

**ALASKA LEGISLATURE**

**2260**

**HOUSE and SENATE FINANCE COMMITTEE FILES, 2001 - 2002**

**HB**

**262**

HAFIN

FILE

# ALASKA STATE LEGISLATURE

Representative Lisa Murkowski Chair  
Representative Andrew Halcro Vice-Chair  
Representative Pete Kott  
Representative Kevin Meyer  
Representative Norman Rokeberg  
Representative Harry Crawford  
Representative Joe Hayes



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Representative\_Lisa\_Murkowski@legis.state.ak.us

## HOUSE LABOR AND COMMERCE COMMITTEE

### Sponsor Statement HB 262 Building Safety Account

House Bill 262 is a fees-for-service measure establishing a building safety account allowing the Department of Labor to collect fees to support its mechanical inspections program and to eliminate the sizeable backlog of elevator and boiler inspections.

In the mid-1990s there were five electrical inspectors, two elevator inspectors, and five boiler/pressure vessel inspectors to inspect approximately 600 elevators statewide. Currently there are only two electrical inspectors, one elevator inspector, and three boiler/pressure inspectors to inspect nearly 900 elevators, with nearly 6,000 boiler/pressure vessels overdue for inspection.

Passage of House Bill 262 will allow the mechanical inspections program to be self-sufficient and to restore a Fairbanks-based electrical inspector and boiler inspector, a Juneau-based elevator inspector, and one Anchorage-based boiler/pressure vessel inspector. Revenue collected by the four additional inspectors will generate enough funds for the program to not only pay for itself, but to enable the department to eliminate the backlog of inspections in approximately two years.

# HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: January 31, 2002

FURTHER REFERRALS:

Date of Committee Action: 2/27/02

The FINANCE Committee considered:

HB 262

HOUSE BILL NO. 262

BUILDING SAFETY ACCOUNT

"An Act relating to accounting for and appropriations of receipts from fees collected by the Department of Labor and Workforce Development for certain inspections and for certain plumbing and electrical worker certificates of fitness; establishing a building safety account; and providing for an effective date."

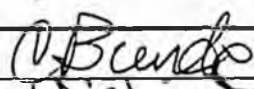
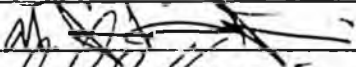
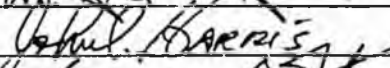
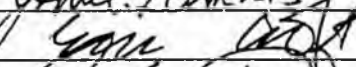
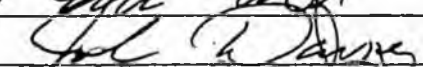
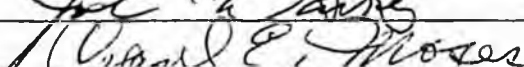
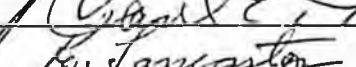
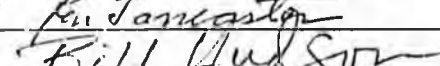
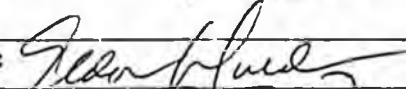
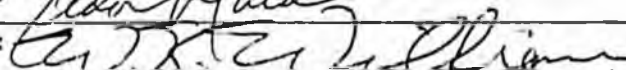
Recommends it be replaced with CS ( ) [ ] Same Title [ ] New Title  
 For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR \_\_\_\_\_

- [ ] attach amendments
- [ ] add new referral to \_\_\_\_\_ Committee
- [ ] Letter of Intent \_\_\_\_\_ Committee

List of Abbrev. for Depts.:  
 ADM  
 CED  
 COR  
 CRT  
 EED  
 DEC  
 DFG  
 GOV  
 HSS  
 LAA  
 LAW  
 LWF  
 MVA  
 DNR  
 DPS  
 REV  
 DOT  
 UA

<u>NEW FISCAL NOTES</u>				
*For Chief Clerk's Office Use Only				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero
<del>DLWD</del>				
DLWD		✓		

<u>PREVIOUS FISCAL NOTES</u>				
List by Dept(s):	FN#	Fiscal	Indet.	Zero

<u>Signing with recommendations</u>	Printed Last Name	DP	DNP	NR	AM
	Biendes	✓			
	Whitaker	✓			
	HARRIS	✓			
	CROFT	✓			
	DAVIES	X			
	MOSES	✓			
	Lancaster	✓			
	HUDSON	✓			
Chair: 	Mulder	✓			
Chair: 	Williams	✓			

# FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: HB 262  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): 02/26/2002 3:12pm Department: Labor and Workforce Development  
Title: Building Safety BRU: Labor Standards & Safety  
Component: Mechanical Inspection  
Sponsor: House L&C  
Requester: House Finance Component Number: 346

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	(1,275.8)					
1037 GF/Mental Health						
New# Building Safety Acct	1,275.8					
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2002) cost: None

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

The bill creates the Building Safety Account in the state treasury, and designates certain fees collected by the Department of Labor and Workforce Development to be deposited into the fund. These fees include fees collected for boiler inspections, elevator inspections, and electrical and plumbing worker certificates of fitness. The Mechanical Inspection program within the Division of Labor Standards and Safety has collected program receipts in excess of appropriated authority for a number of years, while at the same time funding part of the program with general funds. Creating the Building Safety Account would consolidate collections into a single account and allow replacement of program receipt and general fund authorization. This Fiscal Note was developed based on the authorization levels in the FY 2003 Governor's Amended Budget.

Prepared by: Richard Mastilano, Director Phone: 269-4900  
Division: Labor Standards & Safety Date/Time: 2/26/02 3:13 PM  
Approved by: Ed Flanagan, Commissioner Date: 02/26/02  
Agency: Department of Labor and Workforce Development

For distribution information, call the Governor's Legislative Office

# FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: HB 262  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Department: Labor and Workforce Development  
Title: Building Safety BRU: Labor Standards & Safety  
Component: Mechanical Inspection  
Sponsor: Rules Committee  
Requester: House Finance Component Number: 346

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	208.5	208.5	208.5	208.5	208.5	208.5
Travel	36.0	36.0	36.0	36.0	36.0	36.0
Contractual	2.5	22.5	22.5	22.5	22.5	22.5
Supplies	9.0	9.0	9.0	9.0	9.0	9.0
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>276.0</b>	<b>276.0</b>	<b>276.0</b>	<b>276.0</b>	<b>276.0</b>	<b>276.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( New # )</b>	<b>235.0</b>	<b>235.0</b>	<b>235.0</b>	<b>235.0</b>	<b>235.0</b>	<b>235.0</b>
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	(363.5)	(363.5)	(363.5)	(363.5)	(363.5)	(363.5)
1005 GF/Program Receipts	(695.5)	(695.5)	(695.5)	(695.5)	(695.5)	(695.5)
1037 GF/Mental Health						
New# Building Safety Accl	1,335.0	1,335.0	1,335.0	1,335.0	1,335.0	1,335.0
<b>TOTAL</b>	<b>276.0</b>	<b>276.0</b>	<b>276.0</b>	<b>276.0</b>	<b>276.0</b>	<b>276.0</b>

Estimate of any current year (FY2002) cost: None

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time	3	3	3	3	3	3
Part-time						
Temporary						

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

The bill creates the Building Safety Account in the state treasury, and designates certain fees collected by the Department of Labor and Workforce Development to be deposited into the fund. These fees include fees collected for boiler inspections, elevator inspections, and electrical and plumbing worker certificates of fitness. The Mechanical Inspection program within the Division of Labor Standards and Safety has collected program receipts in excess of appropriated authority for a number of years, while at the same time funding part of the program with general funds. Creating the Building Safety Account would consolidate collections into a single account and allow replacement of program receipt and general fund authorization. The division proposes establishing two additional Boiler/Pressure Vessel inspectors and an additional Elevator Inspector, which would generate additional operating funds to the Building Safety Account while addressing the inspection backlog that currently exists within the program.

Prepared by: Richard Mastriano, Director Phone: 269-4900  
Division: Labor Standards & Safety Date/Time: 2/20/02 11:08 AM  
Approved by: Ed Flanagan, Commissioner Date: 02/20/02  
Agency: Department of Labor and Workforce Development

For distribution information, call the Governor's Legislative Office

# FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: HB 262  
(H) Publish Date: 2/1/02

Revision Date/Time (Note if correction): \_\_\_\_\_ Department: Labor and Workforce Development  
Title: Building Safety BRU: Labor Standards & Safety  
Component: Mechanical Inspection  
Sponsor: Rules Committee  
Requester: House L&C Component Number: 346

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	(404.5)	(404.5)	(404.5)	(404.5)	(404.5)	(404.5)
1005 GF/Program Receipts	(695.5)	(695.5)	(695.5)	(695.5)	(695.5)	(695.5)
1037 GF/Mental Health						
New# Building Safety Acct	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2002) cost: None

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

The bill creates the Building Safety Account in the state treasury, and designates certain fees collected by the Department of Labor and Workforce Development to be deposited into the fund. These fees include fees collected for boiler inspections, elevator inspections, and electrical and plumbing worker certificates of fitness. The Mechanical Inspection program within the Division of Labor Standards and Safety has collected program receipts in excess of appropriated authority for a number of years, while at the same time funding part of the program with general funds. Creating the Building Safety Account would consolidate collections into a single account and allow replacement of an equal amount of program receipt and general fund authorization.

Prepared by: Richard Mastriano, Director Phone: 269-4900  
Division: Labor Standards & Safety Date/Time: 1/28/02 3:40 PM  
Approved by: Ed Flanagan, Commissioner Date: 01/28/02  
Agency: Department of Labor and Workforce Development

For distribution information, call the Governor's Legislative Office

# STATE OF ALASKA

Tony Knowles, Governor

## Department of Labor and Workforce Development OFFICE OF THE COMMISSIONER

P.O. Box 21149  
Juneau, AK 99802-1149  
Phone: (907) 465-2700  
Fax: (907) 465-2784

February 7, 2002

The Honorable Lisa Murkowski  
Chair, House Labor and Commerce Committee  
Alaska House of Representatives  
State Capitol, Room 408  
Juneau, AK 99801

Dear Representative Murkowski:

During the January 30 House Labor and Commerce Committee meeting many issues arose regarding the Boiler Inspection program. The following is in response to the issues that were left unresolved in the hearing.

### *Classes and types of boilers on the backlog*

<u>Class of Boiler</u>	<u>Type of Inspection</u>	<u>Backlog</u>
Power Boilers	Annual	430
Heating Boilers	Bi-Annual	5,490

### *History of the fee schedule for boiler inspections*

Cast Iron Heating Boilers and Hot Water Supply Boilers inspection fees were lowered by ten dollars in 2000, or from fifty dollars per inspection to forty dollars; however, the certificate fees were increased by ten dollars. The fee schedules from 1976 forward are attached.

### *Feasibility of self-inspection and certification; are there private inspectors available, and if so, at a reasonable cost to consumers?*

The four companies that have gone through the process of obtaining the Owner-User accreditation in Alaska are Phillips Alaska, BP Exploration, Unocal Alaska and Agrium.

The process to obtain the Owner-User accreditation is as follows:

- 1) write a manual that meets the requirements of the National Board Inspection Code and State statutes;
- 2) employ commissioned inspectors;
- 3) review of the written program by either the state or a representative of the National Board every three years (owner/requestor pays all costs including travel, hotel, meals and time);

- 4) annual program audit by State (owner pays all costs);
- 5) provide annual training of inspectors; and,
- 6) pay certificate fees.

There are three classes of inspectors: State, Insurance and Owner-User. Currently there are no private inspectors who work independently.

The State charges the same inspection fee anywhere in the state. The State maximizes the number of inspections when traveling to rural parts of Alaska to keep the program as cost effective as possible.

The Owner-User program is the only program with a three-year interval; it is not an inspection cycle, but rather a re-certification of an internal program.

Owners are responsible for getting their boilers inspected. They have the option of using the State inspectors or obtaining insurance coverage so that the insurance inspector inspects the boiler. The more remote the location the less likely an insurance company will cover the vessel.

#### *Liability Issues*

In the 1970s, the State would perform courtesy inspections at the request of business owners. On at least two occasions (Adams v. State and Wallace v. State), the State had knowledge of life threatening situations through courtesy inspections and didn't force abatement. The State was subsequently found to be party to the liability when damages resulted. The Department no longer performs courtesy inspections where there is no clear abatement authority.

According to our attorney general, the owner is the one responsible to insure that the boiler has a certificate of operation so it is the owner and not the State who has the liability. There is no case law on this specific issue.

#### *Will the Legislature need to appropriate funds to the Department if HB 262 is passed?*

No separate appropriation language is needed to appropriate funds if HB 262 is passed, however, an appropriation of general funds will still be required in the operating budget. The fiscal note for HB 262 essentially depicts a funding switch reducing the FY 03 General Fund and General Fund Program Receipt appropriation request in the operating budget. The current FY 03 GF and GFPR operating budget request is 1511.1. The fiscal note reduces the GF and GFPR request by 1100.0 and replaces these funds with funds from the new "Building Safety Account". Therefore, an appropriation of 411.1 of general funds is necessary based on the FY 03 request. The FY 03 request does however include two new mechanical inspectors. If this request were approved, these two positions would generate another 160.0 in receipts which would reduce the remaining required GF of 411.1 to 251.1.

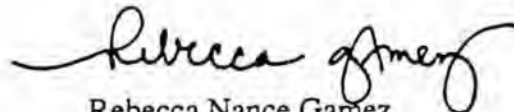
The Honorable Lisa Murkowski  
February 7, 2002  
Page 3 Of 3

*Feasibility of pilot project (Request for Proposal) to help alleviate backlog*

The Department needs clarification on the funding source for an RFP. Assuming we hire the necessary inspectors, we are unclear as to how we would fund the RFP.

Please don't hesitate to contact me if you have any questions.

Sincerely,



Rebecca Nance Gamez  
Deputy Commissioner

Attachment

cc: Representative Andrew Halcro,  
Vice Chair, House Labor and Commerce Committee  
Representative Harry Crawford  
Representative Joe Hayes  
Representative Pete Kott  
Representative Kevin Meyer  
Representative Norm Rokeberg

Current	High Pressure Under 250 Sq Ft		\$65.00	\$60.00
Register 156, Nov 00	High Pressure Over 250 Sq Ft		\$75.00	\$60.00
	High Pressure 750 Sq Ft		\$105.00	\$75.00
	Low Pressure Under 500 Sq Ft		\$55.00	<u>\$40.00</u>
	Low Pressure Over 500 Sq Ft		\$80.00	<u>\$50.00</u>
	Cast Iron and Mini Boilers	<u>\$40.00</u>		
	Hot Water Supply	<u>\$30.00</u>		
	Unfired Pressure Vessels	\$40.00		
	Less than 36" Dia			
	Over 36" Dia			
	Shop and Special Inspections			
	1/2 day 4hrs or less	\$75 / Hour		
	Full Day 4 to 8 hrs			
	Plus Trans and Expenses			
	Certificate Fees	<u>\$30.00</u>		

Register 152, Dec 99	High Pressure Under 250 Sq Ft		\$65.00	\$60.00
	High Pressure Over 250 Sq Ft		\$75.00	\$60.00
	High Pressure 750 Sq Ft		\$105.00	\$75.00
	Low Pressure Under 500 Sq Ft		\$55.00	\$50.00
	Low Pressure Over 500 Sq Ft		\$80.00	\$60.00
	Cast Iron and Mini Boilers	\$50.00		
	Hot Water Supply	\$40.00		
	Unfired Pressure Vessels	\$40.00		
	Less than 36" Dia			
	Over 36" Dia			
	Shop and Special Inspections			
	1/2 day 4hrs or less	<u>\$75 /hr</u>		
	Full Day 4 to 8 hrs	<u>Repealed</u>		
	Plus Trans and Expenses			
	Certificate Fees	<u>\$20.00</u>		

Register 124, Oct 92	High Pressure Under 250 Sq Ft	<u>\$65.00</u>	<u>\$60.00</u>
	High Pressure Over 250 Sq Ft	<u>\$75.00</u>	<u>\$60.00</u>
	High Pressure 750 Sq Ft	<u>\$105.00</u>	<u>\$75.00</u>
	Low Pressure Under 500 Sq Ft	<u>\$55.00</u>	<u>\$50.00</u>
	Low Pressure Over 500 Sq Ft	<u>\$80.00</u>	<u>\$60.00</u>
	Cast Iron and Mini Boilers	<u>\$50.00</u>	
	Hot Water Supply	<u>\$40.00</u>	
	Unfired Pressure Vessels	<u>\$40.00</u>	
	Less than 36" Dia		
	Over 36" Dia		
	Shop and Special Inspections		
	1/2 day 4hrs or less	<u>\$60 / Hr or</u>	
	Full Day 4 to 8 hrs	<u>\$480 / day</u>	
	Plus Trans and Expenses		
	Certificate Fees	<u>\$20.00</u>	

Register 90, July 84	High Pressure Under 250 Sq Ft	<u>\$45.00</u>	<u>\$40.00</u>
	High Pressure Over 250 Sq Ft	<u>\$55.00</u>	<u>\$40.00</u>
	High Pressure 750 Sq Ft	<u>\$85.00</u>	<u>\$55.00</u>
	Low Pressure Under 500 Sq Ft	<u>\$35.00</u>	<u>\$30.00</u>
	Low Pressure Over 500 Sq Ft	<u>\$60.00</u>	<u>\$40.00</u>
	Cast Iron and Mini Boilers	<u>\$30.00</u>	
	Hot Water Supply	<u>\$20.00</u>	
	Unfired Pressure Vessels		
	Less than 36" Dia	<u>\$20.00</u>	
	Over 36" Dia	<u>\$20.00</u>	
	Shop and Special Inspections		
	1/2 day 4hrs or less	<u>\$100.00</u>	
	Full Day 4 to 8 hrs	<u>\$200.00</u>	
	Plus Trans and Expenses		
	Certificate Fees	<u>\$12.00</u>	

Register 65, Apr 78	High Pressure Under 250 Sq Ft	\$35.00	<u>\$30.00</u>
	High Pressure Over 250 Sq Ft	\$45.00	<u>\$30.00</u>
	High Pressure Over 750 Sq Ft	\$75.00	<u>\$45.00</u>
	Low Pressure Under 500 Sq Ft	\$25.00	\$20.00
	Low Pressure Over 500 Sq Ft	\$50.00	\$30.00
	Cast Iron and Mini Boilers		<u>\$20.00</u>
	Hot Water Supply		\$10.00
	Unfired Pressure Vessels		
	Less than 36" Dia	\$10.00	
	Over 36" Dia	<u>\$15.00</u>	
	Shop and Special Inspections		
	1/2 day 4hrs or less	\$75.00	
	Full Day 4 to 8 hrs	\$150.00	
	Plus Trans and Expenses		
	Certificate Fees		<u>\$10.00</u>

Register 57, Apr 76	High Pressure Under 250 Sq Ft		\$35.00	\$25.00
	High Pressure Over 250 Sq Ft		\$45.00	\$25.00
	High Pressure 750 Sq Ft		\$75.00	\$40.00
	Low Pressure Under 500 Sq Ft		\$25.00	\$15.00
	Low Pressure Over 500 Sq Ft		\$50.00	\$25.00
	Cast Iron and Mini Boilers	\$15.00		
	Hot Water Supply	\$10.00		
	Unfired Pressure Vessels			
	Less than 36" Dia	\$10.00		
	Over 36" Dia		\$15.00	\$10.00
	Shop and Special Inspections			
	1/2 day 4hrs or less	\$75.00		
	Full Day 4 to 8 hrs	<u>\$150.00</u>		
	Plus Trans and Expenses			
	Certificate Fees	\$5.00		

Boiler Inspection Fee History

Register and Date	Type Ves	Insp Fee	Int Fee	Ext Fee
Reg 56, Jan 76	High Pressure Under 250 Sq Ft		\$35.00	\$25.00
	High Pressure Over 250 Sq Ft		\$45.00	\$25.00
	High Pressure 750 Sq Ft		\$75.00	\$40.00
	Low Pressure Under 500 Sq Ft		\$25.00	\$15.00
	Low Pressure Over 500 Sq Ft		\$50.00	\$25.00
	Cast Iron and Mini Boilers	\$15.00		
	Hot Water Supply	\$10.00		
	Unfired Pressure Vessels			
	Less than 36" Dia	\$10.00		
	Over 36" Dia		\$15.00	\$10.00
Shop and Special Inspections	1/2 day 4hrs or less	\$75.00		
	Full Day 4 to 8 hrs	\$125.00		
	Plus Trans and Expenses			
	Certificate Fees	\$5.00		

**HB**

**262**

SFIN

FILE

**SENATE FINANCE COMMITTEE REPORT**

DATE: 4/3/02

REPORTED OUT  
APR 17 2002  
SENATE FINANCE  
COMMITTEE

FURTHER:

DATE TURNED IN TO OFFICE: 04/17/02

Finance Committee considered **HOUSE BILL NO. 262**  
*HB 262 BUILDING SAFETY ACCOUNT*

"An Act relating to accounting for and appropriations of receipts from fees collected by the Department of Labor and Workforce Development for certain inspections and for certain plumbing and electrical worker certificates of fitness; establishing a building safety account; and providing for an effective date."

and recommends:

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

**Senate Bill:**

- same title
- new title

**House Bill:**

- same title
- technical title
- new: SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#
D Labor	3/19/02	234.10		3

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#
→				

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Lydia Green</i>			✓	
<i>William Gustafson</i>			✓	
<i>[Signature]</i>			✓	
<i>[Signature]</i>			✓	
<i>[Signature]</i>			✓	
<i>Loren D. Leman</i>			✓	
COCHAIR: <i>[Signature]</i>			✓	
COCHAIR: <i>[Signature]</i>	✓			

**FISCAL NOTE**

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

APR 17 2002

SENATE FINANCE  
COMMITTEE

Fiscal Note Number: 3  
Bill Version: HB 262  
(S) Publish Date: 3/22/02

Revision Date/Time (Note if correction): 3/19/02 2:38 PM Department: Labor and Workforce Development  
Title: Building Safety BRU: Labor Standards and Safety  
Component: Mechanical Inspection  
Sponsor: House L&C  
Requester: Senate L&C Component No. 346

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	173.1	35.4			(70.2)	
Travel	30.0	6.0			(12.0)	
Contractual	22.5				(7.5)	
Supplies	9.0				(3.0)	
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>234.6</b>	<b>41.4</b>	<b>0.0</b>	<b>0.0</b>	<b>(92.7)</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES (1172)</b>	<b>242.8</b>	<b>49.7</b>			<b>(112.5)</b>	
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	(345.7)					
1005 GF/Program Receipts	(695.5)					
1037 GF/Mental Health						
1172 Building Safety Account	1,275.8	41.4			(92.7)	
<b>TOTAL</b>	<b>234.6</b>	<b>41.4</b>	<b>0.0</b>	<b>0.0</b>	<b>(92.7)</b>	<b>0.0</b>

Estimate of any current year (FY2002) cost: None

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time	3				(1)	
Part-time						
Temporary						

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

The bill creates the Building Safety Account in the state treasury, and designates certain fees collected by the Department of Labor and Workforce Development to be deposited into the fund. These fees include fees collected for boiler inspections, elevator inspections, and electrical and plumbing worker certificates of fitness. The Mechanical Inspection program within the Division of Labor Standards and Safety has collected program receipts in excess of appropriated authority for a number of years, while at the same time funding part of the program with general funds. Creating the Building Safety Account would consolidate collections into a single account and allow replacement of all program receipt and most general fund authorization. The division proposes establishing two additional Boiler/Pressure Vessel inspectors and an additional Elevator Inspector, which would generate additional operating funds to the Building Safety Account while addressing the inspection backlog that currently exists within the program.

Prepared by: Richard Mastriano, Director  
Division: Labor Standards and Safety  
Approved by: Ed Flanagan, Commissioner  
Agency: Department of Labor and Workforce Development

Phone 269-4900  
Date/Time 3/19/02 2:38 PM  
Date 3/19/2002

**STATE OF ALASKA  
2002 LEGISLATIVE SESSION**

**BILL NO. HB 262 #3**

**ANALYSIS CONTINUATION**

The change in personal services costs from FY03 to FY04 is due to the anticipation that the newly created positions will remain vacant for approximately two months at the beginning of FY03. The increase in FY04 is the annualization of position costs for twelve months. Travel costs reflect the additional working months in FY04.

The increase in revenues for FY04 is directly related to an increased number of inspections being completed and the fees collected respectively.

In FY07 the department anticipates that the inspectors will no longer have a backlog and that one Boiler/Pressure Vessel Inspector position will no longer be needed. A reduction in operating expenditures and the revenues collected are shown in the FY07 column of this fiscal note.

# ALASKA STATE LEGISLATURE

Representative Lisa Murkowski Chair  
Representative Andrew Halcro Vice-Chair  
Representative Pete Kott  
Representative Kevin Meyer  
Representative Norman Rokeberg  
Representative Harry Crawford  
Representative Joe Hayes



Alaska State Capitol  
Juneau, AK 99801-1182  
Telephone: (907) 465-4954  
Fax: (907) 465 2293  
Representative\_Lisa\_Murkowski@legis.state.ak.us

## HOUSE LABOR AND COMMERCE COMMITTEE

### Sponsor Statement HB 262 Building Safety Account

House Bill 262 is a fees-for-service measure establishing a building safety account to allow the Department of Labor to collect fees to support its mechanical inspections program and eventually to eliminate the sizeable backlog of elevator and boiler inspections.

In the mid-1990s there were five electrical inspectors, two elevator inspectors, and five boiler/pressure vessel inspectors to inspect the state's boilers and elevators. Currently there are two electrical inspectors, one elevator inspector, and three boiler/pressure inspectors. While the number of inspectors has decreased, the number of boilers has increased to 44,000, and with the enactment of the Americans with Disabilities Act, the number of elevators has nearly doubled to 900. With that, the backlog of boilers has increased to 6,100 and 300 for elevator inspections.

Passage of House Bill 262 will provide the mechanism and proper funding for the mechanical inspections program to generate enough funds to not only become self sufficient, but to restore three new inspectors to the program, and to eliminate the sizeable backlog of inspections in approximately two years.

# ALASKA STATE LEGISLATURE

Representative Lisa Murkowski Chair  
Representative Andrew Halco Vice-Chair  
Representative Pete Kott  
Representative Kevin Meyer  
Representative Norman Rokeberg  
Representative Harry Crawford  
Representative Joe Hayes



Alaska State Capitol  
Juneau, AK 99801-1182  
Telephone: (907) 465-4954  
Fax: (907) 465-2293  
Representative\_Lisa\_Murkowski@legis.state.ak.us

## HOUSE LABOR AND COMMERCE COMMITTEE

### Talking Points House Bill 262 Building Safety Account

It is a "fees-for-service" measure establishing a building safety account to allow the department to collect fees to support its Mechanical Inspections program and more importantly to catch up on the serious and sizeable backlog of boiler and elevator inspections.

Currently, the Mechanical Inspection section generates just over \$1 million in general funds and is allotted about \$695,000. House Bill 262 allows the department to collect fees and gives the authority to utilize all the money generated from those fees.

Fees range from \$40 to about \$105 depending on the type of vessel; certificates of fitness for both electricians and plumbers also generate fees.

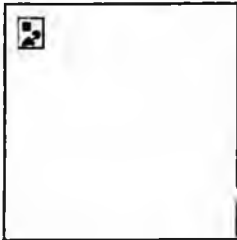
The sizeable backlog of boiler and elevator inspections is a growing safety concern. The backlog has reached about 6,000 for boiler vessels and 300 for elevators. Incidentally, the American with Disabilities Act has caused the number of elevators to roughly double in the last eight years.

Passage of HB 262 will give the mechanical inspections program the ability to restore three new inspectors to the program and to generate enough revenue to eliminate the backlog of boilers and elevators in approximately two years.

*Make collecting  
if they like them  
from top for full amount*

# ALASKA STATE LEGISLATURE

## LEGISLATIVE BUDGET AND AUDIT COMMITTEE



### Division of Legislative Finance

P.O. Box 113200  
Juneau, AK 99811-3200  
(907) 465-3795  
FAX (907) 465-1327

### MEMORANDUM

**DATE:** April 15, 2002

**TO:** Pete Kelly, Co-Chair  
Senate Finance Committee

**FROM:** Ginger Blaisdell  
Fiscal Analyst

**SUBJ:** HB 262 Fiscal Note

Remond Henderson, Administrative Services Director, Department of Labor and Workforce Development, requested that I send you a memorandum explaining fiscal note for HB262, specifically identifying why there is no fiscal impact for fiscal years 2005 and 2006.

Fiscal Year 2003 identifies the changes from HB414 as introduced in the Senate (and House). This fiscal note identifies a fund change of \$345 GF and \$695.5 GF/Prgm Rcpts to \$1,041.2 Building Safety Account. This fund change nets zero but moves the funding from the general fund group to the "other: funds group. This change occurs by approving the action (shown in parenthesis) and an equal amount of the Building Safety Account funding requested under the FUND SOURCE area of the fiscal note.

Under the OPERATING EXPENDITURES area of the fiscal note, an increase of \$234.6 is requested to add three new staff to complete inspections and reduce the existing backlog. The increased costs for the program will be paid through additional fees collected from the added inspections. The increase of Building Safety Account funding is added to the amount from the fund source change for a total of \$1,275.8.

In FY04, an additional \$41.4 Building Safety Account funding is requested to fully fund the inspectors for twelve months. The FY03 request anticipates that it will take approximately two months to hire the additional inspectors.

The program will remain status quo for fiscal years 2005 and 2006, therefore no changes are noted on the fiscal note.

FY07 shows a reduction in costs for one inspector as well as a reduction in Building Safety Account receipts. It is anticipated that by FY07 the backlog should be eliminated and one inspector no longer needed to maintain adequate service to Alaskans.

FY08 reflects no change from the FY07 request.

Please let me know if I can help clarify this fiscal note further. I can be reached at 723-2303 (cell phone) or you may contact Anna Kim 465-5410.

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

**DEPARTMENT OF LABOR**  
**ADMINISTRATIVE SERVICES DIVISION**

P.O. BOX 21149  
JUNEAU, ALASKA 99802-1149  
PHONE: (907) 465-2720  
FAX: (907) 465-2107

April 12, 2002

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

Dear Senator Kelly:

During the April 8<sup>th</sup> Senate Finance meeting many issues arose regarding HB 262, its related fiscal note and the Boiler Inspection program in general. The following information is provided from Department of Labor and Workforce Development staff in order to address some of the questions that arose.

***Are there inspectors other than state inspectors that perform Boiler/Pressure vessel inspections and can this program be privatized?***

There are three classes of inspectors: State, Insurance and Owner-User. Currently there are no private inspectors who work independently. Owners are responsible for getting their boilers inspected. If the owner is not an Owner-User, the owner has the option of using the State inspectors or obtaining insurance coverage which enables an insurance inspector to inspect the owner's boiler. The more remote the location, the less likely an insurance company will cover the vessel.

The State charges the same inspection fee anywhere in the state. The State maximizes the number of inspections when traveling to rural parts of Alaska to keep the program as cost effective as possible.

**Insurance Inspectors**

These inspections are performed at the request of the owner and will only be performed by insurance companies in cases where the insurance company insures the boiler which is a statutory requirement. Depending on location, all costs for these inspections are either added to insurance premiums or billed directly to the owner in the case of remote locations not accessible by commercial carriers. In addition, the owner must pay the state the certificate of operation

The Honorable Pete Kelly  
April 12, 2002  
Page 2 Of 3

operation fee. Again, the more remote the location, the less likely an insurance company will cover the vessel.

### Owner User Program

The four companies that have gone through the process of obtaining the Owner-User accreditation in Alaska are Phillips Alaska, BP Exploration, Unocal Alaska and Agrium.

The process to obtain the Owner-User accreditation is as follows:

- 1) write a manual that meets the requirements of the National Board Inspection Code and State statutes;
- 2) employ commissioned inspectors;
- 3) review of the written program by either the state or a representative of the National Board every three years (owner/requestor pays all costs including travel, hotel, meals and time);
- 4) annual program audit by State (owner pays all costs);
- 5) provide annual training of inspectors; and,
- 6) pay certificate fees.

The Owner-User program is the only program with a three-year interval; it is not an inspection cycle, but rather a re-certification of an internal program.

### *HB 262 Fiscal Note*

The question arose as to why there were no revenues and costs presented for fiscal years 05 and 06. As stated during the legislative hearing, this fiscal note was prepared in consultation with the Legislature's Legislative Finance Division. As a result of this meeting, a fiscal note was prepared showing the additional costs and revenues in the years in which the additional costs occur. Therefore, in FY 03 there were additional costs of 234.6 for three new positions (10-month funding) and 242.8 of additional revenues generated by the new positions. In FY 03 there were additional costs of 41.4 for two additional months and additional revenues of 49.7. If the Finance Committee deems it is more appropriate to show the total costs and revenues for FY 04, 05 and 06 in lieu of additional costs only, the Department will revise the fiscal note accordingly. An alternative would be to attach an additional sheet as back up showing all costs and revenues for the entire period.

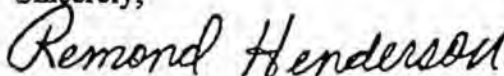
### *General Merits of HB 262*

In summary, this legislation reduces the overall general fund cost of state services by approximately 1.3 million dollars and enables the department to address a backlog of over 6000 boilers and 300 elevator inspections that pose a clear and immediate risk to life and property. Although creating the Building Safety Account reduces the general fund budget, it obviously does not reduce the overall costs of state services. It does however, create a mechanism and funding to address current safety issues resulting from inspection backlogs by establishing a program that generally pays for itself.

The Honorable Pete Kelly  
April 12, 2002  
Page 3 of 3

If you have any questions, please do not hesitate to contact me.

Sincerely,



Remond Henderson  
Administrative Services Director

cc: Senator Dave Donley, Co-Chair Senate Finance Committee  
Senator Jerry Ward, Vice-Chair Senate Finance Committee  
Senator Alan Austerman  
Senator Lyda Green  
Senator Loren Leman  
Senator Gary Wilken  
Senator Lyman Hoffman  
Senator Donny Olson

HB 262-BUILDING SAFETY ACCOUNT  
SENATE FINANCE COMMITTEE

SIGN-IN

NAME: FRANK MASTRIANO Subject/Bill No: 262  
Co./Dept./Title: DOL WF Deal. Phone: 269-4914  
Address: 3301 Eagle Street ANCH AK Zip: 99503  
Do you wish to testify?  Yes  No  Respond To Questions

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

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

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

SITE: ANCHORAGE LIO

COMMITTEE: SFIN

DATE: 4-8-02

SUBJECT OF MEETING:

SB 277

UPDATE #:



P R I N T YOUR NAME

ADDRESS (MAILING & ZIP)

REPRESENTING

DO YOU WANT  
TO TESTIFY?  
Y or N

Kris Norosz		Icicle Seafoods	Ans ?s
Email address:			SB 277
Email address:			
Email address:			
Email address:			
Email address:			
Email address:			
Email address:			

**HB**

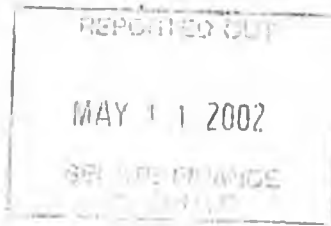
**276**

SFIN

FILE

# SENATE FINANCE COMMITTEE REPORT

DATE: 4/16/02



FURTHER:

DATE TURNED IN TO OFFICE: 05/11/02

Finance Committee considered **CS FOR HOUSE BILL NO. 276(L&C)**  
**HB 276 REGULATION OF NURSING**

"An Act relating to temporary permits and licenses by endorsement issued by the Board of Nursing; and relating to the delegation of nursing duties."

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous 5 CS CS HB 276 (L&C)
- 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#
DCEID	2/15/02		✓	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>			4	
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>				✓
COCHAIR: <i>[Signature]</i>			✓	

REPORTED OUT  
**FISCAL NOTE**  
MAY 11 2002  
SENATE FINANCE  
COMMITTEE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: CSHB 276(L&C)  
(H) Publish Date: 2/22/02

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: DCED  
Title An Act relating to temporary permits and licenses BRU: Occupational Licensing (117)  
by endorsement issued by the Board of Nursing Component Occupational Licensing  
Sponsor Representative Wilson  
Requester House Labor & Commerce Component No. 2360

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type-Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

New funds are not required to implement the changes of this bill.

Prepared by: Jennifer Strickler, Administrative Manager  
Division: Occupational Licensing  
Approved by: Deborah B. Sedwick, Commissioner  
Agency: Department of Community & Economic Development

Phone (907) 465-2144  
Date/Time 2/15/02 2:46 PM  
Date 2/15/2002



# Alaska State Legislature

*Representative Peggy Wilson  
Putting Alaska's Families First*

## SPONSOR STATEMENT - HB 276

HB 276 is essentially a "clean up bill" which brings nursing statutes up to date with current nursing practice in three areas: (1) gives licensed nurses the authority to delegate nursing duties to other personnel and gives the Board of Nursing authority to promulgate regulations outlining safe delegation practices to ensure safety of the consumer; (2) the bill increases the length of time available for a temporary nursing license from 4 to 6 months to allow for the extra time it may take to get back results of criminal justice background checks required in new regulation; (3) changes the wording placement regarding licensure by endorsement that brings the wording in the statute into compliance with what is already being done in the Division.

Delegation by licensed nurses of specific nursing tasks to unlicensed assistive personnel (UAPs) such as aides and technicians has always been a part of nursing practice. The health care delivery system that includes public health, Indian Health, hospitals, clinics and community nursing facilities will continue to use UAPs. These changes allow specific statutory authority for nurses to delegate essential care to the delivery of safe and effective health care to the citizens of Alaska. I urge you to support HB 276.

12/21/01

# **Alaska State Hospital & Nursing Home Association**

*We're helping people care for people!*

February 15, 2002

Representative Peggy Wilson  
Alaska State Legislature  
State Capitol, Room 409  
Juneau AK 99801-1182

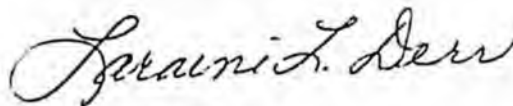
Dear Rep Wilson:

The House Labor and Commerce Committee will be hearing HB 276 on February 20, 2002. As the president of the Alaska State Hospital and Nursing Home Association (ASHNHA), I am writing a letter of support for the CS for House Bill No. 276, "An Act relating to temporary permits and licenses by endorsement issued by the Board of Nursing; and relating to the delegation of nursing duties."

This bill will put into law what has always been a part of nursing practice. The bill gives licensed nurses the authority to delegate nursing duties to other personnel and give the Board of Nursing authority to set out regulations to outline safe delegation of their duties. Because there is such a severe shortage in the nursing profession, extending the temporary nursing license from 4 to 6 months will allow extra time. Any help in this area will be greatly appreciated.

ASHNHA is an organization of 34 healthcare providers around the state of Alaska. We believe that passage of this legislation will allow for better health care delivery to our citizens.

Sincerely yours,



Laraine L. Derr  
President/CEO

426 Main Street, Juneau, Alaska 99801

Phone: 907-586-1790 • Fax: 907-463-3573 • Web: [ashnha.com](http://ashnha.com)



t/ 907-274-0827  
f/ 907-272-0292

2207 East Tudor Rd, Suite 34  
Anchorage, AK 99507-1069  
www.aknurse.org  
aknurse@aknurse.org

February 14, 2002

Honorable Peggy Wilson  
State Capitol, Room 409  
Juneau, Alaska 99801-1121

Dear Representative Wilson:

We are writing this letter in support of the CS for HB 276, "An Act relating to temporary permits and licenses by endorsement issued by the Board of Nursing; and relating to the delegation of nursing duties." This bill brings the nursing statutes up to date with current nursing practice in the areas of delegation of nursing duties and the issuance of temporary licenses and licenses by endorsement.

Over the last ten years there has been an increase in the number and type of ancillary unlicensed health care workers that RNs and LPNs are required to delegate nursing duties to and have oversight of the work they perform. The Attorney General's office recently ruled that the existing statutes do not give the Board of Nursing the authority to promulgate regulations covering delegation of nursing duties to persons other than nursing assistants.

It is imperative that RNs and LPNs have regulations from the Board of Nursing covering delegation of nursing tasks. Nurses rarely hire or train the unlicensed personnel they are required to work with, yet their employers require nurses to make sure these persons perform the tasks delegated to them in a safe and accurate manner. Because these individuals are unlicensed, there is no regulatory body overseeing their training and competency. Nurses need the backing of the regulations promulgated by the Board of Nursing so that they can delegate in a manner that maintains the health and safety of their patients.

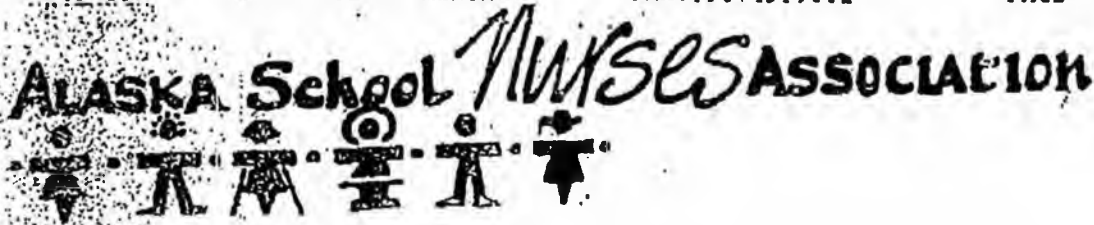
The sections of CS for HB 276 which deal with temporary nursing licenses would extend the length of license from 4 to 6 months which would allow the Board of Nursing to complete necessary background checks. The section of the Bill dealing with license by endorsement would bring the statute into compliance with current practice of the Board concerning applicants who have not worked as a nurse in the past five years.

The Alaska Nurses Association is in full support of CS for HB 276.

Sincerely,

Patricia Senner MS, RN, ANP

FEB 19 2002



Elizabeth Engle, RN BSN  
ASNA President

To: Representative Peggy Wilson

Thank you for introducing HB 276. Nursing is a complex and often poorly understood profession, and in our efforts to meet the health needs of Alaska, we often encounter difficult and frustrating situations. This bill will help to clarify some of those issues, and give some authority in decision making to those who understand the ramifications of those decisions the best.

The Alaska School Nurse Association supports this bill.

Elizabeth Engle, RN, BSN  
President, ASNA

A handwritten signature in cursive script, appearing to read "Elizabeth Engle", is written over a large, faint, dotted watermark of the Alaska School Nurses Association logo.

# SENATE COMMITTEE REPORT

DATE: 3/22/02

FURTHER: Finance

DATE TURNED IN TO OFFICE: 4/15/02

Health, Education and Social Services Committee considered CS FOR HOUSE BILL NO. 276(L&C)  
 HB 276 REGULATION OF NURSING

"An Act relating to temporary permits and licenses by endorsement issued by the Board of Nursing; and relating to the delegation of nursing duties."

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous S CS CSHB 276 (L&C)
- 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#
DCFD	3/15/02		Ø	1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Loren D. Penner</i>	✓			
<i>Gary Miller</i>	✓			
<i>Betty Davis</i>	✓			
<i>[Signature]</i>	✓			
CHAIR: <i>Lynn Mearns</i>	✓			

# SENATE COMMITTEE REPORT

DATE: 3/6/02

FURTHER: HESS

DATE TURNED  
IN TO OFFICE: 3/21/02

Labor and Commerce Committee considered CS FOR HOUSE BILL NO. 276(L&C)

*HB 276 REGULATION OF NURSING*

"An Act relating to temporary permits and licenses by endorsement issued by the Board of Nursing; and relating to the delegation of nursing duties."

and recommends:

- be replaced with SOS CS House Bill 276 (L&C)
- 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#
DCED	9/15/07		✓	1

APPROPRIATION - no fiscal note

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



**HB**

**285**

SFIN

FILE

HB 285

was referred to the  
Senate Finance  
Committee

No hearing was held  
on this bill

**HB**

**287**

HFIN

FILE



# FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: CSHB 287(FSH)  
(H) Publish Date: 3/6/02

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Fish & Game  
Title Exemption of commercial fishing entry permits BRU Comm Fish Entry Commission  
from claims of creditors Component Comm Fish Entry Commission  
Sponsor Rep. Scelzi  
Requester House Fisheries Component No. 271

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2002) cost: 0.0  
Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

No fiscal impact

Prepared by: Roger Kolden Phone 790-6950  
Division Commercial Fisheries Entry Commission Date/Time 3/4/02 12:16 PM  
Approved by: Mary McDowell, Commissioner Date 03/04/2002  
Agency Commercial Fisheries Entry Commission

# FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

Fiscal Note Number: 2  
Bill Version: CSHB 287(FSH)  
(H) Publish Date: 3/6/02

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: DCED  
Title: Exempt Entry Permits from Creditor Claims BRU: Investments (122)  
Component: Investments  
Sponsor: Representative Scalzi  
Requester: House Special Committee on Fisheries Component No.: 353

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( 21608 )</b>	<b>(21.8)</b>	<b>(15.2)</b>	<b>(15.2)</b>	<b>(15.2)</b>	<b>(15.2)</b>	<b>(15.2)</b>
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2002) cost: 0.0  
Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)  
Section 2 of HB 287 removes the one-half percent refinancing fee and that will result in a reduction of income to the Commercial Fishing Revolving Loan Fund (CFRLF). Interest rates are currently at record lows and as a result, the Division anticipates that the majority of borrowers eligible to refinance will do so prior to the effective date of this legislation. We expect approximately 100 refinancing applications in FY 03 and then approximately 70 applications per year thereafter. This will result in a reduction to the fund in FY 03 of \$21,750 and a reduction of \$15,225 each year thereafter through FY 08. These reductions were calculated as follows:

100 loans X \$43,500 (average loan size) = \$4,350,000 X .005 = \$21,750  
70 loans X \$43,500 = \$3,045,000 X .005 = \$15,225

These calculations are based interest rates remaining relatively flat or increasing gradually through FY 08.

Prepared by: Greg Winegar, Director Phone 465-2510  
Division: Investments Date/Time 2/7/02 4:50 PM  
Approved by: Deborah B. Sedwick, Commissioner Date 2/7/2002  
Agency: Department of Community & Economic Development

*Adopted  
4/25/02*

**CS FOR HOUSE BILL NO. 287(FIN)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-SECOND LEGISLATURE - SECOND SESSION**

**BY THE HOUSE FINANCE COMMITTEE**

**Offered:  
Referred:**

**Sponsor(s): REPRESENTATIVES SCALZI, Hudson, Fate**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the exemption of commercial fishing entry permits from claims of  
2 creditors and execution on an interest in a limited entry permit; and providing for an  
3 effective date."

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

5 \* **Section 1.** AS 09.38.015(a) is amended to read:

6 (a) An individual is entitled to exemption of the following property:

7 (1) a burial plot for the individual and the individual's family;

8 (2) health aids reasonably necessary to enable the individual or a  
9 dependent to work or to sustain health;

10 (3) benefits paid or payable for medical, surgical, or hospital care to  
11 the extent they are or will be used to pay for the care;

12 (4) an award under AS 18.67 (Violent Crimes Compensation Board) or  
13 a crime victim's reparations act of another jurisdiction;

14 (5) benefits paid or payable as a longevity bonus under AS 47.45;

1 (6) compensation or benefits paid or payable and exempt under federal  
2 law;

3 (7) liquor licenses granted under AS 04;

4 (8) [LIMITED ENTRY PERMITS GRANTED UNDER AS 16.43,  
5 EXCEPT AS PROVIDED IN THAT CHAPTER;

6 (9)] tuition credit or savings accounts under a higher education savings  
7 account established under AS 14.40.802 or an advance college tuition savings contract  
8 authorized under AS 14.40.809(a);

9 (9) [(10)] a permanent fund dividend to the extent allowed under  
10 AS 45.23.065.

11 \* Sec. 2. AS 16.43.170(g) is amended to read:

12 (g) A person may request the commission to transfer an entry permit due to an  
13 execution on a permit [THE] holder's interest in that permit if the execution is to  
14 enforce a lien recorded with the commission under AS 25.27.230(c). The request  
15 shall be made in the form and manner provided in this chapter and regulations adopted  
16 under this chapter. The commission may deny a request for transfer of an entry permit  
17 due to an execution of a holder's interest in that permit if

18 (1) the execution does not comply with legal requirements or otherwise  
19 is not valid;

20 (2) the transfer violates this chapter or regulations adopted under this  
21 chapter;

22 (3) the proposed transferee or other party to the transfer is prohibited  
23 by law from participating in the transaction;

24 (4) a certificate for the permit under AS 16.10.333(b)(1) - (2),  
25 16.10.338, or AS 44.81.231(a) is in effect at the time of the proposed transfer;

26 (5) the proposed transferee of the entry permit, other than the  
27 commission, cannot demonstrate the present ability to actively participate in the  
28 fishery; or

29 (6) the holder of the entry permit as shown by the records of the  
30 commission demonstrates, under regulations adopted by the commission, that the  
31 entry permit is a necessary means of support for the holder and those dependent upon

1 . the holder.

2 \* Sec. 3. AS 16.43 is amended by adding a new section to read:

3           Sec. 16.43.945. Commercial fishing privileges exempt from claims of  
4 creditors. Except as provided in AS 16.10.333 - 16.10.338, AS 16.43.170(g),  
5 AS 44.81.215, and 44.81.231 - 44.81.250, commercial fishing privileges granted under  
6 this chapter, including entry permits, are exempt from claims of creditors, including  
7 claims under AS 09.38.065 and AS 45.29.408.

8 \* Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

## Southeast Alaska Fishermen's Alliance

9369 North Douglas Highway  
Juneau, AK 99801



Phone 907-586-6652

Fax 907-586-5648

E-mail: seafa@gci.net

April 11, 2002

Representative Bill Williams, Co-Chair  
Representative Eldon Mulder, Co-Chair  
House Finance Committee  
Alaska State Legislature  
State Capitol Room 519  
Juneau, AK 99801

RE: CSHB 287(Fin) – Oppose

Southeast Alaska Fishermen's Alliance (SEAFA) testified this morning in support of the protections that HB 287 provided limited entry permit holder by making the clear statement that a limited entry permit is a use privilege and not a "property right". This is the assertion that the State of Alaska has always made and this just reinforces that claim within statute. We need this protection at this time more than ever while the commercial fishing industry is struggling and in the process of considering major change.

CSHB 287(Fin) appears to roll HB 456 into HB 287. Fishermen and others need the opportunity to comment on the aspects contained in HB 456. HB 456 and in return CSHB 287 (Fin) version appears to make radical changes to the Division of Investments and the Commercial Fishing Loan program. This program is part of the fabric that holds part of the commercial fishing industry together. This is not the time to make radical changes. The Commercial Fishing loan program will be considered during the process of the Joint Legislative Salmon Industry Task Force. If changes need to occur to Division of Investments and the Commercial Fishing Loan program let appropriate changes be forwarded that work with other changes that will be proposed to the salmon fishing industry during the Joint Legislative Task force.

Please do not adopt the CS to HB 287 and allow the bill as presented this morning to move forward.

Sincerely,

A handwritten signature in black ink that reads "Kathy Hansen".

Kathy Hansen  
Executive Director

22-LS1106\O  
Utermohle  
4/10/02

CS FOR HOUSE BILL NO. 287(FIN)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:  
Referred:

Sponsor(s): REPRESENTATIVES SCALZI, Hudson, Fate

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the exemption of commercial fishing entry permits from claims of  
2 creditors, to the legal status of limited entry permits, and to the commercial fishing loan  
3 program; and providing for an effective date."

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

5 \* Section 1. AS 09.38.015(a) is amended to read:

6 (a) An individual is entitled to exemption of the following property:

7 (1) a burial plot for the individual and the individual's family;

8 (2) health aids reasonably necessary to enable the individual or a  
9 dependent to work or to sustain health;

10 (3) benefits paid or payable for medical, surgical, or hospital care to  
11 the extent they are or will be used to pay for the care;

12 (4) an award under AS 18.67 (Violent Crimes Compensation Board) or  
13 a crime victim's reparations act of another jurisdiction;

14 (5) benefits paid or payable as a longevity bonus under AS 47.45;

1 (6) compensation or benefits paid or payable and exempt under federal  
2 law;

3 (7) liquor licenses granted under AS 04;

4 (8) [LIMITED ENTRY PERMITS GRANTED UNDER AS 16.43,  
5 EXCEPT AS PROVIDED IN THAT CHAPTER;

6 (9)] tuition credit or savings accounts under a higher education savings  
7 account established under AS 14.40.802 or an advance college tuition savings contract  
8 authorized under AS 14.40.809(a);

9 (9) [(10)] a permanent fund dividend to the extent allowed under  
10 AS 43.23.065.

11 \* Sec. 2. AS 16.10.300 is amended to read:

12 Sec. 16.10.300. Declaration of policy. It is the policy of the state, under  
13 AS 16.10.300 - 16.10.370, to support the participation of resident commercial  
14 fishermen in those areas and fisheries of the state in which the financing needs of  
15 fishermen are not adequately served by private lending institutions [PROMOTE  
16 THE REHABILITATION OF THE STATE'S FISHERIES, THE DEVELOPMENT  
17 OF A PREDOMINANTLY RESIDENT FISHERY, AND THE CONTINUED  
18 MAINTENANCE OF COMMERCIAL FISHING GEAR AND VESSELS  
19 THROUGHOUT THE STATE BY MEANS OF LONG-TERM LOW INTEREST  
20 LOANS].

21 \* Sec. 3. AS 16.10 is amended by adding a new section to read:

22 Sec. 16.10.311. Powers of the department. (a) The department may

23 (1) make loans to individual commercial fishermen who have been  
24 state residents for a continuous period of two years immediately preceding the date of  
25 application for a loan under AS 16.10.300 - 16.10.370 for the repair, restoration, or  
26 upgrading of existing vessels and gear, for the purchase of entry permits and gear, for  
27 the purchase of quota shares for fisheries in or off the state, for the construction and  
28 purchase of vessels or, to the extent allowed under (c) of this section, to satisfy past  
29 due federal tax obligations that may result in the execution on and involuntary transfer  
30 of the individual's entry permits if the individual either

31 (A) because of lack of training or lack of employment

1 opportunities in the area of residence, does not have occupational opportunities  
2 available other than commercial fishing; or

3 (B) is economically dependent on commercial fishing for a  
4 livelihood and commercial fishing has been a traditional way of life in the state  
5 for the individual;

6 (2) adopt regulations necessary to carry out the provisions of  
7 AS 16.10.300 - 16.10.370, including regulations to establish reasonable fees for  
8 services provided and regarding loans for an entry permit and for which an entry  
9 permit is used as collateral;

10 (3) establish amortization plans for repayment of loans, which may  
11 include extensions for poor fishing seasons or for adverse market conditions for  
12 Alaska products;

13 (4) enter into agreements with other state agencies or agencies of the  
14 federal government to carry out the purposes of AS 16.10.300 - 16.10.370;

15 (5) enter into agreements with other state agencies to create an  
16 outreach program to make loans under AS 16.10.300 - 16.10.370 in rural areas of the  
17 state;

18 (6) allow an assumption of a loan if

19 (A) the applicant has been a state resident for a continuous  
20 period of two years immediately preceding the date of the request for an  
21 assumption; and

22 (B) approval of the assumption would be consistent with the  
23 purpose of AS 16.10.300 - 16.10.370; an applicant for a loan assumption may  
24 not be disqualified because the applicant does not meet the loan eligibility  
25 requirements of (1)(A) or (B) of this subsection;

26 (7) prequalify loan applicants for a limited entry permit loan or a quota  
27 shares loan and charge a fee not to exceed \$50 for prequalification;

28 (8) charge and collect the fees established under this subsection;

29 (9) refinance a debt obligation to another lender incurred by a  
30 borrower or borrowers if the borrower or borrowers otherwise qualify for a loan under  
31 AS 16.10.300 - 16.10.370; the department shall collect a refinancing loan origination

1 charge of one-half of one percent of the amount of the debt obligation that has been  
2 refinanced when the first refinancing payment is due.

3 (b) In determining whether an individual commercial fisherman is reasonably  
4 likely to be able to repay a loan made under AS 16.10.300 - 16.10.370, the  
5 commissioner shall consider the individual commercial fisherman's income from  
6 commercial fishing and from all other sources.

7 (c) The department may not make a loan to an individual under (a)(1) of this  
8 section to satisfy past due federal tax obligations unless the individual has filed past  
9 and current federal tax returns with the federal government and has executed an  
10 agreement with the federal government for repayment of past due federal tax  
11 obligations. During an individual's lifetime, the individual may receive only one loan  
12 to satisfy past due federal tax obligations under (a)(1) of this section, whether under  
13 (a)(1) of this section or under any other former version of AS 16.10.310(a). A loan  
14 made under (a)(1) of this section to satisfy past due federal tax obligations may not  
15 exceed \$35,000.

16 \* Sec. 4. AS 16.10.320(a) is amended to read:

17 (a) A [EXCEPT AS PERMITTED IN (h) OF THIS SECTION, A] loan under  
18 AS 16.10.300 - 16.10.370

19 (1) may not exceed an original [A] term of 15 years [, EXCEPT FOR  
20 EXTENSIONS UNDER AS 16.10.310(a)(4)];

21 (2) must bear a fixed annual rate of interest of not less than 6.5  
22 percent nor more than 10.5 [MAY NOT BEAR INTEREST EXCEEDING 10 1/2]  
23 percent;

24 (3) may not exceed \$35,000;

25 (4) must be secured by a first priority lien and appropriate security  
26 agreement;

27 (5) [(4)] may not exceed 80 [90] percent of the [APPRAISED] value,  
28 as determined by the department, of the collateral used to secure the loan; and

29 (6) [(5)] may not be made to a person who has a past due child support  
30 obligation established by court order or by the child support enforcement division  
31 under AS 25.27.160 - 25.27.220 at the time of application.

1 \* Sec. 5. AS 16.10.320(e) is amended to read:

2 (e) Two or more individual commercial fishermen who each satisfy the  
3 requirements specified in AS 16.10.311 [AS 16.10.310(a)(1)(B)] may jointly, whether  
4 operating as a corporation, partnership, joint venture, or otherwise, obtain a  
5 commercial fishing loan for the repair, restoration, or upgrading of an existing vessel  
6 and gear, for the purchase of gear, and for the construction or the purchase of a fishing  
7 vessel. Loans granted under this subsection may not exceed the amount specified in  
8 (a) [(d)] of this section multiplied by the number of qualified commercial fishermen  
9 applying for the loan.

10 \* Sec. 6. AS 16.10.320 is amended by adding new subsections to read:

11 (k) An individual borrower may not be liable, at any one time or in any  
12 capacity, for repayment of more than two loans made under AS 16.10.300 - 16.10.370.

13 (l) The department may not permit or record a payment in reduction of  
14 principal to a loan for which any amount of interest due and payable has not been paid.

15 \* Sec. 7. AS 16.10.325 is amended to read:

16 Sec. 16.10.325. Guarantors. A person may act as guarantor if the borrower  
17 has insufficient collateral to secure a loan for the purposes described in AS 16.10.311  
18 [AS 16.10.310(a)(1)(B) OR (C)]. The loan agreement must [shall] specifically  
19 describe the property of the guarantor to be used as collateral by the borrower and  
20 shall be signed by the guarantor and the borrower. The department shall provide the  
21 guarantor with a copy of all notices sent to the borrower by the department. If the loan  
22 is for the purchase of an entry permit or quota shares, the guaranty by the guarantor  
23 may not constitute a lien, mortgage, or encumbrance on or pledge of the entry permit  
24 or quota shares.

25 \* Sec. 8. AS 16.10.333(a) is amended to read:

26 (a) Loans under AS 16.10.311 [AS 16.10.310(a)] may be made to an  
27 individual commercial fisherman for the purchase of a limited entry permit upon  
28 certification by the commission that the fisherman is a person who qualifies as a  
29 transferee for the permit under AS 16.43 and the regulations adopted by the  
30 commission.

31 \* Sec. 9. AS 16.10.335(a) is amended to read:

1 (a) If the debtor defaults upon a note for which a limited entry permit has been  
2 pledged as security under AS 16.10.333 or 16.10.338, the commissioner shall provide  
3 the debtor, by both certified and first class mail sent to the debtor's last known address  
4 on file with the commissioner, with a notice of default that includes

5 (1) a description of the security given for the note including the  
6 number assigned to the pledged permit by the commission;

7 (2) the date upon which the default occurred;

8 (3) the amount of the debtor's outstanding principal and interest as of  
9 the date of the default notice, the total amount remaining on the note less unearned  
10 interest, and the amount of daily interest;

11 (4) a statement that the debtor may, within 15 days after the postmark  
12 date of the notice, request a hearing to submit evidence showing the debtor has not  
13 defaulted;

14 (5) a statement that the note may be reinstated if it is brought current  
15 within 120 days after the postmark date of the notice;

16 (6) a statement that [, UNDER AS 16.10.310(a)(4),] the debtor may  
17 reinstate the note by submitting to the commissioner a plan of repayment if the  
18 commissioner accepts the debtor's plan of repayment;

19 (7) the place where reinstatement of the note or payment in full may be  
20 made; and

21 (8) a notice in at least 10-point bold type stating: IMPORTANT:  
22 YOUR FAILURE TO REINSTATE OR PAY THIS NOTE IN FULL BY THE DATE  
23 SPECIFIED WILL RESULT IN A FORFEITURE OF ALL RIGHTS TO THE  
24 PERMIT AND THE POSSIBILITY OF LEGAL ACTION BEING INSTITUTED  
25 AGAINST YOU.

26 \* Sec. 10. AS 16.10.338 is amended to read:

27 **Sec. 16.10.338. Entry permits as collateral.** (a) Alaska limited entry  
28 permits may be used as security for loans under AS 16.10.311 [AS 16.10.310(a)].  
29 The provisions of AS 16.10.335 and 16.10.337 apply to Alaska limited entry permits  
30 pledged as security for loans in accordance with this section.

31 (b) If a limited entry permit is pledged for security for a loan made under

1 AS 16.10.311 [AS 16.10.310(a)(1)(B)] for the repair, restoration, upgrading,  
2 construction, or purchase of a vessel and the borrower thereafter fails to make a  
3 payment or defaults, the commissioner shall, in addition to the notice provided under  
4 AS 16.10.335(a), notify the borrower that subject to the commissioner's acceptance the  
5 borrower may sell the vessel, apply the sales proceeds to the debt, and renegotiate  
6 payment of the balance due on the loan to avoid the immediate loss of the limited  
7 entry permit that has been pledged for security for the loan.

8 (c) If a limited entry permit is pledged for security for a loan made under  
9 AS 16.10.311 [AS 16.10.310(a)(1)(C)] for the purchase of quota shares and the  
10 borrower thereafter fails to make a payment or defaults, the commissioner shall, in  
11 addition to the notice provided under AS 16.10.335(a), notify the borrower that subject  
12 to the commissioner's acceptance the borrower may sell the quota shares, apply the  
13 sales proceeds to the debt, and renegotiate payment of the balance due on the loan to  
14 avoid the immediate loss of the limited entry permit that has been pledged for security  
15 for the loan.

16 \* Sec. 11. AS 16.10.340(a) is amended to read:

17 (a) There is a commercial fishing revolving loan fund to carry out the purpose  
18 of AS 16.10.300 - 16.10.370. The commissioner shall administer the fund.

19 \* Sec. 12. AS 16.10.340 is amended by adding new subsections to read:

20 (d) There is established as a special account within the commercial fishing  
21 revolving loan fund the foreclosure expense account. The commissioner may expend  
22 money credited to the foreclosure expense account when necessary to protect the  
23 state's security interest in collateral on loans granted under AS 16.10.300 - 16.10.370  
24 or to defray expenses incurred during foreclosure proceedings after a default by an  
25 obligor.

26 (e) On February 1 of each calendar year, the department shall submit to the  
27 legislature a report of summaries, analyses, and projections as of December 31 of the  
28 preceding calendar year that sets out the net cash balance of the fund available and  
29 necessary to carry out the purpose of AS 16.10.300 - 16.10.370 during the two fiscal  
30 years following the submission of the report.

31 (f) If the legislature determines that the fund contains money that is excess to

1 that needed to carry out the purpose of AS 16.10.300 - 16.10.370 or for the orderly  
2 liquidation of all loans made under former provisions of AS 16.10.300 - 16.10.370 or  
3 of all assets owned or acquired in connection with those loans, then the legislature  
4 may appropriate the excess money for any public purpose.

5 \* Sec. 13. AS 16.10 is amended by adding a new section to read:

6 **Sec. 16.10.345. Liquidation of loans and assets.** By September 1, 2002, the  
7 department shall initiate and undertake a process for the orderly liquidation of all loans  
8 made under former provisions of AS 16.10.300 - 16.10.370 and of all assets owned or  
9 acquired in connection with those loans by foreclosure or other means. The process  
10 for liquidation of the loans and assets must include strict administration of the loans  
11 and the remedies available under those loans and may also include

12 (1) negotiated sales of loans, loan-related assets, or assets acquired in  
13 foreclosure to financial institutions organized and operating under AS 06.05,  
14 AS 06.15, AS 06.45, or AS 44.81; however, loans secured by a limited entry permit  
15 and assets acquired by the department that are limited entry permits may only be sold  
16 to the Commercial Fishing and Agriculture Bank or a successor institution authorized  
17 by law to make loans secured by a limited entry permit;

18 (2) appointment of a financial institution organized and operating  
19 under AS 06.05, AS 06.15, AS 06.45, or AS 44.81 as an agent for the administration  
20 and collection of loans, subject to negotiation and establishment of a reasonable  
21 agency fee schedule for those services.

22 \* Sec. 14. AS 16.10.353(b) is amended to read:

23 (b) A person obtaining a loan under AS 16.10.300 - 16.10.370 [AFTER  
24 JUNE 28, 1991] may, by signing a form prepared for the purpose, designate the names  
25 of persons and organizations to whom a copy of the notice required by AS 16.10.335  
26 must be sent.

27 \* Sec. 15. AS 16.10.355 is amended to read:

28 **Sec. 16.10.355. Disposal of property acquired by default or foreclosure.**  
29 The department shall dispose of property acquired through default or foreclosure of a  
30 loan made under AS 16.10.300 - 16.10.370, former provisions of AS 16.10.300 -  
31 16.10.370, or former AS 16.10.650 - 16.10.720. Disposal shall be made in a manner

1 that serves the best interests of the state, and may include the amortization of  
2 payments over a period of years, but may not be by lease.

3 \* Sec. 16. AS 16.43.150(e) is amended to read:

4 (e) An entry permit is not property: an entry permit constitutes a use  
5 privilege that may be modified or revoked by the legislature without compensation.

6 \* Sec. 17. AS 16.43.170(g) is amended to read:

7 (g) A person may request the commission to transfer an entry permit due to an  
8 execution on a permit [THE] holder's interest in that permit if the execution is to  
9 enforce a lien recorded with the commission under AS 25.27.230(c). The request  
10 shall be made in the form and manner provided in this chapter and regulations adopted  
11 under this chapter. The commission may deny a request for transfer of an entry permit  
12 due to an execution of a holder's interest in that permit if

13 (1) the execution does not comply with legal requirements or otherwise  
14 is not valid;

15 (2) the transfer violates this chapter or regulations adopted under this  
16 chapter;

17 (3) the proposed transferee or other party to the transfer is prohibited  
18 by law from participating in the transaction;

19 (4) a certificate for the permit under AS 16.10.333(b)(1) - (2),  
20 16.10.338, or AS 44.81.231(a) is in effect at the time of the proposed transfer;

21 (5) the proposed transferee of the entry permit, other than the  
22 commission, cannot demonstrate the present ability to actively participate in the  
23 fishery; or

24 (6) the holder of the entry permit as shown by the records of the  
25 commission demonstrates, under regulations adopted by the commission, that the  
26 entry permit is a necessary means of support for the holder and those dependent upon  
27 the holder.

28 \* Sec. 18. AS 16.43 is amended by adding a new section to read:

29 Sec. 16.43.945. Commercial fishing privileges exempt from claims of  
30 creditors. Except as provided in AS 16.10.333 - 16.10.338, AS 16.43.170(g),  
31 AS 44.81.215, and 44.81.231 - 44.81.250, commercial fishing privileges granted under

1 this chapter, including entry permits, are exempt from claims of creditors, including  
2 claims under AS 09.38.065 and AS 45.29.408.

3 \* Sec. 19. (a) AS 16.10.310, 16.10.315, 16.10.320(b), 16.10.320(d), 16.10.320(h),  
4 16.10.320(i), 16.10.339, 16.10.340(c), 16.10.342, 16.10.350, and 16.10.520(f) are repealed.

5 (b) Sections 3, 4, and 6, ch. 127, SLA 2000, are repealed.

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

8 SAVING. Nothing in this Act may impair the rights and duties, as they existed before  
9 the effective date of this section, of parties to loans entered into under provisions of  
10 AS 16.10.300 - 16.10.370 that are amended or repealed by this Act. A loan entered into under  
11 provisions of AS 16.10.300 - 16.10.370 that are amended or repealed by this Act is subject to  
12 those terms and provisions of AS 16.10.300 - 16.10.370 and the loan agreement that was in  
13 effect when the loan was originally made or subsequently modified by the state and the  
14 borrower unless the loan agreement is amended after the effective date of this section and the  
15 parties expressly agree to be bound by provisions of AS 16.10.300 - 16.10.370 that are in  
16 effect on the date that the loan agreement is amended.

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

19 CONDITIONAL RETROSPECTIVITY. If sec. 19(b) of this Act takes effect on or  
20 after August 1, 2002, sec. 19(b) of this Act is retrospective to July 31, 2002.

21 \* Sec. 22. Sections 2 - 15, 19(a), and 20 of this Act take effect July 1, 2002.

22 \* Sec. 23. Except as provided in sec. 22 of this Act, this Act takes effect immediately under  
23 AS 01.10.070(c).



# UNITED FISHERMEN OF ALASKA

211 Fourth Street, Suite 110  
Juneau, Alaska 99801-1172  
(907) 586-2820  
(907) 463-2545 Fax  
E-Mail: [ufa@ufa-fish.org](mailto:ufa@ufa-fish.org)  
[www.ufa-fish.org](http://www.ufa-fish.org)

April 9, 2002

Representative Eldon Mulder  
Representative Bill Williams  
Co-Chairs  
House Finance Committee  
Alaska State Legislature  
State Capitol (MS 3100)  
Juneau, AK 99801-1182

Re: HB 287 Exempt Entry Permits from: Creditor Claims

Dear Co-Chairs,

United Fishermen of Alaska supports passage of this bill to exempt entry permits from creditor claims and remove the mandatory one-half of one percent refinancing fee.

An individual's permit is critical to their livelihood. Allowing creditors to seize permits would effectively put a fisherman out of business and make it so he/she is unable to repay their debt and support their family.

Dropping the refinancing fee will make it easier for fishermen to refinance loans at lower interest rates. This is particularly important at this time when ex-vessel prices are low.

UFA would appreciate your support in passing this bill.

If you have any questions about our position or if you need additional information, please feel free to contact me.

Sincerely,

Thomas M. Gemmell  
Executive Director

Copy: Representative Drew Scalzi

#### MEMBER ORGANIZATIONS

Alaska Longline Fishermen's Association • Alaska Trollers Association • At-sea Processors Association • Bristol Bay Reservo  
Chignik Regional Aquaculture Association • Concerned Area "M" Fishermen • Cook Inlet Aquaculture Association  
Copper River Salmon Producers Association • Cordova District Fishermen United • Douglas Island Pink and Chum  
Kenai Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association • Kodiak Seiners Association • North Pacific Fisheries Association  
Northern Southeast Regional Aquaculture Association • Old Harbor Fisherman's Association • Petersburg Vessel Owners Association  
Prince William Sound Aquaculture Corporation • Purse Seine Vessel Owners Association • Sealord Producers Cooperative  
Southeast Alaska Regional Dive Fisheries Association • Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association  
United Cook Inlet Drift Association • United Salmon Association • United Southeast Alaska Gillnetters



Official Business

# Alaska State Legislature

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REPRESENTATIVE DREW SCALZI

State Capitol  
Juneau, Alaska 99801-1182

(907)405-2089; (800)666-2689

FAX: (907)465-3472

*Representative\_Drew\_Scalzi@legis.state.ak.us*

## Sponsor Statement

HB287 "An Act relating to the exemption of commercial fishing entry permits from claims of creditors, to loans to satisfy past due federal tax obligations of commercial fishing entry permit holders, and to loan origination charges for loans made by the commercial fishing loan program to refinance a debt obligation; and providing for an effective date."

Recent developments in law require a clear statement of the principle embodied in the original Limited Entry Act that limited entry permits are not property subject to the claims of creditors.

The long-term crisis facing the Alaska salmon industry due to dramatic increases in world salmon production coupled with equally dramatic reductions in salmon prices make this principle all the more important. If Alaska fishermen are forced out of the water because creditors take their limited fishing privileges, everyone in Alaska loses.

In this same spirit, this bill would extend the existing tax obligation loan program portion of the commercial fishing loan program now scheduled to sunset.

This bill continues the Division of Investments existing loan program for satisfying past due tax obligations. It keeps the same limit of \$30,000, but allows an individual to apply for a secured loan under this program more than once and removes the one-half percent refinancing fee.

This bill does not alter any current claim exemptions, but simply strengthens and clarifies the exemptions.

# Petersburg Vessel Owners Association

P.O. Box 232  
Petersburg, Alaska 99833  
Phone (907) 772-9323 Fax (907) 772-4495

March 8, 2002

Representative Mulder  
Representative Williams  
Co-Chairs  
House Finance Committee  
Alaska State Legislature  
State Capitol (MS 3100)  
Juneau, AK 99801-1182

RE: Support HB 287 Exempt Entry Permits From Claims of Creditors

Petersburg Vessel Owners Association is a group of commercial fishermen who participate in a variety of fisheries statewide. Income from commercial fishing is very important to our community and to the Alaskan economy. We support this legislation to clarify the state's position that limited entry permits are access privileges, not property, and cannot be seized by creditors.

We believe that an individual's limited entry permit is his or her livelihood. If we allow permits to be seized by creditors, fishermen in debt will be unable to make a living. They will be incapable of repaying their debts or supporting themselves and their families. We feel that the language in this bill, clearly stating that entry permits cannot be seized, is essential to protect commercial fishermen, their way of life, and their ability to weather hard times.

We also support the removal of the mandatory one-half percent refinancing fee. Many fishermen have seen dramatic drops in the value of their permits and their gross revenues from fishing. Allowing refinancing at lower interest rates without additional charges and fees will allow a greater percentage of these fishermen to remain financially stable and repay the loans granted to them by the Division of Investments.

We appreciate your consideration of these comments and hope you will support this bill. If we can assist you in any way, please feel free to contact us.

Respectfully,



Cora Crome  
Director

Cc: Representative Scalzi, Representative Wilson

support

## Draft CS HB 287 (22-LS1106\J)

### Major goals of the bill:

- Amend several statutes to make state laws more firm, clear and consistent on the point that commercial fishing entry permits are not property, and instead, constitute a "use privilege" that the legislature may change or revoke without compensation.
- Make changes to DCED Division of Investments Fisheries Revolving Loan Program
  - Eliminate loan origination charge on refinancing loans.
  - Extend existence of Federal Tax Obligation Loan Program within the Fisheries Loan Program. (Currently scheduled to sunset in August, 2002. Bill removes sunset clause.)
  - Increase number of loans a person could obtain under the tax obligation program from one per lifetime to no more than one per year.

### CS HB 287 presents an important opportunity at a critical time:

- Hard times in Alaska's salmon industry likely to push more fishermen into financial trouble.
  - The need to firm up what Alaska has always contended, that permits constitute a use privilege and not property, has never been greater.
  - The Tax Obligation Loan Program provides critical assistance to some fishing families.
- A recent federal maritime case (*Quality One*) has heightened the need to firm up the legal status of limited entry permits. Federal legislation may be introduced soon in response to the ruling in that case to state clearly in federal law that the federal government shall honor the legal status bestowed upon fishing permits by the governmental entity issuing the permits. Thus, clarity and consistency in state law will be more important and significant than ever. Passage of this bill will put Alaska in a much better position to fully benefit from such federal legislation.
- The provisions of CSHB 287 are consistent with the positions the state has taken in the past with regard to the legal status of limited entry permits as a use privilege, including the state's strong stand against efforts by creditors, such as the IRS, to seize Alaska limited entry permits.

**Bill explanation**

# LEGAL SERVICES

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

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

State Capitol  
Juneau, Alaska 99801-1162  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

February 27, 2002

**SUBJECT:** Technical drafting issues generated by the looming repeal of the federal tax obligation loan program (CSHB 287( ); draft version J)

**TO:** Representative Drew Scalzi  
Attn: Pat Hartley

**FROM:** George Utermohle *GU*  
Legislative Counsel

Enclosed is the draft of CSHB 287( ), draft version J, that you requested. In addition to the changes that you requested, the CS contains a new section that is necessary to address a technical drafting issue.

The federal tax obligation loan program under AS 16.10.310(a) is due to be repealed August 1, 2002. If HB 287 takes effect before August 1, then the repeal of the federal tax obligation loan program will not occur because HB 287 would repeal the law that repeals the loan program. Even though HB 287 currently has an immediate effective date, there is the possibility that it will not take effect in time to prevent the repeal of the federal tax obligation loan program.

In order to take into consideration the possibility that the federal tax obligation loan program will be repealed before HB 287 takes effect, a new section (Sec. 3) has been added to the draft CS. This new bill section (Sec. 3) contains the amendment that is made to AS 16.10.310(a)(10) to delete the loan origination charge to refinance a commercial fishing loan which is also contained in Sec. 2 of the bill. If Sec. 2 does not take effect because of the repeal of the federal tax obligation loan program, the amendment to the loan origination charge for loan refinancing will also be lost. The effect of Sec. 3 is to allow the amendment to the loan origination charge for loan refinancing to take effect even if the federal tax obligation loan program is repealed.

Section 19 of the CS HB 287 ( ) controls whether Sec. 2 or Sec. 3 of the bill takes effect based on whether HB 287 takes effect before the federal tax obligation loan program is repealed. If HB 287 takes effect before the federal tax obligation loan program is repealed, then Sec. 2 will take effect and Sec. 3 will not. But if HB 287 takes effect after the federal tax obligation loan program is repealed, then Sec. 3 will take effect and Sec. 2 will not.

If I may be of further assistance, please advise.

GU:med  
02-220.med

Enclosure

**Provisions for federal  
tax obligation loan  
program sunset**

# LEGAL SERVICES

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

(907) 465-3167 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

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

## MEMORANDUM

February 28, 2002

**SUBJECT:** Sectional summary of CSHB 287( ), An Act relating to the exemption of commercial fishing entry permits from claims of creditors, to loans to satisfy past due federal tax obligations of commercial fishing entry permit holders, to the legal status of limited entry permits, and to loan origination charges for loans made by the commercial fishing loan program to refinance a debt obligation (draft version J) (Work Order No. 22-LS1106/J)

**TO:** Representative Drew Scalzi  
Attn: Pat Hartley

**FROM:** George Utermohle *GU*  
Legislative Counsel

You have requested a sectional summary of CSHB 287( ) (draft version J), An Act relating to the exemption of commercial fishing entry permits from claims of creditors, to loans to satisfy past due federal tax obligations of commercial fishing entry permit holders, to the legal status of limited entry permits, and to loan origination charges for loans made by the commercial fishing loan program to refinance a debt obligation.

As a preliminary matter, note that a sectional summary of a bill is not an authoritative interpretation of the bill. The bill itself is the best statement of its contents.

Section 1 of the bill amends AS 09.38.015(a) to provide that limited entry permits are not exempt property for purposes of AS 09.38 which relates to property that is exempt from execution to satisfy claims of creditors.

Section 2 of the bill amends AS 16.10.310(a) to amend provisions of the commercial fishing loan program relating to the past due federal tax obligation loan program and relating to the collection of a refinancing loan origination charge. Under sec. 9(a) of the bill, this section does not take effect if the past due federal tax obligation program is repealed before this bill takes effect.

Section 3 of the bill amends AS 16.10.310(a), as it would read after August 1, 2002, to repeal the authority of the Department of Community and Economic Development to collect a refinancing loan origination charge. On August 1, 2002, the past due federal tax obligation loan program will be repealed.

**Sectional analysis**

Representative Drew Scalzi  
February 28, 2002  
Page 2

Section 4 of the bill amends AS 16.10.310(e) to eliminate the requirement that a person may receive only one past due federal tax obligation loan during the person's lifetime and to provide that a person may only receive one past due federal tax obligation loan during a calendar year.

Section 5 of the bill amends AS 16.43.150(e) to provide that a commercial fishing entry permit issued under AS 16.43 is not property.

Section 6 of the bill amends AS 16.43.170(g) to provide that the subsection applies to the transfer of an entry permit due to execution on a permit holder's interest in the permit if the execution is to enforce a lien to collect child support that is recorded with the commission under AS 25.27.230(c).

Section 7 of the bill adds a new section (16.43.945) to AS 16.43 to provide that commercial fishing privileges, including entry permits, are exempt from claims of creditors. Only claims of the commercial fishing loan program under AS 16.10.333 - 16.10.338, claims to collect child support obligations under AS 16.43.170(g), and claims of the Commercial Fishing and Agriculture Bank under provisions of AS 44.81 may be asserted against commercial fishing privileges and entry permits.

Section 8 of the bill repeals secs. 3, 4, and 6, ch. 127, SLA 2000. If this section takes effect before August 1, 2002 the past due federal tax obligation loan program will not be repealed. Section 9(a) of the bill controls whether this section takes effect.

Section 9 of the bill provides which sections of the bill will take effect based on the date that the bill takes effect. If this bill does not take effect before the past due federal tax obligation loan program is repealed by secs. 3, 4, and 6, ch. 127, SLA 2000, on August 1, 2002, then secs. 2, 4, and 8 of the bill do not take effect and sec. 3 of the bill does take effect. If this bill does take effect before the past due federal tax obligation loan program is repealed, then secs. 2, 4, and 8 of the bill take effect and sec. 3 of the bill does not take effect.

Section 10 of the bill provides that the bill takes effect immediately under AS 01.10.070(c).

GU:med  
02-237.med

**HB**

**287**

SFIN

FILE

# SENATE FINANCE COMMITTEE REPORT

REPORTED OUT  
MAY 10 2002  
SENATE FINANCE

DATE: 5/9/02

FURTHER:

DATE TURNED IN TO OFFICE: 10 May 2002

Finance Committee considered HOUSE BILL NO. 287

*HB 287 EXEMPT ENTRY PERMITS FROM CREDITOR CLAIMS*

"An Act relating to the exemption of commercial fishing entry permits from claims of creditors, to loans to satisfy past due federal tax obligations of commercial fishing entry permit holders, and to loan origination charges for loans made by the commercial fishing loan program to refinance a debt obligation; and providing for an effective date."

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ 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#
DCED	4/24/02		✓	#3
Fish & Game	4/1/02		✓	#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>				
<i>[Signature]</i>				
<i>[Signature]</i>				
<i>[Signature]</i>				
COCHAIR: <i>[Signature]</i>				
COCHAIR: <i>[Signature]</i>				

# FISCAL NOTE

REPORTED COST  
 MAY 10 2002  
 SENATE FINANCE

**STATE OF ALASKA**  
**2002 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: CSHB 287(FSH)  
 (H) Publish Date: 3/6/02

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Fish & Game  
 Title Exemption of commercial fishing entry permits BRU Comm Fish Entry Commission  
           from claims of creditors Component Comm Fish Entry Commission  
 Sponsor Rep. Scalzi  
 Requester House Fisheries Component No. 471

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

FUND SOURCE	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type-Do not abbreviate)						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0  
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

No fiscal impact

Prepared by: Roger Kolden Phone 790-6950  
 Division Commercial Fisheries Entry Commission Date/Time 3/4/02 12:16 PM  
 Approved by: Mary McDowell, Commissioner Date 03/04/2002  
 Agency Commercial Fisheries Entry Commission

# FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

MAY 10 2002

Fiscal Note Number: 3  
 Bill Version: CSHB 287(FIN)  
 (H) Publish Date: 4/26/02  
 Dept. Affected: DCED  
 BRU Investments (122)  
 Component Investments  
 Component No. 383

Revision Date/Time (Note if correction):  
 Title Exempt Entry Permits from Creditor Claims  
 Sponsor Representative Scalzi  
 Requester House Finance

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Cont. actual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( 21608 )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This legislation has no fiscal impact on the operations of this division.

Prepared by: Greg Winegar, Director  
 Division Investments  
 Approved by: Deborah B. Swadwick, Commissioner  
 Agency Department of Community & Economic Development

Phone 465-2510  
 Date/Time 4/26/02 9:16 AM  
 Date 4/26/2002



Official Business

# Alaska State Legislature

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REPRESENTATIVE DREW SCALZI

State Capitol

Juneau, Alaska 99801-1182

(907)465-2689; (800)665-2689

FAX: (907)465-3472

*Representative\_Drew\_Scalzi@legis.state.ak.us*

## Sponsor Statement

**HB287 "An Act relating to the exemption of commercial fishing entry permits from claims of creditors and execution on an interest in a limited entry permit; and providing for an effective date."**

Recent developments in law require a clear statement of the principle embodied in the original Limited Entry Act that limited entry permits are not property subject to the claims of creditors.

The long-term crisis facing the Alaska salmon industry due to dramatic increases in world salmon production coupled with equally dramatic reductions in salmon prices make this principle all the more important. If Alaska fishermen are forced out of the water because creditors take their limited fishing privileges, everyone in Alaska loses.

The bill also adds language to request the commission to transfer an entry permit due to an execution on a permit holder's interest in that permit *if the execution is to enforce a lien recorded with the commission* and reinforces that commercial fishing privileges granted under this chapter, including entry permits are exempt from claims of creditors, including claims under AS09.38.065 and AS 45.29.408.

This bill does not alter any current claim exemptions, but simply strengthens and clarifies the exemptions.