

ALASKA LEGISLATURE

2235

HOUSE and SENATE FINANCE COMMITTEE FILES, 2001 - 2002

1 delivering or transferring or attempting or soliciting to deliver or transfer an
 2 alcoholic beverage to be shipped to, delivered to, or left or held for pick up by
 3 any person.

4 * Sec. 7. AS 04.16.125(c) is amended to read:

5 (c) In this section,

6 (1) "common carrier" means a motor vehicle, watercraft, aircraft, or
 7 railroad car available for public hire to transport freight or passengers;

8 (2) "transport" has the meaning given in AS 04.11.499.

9 * Sec. 8. AS 04.16.200(e) is amended to read:

10 (e) A person who sends, transports, or brings alcoholic beverages into a
 11 municipality or established village in violation of AS 04.11.499 is, upon conviction,

12 (1) guilty of a class A misdemeanor if the quantity of alcoholic
 13 beverages [IMPORTED] is less than 10 and one-half [12] liters of distilled spirits, 24 # 2
 14 liters of wine, or 12 gallons of malt beverages; or

15 (2) guilty of a class C felony if the quantity of alcoholic beverages
 16 [IMPORTED] is 10 and one-half [12] liters or more of distilled spirits, 24 liters or
 17 more of wine, or 12 gallons or more of malt beverages.

18 * Sec. 9. AS 28.35.030(a) is amended to read:

19 (a) A person commits the crime of driving while intoxicated if the person
 20 operates or drives a motor vehicle or operates an aircraft or a watercraft

21 (1) while under the influence of intoxicating liquor, or any controlled
 22 substance;

23 (2) when, as determined by a chemical test taken within four hours
 24 after the alleged offense was committed, there is 0.08 [0.10] percent or more by
 25 weight of alcohol in the person's blood or 80 [100] milligrams or more of alcohol per
 26 100 milliliters of blood, or when there is 0.08 [0.10] grams or more of alcohol per 210
 27 liters of the person's breath; or

28 (3) while the person is under the combined influence of intoxicating
 29 liquor and a controlled substance.

30 * Sec. 10. AS 28.35.030(n) is amended to read:

31 (n) A person is guilty of a class C felony if the person is convicted under (a)

1 of this section [OF DRIVING WHILE INTOXICATED] and has been previously
 2 convicted two or more times since January 1, 1996, and within the 10 [FIVE] years
 3 preceding the date of the present offense. For purposes of determining minimum
 4 sentences based on previous convictions, the provisions of (o)(4) of this section apply.
 5 Upon conviction, the court

6 (1) shall impose a fine of not less than \$5,000 and a minimum sentence
 7 of imprisonment of not less than

8 (A) 120 days if the person has been previously convicted twice;

9 (B) 240 days if the person has been previously convicted three
 10 times;

11 (C) 360 days if the person has been previously convicted four
 12 or more times;

13 (2) may not

14 (A) suspend execution of sentence or grant probati. cept on
 15 condition that the person serve the minimum imprisonment under (1) of this
 16 subsection; or

17 (B) suspend imposition of sentence;

18 (3) shall revoke the person's driver's license, privilege to drive, or
 19 privilege to obtain a license under AS 28.15.181(c);

20 (4) may order as a condition of probation or parole that the person take
 21 a drug or combination of drugs, intended to prevent the consumption of an alcoholic
 22 beverage; a condition of probation imposed under this paragraph is in addition to any
 23 other condition authorized under another provision of law; and

24 (5) may also order forfeiture under AS 28.35.036 of the vehicle or
 25 aircraft used in the commission of the offense, subject to remission under
 26 AS 28.35.037.

27 * Sec. 11. AS 28.35.030(o) is amended to read:

28 (o) In this section,

29 (1) [REPEALED]

30 (2) "operate an aircraft" means to [USE,] navigate, pilot, or taxi an
 31 aircraft in the airspace over this state, or upon the land or water inside this state;

1 (3) "operate a watercraft" means to navigate [OR USE] a vessel used
 2 or capable of being used as a means of transportation on water for recreational or
 3 commercial purposes on all waters, fresh or salt, inland or coastal, inside the territorial
 4 limits or under the jurisdiction of the state;

5 (4) "previously convicted" means having been convicted in this or
 6 another jurisdiction, [WITHIN 10 YEARS PRECEDING THE DATE OF THE
 7 PRESENT OFFENSE,] of any of the following offenses; however, convictions for any
 8 of these offenses, if arising out of a single transaction and a single arrest, are
 9 considered one previous conviction:

10 (A) operating a motor vehicle, aircraft, or watercraft while
 11 intoxicated, in violation of this section or in violation of another law or
 12 ordinance with similar elements, except that the other law or ordinance may
 13 provide for a lower level of alcohol in the person's blood or breath than
 14 imposed under (a)(2) of this section;

15 (B) refusal to submit to a chemical test in violation of
 16 AS 28.35.032 or in violation of another law or ordinance with similar
 17 elements; or

18 (C) operating a commercial motor vehicle while intoxicated in
 19 violation of AS 28.33.030 or in violation of another law or ordinance with
 20 similar elements, except that the other law or ordinance may provide for a
 21 lower level of alcohol in the person's blood or breath than imposed under
 22 AS 28.33.030(a)(2).

23 * Sec. 12. AS 28.35.031 is amended by adding a new subsection to read:

24 (h) Nothing in this section shall be construed to restrict searches or seizures
 25 under a warrant issued by a judicial officer, in addition to a test permitted under this
 26 section.

27 * Sec. 13. AS 28.35.032(p) is amended to read:

28 (p) A person is guilty of a class C felony if the person is convicted under this
 29 section and has been previously convicted two or more times since January 1, 1996,
 30 and within the 10 [FIVE] years preceding the date of the present offense. For
 31 purposes of determining minimum sentences based on previous convictions, the

1 provisions of AS 28.35.030(o)(4) apply. Upon conviction,

2 (1) the court shall impose a fine of not less than \$5,000 and a
3 minimum sentence of imprisonment of not less than

4 (A) 120 days if the person has been previously convicted twice;

5 (B) 240 days if the person has been previously convicted three
6 times;

7 (C) 360 days if the person has been previously convicted four
8 or more times;

9 (2) the court may not

10 (A) suspend execution of the sentence required by (1) of this
11 subsection or grant probation, except on condition that the person serve the
12 minimum imprisonment under (1) of this subsection; or

13 (B) suspend imposition of sentence;

14 (3) the court shall revoke the person's driver's license, privilege to
15 drive, or privilege to obtain a license under AS 28.15.181(c);

16 (4) the court may order as a condition of probation or parole that the
17 person take a drug, or combination of drugs, intended to prevent consumption of an
18 alcoholic beverage; a condition of probation imposed under this paragraph is in
19 addition to any other condition authorized under another provision of law;

20 (5) the sentence imposed by the court under this subsection shall run
21 consecutively with any other sentence of imprisonment imposed on the person; and

22 (6) the court may also order forfeiture under AS 28.35.036, of the
23 vehicle or aircraft used in the commission of the offense, subject to remission under
24 AS 28.35.037.

25 * Sec. 14. AS 28.35.033(a) is amended to read:

26 (a) Upon the trial of a civil or criminal action or proceeding arising out of acts
27 alleged to have been committed by a person while operating or driving a motor vehicle
28 or operating an aircraft or a watercraft while intoxicated, the amount of alcohol in the
29 person's blood or breath at the time alleged shall give rise to the following
30 presumptions:

31 (1) If there was 0.04 [0.05] percent or less by weight of alcohol in the

1 person's blood, or 40 [50] milligrams or less of alcohol per 100 milliliters of the
 2 person's blood, or 0.04 [0.05] grams or less of alcohol per 210 liters of the person's
 3 breath, it shall be presumed that the person was not under the influence of intoxicating
 4 liquor.

5 (2) If there was in excess of 0.04 [0.05] percent but less than 0.08
 6 [0.10] percent by weight of alcohol in the person's blood, or in excess of 40 [50] but
 7 less than 80 [100] milligrams of alcohol per 100 milliliters of the person's blood, or in
 8 excess of 0.04 [0.05] grams but less than 0.08 [0.10] grams of alcohol per 210 liters of
 9 the person's breath, that fact does not give rise to any presumption that the person was
 10 or was not under the influence of intoxicating liquor, but that fact may be considered
 11 with other competent evidence in determining whether the person was under the
 12 influence of intoxicating liquor.

13 (3) [REPEALED]

14 (4) If there was 0.08 [0.10] percent or more by weight of alcohol in
 15 the person's blood, or 80 [100] milligrams or more of alcohol per 100 milliliters of the
 16 person's blood, or 0.08 [0.10] grams or more of alcohol per 210 liters of the person's
 17 breath, it shall be presumed that the person was under the influence of intoxicating
 18 liquor.

19 * Sec. 15. AS 04.11.494, enacted by sec. 5 of this Act, is repealed July 1, 2004.

20 * Sec. 16. The uncodified law of the State of Alaska is amended by adding a new section to
 21 read:

22 TRANSITION: PENDING APPLICATIONS. Notwithstanding the requirements of
 23 AS 04.11.295, enacted by sec. 2 of this Act, the Alcoholic Beverage Control Board may
 24 process an application for issuance or transfer of a license under AS 04 without a national
 25 criminal history record check from the Federal Bureau of Investigation if that application was
 26 pending with the board on the effective date of sec. 2 of this Act.

27 * Sec. 17. The uncodified law of the State of Alaska is amended by adding a new section to
 28 read:

29 INTERVENING AMENDMENTS. It is the intent of the legislature that intervening
 30 amendments to AS 04.11.491(f) are not to be carried forward on the effective date of sec. 4 of
 31 this Act.

1 * Sec. 18. The uncodified law of the State of Alaska is amended by adding a new section to
2 read:

3 APPLICABILITY. This Act applies to offenses committed on or after the effective
4 date of the relevant section this Act, except that references to previous convictions include
5 convictions occurring before, on, or after the effective date of the relevant section of this Act.

6 * Sec. 19. Section 4 of this Act takes effect July 1, 2004.

7 * Sec. 20. Sections 9 and 14 of this Act take effect September 1, 2001.

8 * Sec. 21. Sections 10 - 13 of this Act take effect July 1, 2001.

9 * Sec. 22. Except as provided in secs. 19 - 21 of this Act, this Act takes effect immediately
10 under AS 01.10.070(c).

actual section numbers
changed w/ deletion of
Sec 1 in Amend #2

ALASKA STATE LEGISLATURE

HOUSE JUDICIARY COMMITTEE

Representative Norman Rokeberg, Chairman
Representative Scott Ogan, Vice-Chairman
Representative John Coghill
Representative Jeannette James
Representative Kevin Meyer
Representative Eihan Berkowitz
Representative Albert Kookesh



State Capitol
Juneau, AK 99801-1182
Telephone: (907) 465-4990
Fax: (907) 465-2040

Heather M. Nobrega
Counsel to Committee

Sponsor Statement for CSHB 132 (2d RLS) (efd am)

The House Judiciary Committee was requested to introduce this bill to address some problems in the area of bootlegging alcohol, and the issuance of liquor licenses to persons with criminal records outside the state of Alaska. Bootlegging is a prevalent problem in "dry" areas, and is a large contributor to crime in those areas. In addition, by requiring applicants for liquor licenses to give their fingerprints, we can thoroughly investigate the criminal backgrounds of these individuals so that only responsible individuals may obtain a liquor license.

Bootlegging

The Alaska Criminal Justice Assessment Commission has found that in rural and Bush communities, the amount of violent crime is directly proportional to the amount of alcohol consumed by the residents. The majority of villages in four rural regions (those surrounding Bethel, Nome, Kotzebue, and Point Barrow) have responded by prohibiting the sale and importation of alcohol, but the hub communities in these four regions remain either "damp" or "wet."

This bill creates measures designed to restrict the availability of illegally-imported alcohol in the dry areas of Alaska to help reduce violent crime in those areas. Specifically, it cuts in half the allowable amount of hard liquor. It also defines "bring," "send" and "transport" to include attempts or solicitations to import alcohol illegally into the local option communities. By including attempt and solicitation in the definition of these acts, the State is able to prosecute these actions on the same level as if they had completed the crime. This will subject the defendants to higher levels of penalties.

In addition, this bill allows the state to set up delivery sites in "damp" communities. Even though current law limits how much liquor can be shipped from a package store to one person, bootleggers merely place orders from multiple stores. Or, they get their friends to ship them excess liquor that they then sell for huge profit. Designating a central site where imported liquor is checked, and then delivered to the owner can prevent this. The site will deliver up to the monthly maximum amount allowed by law, and if there are no court orders, such as conditions of probation, that would prevent the person from having alcohol.

Fingerprinting

This portion of the bill has been created in cooperation with, and at the request of, the Alcohol Beverage Control Board (ABC Board). This bill allows the ABC Board, through the Department of Public Safety, to submit fingerprint cards of prospective

liquor licensees to the FBI's national criminal history record check. An agency needs specific legislative authorization for the use of the national database for licensing purposes.

Currently, a criminal record check will only produce convictions from Alaska. By chance, the ABC Board has discovered prior to issuing licenses, serious criminal convictions of an applicant that was convicted in another state. It is possible that liquor licenses have been issued to others that have serious criminal records, but due to the present system their convictions could not be brought to the attention of the ABC Board.

Members of our society are increasingly mobile making national background checks more necessary. Many of the licensees are not residents of Alaska and some are multi-national corporations. Prevention of future problems, by requiring a national background check for liquor licensees, is sound public protection policy.

Additions to the Bill

The House Rules Committee made several additions to the bill. The first addition was the inclusion of lowering the legal limit to .08 BAC from .10 BAC. The second addition changes the current five-year look back to a phased in 10-year look back for the purposes of defining felony driving while intoxicated, and felony refusal to submit to a chemical test. The last addition lowers the BAC amount that leads to certain presumptions applicable to civil or criminal actions involving a person alleged to have driven while intoxicated.

The Committee urges your support of this bill.

ALASKA STATE LEGISLATURE

HOUSE JUDICIARY COMMITTEE

Representative Norman Rokeberg, Chairman
Representative Scott Ogan, Vice-Chairman
Representative John Coghill
Representative Jeannette James
Representative Kevin Meyer
Representative Ethan Berkowitz
Representative Albert Kookesh



State Capitol
Juneau, AK 99801-1182
Telephone: (907) 465-4990
Fax: (907) 465-2040

Heather M. Nobrega
Counsel to Committee

Sectional Analysis for CSHB 132 (2d RLS) (efd am)

- Section 1:** Decreases the amount of distilled spirits that creates a presumption that the person possessed the alcoholic beverages for purposes of sale.
- Section 2:** Decreases the amount of distilled spirits that a package store may send to a purchaser, located in an area that has restricted the sale of alcohol, within a calendar month.
- Section 3:** Requires an applicant for a liquor license to submit his or her fingerprints and fees for criminal justice information and a national criminal history record check.
- Section 4:** Allows the state, municipality or established village to designate and operate a delivery site for alcoholic beverages in certain local option communities, so called "damp" communities.
- Section 5:** This section will be effective on July 1, 2004 (see Sec. 14), and will put the statute back to its original language before the passage of this bill.
- Section 6:** Sets forth the rules regarding the operation of a delivery site, once a site has been designated.
- Section 7:** Defines "bring," "send" and "transport" to also include an attempt, or solicitation, to bring, send or transport alcohol illegally into a local option community.
- Section 8:** Inserts a cross-reference to the newly defined term "transport."
- Section 9:** Decreases the amounts of distilled spirits that lead to a class A misdemeanor or class C felony for a person who sends, transports, or brings alcoholic beverages into a local option community.
- Section 10:** Reduces the legal limit for being intoxicated from 0.10 to 0.08 percent of alcohol in a person's blood.

- Section 11:** Eliminates 5-year look back and phases in a 10-year look back period and establishes that a person is guilty of a class C felony if convicted a third time since January 1, 1996, and within 10 years preceding the date of the offense.
- Section 12:** Deletes language within the definition of "previously convicted" to conform with the new look back provisions.
- Section 13:** Adds new section providing that the implied consent statute is not intended to prevent police search warrants.
- Section 14:** Changes refusal section on felony charges to mirror DUI section. Phases in a 10-year look back period, and establishes that a person is guilty of a class C felony if convicted a third time since January 1, 1996, and within 10 years, preceding the date of the offense.
- Section 15:** Changes certain presumptions applicable to civil or criminal actions involving a person alleged to have driven while under the influence of an alcoholic beverage or controlled substance.
- Section 16:** Creates a sunset date of July 1, 2004 for Section 6.
- Section 17:** Allows the Alcoholic Beverage Control Board to process pending applications without a national criminal history record check.
- Section 18:** Intervening amendments to AS 04.11.491(f) are not to be carried forward on the effective date of Section 5 of this Act.
- Section 19:** The act applies to offenses that occur on or after the effective date of this Act.
- Section 20:** Section 5 of this Act takes effect July 1, 2004.
- Section 21:** Sections 10 - 15 of this Act take effect July 1, 2001.
- Section 22:** Except as provided in Sections 20 and 21, this Act is to take effect immediately.

Labor & Commerce	Department	Amount	Analysis
	Law	Indeterminate	Any increased workload in FY02 covered by Fed. Grant
	Courts	\$0	
	Admin-Public Defender	\$84,700	146 new cases (\$156.8 each year after FY02)
	Corrections	\$112,800	1 probation officer & 1 criminal justice technician
	Revenue	\$0	
	Total	\$197,500	
Judiciary	No new fiscal notes		
Finance	No new fiscal notes		
Rules	Department	Amount	Analysis
	Law	\$180,200	Bootlegging: Indeterminate (Any increased workload in FY02 covered by Fed. Grant) .08 BAC: \$180,200 Look-back: \$0 FY 02: costs of operating state delivery sites will come from non-GF funds
	Courts	\$92,100	.08 BAC: 10% increase in cases Look-back: 45 new felonys in year one, increases each yr after
	H&SS (Grants)	\$582,200	.08 BAC: 75% of new cases treated in a public program This amount is to fund new capacity
	H&SS (ASAP)	\$112,400	.08 BAC: 100% referral to ASAP of new cases
	Corrections	\$1,591,400	Bootlegging: 1 probation officer & 1 criminal justice technician .08 BAC: \$1,211,134 in year one Look-back: \$267,520 in year one
	Admin-Public Defender	\$286,100	Bootlegging: paralegal in Anch., legal secretaries in Anch & Bethel also one additional atty in Bethel, 146 new cases (\$156.8 each year after FY02) .08 BAC: \$140,600 (one new atty) Look-back: \$60,800 in first year, increases each yr after
	Admin-DMV	\$111,200	1 PFT hearing officer, 1 PFT position for admin. support & equipment
	Revenue	\$0	
	TOTAL	\$2,955,600	

HB 132: - 109c

From Rep. Rokeberg

SENATE COMMITTEE REPORT

DATE: 5/1/01

FURTHER: Finance

DATE TURNED
IN TO OFFICE: _____

Judiciary Committee considered CS FOR HOUSE BILL NO. 132(2d RLS)(efd am)

ALCOHOL:LOCAL OPTION/DWI/LICENSING

and recommends:

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

Senate Bill:

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

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
Admin	4/26/01	✓		12
Admin	4/29/01	✓		11
ACS	4/25/01	✓		10
HSS	4/29/01	✓		9
HSS	4/28/01	✓		8
LAW	4/25/01	✓		7
CORRECTIONS	4/25/01	✓		6
Rev.	3/10/01			1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>	✓			
<i>[Signature]</i>				
<i>[Signature]</i>				
CHAIR: <i>[Signature]</i>	✓			

HB

142

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 142
 (H) Publish Date: 2/23/01

Revision Date/Time (Note if correction): _____ Dept. Affected: Health & Social Services
 Title: ATAP Program Amendments BRU: Public Assistance
 Component: ATAP
 Sponsor: Rules
 Requester: Governor Component Number: 220

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
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						
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CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Although this proposed legislation may allow more than 20% of the eligible ATAP caseload to receive benefits beyond 60 months, there are no projected financial impacts. The ATAP program is partially funded by the federal TANF block grant which does not vary regardless of the number of families served. Also, federal law requires the State to contribute a fixed amount of state funds toward the program, called maintenance of effort (MOE). Additionally, caseloads are projected to continue their downward trend.

Prepared by: Jim Nordlund Phone _____
 Division: Director of Public Assistance Date/Time _____
 Approved by: Elmer A. Lindstrom, Special Assistant Date 2/15/01 4:29 PM
 Agency: Department of Health & Social Services

For distribution information, call the Governor's Legislative Office

TONY KNOWLES
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HB 142
P.O. Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500
Fax (907) 465-3532

February 21, 2001

HB 142

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

Dear Speaker Porter:

Five years ago my Administration worked with the Legislature to create a new welfare law for Alaska. Under the banner of welfare reform, we repealed the Aid to Families with Dependent Children and Job Opportunity and Basic Skills programs and created the Alaska Temporary Assistance Program (ATAP). We have had great success with the program, with more Alaskans transitioning from welfare to work and our caseload dropping by more than 40 percent. Like many other states addressing welfare reform, we recognize what changes are needed to improve our program administration and ensure its continued success. These changes are addressed in the bill I transmit today.

The bill repeals the percentage limit on the number of families that may continue on assistance for more than 60 months due to hardship. Removal of this limit will permit the Department of Health and Social Services to base its hardship exceptions on objective criteria rather than on a fixed percentage of overall caseload. As families are successful in finding work and the overall caseload decreases, the number of hardship cases makes up a greater percentage of the total.

Alaska set an extremely aggressive goal, compared to other states, in capping our hardship cases at a specific percentage of the total. Other states either avoided time limits completely or set a broader range of exemptions to the limits. We now recognize the fixed percentage in our law artificially bars needy families with disabled adults from receiving essential cash assistance and services for their children. The first families will begin to exceed the 60-month lifetime limit in July of 2002.

HB 142

The Honorable Brian Porter
February 21, 2001
Page 2

The bill also addresses the seasonal reduction provisions for a two-parent needy family by removing outdated eligibility requirements as cited in a Superior Court ruling. This change permits the department to apply the seasonal reduction provision to all two-parent needy families in which both parents are physically and mentally able to work.

Finally, the bill requires disabled parents to have self-sufficiency plans. The state can better serve these parents by promoting their efforts toward self-sufficiency.

We have seen dramatic, positive changes for poor Alaska families. Thousands of recipients have been assisted into work and the state has saved millions of dollars in welfare benefit payments. The reform measures provided a durable framework for a new era of welfare in Alaska. I urge your favorable consideration for these improvements to the program.

Sincerely,


Tony Knowles
Governor

HB 142

HB

142

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 5/1/01

FURTHER:

REPORTED OUT
MAY 04 2001
SENATE FINANCE
COMMITTEE

DATE TURNED
IN TO OFFICE: 4 May 2001

Finance Committee considered CS FOR HOUSE BILL NO. 142(HES)

"An Act relating to the Alaska temporary assistance program; and providing for an effective date."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous 5 CS CS HB 142 (~~142 HES~~)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
H&SS	2/15/01		✓	#1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Lode Beer</i>	✓			
<i>Allen Curtis</i>			✓	
<i>Robert ...</i>	✓			
<i>Robert ...</i>			⊗	
<i>Erny Wilber</i>	✓			
<i>...</i>	✓			
<i>...</i>	✓			
COCHAIR: <i>...</i>			✓	
COCHAIR: <i>...</i>			✓	

SENATE CS FOR CS FOR HOUSE BILL NO. 142(HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE SENATE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered: 5/1/01

Referred: Finance

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

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the Alaska temporary assistance program; and providing for an
2 effective date."

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

4 * Section 1. AS 47.27.015 is amended by adding a new subsection to read:

5 (h) When determining under (a)(1) of this section whether an adult has
6 received benefits for a total of 60 months, the department shall disregard the months
7 that are required to be disregarded under 42 U.S.C. 608(a)(7)(D).

8 * Sec. 2. AS 47.27.025(c) is amended to read:

9 (c) The department shall, for the months of July, August, and September,
10 reduce by 50 percent the maximum assistance for which the family is otherwise
11 eligible if the family's eligibility for assistance is based on AS 47.27.010(4), unless
12 the second needy parent is determined, under regulations of the department, to
13 be physically or mentally unable to perform gainful activity [THE
14 UNEMPLOYMENT OF THE FAMILY'S PRINCIPAL WAGE EARNER].

1 However, if the commissioner determines that temporary economic conditions have
2 resulted in decreased employment opportunities during those months and a reduction
3 in assistance would impose an undue hardship on a family, the department may waive
4 application of this subsection with respect to that family.

5 * **Sec. 3.** AS 47.27.030(c)(2) is repealed.

6 * **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to
7 read:

8 TRANSITION: REGULATIONS. Notwithstanding sec. 6 of this Act, the Department
9 of Health and Social Services may immediately proceed to adopt regulations necessary to
10 implement the changes made by this Act. A regulation adopted under this section takes effect
11 under AS 44.62 (Administrative Procedure Act), but not before the effective date of the
12 statutory change authorizing the regulation.

13 * **Sec. 5.** Sections 2 and 4 of this Act take effect immediately under AS 01.10.070(c).

14 * **Sec. 6.** Except as provided in sec. 5 of this Act, this Act takes effect July 1, 2001.

MAY 04 2001

SENATE FINANCE
COMMITTEE

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 142
(H) Publish Date: 2/23/01

Revision Date/Time (Note if correction): _____ Dept. Affected: Health & Social Services
Title: ATAP Program Amendments BRU: Public Assistance
Component: ATAP
Sponsor: Rules
Requester: Governor Component Number: 220

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
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						
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CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Although this proposed legislation may allow more than 20% of the eligible ATAP caseload to receive benefits beyond 60 months, there are no projected financial impacts. The ATAP program is partially funded by the federal TANF block grant which does not vary regardless of the number of families served. Also, federal law requires the State to contribute a fixed amount of state funds toward the program, called maintenance of effort (MOE). Additionally, caseloads are projected to continue their downward trend.

Prepared by: Jim Nordlund Phone _____
Division: Director of Public Assistance Date/Time _____
Approved by: Elmer A. Lindstrom, Special Assistant Date 2/15/01 4:29 PM
Agency: Department of Health & Social Services

For distribution information, call the Governor's Legislative Office

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

P.O. BOX 110601
JUNEAU, ALASKA 99811-0601
PHONE: (907) 465-3030
FAX: (907) 465-3068

May 1, 2001

Honorable Pete Kelly, Co-Chair
Senate Finance Committee
State Capitol; Room 518
Juneau, AK 99801-1182

Dear Chairman Kelly,

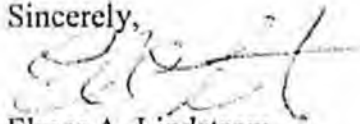
The Department of Health and Social Services respectfully requests a hearing in the Senate Finance Committee on Committee Substitute for House Bill 142 (HES) "An Act relating to the Alaska temporary assistance program; and providing for an effective date."

CS HB 142 (HES) includes provisions necessary for the department to continue to reduce benefits for most two-parent families during the summer months. A recent court decision will make it administratively difficult for the department to reduce benefits for two-parent families in the absence of this legislation.

The Senate Health, Education and Social Services Committee has heard the bill and recommends it be replaced with SCS CS HB 142 (HES). The Senate (HES) CS deletes the provision of the bill that would exempt two parent families that include a disabled child from the seasonal reduction.

The original zero fiscal note submitted to the bill at the time of introduction also applies to the House (HES) CS. Attached is a one page summary of the bill's provisions. Your favorable consideration of this request will be most appreciated.

Sincerely,



Elmer A. Lindstrom
Special Assistant to the Commissioner

CC: Mike Abbott, Legislative Director
Office of the Governor

**Alaska Temporary Assistance Program Amendments:
Bill Summary
CS HB 142 (HES)**

Division of Public Assistance
April 20, 2001

Section 1 puts the State of Alaska in compliance with federal Temporary Assistance for Needy Family (TANF) statute that exempts welfare recipients living in certain Alaska Native villages from the 60-month limit on benefits.

Section 2 clarifies statutory language regarding the Alaska Temporary Assistance Program (ATAP) seasonal benefit reduction imposed on able-bodied, two-parent families during the months of July, August, and September. This amendment is a response to a Superior Court ruling against the state, and must be enacted in order for the Division of Public Assistance to continue the policy of 2-parent seasonal reduction, regardless of employment status or which parent is the family's principal wage earner.

Section 3 repeals a provision now in statute which exempts incapacitated adults (those who are physically or mentally unable to perform gainful activity) from completing a Family Self-Sufficiency Plan (FSSP). This change will help these vulnerable families address their challenges by requiring them to engage in appropriate self-sufficiency activities such as wellness plans, treatment activities or pursuit of disability benefits. Even if the adult cannot work, the FSSP can be used to promote activities that will enhance well being and quality of life for the individual and the family.

Section 4 Gives the DHSS the authority to draft implementing regulations.

Sections 5 & 6: Effective Dates

TONY KNOWLES
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HB 142
P.O. Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500
Fax (907) 465-3532

February 21, 2001

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

Dear Speaker Porter:

Five years ago my Administration worked with the Legislature to create a new welfare law for Alaska. Under the banner of welfare reform, we repealed the Aid to Families with Dependent Children and Job Opportunity and Basic Skills programs and created the Alaska Temporary Assistance Program (ATAP). We have had great success with the program, with more Alaskans transitioning from welfare to work and our caseload dropping by more than 40 percent. Like many other states addressing welfare reform, we recognize what changes are needed to improve our program administration and ensure its continued success. These changes are addressed in the bill I transmit today.

The bill repeals the percentage limit on the number of families that may continue on assistance for more than 60 months due to hardship. Removal of this limit will permit the Department of Health and Social Services to base its hardship exceptions on objective criteria rather than on a fixed percentage of overall caseload. As families are successful in finding work and the overall caseload decreases, the number of hardship cases makes up a greater percentage of the total.

Alaska set an extremely aggressive goal, compared to other states, in capping our hardship cases at a specific percentage of the total. Other states either avoided time limits completely or set a broader range of exemptions to the limits. We now recognize the fixed percentage in our law artificially bars needy families with disabled adults from receiving essential cash assistance and services for their children. The first families will begin to exceed the 60-month lifetime limit in July of 2002.

4B142

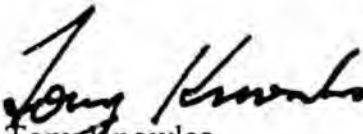
The Honorable Brian Porter
February 21, 2001
Page 2

The bill also addresses the seasonal reduction provisions for a two-parent needy family by removing outdated eligibility requirements as cited in a Superior Court ruling. This change permits the department to apply the seasonal reduction provision to all two-parent needy families in which both parents are physically and mentally able to work.

Finally, the bill requires disabled parents to have self-sufficiency plans. The state can better serve these parents by promoting their efforts toward self-sufficiency.

We have seen dramatic, positive changes for poor Alaska families. Thousands of recipients have been assisted into work and the state has saved millions of dollars in welfare benefit payments. The reform measures provided a durable framework for a new era of welfare in Alaska. I urge your favorable consideration for these improvements to the program.

Sincerely,


Tony Knowles
Governor

HR 147

SENATE COMMITTEE REPORT

DATE: 4/27/01

FURTHER: Finance

DATE TURNED
IN TO OFFICE: 05/01/01

HESS Committee considered CS FOR HOUSE BILL NO. 142(HES)

"An Act relating to the Alaska temporary assistance program; and providing for an effective date."

and recommends:

- be replaced with SCS CS HB 142 (HES)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
DH&SS	2/15/01		x	1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Conrad</i>			✓	
<i>Betty Davis</i>	✓			
<i>Ray Ward</i>	✓			
CHAIR: <i>Lynda Owen</i>	✓			

SENATE FINANCE COMMITTEE

SIGN-IN

HB 142-AK TEMP. ASSISTANCE PROGRAM AMENDMENTS

NAME: Jim Nordlund Subject/Bill No: AB142
Co./Dept./Title: Director of Public Assistance Phone: _____
Address: DHSS Zip: _____
Do you wish to testify? Yes No Respond To Questions

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

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

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

HB

149

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 149
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title: Private Prison in Kenai BRU: Revenue Operations
 Component: Treasury

Sponsor: Representative Chenault
 Requester: House State Affairs Component Number: 121

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel	20.0	10.0				
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	20.0	10.0	0.0	0.0	0.0	0.0

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

FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
1002-Federal Receipts						
1003 GF Match						
1004 GF	20.0	10.0				
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	20.0	10.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See attached

Prepared by: Deven Mitchell, State Debt Manager
 Division: Treasury
 Approved by: Larry Persily, Deputy Commissioner
 Agency: Department of Revenue

Phone 465-3750
 Date/Time March 14, 2001, 1 p.m.
 Date 03/14/2001

**Department of Revenue
Fiscal Note for HB 149**

This legislation authorizes the Department of Corrections to enter into an agreement with the Kenai Peninsula Borough to lease facilities for the confinement and care of prisoners. The lease would be for at least 20 years and provide at least 800 prison beds with no limitation on cost of the facility or cost of prisoner care. The lease must provide for an agreement between the Kenai Peninsula Borough and a private third-party contractor to construct and operate the facility. The legislation provides no requirement to use tax-exempt financing, no maximum lease term, no maximum annual lease payment amount, and no maximum project size in either dollars or number of prisoners to be housed at the facility.

The bill as drafted would make it quite unlikely that the facility could be financed on a tax-exempt basis. This means that any financing will carry interest rates approximately 2% higher than rates the state normally pays for financing public facilities. Based on the project estimates of \$60 million to \$125 million, paying a taxable rate of interest would increase the cost of the project financing from \$16 million to \$32 million. In order to minimize the cost to the state (reducing interest expense), the legislation should be redrafted in a way that would permit the use of tax-exempt financing. The current draft does not sufficiently circumscribe the role of the private third-party contractor to permit the borough to comply with "private use" and "management contract" guidelines of the Internal Revenue Service.

Additional concerns that should be addressed:

- No maximum capital expenditure for the facility is established.
- No maximum lease term is specified.
- No maximum lease payments are identified.

While the state's lease payments will be the security for the bonds, there is no specific provision for the State Bond Committee to participate in structuring the financing. The state's credit is involved as purchasers of the bonds look to the underlying source of revenues for bond payments when determining risk. As the source of revenues will be the lease payments of the state to the borough the "credit trail" leads to the state and its ability to make future lease payments. The foundation upon which the state has built credit ratings has been the centralized control of the state's credit through the State Bond Committee. To the extent we deviate from this policy, continued strong ratings of the state become more difficult to retain.

Accordingly, similar to the Anchorage jail transaction, it is anticipated that the State Bond Committee will actively participate in structuring the transaction with the Kenai Peninsula Borough. The \$30,000 in the fiscal note is to cover the state's expenses in this transaction.

FISCAL NOTE

**STATE OF ALASKA
2001 LEGISLATIVE SESSION**

Fiscal Note Number: 2
 Bill Version: HB 149
 (H) Publish Date: 3/22/01

Title: An Act relating to correctional facility space and to authorize the DOC to enter into agreement.....

Dept. Affected: CORRECTIONS
 BRU: Administration and Operations
 Component: Office of the Commissioner

Sponsor: _____
 Requester: State Affairs/ Finance

Component Number: 694

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	71.0	71.0	71.0	326.0	255.0	255.0
Travel	5.0	5.0	5.0	5.0	0.0	0.0
Contractual	85.0	75.0	75.0	95.0	90.0	90.0
Supplies	1.5	1.5	1.5	1.5	0.0	0.0
Equipment	3.0	0.0	45.0	0.0	0.0	0.0
Land & Structures						
Grants & Claims						
Miscellaneous				1,210.4	477.5	477.5
TOTAL OPERATING	165.5	152.5	197.5	1,637.9	822.5	822.5

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

FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
1002 Federal Receipts						
1003 GF Match						
1004 GF	165.5	152.5	197.5	1,637.9	822.5	822.5
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	165.5	152.5	197.5	1,637.9	822.5	822.5

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

POSITIONS	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Full-time	1	1	1	10	10	10
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill allows the Commissioner of the Department of Corrections to enter into a Twenty-Year agreement predicated on an agreement with a private third-party contractor who will construct and operate the facility by providing for custody, care, and discipline for persons held by the commissioner of corrections under authority of state law. The agreement must be for a minimum of 800 prison beds and contain terms providing the commissioner of corrections may terminate for cause, and the commissioner may not enter into an agreement with an agency unable to provide or cause to be provided a degree of custody, care, and discipline similar to that required by the laws of Alaska.

DOC will require a Long-term Project position- Facilities Manager I to interface with the local government project during design and construction phases and through 1st year operations. Position costs \$71.0 per year through FY2005 and requires an additional \$14.5 of support costs for FY2002 and \$11.5 for FY2003-2005.

(CONTINUED ON PAGE 2 of 2)

Prepared by: Candace Brower
 Division: Administrative Services
 Approved by: Margaret M. Pugh, Commissioner
 Agency: Department of Corrections

Phone 465-4652
 Date/Time 3/14/2001 3:45PM
 Date 3/14/01

For distribution information, call the Governor's Legislative Office

House Bill 149

"An Act relating to correctional facility space and to authorize the DOC to enter into agreement..."

Publish Date: 2/26/01

Page 2

As Corrections Group North has noted, "Management problems in private prisons are the result of poorly drafted contracts [and] lack of oversight." The Department of Corrections (DOC) requires funds to enable the Agency to hire a professional who will negotiate the necessary prisoner care and operational contracts with the Kenai Peninsula Borough and its third party Representative. These contracts are to ensure they provide a degree of custody, care, and discipline similar to that required by the laws of this state. Estimate approximately \$185 per hour X 430 hours = \$79,950 or \$80.0. This is the estimated amount that the Municipality of Anchorage spent on their contract negotiations for the New Anchorage Jail. The Department assumes that all necessary contracts would be completed in FY2002.

The DOC also requires funds to enter into a professional service agreement for contract compliance monitoring services for the new Kenai Jail. The DOC must be assured that the Third-Party Operator of the facility complies with all of its contractual requirements to prevent and defend against potential litigation and/or liability for the State of Alaska. Monitoring services would include development of the monitoring instrument to include all aspects of correctional practice, on-going monthly monitoring, and reporting requirements. The Department estimates approximately \$100 per hour X 700 hours per year = \$70.0 per year beginning in FY2003.

State oversight of the new Kenai Facility will require the following additional 4 Permanent full-time state staff in the Department's budget for the life of the contract: (Assume that staff will begin work FY2005)

Two Probation Officer II's @ \$65.0 per year = \$130.0
1 Nurse II @ \$65.0 per year
1 Internal Auditor II @ \$60.0 year
Support costs for 4 Positions @ \$5.0 per position = \$20.0

Data processing equipment will be needed to support DOC oversight staff and to interface with the new Kenai Jail with the Department's Management Information System. Data processing PC's, office equipment, miscellaneous equipment including the WAN/LAN connection. \$45.0 in FY2004

The DOC Transportation Section will require: four (4) additional Prisoner Transportation Officers based at the Kenai Jail (\$65.0 each X 4 = \$260.0) and one Officer in the Anchorage Central Office (\$60.0); safety and operating equipment for the five officers (\$14.9 Total One-Time); a new Van to transport prisoners back and forth from the Kenai Jail (\$30.0 one-time); travel and transportation funds to move prisoners from out of state to Kenai (one-time expenses of \$688.0); travel and transportation costs to handle routine needs at the facility (annual expenses estimated at \$12,500 per month X 12 months = \$150.0); and contractual services funds for miscellaneous equipment to support new officers, such as radios and weapons. (\$7.5).

Cost: \$1,210.4 (\$477.5 Annually starting in FY2005 and \$732.9 One-Time in FY2005.)

The DOC cannot presently calculate the new contractual service funds that will be needed to pay for the prisoner beds at the new Kenai Jail because sufficient information is not yet available. HB 149 only addresses the need for 800 beds for a minimum of 20 years agreement. We cannot speculate what the costs per day would be for each of the 800 beds. Thus, we can only submit an indeterminate amount for these services.

*Facile
H-4*

#6

AMENDMENT

OFFERED IN HOUSE FINANCE
TO: CSHB 149 (FIN)

BY: REP. ERIC CROFT

- 1) Page 2, Line 7 after "index." add

"It is also the intent of the legislature that the Department of Corrections not sign any agreement for a private prison until the litigation regarding the Delta prison has been finally resolved."

Failed
H-b

#1

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE CROFT

TO: CSHB 149(FIN), Draft Version "R"

1 Page 1, line 4:

2 Delete "within the Kenai Peninsula Borough"

3 Insert "under certain conditions"

4

5 Page 1, line 9, following "through a":

6 Insert "publicly or"

7

8 Page 1, lines 10 - 11:

9 Delete "the Kenai Peninsula Borough for private"

10 Insert "a public or private entity for"

11

12 Page 1, line 12, following "state":

13 Insert "unless the state is able to provide those same facilities at a similar cost"

14

15 Page 1, lines 12 - 13:

16 Delete "a privately operated"

17 Insert "that this competition to provide a public or private"

18

19 Page 1, line 14:

20 Delete "a private"

21 Insert "the"

22

23 Page 2, line 10, through page 3, line 12:

24 Delete all material and insert:

1 "AUTHORIZATION TO LEASE CORRECTIONAL FACILITY SPACE UNDER
2 CERTAIN CONDITIONS. (a) The Department of Corrections may enter into an agreement
3 with a public or private entity to lease space within a correctional facility located within the
4 state that will house persons who are committed to the custody of the commissioner of
5 corrections. The department may enter into this agreement only after soliciting proposals
6 from public and private entities to provide the housing and after determining that the state
7 may not provide the housing at the same or a lesser cost in a facility to be constructed and
8 operated by the state. The agreement, if entered into, must provide that the state agrees to
9 lease the space for a minimum of 20 years.

10 (b) The agreement to lease to be entered into under this section is predicated on and
11 must provide for the public or private entity to construct and operate the facility by providing
12 for custody, care, and discipline services for persons held by the commissioner of corrections
13 under authority of state law.

14 (c) The authorization given by (a) of this section is subject to the following
15 conditions:

16 (1) the lease must have a minimum of 800 prison beds, and the lease payments
17 must be sufficient to cover

18 (A) the cost for the development and construction of the facility; and

19 (B) the operating costs for a minimum of 800 prison beds in the
20 facility.

21 (2) the agreement to lease must contain terms providing that the commissioner
22 of corrections may terminate the agreement if the commissioner finds that the entity has failed
23 to provide or cause to be provided the degree of custody, care, and discipline required by
24 terms of the lease agreement;

25 (3) the commissioner may not enter into the lease if the commissioner finds
26 that the entity is unable to provide or cause to be provided a degree of custody, care, and
27 discipline similar to that required by the laws of the state."

No 0B)

22-LS0436R.1
Luckhaupt
4/4/01

#2

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE CROFT

TO: CSHB 149(FIN), Draft Version "R"

- 1 Page 3, line 16, following "Act.":
- 2 Insert "This applicability section does not affect the authority of the commissioner of
- 3 corrections to designate the correctional facility to which a prisoner is assigned."

NO OBJ

22-LS0436R.2
Luckhaupt
4/4/01

#3

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE CROFT

TO: CSHB 149(FIN), Draft Version "R"

- 1 Page 2, line 3, following "state":
- 2 Insert "but including the capital costs for construction of the facility, including debt
- 3 service"

Amendment

*Failed
4-4*

#4

Offered in House Finance

CS HB 149 (FIN)

Representative John Davies

Delete

Page 2, line 3-7

“outside the state) will be 18 – 20 percent less than the current average per diem for all state facilities as reported to the federal government for reimbursement purposes; should be approximately \$89 in current dollars; and from the passage of this Act, should be adjust annually for changers in the cost of operations as measured by the appropriate cost of living index.”

Add

Page 2, beginning line 3

“outside the state) will be 18 percent less than a comparable per diem for a state facility built and operated in Kenai and should be approximately \$80 in current dollars.”

121002

DEPARTMENT OF CORRECTIONS
Cost of Care
Arizona private vs. Kenai private
vs. Kenai state prison

DESCRIPTION	See Notes	ARIZONA OUT OF STATE COST OF CARE	See Notes	Kenai Borough Private Operated COST OF CARE		See Notes	Kenai Prison State Operated COST OF CARE	
				Private Cost	Private Cost		State Cost	State Cost
Design and Construction Cost				\$70,000,000.00	\$100,000,000.00	*1	\$77,000,000.00	\$110,000,000.00
Per-Diem Capitalization Cost				Capitalization Cost \$21.40	Capitalization Cost \$30.44		Capitalization Cost \$23.61	Capitalization Cost \$33.48
Per Diem		\$64.67		\$67.60	\$68.88	*2	\$66.92	\$66.92
Inmate Programs		Incl. In Contract		Incl. In Contract	Incl. In Contract		\$2.96	\$2.96
Subtotal:		\$64.67		\$69.60	\$69.60		\$69.88	\$102.36
Per diem rate if save 18% over State's costs				\$76.76	\$83.84			

71.95
80.00

w/D

#5

Amendment

Offered in House Finance

CS HB 149 (FIN)

Representative John Davies

Delete

Page 3, line 12

“custody, care, and discipline similar to that required by the laws of the state.”

Add

Page 3, line 12

“custody, care, and discipline similar to that required by the laws of the state, and that the correction employees shall meet the hiring standards of the correction officers of the State of Alaska.”

passed
amendment # 2
3

22-LS0436\R
Luckhaupt
4/3/01

CS FOR HOUSE BILL NO. 149(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVES CHENAULT, Green

A BILL

FOR AN ACT ENTITLED

1 "An Act expressing legislative intent without the force of law regarding correctional
2 facility space; relating to correctional facility space; authorizing the Department of
3 Corrections to enter into an agreement to lease facilities for the confinement and care of
4 prisoners within the Kenai Peninsula Borough; and providing for an effective date."

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

6 * Section 1. The uncodified law of the State of Alaska is amended by adding a new section
7 to read:

8 **LEGISLATIVE INTENT.** It is the intent of the legislature to secure additional
9 correctional facility space through a privately operated correctional facility in Alaska. The
10 legislature expects the Department of Corrections to contract with the Kenai Peninsula
11 Borough for private prison services similar to those currently purchased for medium-security
12 Alaska prisoners in a private prison outside the state. The legislature anticipates a privately
13 operated correctional facility will bring competitive management styles and operations to
14 Alaska. The legislature expects that the initial per diem cost at a private facility (excluding

1 costs related to major medical, prescription medication, and transportation of prisoners and
2 other services excluded in contracts for Alaska prisoner care and custody in private facilities
3 outside the state) will be 18 - 20 percent less than the current average per diem rate for all
4 state facilities as reported to the federal government for reimbursement purposes; should be
5 approximately \$89 in current dollars; and, from the passage of this Act, should be adjusted
6 annually for changes in the cost of operations as measured by an appropriate cost-of-living
7 index.

8 * Sec. 2. The uncodified law of the State of Alaska is amended by adding a new section to
9 read:

10 AUTHORIZATION TO LEASE CORRECTIONAL FACILITY SPACE WITH
11 THIRD-PARTY CONTRACTOR OPERATION. (a) The Department of Corrections may
12 enter into an agreement with the Kenai Peninsula Borough to lease space within a correctional
13 facility located within the Kenai Peninsula Borough that will house persons who are
14 committed to the custody of the commissioner of corrections. The agreement must provide
15 that the state agrees to lease the space for a minimum of 20 years.

16 (b) The agreement to lease entered into under this section is predicated on and must
17 provide for an agreement between the Kenai Peninsula Borough and one or more private
18 third-party contractors under which private, for profit or nonprofit third-party contractors
19 construct and operate the facility by providing for custody, care, and discipline services for
20 persons held by the commissioner of corrections under authority of state law. The
21 commissioner of corrections shall require in the agreement with the Kenai Peninsula Borough
22 that the Kenai Peninsula Borough procure one or more private third-party operators through a
23 competitive process similar to the procedures established in AS 36.30 (State Procurement
24 Code). The adoption, by the Kenai Peninsula Borough exercising its powers under
25 AS 29.35.010(15), of Ordinance No. 2000-59, for procurement of land, design, construction,
26 and operation of a facility on a request-for-qualification basis satisfies the procurement
27 requirements of this subsection.

28 (c) The authorization given by (a) of this section is subject to the following
29 conditions:

30 (1) the lease must have a minimum of 800 prison beds, and the lease payments
31 must be sufficient to cover

1 (A) the cost for the development and construction of the facility; and
2 (B) the operating costs for a minimum of 800 prison beds in the
3 facility.

4 (2) the agreement to lease must contain terms providing that the commissioner
5 of corrections may direct the Kenai Peninsula Borough to terminate its contract with a private
6 third-party contractor operating the facility in accordance with the provisions of (b) of this
7 section if the commissioner finds that the private third-party contractor has failed to provide
8 or cause to be provided the degree of custody, care, and discipline required by terms of the
9 lease agreement;

10 (3) the commissioner may not enter into the lease if the commissioner finds
11 that the Kenai Peninsula Borough is unable to provide or cause to be provided a degree of
12 custody, care, and discipline similar to that required by the laws of the state.

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

15 APPLICABILITY. The provisions of AS 33.30.031(a) do not apply to an agreement
16 to lease a correctional facility in accordance with the provisions of sec. 2 of this Act.

17 * Sec. 4. Section 4, ch. 15, SLA 1998, and sec. 6, ch. 35, SLA 1999, are repealed.

18 * Sec. 5. This Act takes effect June 1, 2001.

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 149
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title: Private Prison in Kenai BRU: Revenue Operations
 Component: Treasury
 Sponsor: Representative Chenault
 Requester: House State Affairs Component Number: 121

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel	20.0	10.0				
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	20.0	10.0	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	20.0	10.0				
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	20.0	10.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See attached

Prepared by: Deven Mitchell, State Debt Manager Phone 465-3750
 Division: Treasury Date/Time March 14, 2001, 1 p.m.
 Approved by: Larry Persly, Deputy Commissioner Date 03/14/2001
 Agency: Department of Revenue

For distribution information, call the Governor's Legislative Office

**Department of Revenue
Fiscal Note for HB 149**

This legislation authorizes the Department of Corrections to enter into an agreement with the Kenai Peninsula Borough to lease facilities for the confinement and care of prisoners. The lease would be for at least 20 years and provide at least 800 prison beds with no limitation on cost of the facility or cost of prisoner care. The lease must provide for an agreement between the Kenai Peninsula Borough and a private third-party contractor to construct and operate the facility. The legislation provides no requirement to use tax-exempt financing, no maximum lease term, no maximum annual lease payment amount, and no maximum project size in either dollars or number of prisoners to be housed at the facility.

The bill as drafted would make it quite unlikely that the facility could be financed on a tax-exempt basis. This means that any financing will carry interest rates approximately 2% higher than rates the state normally pays for financing public facilities. Based on the project estimates of \$60 million to \$125 million, paying a taxable rate of interest would increase the cost of the project financing from \$16 million to \$32 million. In order to minimize the cost to the state (reducing interest expense) the legislation should be redrafted in a way that would permit the use of tax-exempt financing. The current draft does not sufficiently circumscribe the role of the private third-party contractor to permit the borough to comply with "private use" and "management contract" guidelines of the Internal Revenue Service.

Additional concerns that should be addressed:

- No maximum capital expenditure for the facility is established.
- No maximum lease term is specified.
- No maximum lease payments are identified.

While the state's lease payments will be the security for the bonds, there is no specific provision for the State Bond Committee to participate in structuring the financing. The state's credit is involved as purchasers of the bonds look to the underlying source of revenues for bond payments when determining risk. As the source of revenues will be the lease payments of the state to the borough the "credit trail" leads to the state and its ability to make future lease payments. The foundation upon which the state has built credit ratings has been the centralized control of the state's credit through the State Bond Committee. To the extent we deviate from this policy, continued strong ratings of the state become more difficult to retain.

Accordingly, similar to the Anchorage jail transaction, it is anticipated that the State Bond Committee will actively participate in structuring the transaction with the Kenai Peninsula Borough. The \$30,000 in the fiscal note is to cover the state's expenses in this transaction.

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 149
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title: Private Prison in Kenai BRU: Revenue Operations
 Component: Treasury
 Sponsor: Representative Chenault
 Requester: House State Affairs Component Number: 121

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel	20.0	10.0				
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	20.0	10.0	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	20.0	10.0				
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	20.0	10.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See attached

Prepared by: Deven Mitchell, State Debt Manager Phone 465-3750
 Division: Treasury Date/Time March 14, 2001, 1 p.m.
 Approved by: Larry Persily, Deputy Commissioner Date 03/14/2001
 Agency: Department of Revenue

For distribution information, call the Governor's Legislative Office

**Department of Revenue
Fiscal Note for HB 149**

This legislation authorizes the Department of Corrections to enter into an agreement with the Kenai Peninsula Borough to lease facilities for the confinement and care of prisoners. The lease would be for at least 20 years and provide at least 800 prison beds with no limitation on cost of the facility or cost of prisoner care. The lease must provide for an agreement between the Kenai Peninsula Borough and a private third-party contractor to construct and operate the facility. The legislation provides no requirement to use tax-exempt financing, no maximum lease term, no maximum annual lease payment amount, and no maximum project size in either dollars or number of prisoners to be housed at the facility.

The bill as drafted would make it quite unlikely that the facility could be financed on a tax-exempt basis. This means that any financing will carry interest rates approximately 2% higher than rates the state normally pays for financing public facilities. Based on the project estimates of \$60 million to \$125 million, paying a taxable rate of interest would increase the cost of the project financing from \$16 million to \$32 million. In order to minimize the cost to the state (reducing interest expense), the legislation should be redrafted in a way that would permit the use of tax-exempt financing. The current draft does not sufficiently circumscribe the role of the private third-party contractor to permit the borough to comply with "private use" and "management contract" guidelines of the Internal Revenue Service.

Additional concerns that should be addressed:

- No maximum capital expenditure for the facility is established.
- No maximum lease term is specified.
- No maximum lease payments are identified.

While the state's lease payments will be the security for the bonds, there is no specific provision for the State Bond Committee to participate in structuring the financing. The state's credit is involved as purchasers of the bonds look to the underlying source of revenues for bond payments when determining risk. As the source of revenues will be the lease payments of the state to the borough the "credit trail" leads to the state and its ability to make future lease payments. The foundation upon which the state has built credit ratings has been the centralized control of the state's credit through the State Bond Committee. To the extent we deviate from this policy, continued strong ratings of the state become more difficult to retain.

Accordingly, similar to the Anchorage jail transaction, it is anticipated that the State Bond Committee will actively participate in structuring the transaction with the Kenai Peninsula Borough. The \$30,000 in the fiscal note is to cover the state's expenses in this transaction.

22-LS0436\R
Luckhaupt
4/3/01

CS FOR HOUSE BILL NO. 149(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES CHENAULT, Green

A BILL
FOR AN ACT ENTITLED

1 "An Act expressing legislative intent without the force of law regarding correctional
2 facility space; relating to correctional facility space; authorizing the Department of
3 Corrections to enter into an agreement to lease facilities for the confinement and care of
4 prisoners within the Kenai Peninsula Borough; and providing for an effective date."

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

6 * Section 1. The uncodified law of the State of Alaska is amended by adding a new section
7 to read:

8 **LEGISLATIVE INTENT.** It is the intent of the legislature to secure additional
9 correctional facility space through a privately operated correctional facility in Alaska. The
10 legislature expects the Department of Corrections to contract with the Kenai Peninsula
11 Borough for private prison services similar to those currently purchased for medium-security
12 Alaska prisoners in a private prison outside the state. The legislature anticipates a privately
13 operated correctional facility will bring competitive management styles and operations to
14 Alaska. The legislature expects that the initial per diem cost at a private facility (excluding

1 costs related to major medical, prescription medication, and transportation of prisoners and
2 other services excluded in contracts for Alaska prisoner care and custody in private facilities
3 outside the state) will be 18 - 20 percent less than the current average per diem rate for all
4 state facilities as reported to the federal government for reimbursement purposes; should be
5 approximately \$89 in current dollars; and, from the passage of this Act, should be adjusted
6 annually for changes in the cost of operations as measured by an appropriate cost-of-living
7 index.

8 * **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to
9 read:

10 **AUTHORIZATION TO LEASE CORRECTIONAL FACILITY SPACE WITH**
11 **THIRD-PARTY CONTRACTOR OPERATION.** (a) The Department of Corrections may
12 enter into an agreement with the Kenai Peninsula Borough to lease space within a correctional
13 facility located within the Kenai Peninsula Borough that will house persons who are
14 committed to the custody of the commissioner of corrections. The agreement must provide
15 that the state agrees to lease the space for a minimum of 20 years.

16 (b) The agreement to lease entered into under this section is predicated on and must
17 provide for an agreement between the Kenai Peninsula Borough and one or more private
18 third-party contractors under which private, for profit or nonprofit third-party contractors
19 construct and operate the facility by providing for custody, care, and discipline services for
20 persons held by the commissioner of corrections under authority of state law. The
21 commissioner of corrections shall require in the agreement with the Kenai Peninsula Borough
22 that the Kenai Peninsula Borough procure one or more private third-party operators through a
23 competitive process similar to the procedures established in AS 36.30 (State Procurement
24 Code). The adoption, by the Kenai Peninsula Borough exercising its powers under
25 AS 29.35.010(15), of Ordinance No. 2000-59, for procurement of land, design, construction,
26 and operation of a facility on a request-for-qualification basis satisfies the procurement
27 requirements of this subsection.

28 (c) The authorization given by (a) of this section is subject to the following
29 conditions:

30 (1) the lease must have a minimum of 800 prison beds, and the lease payments
31 must be sufficient to cover

1 (A) the cost for the development and construction of the facility; and
2 (B) the operating costs for a minimum of 800 prison beds in the
3 facility.

4 (2) the agreement to lease must contain terms providing that the commissioner
5 of corrections may direct the Kenai Peninsula Borough to terminate its contract with a private
6 third-party contractor operating the facility in accordance with the provisions of (b) of this
7 section if the commissioner finds that the private third-party contractor has failed to provide
8 or cause to be provided the degree of custody, care, and discipline required by terms of the
9 lease agreement;

10 (3) the commissioner may not enter into the lease if the commissioner finds
11 that the Kenai Peninsula Borough is unable to provide or cause to be provided a degree of
12 custody, care, and discipline similar to that required by the laws of the state.

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

15 **APPLICABILITY.** The provisions of AS 33.30.031(a) do not apply to an agreement
16 to lease a correctional facility in accordance with the provisions of sec. 2 of this Act.

17 * **Sec. 4.** Section 4, ch. 15, SLA 1998, and sec. 6, ch. 35, SLA 1999, are repealed.

18 * **Sec. 5.** This Act takes effect June 1, 2001.

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 149
 (H) Publish Date: 3/22/01

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title: Private Prison in Kenai BRU: Revenue Operations
 Component: Treasury
 Sponsor: Representative Chenault
 Requester: House State Affairs Component Number: 121

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
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						
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CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2001) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See attached

Prepared by: Devon Mitchell, State Debt Manager Phone 465-3750
 Division: Treasury Date/Time March 14, 2001, 1 p.m.
 Approved by: Larry Persily, Deputy Commissioner Date 03/14/2001
 Agency: Department of Revenue

(Rev 2/7/2001 OMB)

COMMITTEE COPY

**Department of Revenue
Fiscal Note for HB 149**

This legislation authorizes the Department of Corrections to enter into an agreement with the Kenai Peninsula Borough to lease facilities for the confinement and care of prisoners. The lease would be for at least 20 years and provide at least 800 prison beds with no limitation on cost of the facility or cost of prisoner care. The lease must provide for an agreement between the Kenai Peninsula Borough and a private third-party contractor to construct and operate the facility. The legislation provides no requirement to use tax-exempt financing, no maximum lease term, no maximum annual lease payment amount, and no maximum project size in either dollars or number of prisoners to be housed at the facility.

The bill as drafted would make it quite unlikely that the facility could be financed on a tax-exempt basis. This means that any financing will carry interest rates approximately 2% higher than rates the state normally pays for financing public facilities. Based on the project estimates of \$60 million to \$125 million, paying a taxable rate of interest would increase the cost of the project financing from \$16 million to \$32 million. In order to minimize the cost to the state (reducing interest expense), the legislation should be redrafted in a way that would permit the use of tax-exempt financing. The current draft does not sufficiently circumscribe the role of the private third-party contractor to permit the borough to comply with "private use" and "management contract" guidelines of the Internal Revenue Service.

Additional concerns that should be addressed:

- No maximum capital expenditure for the facility is established.
- No maximum lease term is specified.
- No maximum lease payments are identified.

While the state's lease payments will be the security for the bonds, there is no specific provision in this legislation for the State Bond Committee to participate in structuring the financing. The state's credit is involved as purchasers of the bonds look to the underlying source of revenues for bond payments when determining risk. As the source of revenues will be the lease payments of the state to the borough, the "credit trail" leads to the state and its ability to make future lease payments. The foundation upon which the state has built credit ratings has been the centralized control of the state's credit through the State Bond Committee. To the extent we deviate from this policy, continued strong ratings of the state become more difficult to retain.

Accordingly, similar to the Anchorage jail transaction, it is anticipated that the State Bond Committee will actively participate in structuring the transaction with the Kenai Peninsula Borough. While costs are not specified in this fiscal note, it is anticipated that between \$50,000 and \$100,000 of bond proceeds (dependent upon size) would be used to pay the state's expenses in this transaction.

Alaska State Legislature

Interim:

Legislative Affairs Agency, LIO
145 Main St. Loop, Second Floor
Kenai, AK 99611
Phone: (907) 283-7223



Session:

State Capitol, Room 432
Juneau, AK 99801-1182
Phone: (907) 465-3779
Fax: (907) 465-2833

Representative Mike Chenault District 9

SPONSOR STATEMENT FOR HOUSE BILL 149

House Bill 149 was introduced simply to transfer the authority to construct a private prison from Ft. Greely/Glennallen area to the Kenai Peninsula Borough.

This will create a construction project worth an estimated *67 Million Dollars*, (this is a sponsor staff estimate) and will provide the Kenai/Nikiski area with an additional stable economic base. In addition the State of Alaska has been supplementing the economy of Florence, Arizona upwards of 20 million dollars per year. It would only make sense to bring those dollars back to Alaska.

Currently I am putting together the specific cost multiplier benefits that will occur when the facility is constructed in Kenai. Future direct economic impacts as a result of stable economic development will be an important portion of the study that will be available in a few days.

Thank you for your time and consideration. If you have any questions please call Sue in my office at 465-3779.

REVISED 03/03 10 A.M.

Alaska State Legislature

Interim:

Legislative Affairs Agency, LIO
145 Main St. Loop, Second Floor
Kenai, AK 99611
Phone: (907) 283-7223



Session:

State Capitol, Room 432
Juneau, AK 99801-1182
Phone: (907) 465-3779
Fax: (907) 465-2833

Representative Mike Chenault
District 9

HB 149 Authorizes Private Prison in Kenai **Chenault Seeks to Help Peninsula Economy, Lower State Costs**

(JUNEAU) -- A bill introduced in the House of Representatives to allow a private prison in Kenai would bring hundreds of jobs, millions of dollars in construction and operations payroll, and improved economic stability to the Kenai Peninsula Borough, its sponsor said today.

Rep. Mike Chenault (R-Nikiski) introduced House Bill 149 on Monday to authorize the state to house prisoners in Alaska's first private prison, which could be built on a former military base adjacent to an existing state-owned Wildwood Correctional Center in Kenai.

"Alaska has seen a huge increase in the amount of money spent on corrections in recent years, but a lot of this money goes to send our criminals to private prisons in Arizona," said Chenault. "If the state is going to spend money on private prisons, and we're looking for economic diversification on the Kenai, why not build a prison here and keep the money close to home?"

With existing state-run facilities filled to capacity, Alaska has for years been paying to incarcerate prisoners in private prisons in Arizona. The increasing costs to transport, house, board, and medically care for prisoners has prompted the state to consider a private in-state prison that could cost the state less, keep Alaska prisoners closer to home and provide economic benefits to the community where it is located.

HB 149 would amend state law to grant the Kenai Peninsula Borough the authority to contract with the state Corrections Department to house prisoners in a facility to be built by a third-party private entity. The borough recently decided to work on a contract with Corrections Group North, a joint venture including the Kenai Native Association, Cornell Corrections, and the contracting joint venture Livingstone Sloane Inc. Neeser/VECO. The Native association owns 4,700 acres of former military land next to Wildwood prison.

The bill requires the contractor to agree to build a minimum-security facility capable of housing at least 800 prisoners, and of operating in full compliance with state prison laws, for at least 20 years. Such a facility would cost about \$60 million to build, create 250 steady jobs, and generate an estimated \$600 million in state expenditures for construction and operations over 20 years, Chenault said.

"This bill should allow us to provide an important state service while diversifying the Kenai Peninsula's economy and providing steady employment," Chenault said. "It's a win-win situation. If the people and the Legislature get behind it, I'm looking forward to thorough hearings and early passage."

###

Broadcasters note: Comments are available on the Majority Actuality Line 1-800-478-6540



HOUSE STATE AFFAIRS COMMITTEE

STATE CAPITOL, ROOM 102
465-4963

MEMORANDUM

COMMITTEE MEMBERS

Rep. John Coghill
Chairman
Room 102
465-3719

Rep. Hugh Fate
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Room 416
465-4976

Rep. Jeannette James
Room 214
465-3743

Rep. Gary Stevens
Room 428
465-4925

Rep. Peggy Wilson
Room 409
465-3824

Rep. Harry Crawford
Room 426
465-3438

Rep. Joe Hayes
Room 422
465-3466

Date: March 19, 2001

To: Members of House State Affairs Committee

From: Rynnieva Moss, Committee Aide
House State Affairs Committee

A handwritten signature in cursive script, appearing to read "Rynnieva Moss".

Re: HB 149 Subcommittee Meeting

My apologies for not being as thorough as normal but I can not find the file on my laptop where I took notes.

The Subcommittee appointed by Chairman Coghill met Thursday, March 15th at 3:00 p.m. The Subcommittee was chaired by Representative James and other committee members included Representatives Joe Hayes and Hugh Fate. Other persons attending the meeting included Mark Higgins of the Kenai Peninsula Borough, Frank Prewitt of Cornell Corrections, Denny Dewitt from Representative Mulder's office, Deven Mitchell of Department of Revenue, Cathe Heroy of Representative Hayes' office, Barbara Cotting of Representative James' office, Brenda Balash of Representative Fate's office, Margot Knuth of the Department of Corrections, and Sean Cockerham of the Fairbanks News-Miner.

The Subcommittee recommended that the HB 149 be returned to full committee without any recommended changes for passage. It also recommended that if Representative Hayes would like his amendment approved, he could present it to the full committee on Tuesday.

Fairbanks Paper

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- Wildlife Reports
- Fishing Section
- Fishing Stories
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- Hunting Stories
- Hunting Section
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- Skiing Updates

Private prison team set

By **McKIBBEN JACKINSKY**
Peninsula Clarion

A team of four companies has set a course to partner with the Kenai Peninsula Borough to develop Alaska's first private prison.

Kenai Natives Association, Livingston Slone Inc., Neeser Construction/VECO Construction Joint Venture, and Corrections Group North -- a private corporation developed through an affiliation between Cornell Corrections of Alaska and Weimer Investments -- now face the hurdle of contract negotiations with the borough before continuing with the planning, promotion, design, construction and operation of a 800- to 1,000-bed medium

security correctional facility to house state inmates on the Kenai Peninsula.

Kenai Natives Association's role is to focus on planning and educating the public about the project. Along with other team members, KNA intends to develop a training program to assist borough residents in qualifying for jobs resulting from the project. KNA also owns

the land being proposed for the prison site.

KNA's team includes Richard Segura, of Kenai, who has been KNA's president and CEO since 1997 and worked for Tesoro Petroleum Corporation from 1983 until 1992. Also on KNA's side is Michael Slezak of Palmer, KNA's chief operating officer since 2000. Slezak's resume also includes a stint between 1999 and 2000 as chief executive officer for UMPCO, a company providing charitable gaming services; a six-year run from 1993 to 1999 as general manager for Rippie World, a gaming-related business; and a four-year executive directorship for Wasilla Area Seniors between 1989 and 1993.

Providing legal representation for KNA on this project is Kenai attorney Blaine Gilman. Gilman said the association's interest in the project stems from possible use of association land for the facility, as well as an opportunity to address needs of Alaska Native inmates.

"Obviously, besides the financial element, they are very concerned with the percentage of Native males who are incarcerated," said Gilman.

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Snowmachining
Environment

Peninsula Guide

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Roadworthy
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Interactive

Panorama on Bridge
Access
Panorama of Pillars
Moose Slide Show
Summer in Kenai
Electric Light Parade
Fireworks
Y2K Year in Pictures

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Preparing for
Emergencies
On The Kenai
Class of 2000
Progress Days
Back To School
High School Football
Let It Snow
Christmas
Children's Christmas

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the percentage of Native inmates who are incarcerated," said Gilman, adding that Natives account for approximately 35 percent of the state's inmate population, compared with 7 percent of the state's general population.

That focus has won support from the Alaska Federation of Natives, the Kenaitze Indian Tribe, Salamatof Tribal Council and the Ninilchik Traditional Council.

If (the prison) comes on (KNA's) property, what they're going to attempt to do is provide unique substance abuse services geared toward Native people, trying to reduce the recidivism rate," Gilman said.

The Kenai attorney said KNA's concerns also include the number of Native prisoners incarcerated in the private facility in Florence, Ariz. Alaska currently houses approximately 800 state inmates in the Arizona facility due to lack of in-state bed space.

"I think (the new prison) will probably bring a good portion of (those inmates) back," Gilman said.

After contract negotiation with the borough, Gilman said, passing the necessary legislation is the biggest step. Another hurdle will be the public hearing process.

"This is just a very complicated project," Gilman said. "Quite frankly, if any one of those (steps) fails, probably the project won't go forward."

Kenai Peninsula residents are familiar with the design firm Livingston Slone Inc., for its work on Kenai's Vintage Pointe Senior Housing and Seward's SeaLife Center, both of which earned the firm awards from the American Institute of Architects.

However, their projects in Alaska date back 25 years, include other award-winning structures, and also can be found in Point Lay, Fort Wainwright, Bethel, Kotzebue and Anchorage.

"And, actually, we've worked with all of these companies," said Tom Livingston of the other prison project team members. "Starting with Cornell, we've done a number of their halfway houses around the state. Neeser just finished construction of a new state public health lab and medical examiners facility in Anchorage, and we were the designers for that."

Livingston also said his firm worked with VECO on plans to turn Ft. Greely into a private prison. Gaining a spot on the winning team isn't the first gate the design firm has had to pass on this project.

"KNA actually solicited proposals from other firms," Livingston said. "Ours was selected. So that's how we ended up joining forces with them."

Livingston will lead the design team, pulling from his firm's expertise as well as from the Justice Facilities Group, Wince-Corthell-Bryson, Reid Middleton, and RSA Engineering.

"The good news is that we've got good relationships with all the companies," Livingston said. "We're looking forward to moving forward."

Claiming 28 years of experience, Neeser Construction is currently involved in building the new Anchorage jail, a \$50 million project partnering the Municipality of Anchorage with the Alaska Department of Corrections. Under the direction of president Gerald Neeser, the company has designed and built other projects, including medical facilities and community centers.

VECO is no stranger to the Kenai Peninsula, having been involved in the peninsula's oil and gas industry since 1968. According to information the company provided in the bid package, VECO has more than 300 employees on the peninsula, and "their capacity allows them to design and construct projects in excess of \$3 billion."

Corrections Group North is headed by Frank Prewitt. The former commissioner of Alaska's Department of Corrections, Prewitt authorized the contract with the private prison in Arizona in 1994. In the bid package, the relationship with the private out-of-state provider is referred to as "the successful Arizona contract."

However, if the prison being proposed for the Kenai Peninsula is built, it will bring that contract to an end.

In 1995, Prewitt contracted with Corrections Group North to begin promoting an in-state private prison. Since then, South Anchorage, Point MacKenzie and Seward have been considered as possible locations. The most recent site, Ft. Greely, which actually gained legislative approval but has virtually stalled after encountering two lawsuits, community opposition and a change in local government.

Weimer Investments is headed up by William Weimar, who founded Allvest Inc. in 1984 and operated five pre-release facilities for the state. In 1998, Weimar sold Allvest to Cornell Corrections.

Running at the front of the pack is Cornell Companies Inc., based in Houston, Texas. A well-known name in the private prison industry, Cornell is headed up by Steve Logan, who has been with the company since 1993 and has been the company's president and chief executive officer since 1999. The company has facilities in 13 states.

A resolution approving the agreement with Cornell for the planning and promotion of the prison project is on the agenda for the next meeting of the Kenai Peninsula Borough Assembly on Tuesday. The meeting begins



at 7 p.m.

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Private prison deserves support

Proposal presents peninsula with largest economic opportunity in 20 years

Blaine D. Gilman
Another ViewPoint

Spirited community debate is healthy and enables the open minded to see the world from another point of view. When the social and economic stakes are as high as with the proposed private prison, opponents and proponents owe the public a duty of full and accurate disclosures when relying upon the media to carry their message.

The state employee correctional officer union recently entered the public debate with an article entitled "Private prison won't save money." Intending no disrespect to our many friends and neighbors who work at the Wildwood Correctional Center, the union opinion was a disservice to our community in substance and tone.

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Through a maze of unsubstantiated historical inaccuracy, the union makes four basic claims that require rebuttal if the community dialogue is to be based upon truth and fair representations of fact:

First, the union states "the wages paid by privateers will be substandard for our community." The private prison will be built with public funds and many other permanent jobs, such as clerks, maintenance workers, electricians, plumbers, education specialists, treatment and health care workers will be contractual or salaried at, or above, the local wage and benefit scale for the private sector. Cornell historically pays correctional officers at, or near, state hourly rates depending on experience.

The state pays an average of nearly \$17,000 above the base annual salary for journeymen correctional officers' health and retirement benefits. While the Cornell benefit package is excellent by private sector standards, the state of Alaska's 38 percent benefit and 20-year retirement package for correctional officers is extraordinary by any standards.

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Second, the union says that the operating costs of the private prison will be "over \$15 per day higher than what it costs to run our local prison." The average daily operating cost, per bed, at the Wildwood Correctional Center is \$67.77. To arrive at the total daily cost for Wildwood, costs that are paid from the department's central office must be added to the daily

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institutional rate. Those costs are \$5.93 for inmate programs, \$16.69 for inmate health care, \$4.08 for administrative support and \$6.23 for statewide indirect costs. These costs are all based on a daily, per inmate, average. The total, actual cost per day, per inmate at the Wildwood Correctional Center is \$100.70.

Steve Logan, president of Cornell Companies, reports that Cornell facilities, on average, save local government 10 to 15 percent. The remarkable fact is that the private sector operating cost includes debt service. Neither the state nor the union factor long-term debt or capital expenses into the reported daily operating cost. When apples are compared to apples there is simply no comparison between the cost of a private prison and a similar state prison bed.

Third, the union says, "Cornell has a record of overlooking qualification standards in order to staff their prisons." Cornell operates 72 facilities in 13 states with a total bed capacity of 14,845. Over 4,000 of the beds are medium security, or higher, prison beds. Totaled, Cornell manages over three times as many offenders as the state of Alaska Department of Corrections and twice as many high security prisoners.

According to the Corrections Yearbook, Cornell's escape rate is 16 times better than the average escape rate for public facilities and nearly all of Cornell's prisons are accredited by the American Correctional Association. This cannot happen by ignoring hiring and training standards. By comparison, few state of Alaska prisons are accredited.

Finally, the union says "the issue is, and always will be, a matter of public safety." That is correct. But to imply that state prisons are safer than private prisons is disingenuous. As recent as last year, research by the Western Association of State Governments found that private prisons are operated as well and as safely as public prisons.

The private prison project is the largest economic opportunity to present itself to the Kenai Peninsula for over 20 years. We should applaud the dedication and the vision of Borough Mayor Dale Bagley and the assembly in how they have handled and promoted the private prison. They are working in the best interest of borough, and through their efforts, hundreds of residents may obtain temporary construction and permanent prison jobs.

This community needs to stand up and be heard. Let the assembly know that you support the private prison and that the public employee correctional union's position is contrary to the best interest of the borough. The next hearing relating to the private prison is scheduled for Tuesday at 7 p.m. at the Borough Building in Soldotna. Let your opinion be known.

Blaine D. Gilman is a Kenai attorney who represents the Kenai Natives Association, one of four companies which has teamed together to



develop Alaska's first private prison.

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Prison issues in spotlight Tuesday

Resolutions are topic of assembly meeting

By **McKIBBEN JACKINSKY**
Peninsula Clarion

If the public wants the Kenai Peninsula Borough's nine-member assembly to hear their voice, Tuesday's meeting offers plenty of opportunity.

Taking center stage with four separate resolutions is the proposed 800- to 1,000-bed medium security private prison being considered for construction and operation on the Kenai Peninsula. All four prison-related resolutions are on the assembly's consent agenda, which means they automatically will be introduced by the panel at the opening of the meeting unless specifically removed. A public hearing and formal approval will come at a later date.

Paul Fischer, assembly member from Kasilof, will introduce a resolution asking for voter approval on the issuance of revenue bonds anticipated to total between \$80 million to \$100 million to fund the project.

"I am very concerned that the borough is proceeding with the prison project, which is significantly larger than any other project attempted by the Kenai Peninsula Borough, without providing the voters an opportunity to vote on it," Fischer wrote in a memo to Assembly President Tim Navarre and the other seven assembly members.

Fischer said his concerns include the speed with which the project is moving forward.

"On (Feb. 20) we found out from the (evaluation) group of five that we had two days to make a decision, to really search (the bids) out like we should have," Fischer said.

The assembly held a special meeting Feb. 23 to hear in executive session presentations by two out of four teams bidding on the project. At the end of the day, the assembly stated its intent to negotiate a contract with the team headed by Cornell Companies Inc.

"I think we should have delayed (the decision) a week or so, so that the assembly had a chance to check it out for our own. We didn't get involved in the evaluation committee process at all."

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Fischer said he also is concerned about issues of liability.

"We know nothing about prisons," Fischer said of the borough's experience in the area of corrections. "We're relying on an expert, but if things don't go right, that expert will be gone."

Fischer, a former Alaska legislator who was in office during the planning of Seward's Spring Creek Correctional Facility, also said that as a second class borough, the Kenai Peninsula Borough lacks correction powers.

"I can actually say I've lost sleep over this," Fischer said.

Two more assembly members, Bill Popp of Kenai and Ron Long of Seward, will introduce a resolution designating property located near Wildwood Correctional Complex as the site for the new prison. The legislation would open the door for Borough Mayor Dale Bagley to obtain the land from owners Kenai Natives Association either through purchase or a long-term lease. Final approval would still rest in the assembly's hands.

"The resolution is intended to begin the public process for site selection," Popp said.

Hearings would take place Tuesday, March 27 and April 17, as well as a planning commission hearing on April 9.

"Coincidentally, it is my expectation that there will be a resolution introduced by a council member from city of Kenai to support this location," Popp said. "If there are issues that arise through the many public hearings we will hold, then it is my intention to postpone final hearing until a date more appropriate."

Two other prison-related resolutions, authored by Bagley, also are on the assembly's Tuesday agenda.

One of the resolutions expresses intent to issue bonds to finance the prison project.

"It is anticipated that debt service on the bonds will be paid from revenue derived through a contract with the Alaska Department of Corrections," according to accompanying documentation from Jeff Sinz, the borough's finance director. "If the project is not ultimately approved and bonds are not issued to pay for capital costs associated with the project, then the costs will be treated as an operating expenditure of the borough's general fund."

The second resolution from borough administration approves the agreement with Cornell Companies Inc. for the planning and promotion of the prison project. Although that agreement has yet to be finalized, the resolution puts "the public and the assembly on notice that we anticipate



a completed contract on or before March 13, 2001," Sinz wrote.

Assembly committee meetings begin at 1 p.m. Tuesday at the Kenai Peninsula Borough Administration Building, 144 N. Binkley St. in Soldotna. The evening's assembly meeting begins at 7.

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



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU
October 30, 2000

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

The Honorable Dale Bagley
Mayor of the Kenai Peninsula Borough
144 North Binkley
Soldotna, AK 99669

Dear Mayor Bagley:

Thank you for your letter regarding the private prison proposed near Kenai. I know you have begun meetings with Commissioner Margaret Pugh on this matter, and I appreciate your interest in learning more about the possibilities and the issues involved.

Early on, my Administration developed an approach to prison expansion based on five principles:

- Protecting the public's safety;
- Addressing statewide and regional needs;
- Consistency with best correctional practices;
- Community participation through government-to-government transactions; and
- Cost-effectiveness.

The Kenai private prison idea may meet those important objectives. I'm sure there is plenty of discussion to come, and I hope you will keep Commissioner Pugh informed of the latest developments. I know she has offered to facilitate meetings with state experts to discuss bonding and other financial matters. Those discussions also are important.

In the meantime, it is clear the Legislature's intent in House Bill 53 was to develop a private prison at the Fort Greely site. The state has been working to do so ever since. There is no doubt any change of focus or development of a new private prison plan will involve legislative action.

My Administration looks forward to further discussion of Alaska's prison needs.

Sincerely,

A handwritten signature in black ink that reads "Tony Knowles".

Tony Knowles
Governor

cc: Commissioner Margaret Pugh, Department of Corrections ✓

Kenai Natives Association, Inc.

FAX TRANSMISSION

PHONE: 283-4851

FAX: 283-4854

TO: Dennis DeWitt – Legislative Assistant

FROM: Michael Slezak – Chief Operating Officer

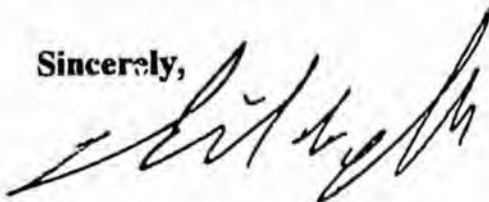
DATE: 4/4/01

Pages: 13

SUBJECT: Attached Resolutions and letters of support

Attached please find the resolutions and letter of support from the Native community in support of the private prison project in Kenai. I am sending you these in the hopes that you could get them inserted in the Bill packages for HB 149.

Sincerely,



Michael R. Slezak

ALASKA FEDERATION OF NATIVES, INC.

1577 C Street, Suite 300, Anchorage, Alaska 99501
907-274-3611 Fax 907-276-7989

**Board of Directors
Board Resolution 00-07**

- TITLE:** IN SUPPORT OF A PRIVATE PRISON ON KENAI NATIVE ASSOCIATION, INC. (KNA) WILDWOOD PROPERTY.
- WHEREAS:** the Kenai Native Association, Inc. (KNA) has undertaken the development of a private prison to be located on their Wildwood property; and
- WHEREAS:** the State of Alaska has a critical need for prison beds to alleviate the current overcrowding in the prison system; and
- WHEREAS:** the State is currently sending Alaska prisoners to serve their time at a private prison in Arizona because of the overcrowding situation; and
- WHEREAS:** Alaska Native males comprise 37% of the male prison population and of the 1,500+ prisoners sent to Arizona approximately 37% of these individuals are Alaska Natives; and
- WHEREAS:** having Alaska Native males so far from their homes and villages place an undo hardship upon their families and deprives them of cultural considerations while serving their sentences; and
- WHEREAS:** the State of Alaska spends over \$18 million per year to keep these prisoners in Arizona when the funds would be better spend supporting a private Alaskan prison at Wildwood; and
- WHEREAS:** the proposed private prison facility being developed by KNA would be more adept at meeting the cultural and rehabilitative needs of the Alaska Native prisoners; and
- WHEREAS:** the completion of this facility will assist in the effort to bring our people home from confinement in Arizona.

NOW THEREFORE BE IT RESOLVED that the Alaska Federation of Natives Board of Directors does fully endorse and support the Kenai Native Association, Inc. in the development of their private prison project.

Adopted this 19th day of December, 2000

Corporate Seal:



Julie E. Kaka
Julie E. Kaka, President

ALASKA FEDERATION OF NATIVES
BOARD OF DIRECTORS

Revised 10/30/00

ALBERT KOOKESH, CO-CHAIR

Alaska State Legislature
State Capitol, Room 114
Juneau, AK 99801-1182
W 465-6835 Fax: 465-2827 Office Cell: 723-2496
In Angoon: PO Box 91, Angoon 99820
H 788-3615 Cell: 723-9477 Fax: 788-3176
E-mail (In Angoon): kookesh@ptialaska.net

DARRYL JORDON

AHTNA, Inc.
PO Box 649
Glennallen, AK 99588
822-3476 Fax: 822-3495
ANCH: 522-3638 FAX: 522-6228
E-mail: darryl@takas.com

ALMA UPICKSOUN

Arctic Slope Regional Corporation
301 Arctic Slope Avenue, Suite 300
Anchorage, AK 99518
349-2389 Fax: 349-5476
E-mail: aupicksoun@asrc.com

TREFON ANGASAN

Bristol Bay Native Corporation
800 Cordova Street, Suite 200
Anchorage, AK 99501-8299
278-3602 Fax: 278-3924
E-mail: tang@bbnc.net

FLORENCE CARROLL

Doyon Limited
3330 Fritz Cove
Juneau, AK 99801
Home & Fax: 790-2243 Cell: 360-0942
Home E-mail: fmcarroll@hotmail.com

CHARLIE CURTIS

NANA Regional Corporation
PO Box 24
Kiana, AK 99749
475-2287 Fax: 475-2287
E-mail: charlie.curtis@nana-req.com
Alternate: Don Shaidon, NANA 442-3301
Hm: 626-2198 Fax 626-2183

MATTHEW NICOLAI

Calista Corporation
301 Calista Court, Suite A
Anchorage, AK 99518-3028
279-5516 Fax: 272-8060
E-mail: mnicolai@calistacorp.com
Alternate: Arthur Heckman, POB 60
PO Box Pilot Station, AK 99650

ROY HUHDORF, CO-CHAIR

R.M. Huhndorf & Company
301 Northern Lights, Suite 444
Anchorage, AK 99503
W 272-7997 Fax: 272-8531 Cell: 223-2019
Home Address: PO Box 111109, Anchorage 99511
348-6186 Fax: 348-6189
E-mail: dsknim@pobox.alaska.net

VINCENT TUTIAKOFF, SR.

The Aleut Corporation
4000 Old Seward, Suite 300
Anchorage, AK 99503
561-4300 Fax: 563-4328
E-mail: vtutlakoff@aleutcorp.com

TIMOTHY TOWARAK

Bering Straits Native Corporation
PO Box 1008
Nome, AK 99762
W 443-5252 Fax: 443-2985
E-mail: tim@beringstraits.com

CARL MARRS

Cook Inlet Region, Inc.
PO Box 93330
Anchorage, AK 99509-3330
274-8638 Fax: 279-8836
Secty Pat Oneill's E-mail: ponell@ciri.com

SHERI BURETTA

Chugach Alaska Corporation
560 E. 34th Avenue, Suite 200
Anchorage, AK 99503-4196
563-8886 Fax: 563-8402
E-mail: sburetta@chugach-ak.com

ROSITA WORL

Sealaska Corporation
11120 Glacier Hwy
Juneau, AK 99801-8671
H 384-3872 Fax: 463-5012
Cell: 723-8521 W 466-6395 Fax: 586-9266
E-mail: rosita_worl@sealaska.com
CC: Robert Loescher/Sealaska

DEBBIE LUKIN

KONIAQ, INC.
4300 B Street, Suite 407
Anchorage, AK 99503
561-2668 Fax: 562-5258
E-mail: dlutkin@koniaq.com

NORMAN L. REAM

13th Regional Corporation
631 Strander Blvd., #8
Seattle, WA 98198
206-575-6229 Fax: 206-575-6283
E-mail: the13threg@arthlink.net

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EBEN HOPSON, JR.

Arctic Slope Native Association
PO Box 1232
Barrow, AK 99723
852-2762 Fax: 852-2763
E-mail: ebenh@barrow.com

ARTHUR LAKE

Asn of Village Council Presidents
PO Box 219
Bethel, AK 99559
543-3521 Fax: 543-3596
E-mail:

MARK JACOBS, JR.

Central Council of Tlingit
& Haida Indian Tribes
PO Box 625
Sitka, AK 99835
H 747-8168 Fax: 747-2678
E-mail: keet_hit@yahoo.com

LARRY EVANOFF

Chugachmiut, Inc.
4201 Tudor Centre, Suite 210
Anchorage, AK 99508
582-4155 Fax: 563-2891
E-mail: lora@chugachmiut.com

KEN JOHNS

Copper River Native Association
Drawer H
Copper Center, AK 99573
822-5241 Fax: 822-8801
E-mail: radigan@alaska.net

RITA STEVENS

Kodiak Area Native Association
3449 E. Rezanof Drive
Kodiak, AK 99615
486-9800 Fax: 486-9898
E-mail: rstevens@kodiak.alaska.ihs.gov

DIMITRI PHILEMONOF

c/o MARGARET GALOVIN
Aleutian/Pribilof Islands Association
201 E 3rd Ave
Anchorage, AK 99501
276-2700 Fax: 279-4351
E-mail: margaretg@apial.com

DONALD NIELSEN

Bristol Bay Native Association
PO Box 70151
South Naknek, AK 99670
H 246-6552 Fax: 246-3567
Alternate: Ida Fjohl, POB 434,
Dillingham, AK 99576, Phone: 842-4181
CC: Terry Hoeffler / BBNA
E-mail: terryh@bbna.com

GLORIA O'NEILL

Cook Inlet Tribal Council
670 W. Fireweed Lane
Anchorage, AK 99503
265-5900 Fax: 265-5996
E-mail: goneill@citci.com

LORETTA BULLARD

Kawerak, Inc.
PO Box 948
Nome, AK 99762
443-5231 Fax: 443-3708
E-mail: lbullard@kawerak.org

JAKE WELLS

Maniilaq Association
PO Box 256
Kotzebue, AK 99752
442-3311 Fax: 442-2381
E-mail: iwells@maniilaq.org

STEVE GINNIS

Tanana Chiefs Conference
122 First Avenue
Fairbanks, AK 99701
452-8261 Fax: 459-3850
E-mail: nfuiten@tananachiefs.org

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ELEANOR DEMENTI

(AHTNA Villages)
PO Box 14
Cantwell, AK 99729
Home & Fax: 768-2362 Cell: 360-7010
In Anch: 277-7189

RONALD BROWER

(ARCTIC SLOPE Villages)
PO Box 75
Barrow, AK 99723
W 852-4594 FAX: 852-4224
Home & Fax: 852-5903
E-mail:

THOMAS TILDEN

(BRISTOL BAY Villages)
PO Box 786
Dillingham, AK 99576
W 842-2320 H 842-2259 Fax: 842-2198
E-mail: tilden@nushotel.com

LYDIA ROBERT

(CHUGACH Villages)
PO Box 5563
Port Graham, AK 99603
Home: 284-2236 Village Council: 284-2227
c/o Village Council Fax: 284-2222

DARRELL VENT

(DOYON Villages)
PO Box 83
Huslia, AK 99746
829-2294 Fax: 829-2214

CHRISTINA WESTLAKE

(NANA Villages)
PO Box 110
Kiana, AK 99749
W 475-2145 FAX: 475-2241

GILDA SHELLIKOFF

(ALEUT Villages)
False Pass Tribal Council
PO Box 29
False Pass, AK 99583
W 548-2227 Fax: 548-2256

STEVE IVANOFF

(BERING STRAITS Villages)
PO Box 235
Unalakleet, AK 99684
H 624-3068 Fax: 624-3805

WILLIE KASAYULIE

(CALISTA Villages)
PO Box 29
Akiachak, AK 99551
W 825-4065/4626 Fax: 825-4029

THOMAS HUHDORF

(COOK INLET Villages)
PO Box 2895
Valdez, AK 99686
835-3711 Fax: 835-9099
E-mail: huhndorf@alaska.net

FRED CHRISTIANSEN

(KONIAG Villages)
PO Box 6
Old Harbor, AK 99643
W 286-9246 H 286-2241 Fax: 286-2303

KIM STRONG

(SEALASKA Villages)
PO Box 284
Haines, AK 99827
H 767-5586 Fax: 767-5687



Alaska Native Brotherhood Camp 2

12 December 2000

The Honorable Tim Navarre, President
Kenai Peninsula Borough Assembly
144 North Binkie Street
Soldotna, AK 99669

Dear Honorable Navarre:

This is to encourage you and the Assembly to approve the proposal provided by the Kenai Native Association, Inc. to construct, administer and operate a medium security private prison to be located on the Kenai Peninsula.

I understand the question "Why would an organization located in Juneau support a proposed project in Kenai?" This is a good question and here is why?

First, the Alaska Native Brotherhood Camp 2, received a grant from the United States, Department of Health and Human Services for a project titled "Cultural Justice Spirit Camp and Healing Center." The project is to develop a culturally oriented corrections program in Hoonah, Alaska.

Second, our research has shown that when the native community takes responsibility for restoration and rehabilitation, recovery is successful and recidivism is reduced. We know that the proposed private prison is not for Native inmates only but we also know that approximately 800 prisoners are sent to Arizona with a majority of those being sent to this private facility are Native without any understanding of culture, traditions or customs of Native people. The primary prisons all have culturally oriented projects and programs helping self-acceptance.

Third, the benefit of providing culturally related corrections, (1) acceptance of oneself; (2) respecting oneself; (3) respecting your fellow-man and nature; (4) taking responsibility for your own actions; and (5) making amends for the wrong done to a victim (s) places a person on a healthy road of healing. Using the cultural approach provides an objective way of addressing conflicts and wrongdoing. These values apply to all people not only Natives.

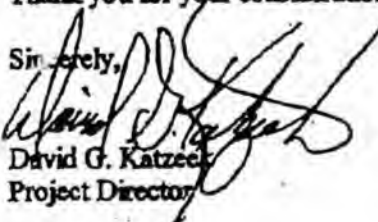
Finally, documentation is being established on the success of Native people taking the responsibility of working with the offender and victim. The community of Kake is an example. Their community worked with their own people using the culture to correct problems that kept offenders on a repetitive "gerbil wheel" of offenses.

We realize that what is being proposed is the construction of a medium security private prison, however, we strongly believe that the Kenai Native Association, Inc. will be positive toward programs that will not only save money for the State of Alaska but also help the inmate.

In conclusion we encourage you to support the Kenai Native Association's proposal because it is logical for the State of Alaska and the Kenai Peninsula. The economics are positive with construction, with employment (construction, administrative and operations). This includes an increase in consumer sales (purchases of commodities by inmates) and an increase in property values.

Thank you for your consideration.

Sincerely,



David G. Katzev
Project Director

Cc: Rick Segura, President
Mike Slegak, COO
Kenai Native Association