARP, ZAWACKI, DAVIDSON

JRN-DATE	JRN-PG	ACTION
04/26/91	976	(H) READ THE FIRST TIME - REFERRAL(S)
04/26/91	976	(H) HES
04/29/91	1023	(H) CO-SPONSOR ADDED: DAVIDSON
05/06/91		(H) HES AT 08:00 AM CAPITOL RM 106
05/06/91		(H) MINUTE(HES)
05/06/91		(H) MINUTE(HES)

ACTION NARRATIVE

TAPE 49, SIDE A Number 000

The House Committee on Health, Education and Social
 Services (HESS) was called to order by Co-Chair Georgianna
 Lincoln at 8:12 a.m. on May 6, 1991. Representatives
 (Reps.) Patrick Carney, John Gonzales, Mark Hanley, Mary
 Miller and Chair Georgianna Lincoln were present. Reps.

Bettye Davis and Cheri Davis were absent.

Chair Lincoln announced that the meeting was on
 teleconference with Anchorage, Mat-Su, Petersburg, and
 Soldotna. She informed members they would first consider
 HB 253, which had previously been heard on Friday, May 3,
 1991.

Rep. John Gonzales announced his intent to stay long enough in order to act on HB 20. Rep. Mary Miller also stayed.

Number 111

REP. BERT SHARP, prime sponsor of HB 20, described HB 20.

Rep. Carney asked if HB 20 could affect medicaid payments.

Rep. Sharp replied that it shouldn't affect medicaid payments.

Rep. Carney stated that he supported the idea.

Chair Lincoln noted the Department of Administration's (DOA) fiscal note, page 2, which stated: "The division questions if this bill is constitutional."

Rep. Sharp referred to Ms. Bathony of the DOA.

Number 233

BARBARA BATHONY, Director, Pioneers' Benefits, DOA, commented on HB 20. She stated that since so few people are involved, HB 20 may be challenged. She stated that she felt comfortable with HB 20 as it stands.

Number 262

GORDAN LANDES, Public Assistance Program Officer, Division of Medical Assistance, Department of Health and Social Services, discussed the medicaid issue.

Number 298

JOE PENTTILA, via teleconference from Petersburg, President, Petersburg Pioneers of Alaska, Igloo 25, supported HB 20.

Rep. Gonzales made a motion to move CSSSHB 20(STA) out of committee with individual recommendations. There being no objections; it was so ordered.

HOUSE STATE AFFAIRS COMMITTEE

April 17, 1991

8:30 a.m.

MEMBERS PRESENT

Rep. Gene Kubina, Chairman
Rep. Tom Moyer, Vice Chairman
Rep. Max Gruenberg
Rep. Dave Choquette
Rep. Betty Bruckman
Rep. Mike Miller
Rep. Larry Baker

MEMBERS ABSENT

None

COMMITTEE CALENDAR

* HB 55: "An Act amending an appropriation to the budget reserve fund; and providing for an effective date."

CS PASSED OUT OF COMMITTEE WITH INDIVIDUAL RECOMMENDATIONS

HB 20: "An Act relating to qualifications for longevity bonus payments; and providing for an effective date."

CS for SS PASSED OUT OF COMMITTEE WITH INDIVIDUAL RECOMMENDATIONS

HB 122: "An Act relating to qualifications for a longevity bonus; and providing for an effective date."

HEARD AND HELD

HJR 37: Relating to the 50th anniversary of the Alaska/Siberia lend-lease program.

PASSED OUT OF COMMITTEE WITH INDIVIDUAL RECOMMENDATIONS

* HB 257: "An Act relating to a medallion commemorating the 50th anniversary of the construction of the Alaska-Canada Highway; and providing for an effective date."

NOT HEARD - HELD OVER

WITNESS REGISTER

Rep. Kay Brown
Alaska House of Representatives
P.O. Box V
Juneau, AK 99811
Phone: 465-3784
Position Statement: Prime Sponsor of HB 55

Rep. Bert Sharp
Alaska House of Representatives
P.O. Box V
Juneau, AK 99811
Phone: 465-3004
Position Statement: Prime Sponsor of HB 20

Rep. Robin Taylor
Alaska House of Representatives
P.O. Box V
Juneau, AK 99811
Phone: 465-3873
Position Statement: Prime Sponsor of HB 122

Mary Lou Meiner
American Association of Retired Persons
805 Gold Belt
Juneau, AK 99801
Phone: 586-2568
Position Statement: In Favor of HB

Rose Palmquist
Older Persons Action Group
P.O. Box 870294
Wasilla, AK 99687
Phone: 376-2274
Position Statement: In Favor of HB

Barbara Bathony, Director
Division of Pioneer Benefits
P.O. Box CL
Juneau, AK 99811
Phone: 465-4400
Position Statement: In Favor of HB 20
Opposed to HB 122

PREVIOUS ACTION

BILL: HB 55
SHORT TITLE: APPROP: BUDGET RESERVE FUND

PRIME SPONSOR: BROWN
CO-SPONSOR: PARNELL,B.DAVIS.FINKELSTEIN.ELLIS.NAVARRE,
R.PHILLIPS

JRN-DATE	JRN-PG	ACTION
01/22/91	00043	(H) READ THE FIRST TIME - REFERRAL(S)
01/22/91	00043	(H) STATE AFFAIRS, FINANCE
01/24/91	00073	(H) CO-SPONSOR ADDED: R.PHILLIPS
04/17/91	N/A	(H) STA AT 08:30 AM CAPITOL ROOM 102

BILL: HB 20
SHORT TITLE: LONGEVITY BONUS/NURSING HOME RESIDENTS

PRIME SPONSOR: SHARP
CO-SPONSOR: TAYLOR,GONZALES,GRUENBERG,IVAN,MARTIN,
M.A.MILLER,G.PHILLIPS,HUDSON,ZAWACKI,LEMAN

JRN-DATE	JRN-PG	ACTION
01/11/91	00021	(H) PREFILE RELEASED
01/21/91	00021	(H) READ THE FIRST TIME - REFERRAL(S)
01/21/91	00021	(H) STATE AFFAIRS, HES, FINANCE
01/23/91	00060	(H) CO-SPONSOR ADDED: TAYLOR
02/04/91	00142	(H) SPONSOR SUBSTITUTE INTRODUCED -REFERRALS
02/04/91	00142	(H) STATE AFFAIRS, HES, FINANCE
02/06/91	00173	(H) CO-SPONSOR ADDED: HUDSON, ZAWACKI
02/11/91	00204	(H) CO-SPONSOR ADDED: LEMAN
02/27/91	N/A	(H) STA AT 08:30 AM CAPITOL ROOM 102
04/01/91	N/A	(H) STA AT 01:00 PM ANCHORAGE LIO
04/01/91	N/A	(H) MINUTE(STA)
04/17/91	N/A	(H) STA AT 08:30 AM CAPITOL ROOM 102

BILL: HB 122
SHORT TITLE: QUALIFICATIONS FOR LONGEVITY BONUSES

PRIME SPONSOR: TAYLOR
CO-SPONSOR: G.PHILLIPS,M.A.MILLER

JRN-DATE	JRN-PG	ACTION
02/08/91	00183	(H) READ THE FIRST TIME - REFERRAL(S)
02/08/91	00183	(H) STATE AFFAIRS, HES, FINANCE
02/13/91	00230	(H) CO-SPONSOR ADDED: G.PHILLIPS
03/15/91	00496	(H) CO-SPONSOR ADDED: M.A.MILLER
04/01/91	N/A	(H) STA AT 01:00 PM ANCHORAGE LIO
04/01/91	N/A	(H) MINUTE(STA)

04/17/91 N/A (H) STA AT 08:30 AM CAPITOL ROOM
102

BILL: HJR 37
SHORT TITLE: ALASKA/SIBERIA LEND-LEASE PROGRAM

PRIME SPONSOR: MOYER
CO-SPONSOR: FOSTER,BOYER,KOPONEN,SHARP,ZAWACKI,KUBINA,
CHOQUETTE

JRN-DATE	JRN-PG	ACTION
04/02/91	00648	(H) READ THE FIRST TIME - REFERRAL(S)
04/02/91	00648	(H) ITT, STATE AFFAIRS
04/08/91	N/A	(H) ITT AT 05:00 PM CAPITOL ROOM 17
04/08/91	N/A	(H) MINUTE(ITT)
04/10/91	00750	(H) ITT RPT 5DP INR
04/10/91	00750	(H) -ZERO FISCAL NOTE (DCED) 4/10/91
04/17/91	N/A	(H) STA AT 08:30 AM CAPITOL ROOM 102
04/17/91	00828	(H) STA RPT 6DP
04/17/91	00828	(H) -PREV ZERO FISCAL NOTE (DCED) 4/10/91
04/17/91	00852	(H) CO-SPONSORS ADDED: KUBINA, CHOQUETTE

BILL: HB 257
SHORT TITLE: AK HIGHWAY COMMEMORATIVE MEDALLION

PRIME SPONSOR: GRUENBERG
CO-SPONSOR: IVAN,BAKER,BARNES,BRUCKMAN,CARNEY,DAVIDSON,
B.DAVIS,ELLIS,GONZALES,GRUSSENDORF,KOPONEN,
LARSON,LINCOLN,M.A.MILLER,MOYER,PARNELL
G.PHILLIPS.R.PHILLIPS.SHARP,ULMER.HUDSON

JRN-DATE	JRN-PG	ACTION
04/03/91	00667	(H) READ THE FIRST TIME - REFERRAL(S)
04/03/91	00668	(H) STATE AFFAIRS, FINANCE
04/05/91	00709	(H) CO-SPONSOR ADDED: HUDSON
04/17/91	N/A	(H) STA AT 08:30 AM CAPITOL ROOM 102

ACTION NARRATIVE

TAPE 36, SIDE A Number 000

The House State Affairs Committee meeting was called to order by Chairman Kubina at 8:43 a.m. Members present were Representatives (Reps.) Kubina, Moyer, Choquette, Bruckman, and Miller.

Chairman Kubina announced that the committee would then hear HB 20 and asked REP. BERT SHARP, prime sponsor of HB 20, to join the committee at the table and introduce his bill. Chairman Kubina noted that there was a sponsor substitute (SS) for HB 20.

Rep. Sharp noted that he had enjoyed the April 1st meeting on SSHB 20 via teleconference. He stated that SSHB 20 would correct the problems regarding nursing home residents who are denied longevity bonus payments. Rep. Sharp said that anyone who moves into a nursing home becomes ineligible for longevity bonus payments.

Rep. Sharp stated that there were some constitutional questions about the longevity bonus program and that 30 to 35 people would be affected by SSHB 20.

Rep. Sharp stated that people residing in nursing homes who pay all of their own costs of care from private sources would become eligible for longevity bonus payments under SSHB 20.

Number 320

Rep. Sharp told the committee the the fiscal notes of SSHB 20 and HB 11 overlap for about \$6,000. He added that the longevity bonus hold harmless cost was six million dollars.

Rep. Sharp added that SSHB 20 would correct the discrimination in the longevity bonus program by adding a paragraph to existing statute to clarify that a self-paying resident in a nursing home would still qualify for the longevity bonus program.

Number 360

Chairman Kubina asked BARBARA BATHONY, Director of the Division of Pioneer Benefits, to explain why the Division questioned if SSHB 20 was constitutional.

Ms. Bathony stated that there was some question as to whether different groups of people would be treated equally under SSHB 20.

Number 387

Rep. Gruenberg arrived at 9:00 a.m.

Ms. Bathony added that the constitutional question arose because of the federally funded programs for medicaid and veterans.

Rep. Miller stated that he agreed with Rep. Sharp that the

whole program may be unconstitutional and he viewed SSHB 20 as a fairness issue. He added that a person's change of residence should not result in denial of the longevity bonus.

Ms. Bathony stated that the Department of Administration supported SSHB 20. She also said that the \$84,000 fiscal note is an estimate of the cost of SSHB 20 and may actually be lower.

Number 414

ROSE PALMQUIST, Wasilla, Older Persons Action Group (OPAG), stated that OPAG supported SSHB 20. She noted her concern about the word "nongovernmental" and said that while Rep. Sharp felt that social security is not considered governmental money, she thought that it was.

Number 438

Rep. Bruckman noted that social security and pension checks are issued to an individual and that they seemed like private funds to her.

Rep. Gruenberg stated that the committee may want to eliminate the word "nongovernmental".

Rep. Sharp stated that the elimination of the word would be fine with him.

Rep. Bruckman made a motion to amend SSHB 20 by removing the word "nongovernmental" from line seven, page one.

There were no objections and HB 20 was so amended.

Rep. Baker made a motion to adopt the CS for SSHB 20.

There were no objections and the CS was adopted.

Rep. Baker made a motion to pass the CS for SSHB 20 out of committee with individual recommendations. There were no objections and it was so moved.

Number 500

HOUSE STATE AFFAIRS COMMITTEE
WORK SESSION
April 1, 1991
1:00 p.m.

MEMBERS PRESENT

Rep. Gene Kubina, Chairman
Rep. Max Gruenberg
Rep. Dave Choquette
Rep. Betty Bruckman
Rep. Larry Baker

MEMBERS ABSENT

Rep. Tom Moyer, Vice Chairman
Rep. Mike Miller

COMMITTEE CALENDAR

*HB 11: "An Act relating to qualifications for longevity bonus payments; and providing for an effective date."

HEARD AND HELD

*HB 20: "An Act relating to qualifications for longevity bonus payments; and providing for an effective date."

HEARD AND HELD

*HB 122: "An Act relating to qualifications for a longevity bonus; and providing for an effective date."

HEARD AND HELD

UNSCHEDULED BILLS DISCUSSED

SB 8: "An Act amending and making effective an annuity program and amendments to the longevity bonus program and the permanent fund dividend program provided for in secs. 2 - 18, ch. 99, SLA 1985;

and providing for an effective date."

SB 34: "An Act relating to absence from the state for purposes of qualifying for longevity bonuses."

SB 159: "An Act relating to the Alaska longevity bonus

WITNESS REGISTER

Representative Dave Donley
Alaska House of Representatives
P.O. Box V
Juneau, AK 99811
Phone: 465-3892
Position Statement: Spoke in reference to Longevity Bonus

Representative Pat Parnell
Alaska House of Representatives
P.O. Box V
Juneau, AK 99811
Phone: 465-2647
Position Statement: Spoke in reference to Longevity Bonus

Representative Mark Boyer
Alaska House of Representatives
P.O. Box V
Juneau, AK 99811
Phone: 465-3466
Position Statement: Prime Sponsor of HB 11

Representative Bert Sharp
Alaska House of Representatives
P.O. Box V
Juneau, AK 99811
Phone: 465-3004
Position Statement: Prime Sponsor of HB 20

Representative Robin Taylor
Alaska House of Representatives
P.O. Box V
Juneau, AK 99811
Phone: 465-3873
Position Statement: Prime Sponsor of HB 122

Lucille Brenwick
P.O. Box 5
Copper Center, AK 99573
Phone: 822-3491
Position Statement: Spoke in reference to Longevity Bonus

Homer Thompson
P.O. Box 9
Homer, AK 99603
Position Statement: Spoke in reference to Longevity Bonus

Doris James
36745 James Road
Homer, AK 99603
Position Statement: Spoke in reference to Longevity Bonus

John Child
P.O. Box 543
Homer, AK 99603
Phone: 235-8807
Position Statement: Spoke in reference to Longevity Bonus

Clara Sypniewski
P.O. Box 921
Wrangell, AK 99929
Phone: 874-2306
Position Statement: Spoke in reference to Longevity Bonus

Lindy Loudermilk
10441 Loudermilk Circle
Anchorage, AK 99516
Phone: 346-1671
Position Statement: Spoke in reference to Longevity Bonus

Louie Stevens
2026 E. 37
Anchorage, AK 99508
Phone: 561-0308
Position Statement: Spoke in reference to Longevity Bonus

Orian Christianson
9635 Stonegate Drive
Anchorage, AK 99515
Phone: 349-4506
Position Statement: Spoke in reference to Longevity Bonus

Leberta Martin
2120 C Street, #2
Anchorage, AK 99503
Phone: 279-0891
Position Statement: Spoke in reference to Longevity Bonus

Vernon Bailey
7247 Spruce Street
Anchorage, AK 99507
Phone: 333-8894
Position Statement: Spoke in reference to Longevity Bonus

Donald Gates
2501 Lake Otis
Anchorage, AK 99508
Phone: 277-5991
Position Statement: Spoke in reference to Longevity Bonus

John Riley
P.O. Box 110512
Anchorage, AK 99511
Phone: 345-1719
Position Statement: Spoke in reference to Longevity Bonus

Henrietta Smay
P.O. Box 110235
Anchorage, AK 99511
Phone: 345-0538
Position Statement: Spoke in reference to Longevity Bonus

Robert Smay
P.O. Box 110235
Anchorage, AK 99511
Phone: 345-0538
Position Statement: Spoke in reference to Longevity Bonus

June Naccarato
1903 Lake Otis
Anchorage, AK 99507
Phone: 272-6929
Position Statement: Spoke in reference to Longevity Bonus

C. Lippitt
2203 McKinley Ave.

Anchorage, AK 99517
Phone: 248-4770
Position Statement: Spoke in reference to Longevity Bonus

T. P. Burrell
3716 Wesleyan
Anchorage, AK 99508
Phone: 333-2774
Position Statement: In Favor of SB, HB 20 and SB 34
Opposed to HB 122

A. O. Syren
P.O. Box 102575
Anchorage, AK 99510
Phone: 258-9955
Position Statement: Spoke in reference to Longevity Bonus

Bill Hardesty
2117 Hillcrest
Anchorage, AK 99503
Phone: 277-7006
Position Statement: Spoke in reference to Longevity Bonus

H. P. Gazaway
1521 W. 14th
Anchorage, AK 99501
Phone: 277-2073
Position Statement: Spoke in reference to Longevity Bonus

Helen Jadack

200 23rd Ave. West
Anchorage, AK 99503
Phone: 272-1074
Position Statement: Spoke in reference to Longevity Bonus

Ernest Line
2645 Whispering Woods
Wasilla, AK 99687
Phone: 376-6709
Position Statement: Spoke in reference to Longevity Bonus

Roberley R. Waldron
Department of Administration
P.O. Box C
Juneau, AK 99811
Phone: 465-2200
Position Statement: Spoke in reference to Longevity Bonus

Barbara Bathony
Department of Administration
P.O. Box C
Juneau, AK 99811
Phone: 465-2200
Position Statement: Spoke in reference to Longevity Bonus

Gordon Landes
Division of Medical Assistance
P.O. Box H-07
Juneau, AK 99811
Phone: 465-3030
Position Statement: Spoke in reference to Longevity Bonus

Tom Hollis
P.O. Box 870675
Wasilla, AK 99687
Phone: 376-6709
Position Statement: Spoke in reference to Longevity Bonus

Holly Hollis
P.O. Box 870675
Wasilla, AK 99687
Phone: 376-6709
Position Statement: Spoke in reference to Longevity Bonus

Roxolana E. Pomeroy
2824 Kimberlie Court
Anchorage, AK 99508
Phone: 5610651
Position Statement: Submitted written testimony against
Longevity Bonus

Jim Moody
665 10th Avenue

Fairbanks, AK 99701
Phone: 456-3000
Position Statement: In Favor of HB 20 and spoke in
reference to other Longevity Bonus
bills

Pauline Burnette
2534 Crestwood
Anchorage, AK 99508
Phone: 276-4365
Position Statement: Spoke in reference to Longevity Bonus

Rose Palmquist
P.O. Box 870294
Wasilla, AK 99687
Phone: 376-2279
Position Statement: Spoke in reference to Longevity Bonus

Jim McLaughlin
P.O. Box 880
Nome, AK 99764
Phone: 443-5377
Position Statement: Spoke in reference to Longevity Bonus

Myrtle Johnson
P.O. Box 608
Nome, AK 99764
Phone: 443-2842
Position Statement: Spoke in reference to Longevity Bonus

PREVIOUS ACTION

BILL: HB 11
PRIME SPONSOR: BOYER
CO-SPONSOR: ULMER

JRN-DATE	JRN-PG	ACTION
01/11/91	00019	(H) PREFILE RELEASED
01/21/91	00019	(H) READ THE FIRST TIME - REFERRAL(S)
01/21/91	00019	(H) STATE AFFAIRS, HES, FINANCE
01/22/91	00048	(H) CO-SPONSOR ADDED: ULMER
02/27/91	N/A	(H) STA AT 08:30 AM CAPITOL RM 102
04/01/91	N/A	(H) STA AT 01:00 PM ANCHORAGE LIO

BILL: HB 20
PRIME SPONSOR: SHARP
CO-SPONSOR: TAYLOR,GONZALES,GRUENBERG,IVAN,MARTIN,
M.A.MILLER,G.PHILLIPS,HUDSON,ZAWACKI,LEMAN

JRN-DATE	JRN-PG	ACTION
01/11/91	00021	(H) PREFILE RELEASED

01/21/91 00021 (H) READ THE FIRST TIME -
 REFERRAL(S)
 01/21/91 00021 (H) STATE AFFAIRS, HES, FINANCE
 01/23/91 00060 (H) CO-SPONSOR ADDED: TAYLOR
 02/04/91 00142 (H) SPONSOR SUBSTITUTE INTRODUCED
 -REFERRALS
 02/04/91 00142 (H) STATE AFFAIRS, HES, FINANCE
 02/06/91 00173 (H) CO-SPONSOR ADDED: HUDSON,
 ZAWACKI
 02/11/91 00204 (H) CO-SPONSOR ADDED: LEMAN
 02/27/91 N/A (H) STA AT 08:30 AM CAPITOL RM 102
 04/01/91 N/A (H) STA AT 01:00 PM ANCHORAGE LIO

BILL: HB 122
 PRIME SPONSOR: TAYLOR
 CO-SPONSOR: G.PHILLIPS,M.A.MILLER

JRN-DATE	JRN-PG	ACTION
02/08/91	00183	(H) READ THE FIRST TIME - REFERRAL(S)
02/08/91	00183	(H) STATE AFFAIRS, HES, FINANCE
02/13/91	00230	(H) CO-SPONSOR ADDED: G.PHILLIPS
03/15/91	00496	(H) CO-SPONSOR ADDED: M.A.MILLER
04/01/91	N/A	(H) STA AT 01:00 PM ANCHORAGE LIO

BILL: SB 8
 PRIME SPONSOR: KERTTULA
 CO-SPONSOR: HALFORD

JRN-DATE	JRN-PG	ACTION
01/11/91	00021	(S) PREFILE RELEASED
01/21/91	00021	(S) READ THE FIRST TIME - REFERRAL(S)
01/21/91	00021	(S) STATE AFFAIRS, THEN FINANCE
02/08/91	00183	(S) CO-SPONSOR ADDED: HALFORD

BILL: SB 34
 PRIME SPONSOR: POURCHOT
 CO-SPONSOR: COLLINS

JRN-DATE	JRN-PG	ACTION
01/11/91	00028	(S) PREFILE RELEASED
01/21/91	00028	(S) READ THE FIRST TIME - REFERRAL(S)
01/21/91	00028	(S) STATE AFFAIRS, THEN FINANCE
01/28/91	N/A	(S) STA AT 01:30 PM BELTZ RM 211
01/28/91	N/A	(S) MINUTE(STA)
01/30/91	N/A	(S) STA AT 01:30 PM BELTZ RM 211
01/30/91	N/A	(S) MINUTE(STA)
02/04/91	N/A	(S) STA AT 01:30 PM BELTZ RM 211
02/04/91	N/A	(S) MINUTE(STA)
02/08/91	00176	(S) STA RPT CS 2DP 1NR SAME TITLE
02/08/91	00177	(S) FN TO SB PUBLISHED (ADM)

02/08/91 00177 (S) ZERO FN TO CS PUBLISHED (ADM)
 02/12/91 00215 (S) FIN RPT 6DP (STA)CS
 02/12/91 00215 (S) PREVIOUS ZERO FN TO STA CS
 (ADM)
 02/12/91 00215 (S) REFERRED TO RULES
 02/12/91 N/A (S) FIN AT 09:00 AM FINANCE RM 518
 02/12/91 N/A (S) MINUTE(FIN)
 02/13/91 N/A (S) RLS AT 11:30 AM BUTROVICH RM
 205
 02/13/91 N/A (S) MINUTE(RUL)

BILL: SB 159

PRIME SPONSOR: RULES BY REQUEST OF THE GOVERNOR

JRN-DATE	JRN-PG	ACTION
03/01/91	00406	(S) READ THE FIRST TIME - REFERRAL(S)
03/01/91	00406	(S) HES, STATE AFFAIRS, JUDICIARY, FINANCE
03/01/91	00406	(S) FISCAL NOTE PUBLISHED (ADM)
03/01/91	00406	(S) GOVERNOR'S TRANSMITTAL LETTER
03/06/91	00454	(S) REFERRAL SEQUENCE CHANGED:

03/06/91 00455 (S) STA, HES, JUD, FIN
 03/27/91 N/A (S) STA AT 01:30 PM BELTZ RM 211

ACTION NARRATIVE

TAPE 27, SIDE A Number 000

The House State Affairs Committee meeting was called to order by Chairman Kubina at 1:14 p.m. Members present were Reps. Kubina, Gruenberg, Choquette, Bruckman, and Baker.

Chairman Kubina announced that the meeting was a WORK SESSION on HB 11, HB 20 and HB 122. Chairman Kubina also stated that discussion would be held regarding SB 8, SB 34 and SB 159.

Rep. Boyer, prime sponsor of HB 11, introduced his bill.

Rep. Sharp, prime sponsor of HB 20, introduced his bill.

Rep. Taylor, prime sponsor of HB 122, introduced his bill.

Chairman Kubina then called on the witnesses in Anchorage and around the state on teleconference to testify.

Testimony continued through all of Tape 27, Sides A and B.

On Side B, Number 200, Chairman Kubina called for anyone in the audience or on teleconference who was in support of SB 159 to come forward. No one did and this was noted for the record.

Audience and teleconference testimony on the Longevity Bonus continued through Tape 28, Sides A and B.

There being no further business to come before the House State Affairs Committee, Chairman Kubina adjourned the meeting at 4:04 p.m.

Attachments, written testimony, tapes and a printed copy of the minutes for this meeting can be found in the House State Affairs Committee, Room 102, Capitol, until final adjournment of the 17th Legislature; thereafter, they may be found in the Legislative Reference Library, Court Plaza, 6th floor.

House
91
HSTA

SENATE FINANCE COMMITTEE

SIGN-IN

SB 247-VETERANS' ELIGIBILITY FOR LONGEVITY BONUS

NAME: Alison M. Egan Subject/Bill No: SB 247
Co./Dept./Title: Dep Comm / DOA Phone: 465-2200
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: Nancy Walker Subject/Bill No: SB 247
Co./Dept./Title: Medical Assist Admin / DMH/DHS Phone: 465-3555
Address: PO Box 110660 Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

OFF-NET TELECONFERENCE PARTICIPANTS

Name: Laddie Shaw
Location: Ft. Rich
Affiliation:
Bill: SB 247

Name: Galen Atwater
Location: Meiers Lake
Affiliation:
Bill: SB 271

Name: Janice Adair
Location: Anchorage
Affiliation: DEC
Bill: SB 271

Name: Alan Lemaster
Location: Gakona
Affiliation:
Bill: SB 271

Name:
Location:
Affiliation:
Bill:

Name:
Location:
Affiliation:
Bill:

SB

248

HFIN

FILE

(11)

HOUSE COMMITTEE REPORT

Date Referred to Committee: April 15, 2000

FURTHER REFERRALS:

Date of Committee Action: 4/18/00

The FINANCE Committee considered:

CSSB 248(FIN) am

CS FOR SENATE BILL NO. 248(FIN) am

AIDEA: BONDS & RURAL DEVELOPMENT

"An Act relating to the financing authority, payment in lieu of tax agreements, and tax exemption for assets and projects of the Alaska Industrial Development and Export Authority; relating to renaming and contingently repealing the rural development initiative fund within the Department of Community and Economic Development, and establishing the rural development initiative fund within the Alaska Industrial Development and Export Authority; and providing for an effective date."

recommends it be replaced with the following committee substitute

HCS CS SB 248 (FIN)

the same title
 a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

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

APPROVES PREVIOUS: _____ (Dept/Date)

fiscal note(s) _____

fiscal note(s) _____

zero fiscal note(s) _____

zero fiscal note(s) DCED 2/8/00

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>[Signature]</i>	Therriault	X			
<i>[Signature]</i>	Bunde	X			
<i>[Signature]</i>	Austerman	X			
<i>[Signature]</i>	J. Davis	X			
<i>[Signature]</i>	Gruesendat	X			
<i>[Signature]</i>	J. Davis	X			
<i>[Signature]</i>	A. Davis	X			
<i>[Signature]</i>	Williams	X			
<i>[Signature]</i>	Phillips	X			
<i>[Signature]</i>	J. Davis	X			

CHAIR'S SIGNATURE *[Signature]*

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

No. 1
Bill Version: SB 248
(S) Publish Date: 2-8-00

Revision Date/1/25/2000 Dept. Affected DCED
Title AIDEA bonding authority BRU AIDEA
Component _____
Sponsor _____
Requester _____ Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

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

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

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

FUND SOURCE (Thousands of Dollars)

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

ANALYSIS: (Attach a separate page if necessary)

This bill has a positive fiscal effect on the General Fund. Passage of this bill allows AIDEA to continue fulfilling its mission, generating revenues, and in turn, providing an annual dividend to the General Fund. The bill extends AIDEA's bonding authority, clarifies procedures available to municipalities to grant tax exemptions for privately held interest in AIDEA-owned assets, and transfers the rural development initiative fund program to AIDEA. AIDEA funds its operations and projects through corporate receipts and through the sale of bonds and does not use General Fund money.

Prepared by: D. Randy Simmons, Executive Director Phone _____
Division AIDEA Date/Time 1/27/00 11:53 AM
Approved by Commission Deborah B. Hedrick Date 1/27/00
Agency _____

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

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

FISCAL NOTE

No. 1
 Bill Version: SB 248
 (S) Publish Date: 2-8-00

STATE OF ALASKA
 2000 LEGISLATIVE SESSION

Revision Date/1/25/2000 _____ Dept. Affected DCED
 Title AIDEA bonding authority BRU AIDEA
 Component _____
 Sponsor _____
 Requester _____ Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

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

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

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

FUND SOURCE (Thousands of Dollars)

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

ANALYSIS: (Attach a separate page if necessary)

This bill has a positive fiscal effect on the General Fund. Passage of this bill allows AIDEA to continue fulfilling its mission, generating revenues, and in turn, providing an annual dividend to the General Fund. The bill extends AIDEA's bonding authority, clarifies procedures available to municipalities to grant tax exemptions for privately held interest in AIDEA-owned assets, and transfers the rural development initiative fund program to AIDEA. AIDEA funds its operations and projects through corporate receipts and through the sale of bonds and does not use General Fund money.

Prepared by: D. Randy Simmons, Executive Director Phone _____
 Division AIDEA Date/Time 1/27/00 11:53 AM
 Approved by Commission Deborah B. Medwick Date 1/27/00
 Agency _____

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

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

No. 1
Bill Version: SB 248
(S) Publish Date: 2-8-00

Revision Date/1/25/2000 _____ Dept. Affected DCED
Title AIDEA bonding authority BRU AIDEA
Component _____
Sponsor _____
Requester _____ Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

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

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

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

FUND SOURCE (Thousands of Dollars)

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

ANALYSIS: (Attach a separate page if necessary)

This bill has a positive fiscal effect on the General Fund. Passage of this bill allows AIDEA to continue fulfilling its mission, generating revenues, and in turn, providing an annual dividend to the General Fund. The bill extends AIDEA's bonding authority, clarifies procedures available to municipalities to grant tax exemptions for privately held interest in AIDEA-owned assets, and transfers the rural development initiative fund program to AIDEA. AIDEA funds its operations and projects through corporate receipts and through the sale of bonds and does not use General Fund money.

Prepared by: D Randy Simmons, Executive Director Phone _____
Division AIDEA Date/Time 1/27/00 11:53 AM
Approved by Commission Deborah B. Medwick Date 1/27/00
Agency _____

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

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

4-18-00

Therriault

adopted

AMENDMENT |

OFFERED IN THE HOUSE

TO: CSSB 248(FIN)am
Version "D.a"

Page 4, line 19:

After "section"

Insert "and"

Page 4, line 20:

After "fund"

in addition to these assets

draft
Delete ",and other assets deposited into the fund by the authority. The assets transferred to the fund by the authority may not exceed \$2,000,000."

Insert ". In addition, the authority may transfer other assets into the fund, however, the total amount of the other assets transferred to the fund may not exceed \$2,000,000."

Amendment #3
remove Sec #6

CS FOR SENATE BILL NO. 248(FIN) am

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Amended: 4/14/00

Offered: 4/13/00

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

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the financing authority, payment in lieu of tax agreements,
2 and tax exemption for assets and projects of the Alaska Industrial Development
3 and Export Authority; relating to renaming and contingently repealing the rural
4 development initiative fund within the Department of Community and Economic
5 Development, and establishing the rural development initiative fund within the
6 Alaska Industrial Development and Export Authority; and providing for an
7 effective date."

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

9 * Section 1. AS 29.45.050 is amended by adding a new subsection to read:

10 (p) A municipality may by ordinance partially or totally exempt from taxation
11 a private leasehold, contract, or other interest held by or through an applicant or
12 proposed applicant in any property, assets, project, or development project owned by
13 the Alaska Industrial Development and Export Authority under AS 44.88. Nothing in

1 this subsection prohibits a municipality from entering into an agreement and receiving
2 payments in lieu of taxes authorized under AS 44.88.140(b).

3 * Sec. 2. AS 44.33.765(a) is amended to read:

4 (a) The rural economic development initiative fund is created in the
5 department. Unless provided otherwise in the appropriation act, an appropriation to the
6 fund is retained in the fund for use under AS 44.33.765 - 44.33.775 and does not lapse
7 at the end of a fiscal year. Each year the commissioner shall request an appropriation
8 to the fund of interest and other income earned on loans or investments of the fund.
9 Money in the fund may be appropriated for costs of administering AS 44.33.765 -
10 44.33.775.

11 * Sec. 3. AS 44.33.770(a) is amended to read:

12 (a) The department may use money from the rural economic development
13 initiative fund to make a loan of up to \$100,000 to a person, or a loan of up to
14 \$200,000 to two or more persons, to be used for working capital, equipment,
15 construction, or other commercial purposes by a business located in a community with
16 a population of 5,000 or less. A person who has received a loan under this subsection
17 may not be granted another loan until after the original loan is entirely repaid.

18 * Sec. 4. AS 44.33.775 is amended to read:

19 **Sec. 44.33.775. Disposal of property acquired by default or foreclosure.**

20 The department shall dispose of property acquired through default or foreclosure of a
21 loan made from the rural economic development initiative fund. Disposal shall be
22 made in a competitive manner that serves the best interests of the state, and may
23 include the amortization of payments over a period of years. The commissioner shall
24 request an appropriation to the fund of proceeds from disposal of property under this
25 section.

26 * Sec. 5. AS 44.88.095(g) is amended to read:

27 (g) Before July 1, 2003 [JULY 1, 2000], the authority may issue bonds in an
28 amount greater than \$10,000,000 to assist in the financing of a development project
29 under AS 44.88.172 - 44.88.177 only with legislative approval. Beginning July 1,
30 2003 [JULY 1, 2000], and thereafter, without prior legislative approval, the authority
31 may not issue bonds, except refunding and conduit revenue bonds.

1 * Sec. 6. AS 44.88.140(a) is amended to read:

2 (a) Except as provided in AS 29/45.030(a)(1), the real and personal property
 3 of the authority and its assets, income, and receipts are declared to be the property of
 4 a political subdivision of the state and, together with any project or development
 5 project financed under AS 44.88.155 - 44.88.159 or 44.88.172 - 44.88.177, and a
 6 leasehold interest created in a project or development project financed under
 7 AS 44.88.155 - 44.88.159 or 44.88.172 - 44.88.177, devoted to an essential public and
 8 governmental function and purpose, and the property, assets, income, receipts, project,
 9 development project, and leasehold interests shall be exempt from all taxes and special
 10 assessments of the state or a political subdivision of the state, including, without
 11 limitation, all boroughs, cities, municipalities, school districts, public utility districts,
 12 and other taxing units. All bonds of the authority are declared to be issued by a
 13 political subdivision of the state and for an essential public and governmental purpose
 14 and to be a public instrumentality, and the bonds, and the interest on them, the income
 15 from them and the transfer of the bonds, and all assets, income, and receipts pledged
 16 to pay or secure the payments of the bonds, or interest on them, shall at all times be
 17 exempt from taxation by or under the authority of the state, except for inheritance and
 18 estate taxes and taxes on transfers by or in contemplation of death. Nothing in this
 19 section affects or limits an exemption from license fees, property taxes, or excise,
 20 income, or any other taxes, provided under any other law. Except as provided in
 21 AS 29.45.050(p), nothing in this section creates [, NOR DOES IT CREATE] a tax
 22 exemption with respect to the interest of any business enterprise or other person, other
 23 than the authority, in any property, assets, income, receipts, project, development
 24 project, or lease whether or not financed under this chapter. By January 10 of each
 25 year, the authority shall submit to the governor a report describing the nature and
 26 extent of the tax exemption of the property, assets, income, receipts, project,
 27 development project, and leasehold interests of the authority under this section. The
 28 authority shall notify the legislature that the report is available.

29 * Sec. 7. AS 44.88.140(b) is amended to read:

30 (b) An [THE AUTHORITY MAY ENTER INTO AGREEMENTS WITH AN]
 31 applicant or proposed applicant under this chapter and the local political subdivision

1 may enter into agreements providing for payments in lieu of taxes, computed on a
 2 formula basis or otherwise [IN LIEU OF TAXES, WHICH THE AUTHORITY MAY
 3 CONSIDER APPROPRIATE]. The agreement may provide that the payments be
 4 made to the local political subdivision [OF THE STATE IN WHICH A PROJECT OR
 5 DEVELOPMENT PROJECT IS OR IS TO BE LOCATED] or to any other taxing unit
 6 of the state including, without limitation, a borough, city, municipality, school district
 7 or public utility district, the area of which is coterminous in whole or in part with that
 8 of the local political subdivision.

9 * **Sec. 8.** AS 44.88.140 is amended by adding a new subsection to read:

10 (d) In this section, "local political subdivision" means the political subdivision
 11 of the state in which a project or development project financed under AS 44.88.155 -
 12 44.88.159 or 44.88.172 - 44.88.177 is or is to be located.

13 * **Sec. 9.** AS 44.88 is amended by adding new sections to read:

14 **Article 6A. Rural Development Initiative Fund.**

15 **Sec. 44.88.600. Rural development initiative fund.** The rural development
 16 initiative fund is created in the authority outside of the revolving fund. The rural
 17 development initiative fund is a fund for the uses and purposes of AS 44.88.600 -
 18 44.88.620. The rural development initiative fund consists of money or assets
 19 appropriated or transferred to the authority for the purposes of this section, loan
 20 repayments, interest or other income earned on loans or investments of the fund, and
 21 other assets deposited into the fund by the authority. The assets transferred to the fund
 22 by the authority may not exceed \$2,000,000. The authority, in its discretion, may
 23 transfer money or other assets from the rural development initiative fund to the
 24 revolving fund.

25 **Sec. 44.88.610. Rural development loans.** (a) The authority may use money
 26 from the rural development initiative fund to make a loan of up to \$100,000 to a
 27 person, or a loan of up to \$200,000 to two or more persons, to be used for working
 28 capital, equipment, construction, or other commercial purposes by a business located
 29 in a community with a population of 5,000 or less. A person who has received a loan
 30 under this subsection may not be granted another loan until after the original loan is
 31 entirely repaid.

1 (b) The authority shall require collateral for each loan made under this section
2 and shall require that a reasonable amount of money from other nonstate sources be
3 committed for use on any project or enterprise for which money from a loan will be
4 used. The authority by regulation may establish other conditions for loans. The
5 authority shall by regulation establish rates of interest that are not less than six percent
6 a year and terms of repayment for loans made under this section.

7 **Sec. 44.88.620. Disposal of property acquired by default or foreclosure.**

8 The authority shall dispose of property acquired through default or foreclosure of a
9 loan made from the rural development initiative fund. Disposal shall be made in a
10 competitive manner that serves the best interests of the state, and may include the
11 amortization of payments over a period of years. Proceeds from the disposal of
12 property under this section shall be deposited into the fund.

13 * **Sec. 10.** AS 44.33.765, 44.33.770, and 44.33.775 are repealed.

14 * **Sec. 11.** The uncodified law of the State of Alaska is amended by adding a new section
15 to read:

16 **TRANSITIONAL PROVISIONS.** (a) Notwithstanding the repeal of AS 44.33.765,
17 44.33.770, and 44.33.775 by sec. 10 of this Act, regulations in effect immediately before the
18 effective date of sec. 10 of this Act that were issued or adopted under authority of
19 AS 44.33.765, 44.33.770, or 44.33.775 remain in effect and may be implemented and
20 enforced by the Alaska Industrial Development and Export Authority to implement the
21 provisions of AS 44.88.600 - 44.88.620, enacted by sec. 9 of this Act, until the Alaska
22 Industrial Development and Export Authority adopts regulations to implement AS 44.88.600 -
23 44.88.620.

24 (b) Wherever in AS 44.88.600 - 44.88.620 there is a reference to regulations adopted
25 under a section of law and there are no regulations adopted under that section because
26 previous regulations adopted under AS 44.33.765 - 44.33.775 are being enforced under (a) of
27 this section, the reference shall be construed to refer to the previously adopted regulations
28 until the Alaska Industrial Development and Export Authority adopts regulations to implement
29 AS 44.88.600 - 44.88.620.

30 (c) Contracts, rights, liabilities and obligations created by or under AS 44.33.765,
31 44.33.770, or 44.33.775, repealed by sec. 10 of this Act, and in effect on the day before the

1 effective date of sec. 10 of this Act, remain in effect notwithstanding this Act's taking effect.

2 (d) Amounts retained in the rural economic development initiative fund for use under
3 AS 44.33.765 - 44.33.775 lapse into the general fund on the effective date of sec. 10 of this
4 Act.

5 * **Sec. 12.** Section 5 of this Act takes effect June 30, 2000.

6 * **Sec. 13.** Sections 10 and 11 of this Act take effect only if the Alaska Industrial
7 Development and Export Authority purchases loans and other assets of the rural economic
8 development initiative fund (AS 44.33.765) as an investment for the Alaska Industrial
9 Development and Export Authority.

10 * **Sec. 14.** If secs. 10 and 11 of this Act take effect under sec. 13 of this Act, secs. 10 and
11 11 of this Act take effect on the day after the effective date of the purchase of the rural
12 economic development initiative fund loans and other assets by the Alaska Industrial
13 Development and Export Authority. The executive director of the Alaska Industrial
14 Development and Export Authority shall certify the effective date of the purchase to the
15 lieutenant governor and the revisor of statutes.

16 * **Sec. 15.** Except as provided in secs. 12 - 14 of this Act, this Act takes effect July 1,
17 2000.

4-18-00

1-GS2009\DA.1

DAVIS / Cook
PHILLIPS 4/17/00

adopted

AMENDMENT

2

OFFERED IN THE HOUSE

TO: CSSB 248(FIN) am

adopted

change to

January

1,1999

1 Page 1, following line 8:

2 Insert a new bill section to read:

3 **** Section 1.** AS 29.45.030(a) is amended to read:

4 (a) The following property is exempt from general taxation:

5 (1) municipal property, including property held by a public corporation
6 of a municipality, or state property, or land that is in the trust established by the
7 Alaska Mental Health Enabling Act of 1956, P.L. 84-830, 70 Stat. 709, except that

8 (A) a private leasehold, contract, or other interest in the
9 property is taxable to the extent of the interest; however, an interest created
10 by a nonexclusive use agreement between the Alaska Industrial
11 Development and Export Authority and a user of a facility owned by the
12 authority, financed at least in part under AS 44.88.172, and open for
13 public use is not taxable;

14 (B) notwithstanding any other provision of law, property
15 acquired by an agency, corporation, or other entity of the state through
16 foreclosure or deed in lieu of foreclosure and retained as an investment of a
17 state entity is taxable; this subparagraph does not apply to federal land granted
18 to the University of Alaska under AS 14.40.380 or 14.40.390, or to other land
19 granted to the university by the state to replace land that had been granted
20 under AS 14.40.380 or 14.40.390;

21 (C) an ownership interest of a municipality in real property
22 located outside the municipality acquired after December 31, 1990, is taxable
23 by another municipality; however, a borough may not tax an interest in real
24 property located in the borough and owned by a city in that borough;

25 (2) household furniture and personal effects of members of a

1 household;

2 (3) property used exclusively for nonprofit religious, charitable,
3 cemetery, hospital, or educational purposes;

4 (4) property of a nonbusiness organization composed entirely of
5 persons with 90 days or more of active service in the armed forces of the United
6 States whose conditions of service and separation were other than dishonorable, or the
7 property of an auxiliary of that organization;

8 (5) money on deposit;

9 (6) the real property of certain residents of the state to the extent and
10 subject to the conditions provided in (e) of this section;

11 (7) real property or an interest in real property that is exempt from
12 taxation under 43 U.S.C. 1620(d), as amended;

13 (8) property of a political subdivision, agency, corporation, or other
14 entity of the United States to the extent required by federal law; except that a private
15 leasehold, contract, or other interest in the property is taxable to the extent of that
16 interest;

17 (9) natural resources in place including coal, ore bodies, mineral
18 deposits, and other proven and unproven deposits of valuable materials laid down by
19 natural processes, unharvested aquatic plants and animals, and timber."

20 Renumber the following bill sections accordingly.

21 Page 1, line 9:

22 Delete "Section 1"

23 Insert "Sec. 2"

24 Page 5, line 17:

25 Delete "sec. 10"

26 Insert "sec. 11"

27 Page 5, line 18:

28 Delete "sec. 10"

- 1 Insert "sec. 11"

- 2 Page 5, line 21:
- 3 Delete "sec. 9"
- 4 Insert "sec. 10"

- 5 Page 5, line 31:
- 6 Delete "sec. 10"
- 7 Insert "sec. 11"

- 8 Page 6, line 1:
- 9 Delete "sec. 10"
- 10 Insert "sec. 11"

- 11 Page 6, line 3:
- 12 Delete "sec. 10"
- 13 Insert "sec. 11"

- 14 Page 6, line 5:
- 15 Delete "Section 5"
- 16 Insert "Section 6"

- 17 Page 6, line 6:
- 18 Delete "Sections 10 and 11"
- 19 Insert "Sections 11 and 12"

- 20 Page 6, line 10:
- 21 Delete "secs. 10 and 11"
- 22 Insert "secs. 11 and 12"
- 23 Delete "sec. 13"
- 24 Insert "sec. 14"

- 1 Page 6, lines 10 and 11:
- 2 Delete "secs. 10 and 11"
- 3 Insert "secs. 11 and 12"

- 4 Page 6, line 16:
- 5 Delete "secs. 12 - 14"
- 6 Insert "secs. 13 - 15"

SB 248--HB 342
AIDEA Bill
Sectional Analysis

Section 1 – Clarifying changes to Property Tax Exemption Provisions

Section 1 together with Sections 6, 7, and 8 make clarifying changes in tax exemption and payment in lieu of tax provisions relating to AIDEA owned projects.

Background. Under AIDEA's development finance program, AIDEA can own development projects that further the Authority's mission. Examples of these projects include the DeLong Mountain Transportation System serving the Red Dog Mine and the Federal Express Maintenance Facility at Anchorage International Airport.

By statute, AIDEA's interests in development finance projects are exempt from property taxes. Other statutory provisions allow for local jurisdictions to exempt the property interests of private users of AIDEA's facilities from property taxation and authorize local jurisdictions to enter into payment in lieu of tax agreements with these users.

The bill makes technical changes to clarify how the property tax and the payment in lieu of tax agreement mechanisms operate.

Section 1. Permissive Property Tax Exemption for AIDEA Owned Projects. Section 1 amends the provisions to AS 29.45.050 to allow municipalities to grant tax exemptions with respect to interests of private users in AIDEA property. Current law (AS 44.88.140 (b)) authorizes the use of payment in lieu of tax agreements for private interests held in AIDEA owned projects but does not clearly describe the methods that can be used to implement those agreements. Section 1 allows municipalities to grant, by ordinance, partial or total property tax exemptions in private property interests held by users of the Authority's assets. While other statutory provisions allow municipalities to grant various tax exemptions including an exemption for economic development property, none of the exemptions specifically relate to AIDEA owned projects. Adding a specific permissive exemption together with the clarifying changes to the payment in lieu of tax agreement provisions will provide municipalities with appropriate mechanisms and simplify the process by which municipalities can implement these property tax provisions.

Sections 2 through 4 – Transfer of Rural Development Initiative Fund Program (RDIF)

Section 2-4 together with Sections 9-11 and 13-14 transfer the Rural Development Initiative Fund Program (RDIF) to AIDEA.

Background -- The RDIF program encourages economic development in rural Alaska by providing loans to small businesses in communities with populations of less than 5,000. The program was originally administered by the Department of Community and Regional Affairs and with the passage of HB 40 last year, is now within the Department of Community and Economic Development (DCED).

Because the RDIF program advances the Authority's economic development mission, AIDEA has supported the program over the last several years. The Authority has coordinated its Business and Export Assistance Loan Guarantee program with the RDIF program to increase the effectiveness of both programs. In 1993 and again in 1996, the Legislature authorized AIDEA to purchase loan portfolios from the State as an investment for the Authority. These loan purchases helped to re-capitalize the RDIF fund so that the fund had sufficient cash assets to make additional loans.

With the consolidation accomplished under HB 40, it is appropriate to transfer the RDIF program to the Authority. Transferring the program to AIDEA furthers AIDEA's mission in rural Alaska. In addition, the transfer will allow the program to continue to operate from year to year without the need for periodic AIDEA loan purchases or other legislative appropriations to re-capitalize the program. AIDEA will contract with DCED to administer the program utilizing the Department's rural program staff. This will help maximize efficiencies and ensure the continued effectiveness of the program in rural Alaska.

There are two steps to accomplishing the RDIF transfer to AIDEA. First, the bill statutorily creates a new RDIF loan program within AIDEA. This new program mirrors the existing statutory program. Second, upon the purchase by AIDEA of the existing RDIF loan portfolio, the bill repeals DCED's existing program. An appropriation will be required to authorize AIDEA's purchase of the existing portfolio.

Sections 2-4. Sections 2, 3 and 4 rename the existing DCED Rural Development Initiative Fund to the Rural Economic Development Initiative Fund. Under the bill (Sections 10, 13 and 14), the existing DCED program is not repealed until AIDEA completes the purchase of the existing RDIF loan portfolio from the State. Pending this purchase, the existing DCED statutes are modified to rename DCED's fund. This action is necessary so there is no statutory conflict with the AIDEA Rural Development Initiative Fund created under the bill.

Section 5 – Extension of AIDEA's Bonding Authority

Section 5 extends AIDEA's general bonding authority, which would otherwise sunset on July 1, 2000. Bonds for development finance projects in excess of \$10,000,000 will continue to require legislative authorization.

Background. Effective July 1, 2000, AIDEA's ability to issue bonds, other than refunding bonds, will sunset. The sunset would prevent AIDEA from issuing any new bonds (other than refunding bonds) without legislative approval and severely curtail AIDEA's ability to fulfill its statutory mission.

The sunset would prevent AIDEA from issuing bonds to assist key development projects, bonds to fund loan participations and conduit revenue bonds that do not involve the credit of AIDEA or the State. In recent years, AIDEA has issued tax-exempt conduit revenue bonds to help finance the Fort Knox gold mine (\$71 million), the Goat Lake Hydroelectric project (\$23 million), the South Central Alaska chapter of the American Red Cross (\$2.2 million), the Fairbanks Sewer and Water project (\$6 million) and the Association of Village Council Presidents (\$916,000). These bonds helped lower the cost of financing for these projects without any financial risk to AIDEA or the State.

The bill extends the sunset until July 1, 2003. In addition, the bill clarifies that the sunset does not apply to conduit revenue bonds, which do not impact the State's or AIDEA's credit. Bonds in excess of \$10 million for development finance projects will continue to require specific legislative approval.

Sections 6 through 8 -- Clarifying changes to Property Tax Exemption Provisions

Section 6 – This section amends AS 44.88.140(a) to recognize the permissive property tax exemption (adopted under Section 1 of the bill) that local governments may grant for AIDEA own projects.

Section 7 – This section amends AS 44.88.140(b) to clarify the mechanism to be used by local governments and users of AIDEA projects for entering into payment in lieu of tax agreements. The bill makes clear that these agreements are to be made directly between the local governments and the project users.

Section 8 – This section amends AS 44.88.140 to add a clarifying definitional section for "local political subdivision." The provision provides that the political subdivision in which the AIDEA project is located is the "local political subdivision" for purposes of the statute.

Sections 9 through 11 -- Transfer of Rural Development Initiative Fund Program (RDIF)

Section 9 – Creation of AIDEA RDIF Program. Section 9 establishes the RDIF program within AIDEA by enacting AS 44.88.600-620. With minor changes to reflect the program's status within AIDEA, these provisions mirror the provisions of the existing DCED RDIF program (AS 44.33.765-775).

AS 44.88.600 – This section establishes the RDIF within AIDEA outside of the AIDEA revolving fund. The section allows AIDEA to transfer funds between the revolving fund and the RDIF.

AS 44.88.610 – This section establishes the basic parameters of the RDIF program and mirrors the provisions of the current DCED program (See AS 44.33.770). Under the program, loans of up to \$200,000 (\$100,000 for individuals) may be made to businesses located in communities of less than 5000. These loans require that collateral be pledged to secure repayment and that a reasonable amount of money from non-State sources also be pledged to the project. The Authority may, by regulation establish interest rates of not less than 6% and other conditions for RDIF loans.

AS 44.88.620 – This section grants AIDEA the power to dispose of property acquired through foreclosure of defaulted RDIF loans.

Section 10 – Repeal of DCED Program. This section repeals the existing RDIF program within DCED. However, as noted below (see Sections 13 and 14), this section only becomes effective upon AIDEA's purchase from the State of the existing RDIF portfolio.

Section 11 – Transitional Provisions. This section enacts several transitional provisions related to the transfer of the RDIF program to AIDEA.

Sections 11(a) and 11(b) – These sections provide that regulations adopted under DCED's RDIF program will continue to apply to AIDEA's RDIF program until such time as AIDEA adopts new regulations for the program.

Section 11(c) – This section clarifies that the existing legal contracts, liabilities and obligations created under the DCED RDIF program remain in effect notwithstanding the transfer of the program under the bill.

Section 11(d) – This section provides that any amounts retained within DCED's RDIF, following AIDEA's purchase of the assets and the repeal of the DCED program, lapse into the general fund.

Sections 12 through 15 – Effective Date Provisions

Section 12 – Effective Date -- Bonding Sunset Extension. This section provides that the effective date of the bonding sunset extension provision of the bill (Section 5) is June 30, 2000. This effective date is necessary to insure that the current July 1, 2000 sunset date does not become effective.

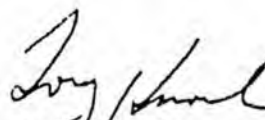
Section 13 and 14 – Effective Date – RDIF Transfer. These sections provide special effective dates related to the transfer of the RDIF program to AIDEA. Specifically, these sections provide that the repeal of the DCED program (Section 10) and the transition provisions (Section 11) become effective on the day after AIDEA purchases the existing assets in the RDIF fund. A separate appropriation will be required to authorize AIDEA to purchase the existing RDIF assets from the State.

Section 15 – General Effective Date. This section provides that the remainder of the bill becomes effective July 1, 2000 to coincide with the beginning of the next fiscal year.

The Honorable Brian Porter
February 3, 2000
Page 2

The state is fortunate to have a financially healthy agency like the AIDEA to forge public-private partnerships that can strengthen Alaska's economic base. This bill will enhance the tools available to the AIDEA to further this mission.

Sincerely,

A handwritten signature in black ink, appearing to read "Tony Knowles". The signature is written in a cursive style with a large initial "T".

Tony Knowles
Governor

SB

248

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 3/29/00

FURTHER:

REPORTED OUT OF
SFC 4/13/00

DATE TURNED
IN TO OFFICE: 4/13/00

Finance Committee considered SENATE BILL NO. 248

AIDEA: BONDS & RURAL DEVELOPMENT

and recommends:

- be replaced with _____ CS (SB 248) (Fin)
- adopt previous _____ CS For Training (_____) CS
- attached amendment(s)
- adopt Letter of Intent by _____
- further referral to the _____ Committee

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

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Thomas D. Brown</i>	✓	<i>DEED & HCC</i>	✓		
		<i>[Signature]</i>	✓		
		<i>Al Adams</i>	X		<i>needs to be in</i>
		<i>Gary Wile</i>	✓		
		<i>John Cordley</i>	✓		
Co-Chair: <i>[Signature]</i>	✓	Co-Chair:			
Co-Chair: <i>Alan R. Powell</i>	✓	Co-Chair:			

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal
<i>DEED</i>	<i>1/27/00</i>	✓	

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

CS FOR SENATE BILL NO. 248(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:

Referred:

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

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the financing authority, payment in lieu of tax agreements,
 2 and tax exemption for assets and projects of the Alaska Industrial Development
 3 and Export Authority; relating to renaming and contingently repealing the rural
 4 development initiative fund within the Department of Community and Economic
 5 Development, and establishing the rural development initiative fund within the
 6 Alaska Industrial Development and Export Authority; and providing for an
 7 effective date."

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

9 * **Section 1.** AS 29.45.050 is amended by adding a new subsection to read:

10 (p) A municipality may by ordinance partially or totally exempt from taxation
 11 a private leasehold, contract, or other interest held by or through an applicant or
 12 proposed applicant in any property, assets, project, or development project owned by
 13 the Alaska Industrial Development and Export Authority under AS 44.88. Nothing in

1 this subsection prohibits a municipality from entering into an agreement and receiving
2 payments in lieu of taxes authorized under AS 44.88.140(b).

3 * **Sec. 2.** AS 44.33.765(a) is amended to read:

4 (a) The rural economic development initiative fund is created in the
5 department. Unless provided otherwise in the appropriation act, an appropriation to the
6 fund is retained in the fund for use under AS 44.33.765 - 44.33.775 and does not lapse
7 at the end of a fiscal year. Each year the commissioner shall request an appropriation
8 to the fund of interest and other income earned on loans or investments of the fund.
9 Money in the fund may be appropriated for costs of administering AS 44.33.765 -
10 44.33.775.

11 * **Sec. 3.** AS 44.33.770(a) is amended to read:

12 (a) The department may use money from the rural economic development
13 initiative fund to make a loan of up to \$100,000 to a person, or a loan of up to
14 \$200,000 to two or more persons, to be used for working capital, equipment,
15 construction, or other commercial purposes by a business located in a community with
16 a population of 5,000 or less. A person who has received a loan under this subsection
17 may not be granted another loan until after the original loan is entirely repaid.

18 * **Sec. 4.** AS 44.33.775 is amended to read:

19 **Sec. 44.33.775. Disposal of property acquired by default or foreclosure.**

20 The department shall dispose of property acquired through default or foreclosure of a
21 loan made from the rural economic development initiative fund. Disposal shall be
22 made in a manner that serves the best interests of the state, and may include the
23 amortization of payments over a period of years. The commissioner shall request an
24 appropriation to the fund of proceeds from disposal of property under this section.

25 * **Sec. 5.** AS 44.88.095(g) is amended to read:

26 (g) Before July 1, 2003 [JULY 1, 2000], the authority may issue bonds in an
27 amount greater than \$10,000,000 to assist in the financing of a development project
28 under AS 44.88.172 - 44.88.177 only with legislative approval. Beginning July 1,
29 2003 [JULY 1, 2000], and thereafter, without prior legislative approval, the authority
30 may not issue bonds, except refunding and conduit revenue bonds.

31 * **Sec. 6.** AS 44.88.140(a) is amended to read:

1 (a) Except as provided in AS 29.45.030(a)(1), the real and personal property
 2 of the authority and its assets, income, and receipts are declared to be the property of
 3 a political subdivision of the state and, together with any project or development
 4 project financed under AS 44.88.155 - 44.88.159 or 44.88.172 - 44.88.177, and a
 5 leasehold interest created in a project or development project financed under
 6 AS 44.88.155 - 44.88.159 or 44.88.172 - 44.88.177, devoted to an essential public and
 7 governmental function and purpose, and the property, assets, income, receipts, project,
 8 development project, and leasehold interests shall be exempt from all taxes and special
 9 assessments of the state or a political subdivision of the state, including, without
 10 limitation, all boroughs, cities, municipalities, school districts, public utility districts,
 11 and other taxing units. All bonds of the authority are declared to be issued by a
 12 political subdivision of the state and for an essential public and governmental purpose
 13 and to be a public instrumentality, and the bonds, and the interest on them, the income
 14 from them and the transfer of the bonds, and all assets, income, and receipts pledged
 15 to pay or secure the payments of the bonds, or interest on them, shall at all times be
 16 exempt from taxation by or under the authority of the state, except for inheritance and
 17 estate taxes and taxes on transfers by or in contemplation of death. Nothing in this
 18 section affects or limits an exemption from license fees, property taxes, or excise,
 19 income, or any other taxes, provided under any other law. Except as provided in
 20 AS 29.45.050(p), nothing in this section creates [, NOR DOES IT CREATE] a tax
 21 exemption with respect to the interest of any business enterprise or other person, other
 22 than the authority, in any property, assets, income, receipts, project, development
 23 project, or lease whether or not financed under this chapter. By January 10 of each
 24 year, the authority shall submit to the governor a report describing the nature and
 25 extent of the tax exemption of the property, assets, income, receipts, project,
 26 development project, and leasehold interests of the authority under this section. The
 27 authority shall notify the legislature that the report is available.

28 * Sec. 7. AS 44.88.140(b) is amended to read:

29 (b) An [THE AUTHORITY MAY ENTER INTO AGREEMENTS WITH AN]
 30 applicant or proposed applicant under this chapter and the local political subdivision
 31 may enter into agreements providing for payments in lieu of taxes, computed on a

1 formula basis or otherwise [IN LIEU OF TAXES, WHICH THE AUTHORITY MAY
 2 CONSIDER APPROPRIATE]. The agreement may provide that the payments be
 3 made to the local political subdivision [OF THE STATE IN WHICH A PROJECT OR
 4 DEVELOPMENT PROJECT IS OR IS TO BE LOCATED] or to any other taxing unit
 5 of the state including, without limitation, a borough, city, municipality, school district
 6 or public utility district, the area of which is coterminous in whole or in part with that
 7 of the local political subdivision.

8 * **Sec. 8.** AS 44.88.140 is amended by adding a new subsection to read:

9 (d) In this section, "local political subdivision" means the political subdivision
 10 of the state in which a project or development project financed under AS 44.88.155 -
 11 44.88.159 or 44.88.172 - 44.88.177 is or is to be located.

12 * **Sec. 9.** AS 44.88 is amended by adding new sections to read:

13 **Article 6A. Rural Development Initiative Fund.**

14 **Sec. 44.88.600. Rural development initiative fund.** The rural development
 15 initiative fund is created in the authority outside of the revolving fund. The rural
 16 development initiative fund is a fund for the uses and purposes of AS 44.88.600 -
 17 44.88.620. The rural development initiative fund consists of money or assets
 18 appropriated or transferred to the authority for the purposes of this section, loan
 19 repayments, interest or other income earned on loans or investments of the fund, and
 20 other assets deposited into the fund by the authority. The assets transferred to the fund
 21 by the authority may not exceed \$2,000,000. The authority, in its discretion, may
 22 transfer money or other assets from the rural development initiative fund to the
 23 revolving fund.

24 **Sec. 44.88.610. Rural development loans.** (a) The authority may use money
 25 from the rural development initiative fund to make a loan of up to \$100,000 to a
 26 person, or a loan of up to \$200,000 to two or more persons, to be used for working
 27 capital, equipment, construction, or other commercial purposes by a business located
 28 in a community with a population of 5,000 or less. A person who has received a loan
 29 under this subsection may not be granted another loan until after the original loan is
 30 entirely repaid.

31 (b) The authority shall require collateral for each loan made under this section

1 and shall require that a reasonable amount of money from other nonstate sources be
 2 committed for use on any project or enterprise for which money from a loan will be
 3 used. The authority by regulation may establish other conditions for loans. The
 4 authority shall by regulation establish rates of interest that are not less than six percent
 5 a year and terms of repayment for loans made under this section.

6 **Sec. 44.88.620. Disposal of property acquired by default or foreclosure.**

7 The authority shall dispose of property acquired through default or foreclosure of a
 8 loan made from the rural development initiative fund. Disposal shall be made in a
 9 manner that serves the best interests of the authority, and may include the amortization
 10 of payments over a period of years. Proceeds from the disposal of property under this
 11 section shall be deposited into the fund.

12 * Sec. 10. AS 44.33.765, 44.33.770, and 44.33.775 are repealed.

13 * Sec. 11. The uncodified law of the State of Alaska is amended by adding a new section
 14 to read:

15 TRANSITIONAL PROVISIONS. (a) Notwithstanding the repeal of AS 44.33.765,
 16 44.33.770, and 44.33.775 by sec. 10 of this Act, regulations in effect immediately before the
 17 effective date of sec. 10 of this Act that were issued or adopted under authority of
 18 AS 44.33.765, 44.33.770, or 44.33.775 remain in effect and may be implemented and
 19 enforced by the Alaska Industrial Development and Export Authority to implement the
 20 provisions of AS 44.88.600 - 44.88.620, enacted by sec. 9 of this Act, until the Alaska
 21 Industrial Development and Export Authority adopts regulations to implement AS 44.88.600 -
 22 44.88.620.

23 (b) Wherever in AS 44.88.600 - 44.88.620 there is a reference to regulations adopted
 24 under a section of law and there are no regulations adopted under that section because
 25 previous regulations adopted under AS 44.33.765 - 44.33.775 are being enforced under (a) of
 26 this section, the reference shall be construed to refer to the previously adopted regulations
 27 until the Alaska Industrial Development and Export Authority adopts regulations to implement
 28 AS 44.88.600 - 44.88.620.

29 (c) Contracts, rights, liabilities and obligations created by or under AS 44.33.765,
 30 44.33.770, or 44.33.775, repealed by sec. 10 of this Act, and in effect on the day before the
 31 effective date of sec. 10 of this Act, remain in effect notwithstanding this Act's taking effect.

1 (d) Amounts retained in the rural economic development initiative fund for use under
2 AS 44.33.765 - 44.33.775 lapse into the general fund on the effective date of sec. 10 of this
3 Act.

4 * **Sec. 12.** Section 5 of this Act takes effect June 30, 2000.

5 * **Sec. 13.** Sections 10 and 11 of this Act take effect only if the Alaska Industrial
6 Development and Export Authority purchases loans and other assets of the rural economic
7 development initiative fund (AS 44.33.765) as an investment for the Alaska Industrial
8 Development and Export Authority.

9 * **Sec. 14.** If secs. 10 and 11 of this Act take effect under sec. 13 of this Act, secs. 10 and
10 11 of this Act take effect on the day after the effective date of the purchase of the rural
11 economic development initiative fund loans and other assets by the Alaska Industrial
12 Development and Export Authority. The executive director of the Alaska Industrial
13 Development and Export Authority shall certify the effective date of the purchase to the
14 lieutenant governor and the revisor of statutes.

15 * **Sec. 15.** Except as provided in secs. 12 - 14 of this Act, this Act takes effect July 1,
16 2000.

REPORTED OUT OF
SFC 4/13/00

FISCAL NOTE

No. 1
Bill Version: SB 248
(S) Publish Date: 2-8-00

STATE OF ALASKA
2000 LEGISLATIVE SESSION

Revision Date/1/1/25/2000
Title AIDEA bonding authority
Sponsor _____
Requester _____
Dept. Affected DCED
BRU AIDEA
Component _____
Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

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

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

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

FUND SOURCE (Thousands of Dollars)

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

ANALYSIS: (Attach a separate page if necessary)

This bill has a positive fiscal effect on the General Fund. Passage of this bill allows AIDEA to continue fulfilling its mission, generating revenues, and in turn, providing an annual dividend to the General Fund. The bill extends AIDEA's bonding authority, clarifies procedures available to municipalities to grant tax exemptions for privately held interest in AIDEA-owned assets, and transfers the rural development initiative fund program to AIDEA. AIDEA funds its operations and projects through corporate receipts and through the sale of bonds and does not use General Fund money.

Prepared by: D. Randy Simmons, Executive Director Phone _____
Division AIDEA Date/Time 1/27/00 11:53 AM
Approved by Commissioner Deborah B. Medema Date 1/27/00
Agency _____

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SENATE FINANCE
COMMITTEE

Amendment Number: #1

Bill Number: SB 248

Sponsor: Torgerson Date: 4/12/00

Logged In By: Mindy

AMENDMENT

OFFERED IN THE SENATE
TO: SB 248

BY SENATOR TORGERSON

1. Page 4, line 20, following "deposited into the fund by the authority."
2. Insert "The assets transferred to the fund by the authority may not exceed \$2 million."

SENATE FINANCE COMMITTEE
2000 COMMITTEE ACTION

Bill Number	SB248
Amendment	#1
Motion	
Motion by	JP
Objection	
Objection by	
Removed	
Second Objection by	
Committee Member	Vote
Senator Randy Phillips	
Senator Dave Donley	
Senator Loren Leman	
Senator Al Adams	
Senator Gary Wilken	
Senator Pete Kelly	
Senator Lyda Green	
Co-Chair Sean Parnell	
Co-Chair John Torgerson	
Tally	
Yea	0
Nay	0
Absent	0
MOTION	
No obj.	

SB 248-HB 342
AIDEA Bill
Sectional Analysis

Section 1 – Clarifying changes to Property Tax Exemption Provisions

Section 1 together with Sections 6, 7, and 8 make clarifying changes in tax exemption and payment in lieu of tax provisions relating to AIDEA owned projects.

Background. Under AIDEA's development finance program, AIDEA can own development projects that further the Authority's mission. Examples of these projects include the DeLong Mountain Transportation System serving the Red Dog Mine and the Federal Express Maintenance Facility at Anchorage International Airport.

By statute, AIDEA's interests in development finance projects are exempt from property taxes. Other statutory provisions allow for local jurisdictions to exempt the property interests of private users of AIDEA's facilities from property taxation and authorize local jurisdictions to enter into payment in lieu of tax agreements with these users.

The bill makes technical changes to clarify how the property tax and the payment in lieu of tax agreement mechanisms operate.

Section 1. Permissive Property Tax Exemption for AIDEA Owned Projects. Section 1 amends the provisions to AS 29.45.050 to allow municipalities to grant tax exemptions with respect to interests of private users in AIDEA property. Current law (AS 44.88.140 (b)) authorizes the use of payment in lieu of tax agreements for private interests held in AIDEA owned projects but does not clearly describe the methods that can be used to implement those agreements. Section 1 allows municipalities to grant, by ordinance, partial or total property tax exemptions in private property interests held by users of the Authority's assets. While other statutory provisions allow municipalities to grant various tax exemptions including an exemption for economic development property, none of the exemptions specifically relate to AIDEA owned projects. Adding a specific permissive exemption together with the clarifying changes to the payment in lieu of tax agreement provisions will provide municipalities with appropriate mechanisms and simplify the process by which municipalities can implement these property tax provisions.

Sections 2 through 4 – Transfer of Rural Development Initiative Fund Program (RDIF)

Section 2-4 together with Sections 9-11 and 13-14 transfer the Rural Development Initiative Fund Program (RDIF) to AIDEA.

Background -- The RDIF program encourages economic development in rural Alaska by providing loans to small businesses in communities with populations of less than 5,000. The program was originally administered by the Department of Community and Regional Affairs and with the passage of HB 40 last year, is now within the Department of Community and Economic Development (DCED).

Because the RDIF program advances the Authority's economic development mission, AIDEA has supported the program over the last several years. The Authority has coordinated its Business and Export Assistance Loan Guarantee program with the RDIF program to increase the effectiveness of both programs. In 1993 and again in 1996, the Legislature authorized AIDEA to purchase loan portfolios from the State as an investment for the Authority. These loan purchases helped to re-capitalize the RDIF fund so that the fund had sufficient cash assets to make additional loans.

With the consolidation accomplished under HB 40, it is appropriate to transfer the RDIF program to the Authority. Transferring the program to AIDEA furthers AIDEA's mission in rural Alaska. In addition, the transfer will allow the program to continue to operate from year to year without the need for periodic AIDEA loan purchases or other legislative appropriations to re-capitalize the program. AIDEA will contract with DCED to administer the program utilizing the Department's rural program staff. This will help maximize efficiencies and ensure the continued effectiveness of the program in rural Alaska.

There are two steps to accomplishing the RDIF transfer to AIDEA. First, the bill statutorily creates a new RDIF loan program within AIDEA. This new program mirrors the existing statutory program. Second, upon the purchase by AIDEA of the existing RDIF loan portfolio, the bill repeals DCED's existing program. An appropriation will be required to authorize AIDEA's purchase of the existing portfolio.

Sections 2-4. Sections 2, 3 and 4 rename the existing DCED Rural Development Initiative Fund to the Rural Economic Development Initiative Fund. Under the bill (Sections 10, 13 and 14), the existing DCED program is not repealed until AIDEA completes the purchase of the existing RDIF loan portfolio from the State. Pending this purchase, the existing DCED statutes are modified to rename DCED's fund. This action is necessary so there is no statutory conflict with the AIDEA Rural Development Initiative Fund created under the bill.

Section 5 – Extension of AIDEA's Bonding Authority

Section 5 extends AIDEA's general bonding authority, which would otherwise sunset on July 1, 2000. Bonds for development finance projects in excess of \$10,000,000 will continue to require legislative authorization.

Background. Effective July 1, 2000, AIDEA's ability to issue bonds, other than refunding bonds, will sunset. The sunset would prevent AIDEA from issuing any new bonds (other than refunding bonds) without legislative approval and severely curtail AIDEA's ability to fulfill its statutory mission.

The sunset would prevent AIDEA from issuing bonds to assist key development projects, bonds to fund loan participations and conduit revenue bonds that do not involve the credit of AIDEA or the State. In recent years, AIDEA has issued tax-exempt conduit revenue bonds to help finance the Fort Knox gold mine (\$71 million), the Goat Lake Hydroelectric project (\$23 million), the South Central Alaska chapter of the American Red Cross (\$2.2 million), the Fairbanks Sewer and Water project (\$6 million) and the Association of Village Council Presidents (\$916,000). These bonds helped lower the cost of financing for these projects without any financial risk to AIDEA or the State.

The bill extends the sunset until July 1, 2003. In addition, the bill clarifies that the sunset does not apply to conduit revenue bonds, which do not impact the State's or AIDEA's credit. Bonds in excess of \$10 million for development finance projects will continue to require specific legislative approval.

Sections 6 through 8 -- Clarifying changes to Property Tax Exemption Provisions

Section 6 – This section amends AS 44.88.140(a) to recognize the permissive property tax exemption (adopted under Section 1 of the bill) that local governments may grant for AIDEA own projects.

Section 7 – This section amends AS 44.88.140(b) to clarify the mechanism to be used by local governments and users of AIDEA projects for entering into payment in lieu of tax agreements. The bill makes clear that these agreements are to be made directly between the local governments and the project users.

Section 8 – This section amends AS 44.88.140 to add a clarifying definitional section for "local political subdivision." The provision provides that the political subdivision in which the AIDEA project is located is the "local political subdivision" for purposes of the statute.

Sections 9 through 11 -- Transfer of Rural Development Initiative Fund Program (RDIF)

Section 9 – Creation of AIDEA RDIF Program. Section 9 establishes the RDIF program within AIDEA by enacting AS 44.88.600-620. With minor changes to reflect the program's status within AIDEA, these provisions mirror the provisions of the existing DCED RDIF program (AS 44.33.765-775).

AS 44.88.600 – This section establishes the RDIF within AIDEA outside of the AIDEA revolving fund. The section allows AIDEA to transfer funds between the revolving fund and the RDIF.

AS 44.88.610 – This section establishes the basic parameters of the RDIF program and mirrors the provisions of the current DCED program (See AS 44.33.770). Under the program, loans of up to \$200,000 (\$100,000 for individuals) may be made to businesses located in communities of less than 5000. These loans require that collateral be pledged to secure repayment and that a reasonable amount of money from non-State sources also be pledged to the project. The Authority may, by regulation establish interest rates of not less than 6% and other conditions for RDIF loans.

AS 44.88.620 – This section grants AIDEA the power to dispose of property acquired through foreclosure of defaulted RDIF loans.

Section 10 – Repeal of DCED Program. This section repeals the existing RDIF program within DCED. However, as noted below (see Sections 13 and 14), this section only becomes effective upon AIDEA's purchase from the State of the existing RDIF portfolio.

Section 11 – Transitional Provisions. This section enacts several transitional provisions related to the transfer of the RDIF program to AIDEA.

Sections 11(a) and 11(b) – These sections provide that regulations adopted under DCED's RDIF program will continue to apply to AIDEA's RDIF program until such time as AIDEA adopts new regulations for the program.

Section 11(c) – This section clarifies that the existing legal contracts, liabilities and obligations created under the DCED RDIF program remain in effect notwithstanding the transfer of the program under the bill.

Section 11(d) – This section provides that any amounts retained within DCED's RDIF, following AIDEA's purchase of the assets and the repeal of the DCED program, lapse into the general fund.

Sections 12 through 15 – Effective Date Provisions

Section 12 – Effective Date -- Bonding Sunset Extension. This section provides that the effective date of the bonding sunset extension provision of the bill (Section 5) is June 30, 2000. This effective date is necessary to insure that the current July 1, 2000 sunset date does not become effective.

Section 13 and 14 – Effective Date – RDIF Transfer. These sections provide special effective dates related to the transfer of the RDIF program to AIDEA. Specifically, these sections provide that the repeal of the DCED program (Section 10) and the transition provisions (Section 11) become effective on the day after AIDEA purchases the existing assets in the RDIF fund. A separate appropriation will be required to authorize AIDEA to purchase the existing RDIF assets from the State.

Section 15 – General Effective Date. This section provides that the remainder of the bill becomes effective July 1, 2000 to coincide with the beginning of the next fiscal year.

SENATE FINANCE
COMMITTEE

Amendment Number: #1

Bill Number: SB 248

Sponsor: ~~Torgerson~~ Date: 4/12/00

Logged In By: Mindy

AMENDMENT

OFFERED IN THE SENATE
TC: SB 248

BY SENATOR TORGERSON

1. Page 4, line 20, following "deposited into the fund by the authority."
2. Insert "The assets transferred to the fund by the authority may not exceed \$2 million."

SENATE FINANCE COMMITTEE

SIGN-IN

SB 248-AIDEA: BONDS & RURAL DEVELOPMENT

NAME: Keith LAUFER Subject/Bill No: SB 248

Co./Dept./Title: AIDEA Financial Legal Affairs Phone: 269-3000

Address: 480 W. Tudor, Anchorage Zip: 99503

Do you wish to testify? Yes No Respond To Questions

NAME: Katelyn Markley Subject/Bill No: SB 248

Co./Dept./Title: Development Specialist - AIDEA Phone: 269-3000

Address: 480 W. Tudor, Anchorage AK Zip: 99503

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____

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

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____

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

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions