

**ALASKA LEGISLATURE**

**2715**

**HOUSE and SENATE FINANCE COMMITTEE FILES, 2003-2004**

1 \* **Sec. 25.** AS 14.43.420 is amended by adding a new subsection to read:

2 (c) A student may receive not more than a total of \$8,000 in grants awarded  
3 under AS 14.43.400 - 14.43.420.

4 \* **Sec. 26.** AS 14.43.740(a) is amended to read:

5 (a) The provisions of AS 14.43.100, 14.43.120(a) - (c), (m), and (r) - (u),  
6 14.43.122 [14.43.110, 14.43.120(a) - (d), (m), AND (r) - (u)], 14.43.135, 14.43.145 -  
7 14.43.155 [14.43.145 - 14.43.150], and 14.43.910 - 14.43.990 apply to a loan made  
8 under AS 14.43.710 - 14.43.750.

9 \* **Sec. 27.** AS 14.43.740 is amended by adding a new subsection to read:

10 (g) The commission may, by regulation, set loan limits for loans made under  
11 AS 14.43.710 - 14.43.750.

12 \* **Sec. 28.** AS 14.43.990 is amended by adding new paragraphs to read:

13 (5) "AlaskAdvantage" means the service mark registered by the  
14 commission under 15 U.S.C. 1051 (Trademark Act) that is used to describe financial  
15 aid and higher education outreach programs and services provided by the commission;

16 (6) "education loan" means a loan made to finance the cost of  
17 attendance in a postsecondary education program that is made by the commission or is  
18 a loan received through the federal guaranteed student loan program.

19 \* **Sec. 29.** AS 14.44.040(c) is amended to read:

20 (c) If a program participant defaults on the repayment obligation, the  
21 provisions of AS 14.43.145 - 14.43.155 [AS 14.43.145 - 14.43.150] apply to collect  
22 on the obligation as if it were a defaulted loan under AS 14.43.

23 \* **Sec. 30.** AS 36.30.850(b) is amended by adding a new paragraph to read:

24 (44) contracts of the Alaska Commission on Postsecondary Education  
25 or the Alaska Student Loan Corporation for the guarantee and disbursing of financial  
26 aid money to institutions of postsecondary education under the financial aid programs  
27 under AS 14.43.091 - 14.43.750 and AS 14.44.025.

28 \* **Sec. 31.** AS 14.42.110, 14.42.220(f); AS 14.43.122(b), 14.43.300(g), 14.43.405(b),  
29 14.43.420(b), and 14.43.500 are repealed.

30 \* **Sec. 32.** The uncodified law of the State of Alaska is amended by adding a new section to  
31 read:

1           TRANSITION: REGULATIONS. The Alaska Student Loan Corporation may  
2 proceed to adopt regulations to implement the changes made by sec. 6 of this Act. The  
3 regulations take effect under AS 44.62 (Administrative Procedure Act), but not before the  
4 effective date of sec. 6 of this Act.

5       \* **Sec. 33.** The uncodified law of the State of Alaska is amended by adding a new section to  
6 read:

7           REVISOR OF STATUTES INSTRUCTIONS. (a) The revisor of statutes is  
8 instructed to change the heading of Article 5 of AS 14.43 from "Article 5. Alaska Advantage  
9 Loan Program " to "Article 5. AlaskAdvantage Loan Program."

10          (b) The revisor of statutes is instructed to change the heading of Article 8 of AS 14.43  
11 from "Article 8. Educational Incentive Grant Program." to "Article 8. AlaskAdvantage  
12 Education Grant Program."

13       \* **Sec. 34.** The uncodified law of the State of Alaska is amended by adding a new section to  
14 read:

15           REGULATIONS ATTORNEY INSTRUCTIONS. Wherever in the Alaska  
16 Administrative Code the term "Alaska advantage" is used, it shall be read as  
17 "AlaskAdvantage" when to do so would be consistent with the changes in this Act. Under  
18 AS 44.62.125(b)(6), the regulations attorney is instructed to make changes in the Alaska  
19 Administrative Code consistent with this section.

20       \* **Sec. 35.** Section 6 of this Act takes effect January 1, 2005.

21       \* **Sec. 36.** Except as provided in sec. 35 of this Act, this Act takes effect immediately under  
22 AS 01.10.070(c).



# Alaska State Senate

## Senate Finance Committee

Official Business

Mail Stop 3100  
State Capitol  
Juneau, Alaska 99801-1182

### FAX COVER SHEET

DATE: 22 March 2004 TIME: 9:50 am

TO: Legal

NUMBER OF PAGES, INCLUDING COVER SHEET: 1

FROM: MINDY ROWLAND  
SENATE FINANCE COMMITTEE SECRETARY  
PHONE: 465-4935  
FAX: 465-2187

NOTES: Final Please

CS SB 277 (FIN) 23-GS2003 \ Q

Cook 3/17/04

\_\_\_\_\_

no changes - tax

Mindy

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ALASKA COMMISSION ON POSTSECONDARY EDUCATION  
SECTIONAL ANALYSIS  
SB 277(FIN) (3/19/04)

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE
1	ACPE authorized functions. 14.42.030(e)	1-3	7-1	Adds authority to establish and enforce collection orders on defaulted loans and provide for borrower appeals of collection orders.	Amended Language
2	Education loan fund. 14.42.210(a)	3	2-9	Conforming change to add revised grant program.	Amended Language
3	14.42.210(b)	3	10-19	Conforming change; by reference, specifically authorizes grant program funding.	Amended Language
4	Bonds of the corporation. 14.42.220(a)	3	20-31	Expand the use of bond proceeds to pay costs of state projects.	Amended Language
5	Bonds of the corporation. 14.43.220(g)	4	1-3	Places a cap on the aggregate amount of bonds the corporation may issue to finance state capital projects.	New Language
6	Conditions of loans. 14.43.120(u)	4	4-14	Makes determination of an origination fee a corporation function and automatically places fees into the education loan fund of the corporation.	Amended Language
7	Consolidation of loans. 14.43.122(a)	4	15-23	Increases flexibility for offering loan consolidation options.	Amended Language
8	Default. 14.43.145 (a)	4-5	24-8	Provides authority to establish a collection order as a means of recovering on defaulted loans.	Amended Language
9	Authority and procedure to administratively establish and enforce a collection order. 14.43.151	5	9-16	Describes administrative process for establishing a lien through a collection order.	New Language
	Initiation of administrative action to establish a collection order; required notice. 14.43.152	5-6	17-11	Steps for establishing collection order; notice to borrower.	

Prepared by Diane Barrans, ACPE

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE
	Hearings in administrative action to establish a collection order; burden of proof. 14.43.153	6-7	12-5	Provides due process for borrower to contest establishment of collection order through administrative hearing.	
	Collection order as judgments. Sec. 14.43.154	7	6-11	Provides that collection order is equivalent to judgment.	New Language.
	Nature of remedies. 14.43.155	7	12-13	Provides that collection order is an alternate remedy to commission.	New Language
10	Purpose; creation. 14.43.161	7	14-19	Conforming change of trademark name.	Amended Language.
11	Repayment of loans. 14.43.166	7	20-29	Requires immediate repayment of consolidation loans.	Amended Language.
12	Default. 14.43.168(b)	7-8	30-1	Conforming change to incorporate new administrative collection order authority.	Amended Language.
13	Creation, purpose. 14.43.170	8	2-11	Conforming change of trademark name.	Amended Language
14	Applicability of other laws. 14.43.171	8	12-17	Changes applicable cite to allow for consolidation of supplemental education loans.	Amended Language
15	Eligibility. 14.43.172(c)	8-9	18-9	Revised so borrower that has fully repaid a defaulted loan may be eligible for new loan without a cosigner.	Amended Language
16	Eligibility. 14.43.172(d)	9	10-15		
17	Limits and conditions of loans. 14.43.300(a)	9	16-26	Eliminates reference to guarantee fees on memorial scholarship loans	Amended Language
18	Purpose: creation. 14.43.400	9-10	27-4	Revised to rename and describe grant program.	Amended Language
19	Administration. 14.43.405(a)	10	5-7	Conforming change of name of grant program to be administered as provided in 14.42.030.	Amended Language
20	Applicability of other laws. 14.43.406	10	9-17	Conforms by incorporating reference to other aid programs, grant program residency requirement, confidentiality of financial need information, repayment for an ineligible recipient, and definitions.	New Language

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE
21	Distribution of funds. 14.43.410	10	18-23	Conforming change of name of grant program.	Amended Language
22	4.43.410(b)	10	24-28	Revised to permit grants for half-time study.	New Language
23	Eligibility; priority. 14.43.415	10-11	29-27	Revised to require in-state attendance. Requires prioritization of eligible programs of study based on state workforce needs.	Amended Language
24	Limitation on grants. 14.43.420(a)	11	28-31	Revises minimum and maximum grant amounts.	Amended Language
25	14.43.420(c)	12	1-3	Sets maximum grant dollars per recipient.	New Language
26	Loan terms and conditions. 14.43.740(a)	12	4-8	Removes student-specific loan maximum; permits loan consolidation and administrative collection from liens.	Amended Language
27	14.43.740(g)	12	9-11	Permits commission to set loan limits by regulation.	New Language
28	Definition. 14.43.990	12	12-18	Provide definition for AlaskAdvantage, the agency's service mark registered under the Trademark Act.	New Language.
29	Repayment condition for program participants. 14.44.040(c)	12	19-22	Conforming change to include new authority for collection order for defaulted WICHE PSEP loans.	Amended Language
30	Application of this chapter. General Provisions to state procurement code. 36.30.850(b)	12	23-27	Excludes contracts for electronic services entered into by the Commission and Corporation for financial aid administration.	Amended Language

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE
31	Repealer section.	12	28-29	<p>Repeal AS 14.42.110. Purpose of corporation.</p> <p>Repeal AS 14.42.220(f), limits aggregate amount of bonds that can be issued in two consecutive years other than through legislation.</p> <p>Repeal 14.43.122(b). Limits consolidated loan interest rate to be weighted average of the interest rates on loans being consolidated.</p> <p>Repeal 14.43.300(g). ACPE authority to set loan origination fee on memorial education loans. Duplicate language of 14.43.120(u) incorporated by reference.</p> <p>Repeal 14.43.405(b). Student aid provisions applicable to the grant program. Replaced in Sec. 18.</p> <p>Repeal 14.43.420(b). Allows grant to be used at accredited postsecondary educational institution, already stated in eligibility section 14.43.415. See Sec. 20.</p> <p>Repeal 14.43.500 Defines resident. Replaced in Sec. 18 by incorporating residency requirement of 14.43.162. Defines undergraduate. Term not used in remaining text.</p>	Amending Language.
32	Transition language.	12-13	30-4	Authorization to promulgate regulations.	
33	Instructions to Revisor	13	5-12	Conforming changes to titles in Articles 5 and 8.	
34	Instructions to Regulations Attorney	13	13-19	Instructions to make conforming changes to insert "AlaskAdvantage" in regulations.	

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE
35	Effective date section.	13	20	Providing for Sec. 6 to be effective January 1, 2005.	
36	Effective date section.	13	21-22	Providing for, except as stated in Sec. 35, this Act to have an immediate effective date.	

**SENATE FINANCE COMMITTEE REPORT**

DATE: 2/11/04

FURTHER:

FEB 19 2004

DATE TURNED IN TO OFFICE: 2/19/04

Finance Committee considered

SENATE BILL NO. 277

**SB 277 STUDENT LOAN PROGRAMS**

"An Act relating to the Alaska Commission on Postsecondary Education; relating to the Alaska Student Loan Corporation; relating to bonds of the corporation; relating to loan and grant programs of the commission; relating to an exemption from the State Procurement Code regarding certain contracts of the commission or corporation; making conforming changes; and providing for an effective date."

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS SB 277 (HES)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

**Senate Bill:**  
 Same Title  
 New Title

**House Bill:**  
 Same Title  
 Technical Title Change  
 New Title w/ SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	Indet.	FN#
Education	2/12/04	120.0			

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#
DC ED	12/12/03			✓	2
ADMIN	12/15/03			✓	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>	✓			
COCHAIR: <i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			

# FISCAL NOTE

FEB 19 2004

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
Bill Version: SB 277  
(S) Publish Date: 1/23/2004

Revision Date/Time (corrected): 12/12/03 12:42pm

Dept. Affected: Administration

Title An act relating to the Alaska Commission on Postsecondary

RDU Centralized Administrative Services

Education:... relating to an exemption from the State Procurement Code...

Component Purchasing

Sponsor Rules

Requester Governor

Component No. 60

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
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 (FY2004) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

The bill would exempt Alaska Commission on Postsecondary Education contracts for guaranteeing and disbursing financial aid money to institutions of postsecondary education from the State Procurement Code (AS 36.30).

Bill has no fiscal impact.

Prepared by: Vern Jones, Chief Procurement Officer

Phone (907)465-5684

Division General Services

Date/Time 12/15/03 10:00 AM

Approved by: Mike Miller, Commissioner

Date 12/15/2003

Agency Administration

# FISCAL NOTE

RECEIVED  
FEB 19 2004

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: 2  
Bill Version: SB 277  
(S) Publish Date: 1/23/04

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: DCED  
Title ASLC Return Funds to State RDU Investments (122)  
Component Investments  
Sponsor Rules  
Requester By Request of the Governor Component No. 383

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
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 (FY2004) cost: 0.0  
Mark this box (X) if funding for this bill is included in the Governor's FY 2005 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 the division.

Prepared by: Greg Winegar, Director Phone (907) 465-2510  
Division Investments Date/Time 12/12/03 4:22 PM  
Approved by: Edgar Blatchford, Commissioner Date 12/12/2003  
Agency Department of Community & Economic Development

# FISCAL NOTE

RECEIVED  
FEB 19 2004

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: SB277CS(HES)-EED-ACPE-2-12-04  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Education  
Title An Act relating to ACPE; relating to ASLC; relating to bonds of the corporation; relating to loan and grant programs... RDU ACPE  
Sponsor Rules Committee Component Program Administration & Operations  
Requester (S) FIN Component No. 2738

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	120.0	120.0	120.0	120.0	120.0	120.0
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>120.0</b>	<b>120.0</b>	<b>120.0</b>	<b>120.0</b>	<b>120.0</b>	<b>120.0</b>

<b>CAPITAL EXPENDITURES</b>	<b>85.0</b>					
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<b>CHANGE IN REVENUES (bond proceeds)</b>	<b>75,000.0</b>	*	*			
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**FUND SOURCE** (Thousands of Dollars)

FUND SOURCE	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
1002 Federal Receipts	120.0	120.0	120.0	120.0	120.0	120.0
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
<b>TOTAL</b>	<b>120.0</b>	<b>120.0</b>	<b>120.0</b>	<b>120.0</b>	<b>120.0</b>	<b>120.0</b>

Estimate of any current year (FY2004) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This bill would allow the Alaska Student Loan Corporation (ASLC) to issue bonds and use the proceeds for purposes other than the sole funding of financial aid programs currently authorized in law. This creates a mechanism for the ASLC to return money, not otherwise required to fund core agency programs, to the state through financing of state capital projects. As of this date, the ASLC anticipates utilizing this mechanism to return approximately \$260.0 million to the state over a three-year period beginning in FY2005. \*Amounts for FY06 and FY07 will be determined next year.

This bill also would create an administrative collection order to be used for establishing a lien on property belonging to a borrower who has defaulted on an education loan.

This bill also amends the state's needs-based grant program so that grants may only be awarded to

Prepared by: Sheila King, Financial Officer Phone 465-6757  
Division Finance Date/Time 2/12/04 12:22 PM  
Approved by: Diane Barrans, Executive Director *Diane Barrans* Date 2/12/2004  
Agency Alaska Commission on Postsecondary Education

**FISCAL NOTE**

**STATE OF ALASKA  
2004 LEGISLATIVE SESSION**

**BILL NO. SB277CS(HES)-EED-ACPE-2-12-04**

**ANALYSIS CONTINUATION**

students attending qualified education programs in Alaska and authorizes the Alaska Commission on Postsecondary Education to give preference to students enrolled in programs of study required for entry into Alaska's labor shortage areas. This bill authorizes the ASLC to fund this financial aid program from corporate receipts, as they may be available, and to use those corporation funds to leverage an additional \$120,000 in federal matching dollars. The ASLC currently anticipates funding up to approximately \$600,000 in grants per year beginning in FY2005.

The \$85,000 capital budget request is to procure a web-based, grant management software tool to insure the grant application, eligibility certification, and awarding process is highly automated and requires minimal staffing resources on the part of the Commission and participating Alaska postsecondary institutions. The capital request is for the expenditure of corporation receipts, fund source 1106.

# STATE OF ALASKA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

FRANK H. MURKOWSKI, GOVERNOR

3030 VINTAGE BLVD.  
JUNEAU, ALASKA 99801-7109  
VOICE (800) 441-2962  
In Juneau (907) 465-6740  
TDD (907) 465-3143  
FAX (907) 465-3293

February 12, 2004

The Honorable Gary Wilken  
Co-Chair  
Finance Committee  
Alaska State Senate  
State Capitol, Room 518  
Juneau, Alaska 99801

Dear Senator Wilken

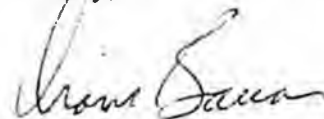
I am writing to formally request that CSSB277 (HES), an act relating to the Alaska Commission on Postsecondary Education and the Alaska Student Loan Corporation, be scheduled for a hearing in your committee.

The objectives of CSSB277 (HES) are to:

1. Broaden the scope of the Corporation's bonding authority;
2. Reconstitute the State student grant program to focus on Alaska's workforce needs;
3. Provide loan borrowers with better loan consolidation options;
4. Clarify the Commission's ability to administratively issue liens in the collection of defaulted education loans; and
5. Provide certain exemption from the State Procurement Code for services related to guaranteeing and disbursing loans.

Thank you in advance for your consideration of this request. Attached are the Governor's transmittal letter, a current version of the bill, and a sectional analysis.

Sincerely,



Diane Barrans  
Executive Director

DB/dm

Attachments

## **Alaska Student Loan Corporation Return of Contributed Assets to State**

Diane Barrans, Executive Officer/Director  
Alaska Student Loan Corporation  
Alaska Commission on Postsecondary Education

Pursuant to the Murkowski administration's explicit expectation that each state governmental unit was to scrutinize its structure and processes to insure operational efficiency and effectiveness, the management team for the Alaska Commission on Postsecondary Education (commission or ACPE) and the Alaska Student Loan Corporation (corporation or ASLC) engaged in that process. In 2003, ASLC board members and management, in consultation with financial advisors, proposed a mechanism through which the state could 1) continue to effectively administer ACPE/ASLC financial aid programs; and 2) optimize the use of its financial assets.

Based on current projections of program growth and related expenses, ASLC management anticipates that over a three-year period, beginning in 2004, it will be able to return approximately \$240-\$250 million to the State. We anticipate that various methods may be used to insure the return is achieved with minimal related expense. The method for 2004 has been determined and the corporation is in the process of implementing this as Phase I.

Simply put, in Phase I, ASLC will convert future cash flow that is not needed for effective and efficient operation of corporation programs and mission-directed activities, into cash today by issuing bonds. The cash will then be made available to the State to fund State capital needs. The following discussion focuses on the Phase I financing plan, as well as ASLC's historical and current contexts, which may be helpful in better understanding how this option is feasible at this time.

### **Phase 1 Financing Method**

In early 2004, the corporation intends to issue tax exempt bonds in an amount sufficient to support a \$75 million return of assets to the State. The financing, composed of Capital Project Revenue Bonds, will be issued under a closed, single-issue indenture. The corporation will pledge its consolidation loan portfolio to the indenture as collateral or "security." These loans are of relatively high credit quality with repayment terms of up to fifteen years in length. The repayment stream from those existing assets will be used to pay the principal and interest on the 2004 Capital Project Revenue bonds.

### **Corporation History**

The corporation was created in 1988 and began issuing bonds as a primary funding source for its programs under a master trust indenture (1988 Indenture). At that time, there were no real meaningful performance data for the commission as a servicing agency, or for the loan portfolio (valued at \$260 million) which the State had transferred to the corporation to capitalize its start up. The corporation was a brand-new, untested issuer. Therefore, the corporation's master trust indenture (the

contract under which bonds could be issued, loans made and serviced, etc.), contained a number of extremely conservative and restrictive terms. Bonds were issued under the 1988 Indenture through 2001. For the purpose of protecting the interests of the bondholders and the bonds' insurer, the indenture terms were subsequently proven to be appropriate and prudent as the corporation experienced a number of years of operating with annual losses. The end result was an equity deficit that eventually totaled \$50 million.

In 1994, program managers initiated an effort to curtail and reverse the negative financial trend. Without action, within the next three years it was likely the loan programs would have been severely curtailed or ended altogether. The erosion of assets through annual losses was rapidly pushing the corporation to the point where income would have been insufficient to comply with the indenture's debt coverage requirements, and no additional debt could be issued to finance new loans. Commission managers asked the legislature for the tools and managerial flexibility to operate as an enterprise agency of the State. Authorized changes to the programs included tying interest costs to the actual cost of funds, limiting interest-free borrowing periods, implementing credit reviews to identify applicants with poor credit records, and expanded use of authorized collection levers.

By the late '90s, as a result of these changes, the corporation and its servicing partner, ACPE, began experiencing a gradual, positive change in the agency's financial position. In 1999, performance and finances had improved so markedly, both Moody's and Standard and Poor's raised the credit ratings on the outstanding bonds in the 1988 Indenture from A/A to Aa2/AA. That year, reinforcing its operational identity as an enterprise agency of the State, the corporation's management priorities included providing an annual return to the State on the more than \$300 million in loans and cash it had given to the corporation. In 2000, at the corporation's behest, the legislature passed a bill that set out the terms under which ASLC would annually return to the State a portion of its net income.

To date, the corporation has met this objective, while also maintaining financial stability and meeting its mission to provide postsecondary education access for Alaskans. As of FY2004, the corporation has returned \$16.45 million to the State.

### **Recent Management Enhancements**

In 2002, the corporation implemented a plan to increase its options for leveraging ASLC assets by creating a new master trust indenture (2002 Indenture). At this juncture, the corporation was a recognized issuer with a strong track record in the bond market and had shown positive financial growth for six consecutive years, as shown by its financial statements. As a result, the limitations appropriate and reasonable within the 1988 Indenture (particularly the very conservative debt coverage requirement that trust cash flows document no less than 150% of annual debt service on outstanding bonds) were no longer necessary. Instead, under the 2002 Indenture, with respect to bonds issued within the new trust, the corporation is subject solely to a rating confirmation test.

Over the last two years, the 2002 Indenture has effectively replaced the 1988 Indenture, eliminating the need to issue bonds under the original master indenture. The 2002 Indenture has been the source of funding for AlaskAdvantage™ Loans. Relative to this discussion was the corporation's ability to finance more than \$75 million in consolidation loans in 2003. The underlying loans (from the state's legacy program, Alaska Student Loans) were purchased from the 1988 Indenture through the consolidation process. Due to the structure of the 2002 Trust, the corporation was able to satisfy all requirements of that trust without including the consolidation loans. Therefore, these assets can be used to securitize the Capital Project Revenue Bonds.

### **Timeline and Market Conditions**

With the 2002 Indenture in place and the debt in the 1988 Indenture declining, management proposed the following to the ASLC Board to insure the State's maximal use of assets:

- 1) The corporation issues government obligation bonds under a closed 2004 Indenture to return approximately \$75 million to the State. These bonds will be issued at fixed rates with an expected final maturity of 13 years.
- 2) Subsequently, in 2005 and 2006, the corporation will determine its capacity to return up to a total of \$260 million to the State (inclusive of the 2004 issue). In the event the corporation uses a bonding mechanism to do so, these bonds would be repaid and secured with cash flows from appropriate corporation assets. It is to provide for this option that specific changes to the corporation's statutes will be needed.

The time to act is now as current market conditions include an extremely attractive rate environment for issuers. The issuance of government obligations in the manner described above may also provide the corporation with some refunding options in future years when volume cap may be tight for the State.

### **AlaskAdvantage™ Programs Held Harmless**

The corporation has no need to rely on the assets being pledged to the Capital Project Revenue Bonds and is prepared and able to fully meet future loan demand through its normal annual issuance of bonds under the 2002 Indenture.

Additionally, a Board priority since 1999, the corporation has actively identified ways to lower costs for existing customers who borrowed loans in years when rates were substantially higher than today. Since 2001, an annual rebate has been applied to all outstanding loans with rates of up to 9%, which has the effect of capping interest rates at 8.3%. Across all benefit types, since FY2002, the corporation has provided approximately \$4.5 million in borrower benefits. More significantly, through the ASL Consolidation option in 2003, qualifying borrowers were able to lower their interest

rates by as much or more<sup>1</sup> than 3%. Program managers plan to make consolidation available on an ongoing basis beginning in July 2004, and it will continue to be the primary means through which former borrowers may reduce their financing costs.

### **Estimated Effect on ASLC Dividend**

The corporation expects to continue to operate with modest but stable annual earnings, with a portion of those earnings available as its annual dividend to the State. Under the current dividend formula, absent use of the bonding mechanism described above for the stated purpose, the corporation could expect to return to the State approximately \$700,000 per year more over the period that the consolidation loans will be repaid. While not an inconsiderable amount of money, the availability of these small amounts greatly limits the State's options for asset reinvestment.

### **Summary**

The corporation intends to continue to offer cost saving options to borrowers through its annual package of borrower benefits. Prior to developing this return of assets plan, program managers exercised due diligence, working with the corporation's financial advisors on the feasibility of such a return to the State. Cash flow models were developed to insure the corporation has, *and will continue to have*, the financial capacity to discount loan interest rates and deliver outstanding borrower benefits to our primary customers—Alaska students and the families assisting them. Only after reserving for those ongoing expenses was the issue of capacity for a return of assets to the State (and in what amount) examined.

The corporation has no intention to or interest in abrogating its primary organizational role or to put at risk its mission—to support, promote, and provide access to postsecondary education for Alaskans. The objective of this plan is to continue to serve that mission, but to do so in a way that permits ASLC to serve broader State interests through the efficient allocation of financial resources. As a true enterprise agency of the State, it is both reasonable and appropriate that ASLC assets be managed in ways that permit benefit not only under the agency's organizational mission and purpose, but also deliver broader purpose benefits to the State.

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<sup>1</sup> Underlying loans being consolidated carry interest rates of 7.8% -- 9%. The base interest rate on the 2003 consolidation loan is 5.8%. The application of borrower benefits to qualifying individuals' loans results in rate reductions of .25% to 2.25%.

2/17/04 Testimony before (S) FIN Committee re: CSSB 277

Co-chair Wilken, Co-chair Green, committee members, my name is Diane Barrans and I am the executive director of the Alaska Commission on Postsecondary Education as well as the executive officer of the Alaska Student Loan Corporation. Thank you for hearing the legislation before you today.

Appearing with me today are Sheila King, commission and corporation finance officer and by teleconference, Ken Vassar, Wolforth, Vassar, Johnson, and Brecht.

Over the past decade I have appeared before you several times seeking your support for agency initiatives.

First, the Commission asked to be given the tools and administrative latitude to modify our processes so that we could operate as a self-sustaining enterprise agency of the state. The next step was putting in place a mechanism for the corporation to begin paying to the state some portion of its annual net income, as a return on the state's original investment in the corporation.

Most recently, in 2001, our organization requested your approval to redefine its role—becoming Alaska's full service financial aid assistance and postsecondary education planning agency.

On each of these occasions, you and your fellow legislators consistently exhibited strong, bipartisan support for the mission of this agency, to promote postsecondary participation and success by Alaskans, and you unanimously passed this series of bills.

I am extremely pleased to sit before you today and commend for your approval CSSB 277. The commission and corporation, having successfully implemented the AlaskAdvantage suite of programs and services for Alaskans, now seek your support for the next step of our organizational growth.

The objectives of Senate Bill 277 which are five-fold:

- 1) To broaden the scope of the Corporation's bonding authority to include the ability to bond for the general benefit of the state. To contribute to statewide efforts to use state assets as efficiently as possible, the corporation has developed a plan to return a substantial portion of the capital the state original gave the corporation. The change in corporation statute is requested to insure that, as ASLC has capacity to return contributed capital back to the state, it will have a variety of means to do so and will be able to select the most beneficial way of doing so;
- 2) To reconstitute the state student grant program to better focus on Alaska's workforce needs and to enhance the Commission's current outreach and early awareness initiatives; our proposal redesigns the grant program to clearly have an Alaska-centered focus.
- 3) To provide the Commission with greater flexibility in offering loan consolidation options to borrowers. Current statutes limit the way in which the Commission can offer consolidation and certain customers, who have borrowed from both the discontinued loan program and the AlaskAdvantage loans, cannot currently be served through consolidation;
- 4) At the recommendation of the Department of Law, this bill will clarify the Commission's ability to administratively issue liens in the collection of defaulted education loans and set out the due process for appealing such an action by the Commission; and
- 5) Lastly, to provide an exemption from the State Procurement Code for certain services related to guaranteeing and disbursing education loans. Under the current business structure for education loans, a lender must be prepared to conduct business with the guarantors and disbursing agents preferred by the schools participating in the loan programs.

In the sectional analysis in your bill packet these changes, as well as several minor or conforming changes are identified. I would be happy to respond to specific questions or provide a walk through of the bill, section by section.

ALASKA COMMISSION ON POSTSECONDARY EDUCATION  
SECTIONAL ANALYSIS  
CSSB277 (HES) (2/12/04)

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE
1	ACPE authorized functions. 14.42.030(c)	1-3	7-1	Adds authority to establish and enforce collection orders on defaulted loans and provide for borrower appeals of collection orders.	Amended Language
2	Education loan fund. 14.42.210(a)	3	2-9	Conforming change to add revised grant program.	Amended Language
3	14.42.210(b)	3	10-19	Conforming change; by reference, specifically authorizes grant program funding.	Amended Language
4	Bonds of the corporation. 14.43.220(a)	3	20-31	Expand the use of bond proceeds to pay costs of state projects.	Amended Language
5	Bonds of the corporation. 14.43.220(g)	4	1-3	Places an aggregate cap on the amount of bonds the corporation may issue to finance projects of the state.	New Language
6	Conditions of loans. 14.43.120(u)	4	4-14	Makes determination of an origination fee a corporation function and automatically places fees into the education loan fund of the corporation.	Amended Language
7	Consolidation of loans. 14.43.122(a)	4	15-23	Increases flexibility for offering loan consolidation options.	Amended Language
8	Default. 14.43.145 (a)	4-5	24-8	Provides authority to establish a collection order as a means of recovering on defaulted loans.	Amended Language
9	Authority and procedure to administratively establish and enforce a collection order. 14.43.151	5	9-17	Describes administrative process for establishing a lien through a collection order.	New Language
	Initiation of administrative action to establish a collection order; required notice. 14.43.152	5-6	18-12	Steps for establishing collection order; notice to borrower.	
	Hearings in administrative action to establish a collection order; burden of proof. 14.43.153	6-7	13-6	Provides due process for borrower to contest establishment of collection order through administrative hearing.	

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE
	Collection order as judgments. Sec. 14.43.154	7	7-12	Provides that collection order is equivalent to judgment.	New Language.
	Nature of remedies. 14.43.155	7	13-14	Provides that collection order is an alternate remedy to commission.	New Language
10	Purpose; creation. 14.43.161	7	15-20	Conforming change of trademark name.	Amended Language.
11	Repayment of loans. 14.43.166	7	21-30	Requires immediate repayment of consolidation loans.	Amended Language.
12	Default. 14.43.168(b)	7-8	31-2	Conforming change to incorporate new administrative collection order authority.	Amended Language
13	Creation, purpose. 14.43.170	8	3-12	Conforming change of trademark name.	Amended Language
14	Applicability of other laws. 14.43.171	8	13-18	Changes applicable cite to allow for consolidation of supplemental education loans.	Amended Language
15	Eligibility. 14.43.172(c)	8-9	19-10	Revised so borrower that has fully repaid a defaulted loan may be eligible for new loan without a cosigner.	Amended Language
16	Eligibility. 14.43.172(d)	9	11-16		
17	Limits and conditions of loans. 14.43.300(a)	9	17-27	Clean up amendment. Guarantee fees eliminated in prior legislation. Origination fee currently charged.	Amending Language
18	Purpose: creation. 14.43.400	9-10	28-5	Revised to rename and describe grant program.	Amended Language
19	Administration. 14.43.405(a)	10	6-8	Conforming change of name of grant program to be administered as provided in 14.42.030.	Amended Language
20	Applicability of other laws. 14.43.406	10	9-18	Conforms by incorporating reference to other aid programs, grant program residency requirement, confidentiality of financial need information, repayment for an ineligible recipient, and definitions.	New Language
21	Distribution of funds. 14.43.410	10	19-24	Conforming change of name of grant program.	Amended Language

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE
22	4.43.410(b)	10	25-29	Revised to permit grants for half-time study.	New Language
23	Eligibility; priority. 14.43.415	10-11	30-28	Revised to require in-state attendance. Requires prioritization of eligible programs of study based on state workforce needs.	Amended Language
24	Limitation on grants. 14.43.420(a)	11-12	29-1	Revises minimum and maximum grant amounts.	Amended Language
25	14.43.420(c)	12	2-4	Sets maximum grant dollars per recipient.	New Language
26	Loan terms and conditions. 14.43.740(a)	12	5-9	Removes student-specific loan maximum; permits loan consolidation and administrative collection from liens.	Amended Language
27	14.43.740(g)	12	14-16	Permits commission to set loan limits by regulation.	New Language
28	Definition. 14.43.990	12	17-23	Provide definition for AlaskAdvantage, the agency's service mark registered under the Trademark Act.	New Language.
29	Repayment condition for program participants. 14.44.040(c)	12	24-27	Conforming change to include new authority for collection order for defaulted WICHE PSEP loans.	Amended Language
30	Application of this chapter. General Provisions to state procurement code. 36.30.850(b)	12-13	28-1	Excludes contracts for electronic services entered into by the Commission and Corporation for financial aid administration.	Amended Language
31	Repealer section	13	2-3	Repeal AS 14.42.110. Purpose of corporation.  Repeal AS 14.42.220(f). Limits aggregate amount of bonds that can be issued in two consecutive years other than through legislation.  Repeal 14.43.122(b). Limits consolidated loan interest rate to be weighted average of the interest rates on loans being consolidated.	Amending Language.

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE
31	Repealer section	13	2-3	<p>Repeal AS 14.43.145(b). Notification of default and consequences to borrower. Replaced in Sec. 8.</p> <p>Repeal 14.43.145(c). Appeal process for borrower of notice of default. Replaced in Sec. 8</p> <p>Repeal 14.43.300(g). ACPE authority to set loan origination fee on memorial education loans. Duplicate language of 14.43.120(u) incorporated by reference.</p> <p>Repeal 14.43.405(b). Student aid provisions applicable to the grant program. Replaced in Sec. 18.</p> <p>Repeal 14.43.420(b). Allows grant to be used at accredited postsecondary educational institution, already stated in eligibility section 14.43.415. See Sec. 20.</p> <p>Repeal 14.43.500(1) Defines resident. Replaced in Sec. 18 by incorporating residency requirement of 14.43.162.</p> <p>Repeal 14.43.500(2) Defines undergraduate. Term not used in remaining text.</p>	Amending Language.
32	Transition language.	13	4-9	Authorization to promulgate regulations.	
33	Instructions to Revisor	13	10-17	Conforming changes to titles in Articles 5 and 8.	
34	Instructions to Regulations Attorney	13	18-24	Instructions to make conforming changes to insert "AlaskAdvantage" in regulations	
35	Effective date section.	13	25	Providing for Sec. 6 to be effective January 1, 2005.	
36	Effective date section.	13	26-27	Providing for, except as stated in Sec. 35, this Act to have an immediate effective date.	

ALASKA COMMISSION ON POSTSECONDARY EDUCATION  
SECTIONAL ANALYSIS  
SB 277/HB 404 (1/28/04)

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE
1	ACPE authorized functions. 14.42.030(e)	1-3	7-1	Adds authority to establish and enforce collection orders on defaulted loans and provide for borrower appeals of collection orders.	Amended Language
2	Education loan fund. 14.42.210(a)	3	2-9	Conforming change to add revised grant program.	Amended Language
3	14.42.210(b)	3	10-19	Conforming change; by reference, specifically authorizes grant program funding.	Amended Language
4	Bonds of the corporation. 14.43.220(a)	4	20-31	Expand the use of bond proceeds to pay costs of state projects.	Amended Language
5	Conditions of loans. 14.43.120(u)	4	1-11	Makes determination of an origination fee a corporation function and automatically places fees into the education loan fund of the corporation.	Amended Language
6	Consolidation of loans. 14.43.122(a)	4	12-20	Increases flexibility for offering loan consolidation options.	Amended Language
7	Default. 14.43.145 (a)	4-5	21-5	Provides authority to establish a collection order as a means of recovering on defaulted loans.	Amended Language
8	Authority and procedure to administratively establish and enforce a collection order. 14.43.151	5	6-14	Describes administrative process for establishing a lien through a collection order.	New Language
	Initiation of administrative action to establish a collection order; required notice. 14.43.152	5-6	15-9	Steps for establishing collection order; notice to borrower.	
	Hearings in administrative action to establish a collection order; burden of proof. 14.43.153	6-7	10-2	Provides due process for borrower to contest establishment of collection order through administrative hearing.	

Provided by ACPE

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE
	Collection order as judgments. Sec. 14.43.154	7	3-7	Provides that collection order is equivalent to judgment.	New Language.
	Nature of remedies. 14.43.155	7	8-9	Provides that collection order is an alternate remedy to commission.	New Language
9	Purpose; creation. 14.43.161	7	10-15	Conforming change of trademark name.	Amended Language.
10	Repayment of loans. 14.43.166	7	16-25	Requires immediate repayment of consolidation loans.	Amended Language.
11	Default. 14.43.168(b)	7	26-28	Conforming change to incorporate new administrative collection order authority.	Amended Language
12	Creation, purpose. 14.43.170	7	29-7	Conforming change of trademark name.	Amended Language
13	Applicability of other laws. 14.43.171	8	8-13	Changes applicable cite to allow for consolidation of supplemental education loans.	Amended Language
14	Eligibility. 14.43.172(c)	8-9	14-5	Revised so borrower that has fully repaid a defaulted loan may be eligible for new loan without a cosigner.	Amended Language
15	Eligibility. 14.43.172(d)	9	6-11		
16	Purpose: creation. 14.43.400	9	12-20	Revised to rename and describe grant program.	Amended Language
17	Administration. 14.43.405(a)	9	21-24	Conforming change of name of grant program to be administered as provided in 14.42.030.	Amended Language
18	Applicability of other laws. 14.43.406	9-10	25-2	Conforms by incorporating reference to other aid programs, grant program residency requirement, confidentiality of financial need information, repayment for an ineligible recipient, and definitions.	New Language
19	Distribution of funds. 14.43.410	10	3-8	Conforming change of name of grant program.	Amended Language
20	4.43.410(b)	10	9-13	Revised to permit grants for half-time study.	New Language

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE
21	Eligibility; priority. 14.43.415	10-11	14-6	Revised to require in-state attendance. Requires prioritization of eligible programs of study based on state workforce needs.	Amended Language
22	Limitation on grants. 14.43.420(a)	11	7-10	Revises minimum and maximum grant amounts.	Amended Language
23	14.43.420(c)	11	11-13	Sets maximum grant dollars per recipient.	New Language
24	Definitions. 14.43.500	11	14-28	Provides definitions of occupational fields for which a "shortage priority" may be given.	Amended Language
25	Loan terms and conditions. 14.43.740(a)	11-12	29-2	Removes student-specific loan maximum; permits loan consolidation and administrative collection from liens.	Amended Language
26	14.43.740(g)	12	3-5	Permits commission to set loan limits by regulation.	New Language
27	Definition. 14.43.990	12	6-12	Provide definition for AlaskAdvantage, the agency's service mark registered under the Trademark Act.	New Language.
28	Repayment condition for program participants. 14.44.040(c)	12	13-16	Conforming change to include new authority for collection order for defaulted WICHE PSEP loans.	Amended Language
29	Application of this chapter. General Provisions to state procurement code. 36.30.850(b)	12	17-21	Excludes contracts for electronic services entered into by the Commission and Corporation for financial aid administration.	Amended Language

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE
30	Repealer section.	12	22-23	<p>Repeal AS 14.42.110. Purpose of corporation.</p> <p>Repeal AS 14.42.220(f), limits aggregate amount of bonds that can be issued in two consecutive years other than through legislation.</p> <p>Repeal 14.43.122(b). Limits consolidated loan interest rate to be weighted average of the interest rates on loans being consolidated.</p> <p>Repeal AS 14.43.145(b). Notification of default and consequences to borrower. Replaced in Sec. 8</p> <p>Repeal 14.43.145(c). Appeal process for borrower of notice of default. Replaced in Sec. 8</p> <p>Repeal 14.43.300(g). ACPE authority to set loan origination fee on memorial education loans. Duplicate language of 14.43.120(u) incorporated by reference.</p> <p>Repeal 14.43.405(b). Student aid provisions applicable to the grant program. Replaced in Sec. 18.</p> <p>Repeal 14.43.420(b). Allows grant to be used at accredited postsecondary educational institution, already stated in eligibility section 14.43.415. See Sec. 20.</p> <p>Repeal 14.43.500(1) Defines resident. Replaced in Sec. 18 by incorporating residency requirement of 14.43.162.</p> <p>Repeal 14.43.500(2) Defines undergraduate. Term not used in remaining text.</p>	Amending Language.
31	Transition language.	12	24-29	Authorization to promulgate regulations.	
32	Instructions to Revisor	12-13	30-6	Conforming changes to titles in Articles 5 and 8.	

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE
33	Instructions to Regulations Attorney	13	7-13	Instructions to make conforming changes to insert "AlaskAdvantage" in regulations.	
34	Effective date section.	13	14	Providing for Sec. 5 to be effective January 1, 2005.	
35	Effective date section.	13	15-16	Providing for, except as stated in Sec. 34, this Act to have an immediate effective date.	

FRANK H. MURKOWSKI  
GOVERNOR

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January 22, 2004

The Honorable Gene Therriault  
President of the Senate  
Alaska State Legislature  
State Capitol, Room 107  
Juneau, AK 99801-1182

Dear President Therriault:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a bill relating to the Alaska Commission on Post-secondary Education (ACPE) and the Alaska Student Loan Corporation (ASLC). This bill is a result of ASLC board members and management, in consultation with financial advisors, proposing a mechanism where (1) the state could optimize the use of its financial assets and deliver a greater return to Alaskans for its initial investment in ASLC and ACPE; and (2) continue to effectively administer ACPE/ASLC financial aid programs.

The bill would allow ASLC to issue bonds utilizing future cash flow that is in excess of that needed for effective and efficient operation of corporation programs. ASLC predicts it can return \$260 million to the state over a three-year period beginning in 2004; the proceeds from which would be available to finance capital projects.

The ASLC's primary mission is to support, promote, and provide access to postsecondary education for Alaskans. The objective of this legislation is to continue to serve that mission, but to do so in a way that permits ASLC to serve broader state interests through the efficient allocation of financial resources. As part of the development process, cash flow models were developed to ensure the corporation has and will continue to have the financial capacity to discount loan interest rates and deliver outstanding borrower benefits to its primary customers -- Alaska students and their families.

The bill establishes a "needs-based" grant program to be funded from corporate receipts and federal matching dollars. Grants must be used for qualified Alaska education programs focused on meeting Alaska's labor shortage needs. A priority is placed on students enrolled in programs of study (such as health care and education) where there is a severe shortage of trained individuals in Alaska.

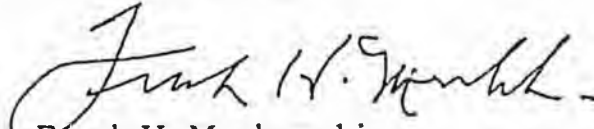
The Honorable Gene Therriault  
January 22, 2004  
Page 2

The bill also creates an "administrative collection order" and a process for establishment and use of such an order by ACPE. An administrative collection order would allow ACPE to establish a lien on borrower's property when that person has broken their promise to re-pay an education loan.

Finally, the bill exempts ACPE and ASLC contracts for disbursing and guaranteeing financial aid money from Alaska's procurement code. This creates efficiencies in the internal operations of ACPE and ASLC and meets the needs of participating post-secondary institutions (ACPE contracts with a guaranty agency and disbursing agents to electronically guarantee and/or disburse financial aid money for students to colleges and universities).

I urge your prompt and favorable action on this measure.

Sincerely yours,



Frank H. Murkowski  
Governor

Enclosure

**SENATE COMMITTEE REPORT  
First Committee of Referral**

DATE: 1/23/04

FURTHER: Finance

Date of 5-Day Notice: 1/29/04  
(in accordance with Uniform Rule 23)

DATE TURNED  
IN TO OFFICE: 2.10.04

Health, Education and Social Services Committee considered

SENATE BILL NO. 277

**SB 277 STUDENT LOAN PROGRAMS**

"An Act relating to the Alaska Commission on Postsecondary Education; relating to the Alaska Student Loan Corporation; relating to bonds of the corporation; relating to loan and grant programs of the commission; relating to an exemption from the State Procurement Code regarding certain contracts of the commission or corporation; making conforming changes; and providing for an effective date."

and recommends:

- be replaced with \_\_\_\_\_ CS for SB 277 (HES)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

<b>Senate Bill:</b>	
<input checked="" type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
<b>House Bill:</b>	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#
EED	1/30	x			4

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#
ADM	12/15			✓	1
CBD	12/12			✓	2

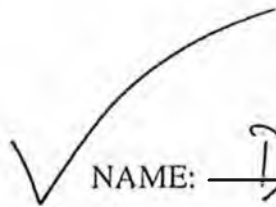
APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:		DO PASS	DO NOT PASS	NO REC	AMEND
Green	<i>Lyle Green</i>	✓			
Wilken	<i>Gary Wilken</i>	✓			
Dyson	CHAIR: <i>Paul Dyson</i>	✓			

SENATE FINANCE COMMITTEE

SIGN-IN

SB 277-STUDENT LOAN PROGRAMS



NAME: DIANE BARRON Subject/Bill No: \_\_\_\_\_

Co./Dept./Title: ACPE Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify? \_\_\_Yes \_\_\_No  Respond To Questions

NAME: Sheila King Subject/Bill No: \_\_\_\_\_

Co./Dept./Title: ACPE Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify? \_\_\_Yes \_\_\_No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_

Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify? \_\_\_Yes \_\_\_No \_\_\_ Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_

Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify? \_\_\_Yes \_\_\_No \_\_\_ Respond To Questions

SENATE FINANCE COMMITTEE

SIGN-IN

SB 277-STUDENT LOAN PROGRAMS

✓ NAME: DIANE BALBANS Subject/Bill No: SB 277  
Co./Dept./Title: Exec. Dir. / Off. in Charge <sup>ASPE+</sup> Student Loans Phone: 465-6740  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: Sheila King Subject/Bill No: SB 277  
Co./Dept./Title: Finance Officer ASPE+ ASLC Phone: 465 6757  
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





**SB**

**278**

**HFIN**

**FILE**



# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: 4 \*CORRECTED\*  
Bill Version: CSSB 278(FIN)  
(S) Publish Date: 4/29/04

Revision Date/Time: 04-27-04 1:30 PM  
Title: Labor & Workforce Development Fees

Department: Labor and Workforce Development  
BRU: Labor Standards & Safety  
Component: Mechanical Inspection

Sponsor: Rules Committee  
Requester: Senate FIN

Component Number: 346

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services	80.8	80.8	80.8	80.8	80.8	80.8
Travel	22.0	22.0	22.0	22.0	22.0	22.0
Contractual	37.7	37.7	37.7	37.7	37.7	37.7
Supplies	1.5	1.5	1.5	1.5	1.5	1.5
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( 1172 )</b>	<b>218.4</b>	<b>218.4</b>	<b>218.4</b>	<b>218.4</b>	<b>218.4</b>	<b>218.4</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						
1172 Building Safety Account	142.0	142.0	142.0	142.0	142.0	142.0
<b>TOTAL</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>

Estimate of any current year (FY2004) cost: None

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

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

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

See Attached.

Prepared by: Grey Mitchell, Director  
Division: Labor Standards & Safety  
Approved by: Greg O'Claray, Commissioner  
Agency: Department of Labor and Workforce Development

Phone 465-4855  
Date/Time 4/27/04 1:32 PM  
Date 4/27/2004

FISCAL NOTE # 4

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

BILL VERSION: CSSB 278(FIN)

ANALYSIS: (continued)

The bill creates two new fees and increases an existing fee charged by the department:

Section 1: This section creates a \$200.00 fee for recreational devices inspected by the department. This fee is intended to cover costs associated with inspector certification and travel. Estimated receipts are \$10.0 annually.

Section 2: This section creates a \$200.00 certification fee for boiler operator licenses. This fee is intended to cover existing administrative costs associated with issuing the licenses. Positions have currently been held vacant due to lack of revenue. Estimated receipts are \$76.4 annually.

Section 3: This section increases the fees for electrical and plumbing certificates of fitness from \$160.00 to \$200.00. This increase is expected to generate sufficient revenues to add an Electrical Inspector position and associated costs to enforce certificate of fitness requirements and perform inspections. Estimated receipts are \$132.0 annually.

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: 3  
Bill Version: CSSB 278(FIN)  
(S) Publish Date: 4/27/04

Revision Date/Time: 04-26-04 2:58 PM Department: Labor and Workforce Development  
Title: Labor & Workforce Development Fees BRU: Labor Standards & Safety  
Sponsor: Rules Committee Component: Wage and Hour  
Requester: Senate FIN Component Number: 345

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
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)

FUND SOURCE	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
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 (FY2004) cost: None  
Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

POSITIONS	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Full-time						
Part-time						
Temporary						

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

The Senate Finance Committee substitute eliminates the proposed \$100 flexible work plan filing fee. The estimated cost to administer the flexible work plan program is \$2.5. This is calculated based on 240 flexible work plans filed annually whose review takes approximately 40 hours for an Investigator II (\$1.6) and 20 hours for an Administrative Clerk III (\$0.5). The non-personal services costs are \$0.4. The Governor's budget includes the cost of administering this program, which is funded with general fund dollars.

Prepared by: Grey Mitchell, Director Phone 465-4855  
Division: Labor Standards & Safety Date/Time 4/26/04 2:57 PM  
Approved by: Grog O'Claray, Commissioner Date 4/26/2004  
Agency: Department of Labor and Workforce Development

38278

FRANK H. MURKOWSKI  
GOVERNOR  
GOVERNOR@GOV.STATE.AK.US



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

P.O. Box 110001  
JUNEAU, ALASKA 99811-0001  
(907) 465-3500  
FAX (907) 465-3532  
WWW.GOV.STATE.AK.US

January 22, 2004

The Honorable Gene Therriault  
President of the Senate  
Alaska State Legislature  
State Capitol, Room 107  
Juneau, AK 99801-1182

Dear President Therriault:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a bill relating to fees for the inspection of recreational devices, for inspection and issuance of certificates of fitness for electrical wiring and plumbing, for filing of voluntary flexible work hour plans, and for licenses for boiler operators. The Department of Labor (Department) spends time and state funds inspecting, reviewing, approving, or denying all of the above activities. It is only fair that the individuals receiving the benefit of the Department's efforts pay for those services.

Under AS 05.20.060, the Department conducts inspections of recreational devices to ensure public safety. Recreational devices include, but are not limited to, ski tows, roller coasters, merry-go-rounds, and ferris wheels. If an inspection reveals a defect that is an immediate safety hazard, the Department can shut down the device until the problem is fixed. This bill would allow the Department to collect an inspection fee of \$200 from the owner or operator for each recreational device inspected.

Under AS 18.60.395, a person can apply to the Department for a boiler operator license. The Department reviews the application for compliance with its regulations and standards for boiler operators. This bill would allow the Department to collect an application fee of \$200 when a person applies for a boiler operator license.

Under AS 18.62.030, except in limited situations, a person is required to obtain a certificate of fitness from the Department before the person can perform work under AS 18.50.580 (Electrical Safety Code) or AS 18.60.705 (Plumbing Code). Currently, an applicant for a certificate of fitness must pay a biennial application fee of \$160. This bill would increase the fee to \$200.

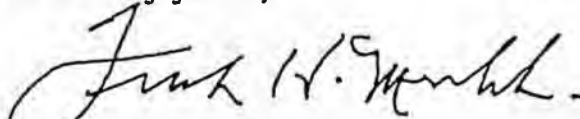
GOVERNOR'S TRANSMITTAL LETTER

The Honorable Gene Therriault  
January 22, 2004  
Page 2

Under AS 23.10.060(d)(14), an employer is required to obtain Department approval of the employer's proposed voluntary flexible work hour plan. Flexible work hour plans, for example, allow an employee to work 4 days of 10 hours each rather than 5 days of 8 hours each without additional overtime expense to the employer. The Department reviews the plan to make sure it meets certain requirements of Alaska's wage and hour laws. The bill would require an employer to pay a \$100 fee when it files a plan for Department approval.

I urge your prompt and favorable action on this measure.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Frank H. Murkowski". The signature is written in a cursive, flowing style.

Frank H. Murkowski  
Governor

Enclosure



ALASKA

April 19, 2004

Senator Gary Wilken  
Co-Chairman, Senate Finance Committee  
State Capitol Room 518  
Juneau, Alaska 99801-1182

Dear Senator Wilken,

NFIB/Alaska is seeking your support for removal of Section 4 of CSSB 278 (L&C). This section creates a \$100 fee for each voluntary flexible work plan filed with the Department of Labor.

Alaska law provides for a voluntary flexible work plan agreed on by the employer and the employee that allows for a 40-hour work week with 10-hour days without overtime. Current law requires the Department of Labor to issue a certificate approving the plan. On the 2004 NFIB member ballot, 76 percent of the members responding voted in favor of removing the Department of Labor Certificate and simply require a signed, written agreement between the employee and the employer.

State law allows a 40 hour work week consisting of 4 ten hour days. The extra time and paperwork involved with approving the plan and issuing a certificate is unnecessary. Charging \$100 for each plan is strongly opposed by NFIB.

Removing Section 4 (page 2, lines 7-10) in SB 278 removes the new \$100 fee, not the requirement for the certificate.

Sincerely,

Thyes J. Shaub  
NFIB/Alaska

**SB**

**278**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

REPORTED OUT  
  
APR 27 2004  
  
SENATE FINANCE  
COMMITTEE

DATE: 2/20/04

FURTHER:

DATE TURNED  
IN TO OFFICE: 27 April 2004

Finance Committee considered

SENATE BILL NO. 278

## SB 278 LABOR & WORKFORCE DEVELOPMENT FEES

"An Act relating to fees for the inspection of recreational devices, for certificates of fitness for electrical wiring and plumbing, for filing voluntary flexible work hour plans, and for licenses for boiler operators; and providing for an effective date."

and recommends:

- be replaced with \_\_\_\_\_ CS SB 278 (FIN)  
(as forthcoming)
- 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 Change  
 New Title w/ SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero.	FN#
Labor- Wage & Hour	4/26/04			✓	
Labor- Mech. Inspect	4/26/04	1420			

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#

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>			✓	
COCHAIR: <i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			

APR 27 2004

SENATE FINANCE  
COMMITTEE

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: SB278CS-DOLWD-WH-04-26-04  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time: 04-26-04 2:58 PM Department: Labor and Workforce Development  
Title: Labor & Workforce Development Fees BRU: Labor Standards & Safety  
Sponsor: Rules Committee Component: Wage and Hour  
Requester: Senate FIN Component Number: 345

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
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						
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 (FY2004) cost: None  
Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

The Senate Finance Committee substitute eliminates the proposed \$100 flexible work plan filing fee. The estimate cost to administer the flexible work plan program is \$2.5. This is calculated based on 240 flexible work plans filed annually whose review takes approximately 40 hours for an Investigator II (\$1.6) and 20 hours for an Administrative Clerk III (\$0.5). The non-personal services costs are \$0.4. The Governor's budget includes the cost of administering this program, which is funded with general fund dollars.

Prepared by: Grey Mitchell, Director Phone 465-4855  
Division: Labor Standards & Safety Date/Time 4/26/04 2:57 PM  
Approved by: Greg O'Claray, Commissioner Date 4/26/2004  
Agency: Department of Labor and Workforce Development

APR 27 2004

SENATE FINANCE  
COMMITTEE

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: SB278CS-DOLWD-MI-04-26-04  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time: 04-26-04 2:58 PM Department: Labor and Workforce Development  
Title: Labor & Workforce Development Fees BRU: Labor Standards & Safety  
Component: Mechanical Inspection  
Sponsor: Rules Committee  
Requester: Senate L&C Component Number: 346

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services	80.8	80.8	80.8	80.8	80.8	80.8
Travel	22.0	22.0	22.0	22.0	22.0	22.0
Contractual	37.7	37.7	37.7	37.7	37.7	37.7
Supplies	1.5	1.5	1.5	1.5	1.5	1.5
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( 1172 )</b>	<b>223.4</b>	<b>223.4</b>	<b>223.4</b>	<b>223.4</b>	<b>223.4</b>	<b>223.4</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						
1172 Building Safety Account	142.0	142.0	142.0	142.0	142.0	142.0
<b>TOTAL</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>

Estimate of any current year (FY2004) cost: None  
Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

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

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

See Attached.

Prepared by: Grey Mitchell, Director Phone 465-4855  
Division: Labor Standards & Safety Date/Time 4/26/04 3:00 PM  
Approved by: Greg O'Claray, Commissioner Date 4/26/2004  
Agency: Department of Labor and Workforce Development

FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

BILL VERSION: SB278CS-DOLWD-MI-04-26-04

ANALYSIS: (continued)

The bill creates two new fees and increases an existing fee charged by the department:

Section 1: This section creates a \$200.00 fee for recreational devices inspected by the department. This fee is intended to cover costs associated with inspector certification and travel. Estimated receipts are \$15.0 annually.

Section 2: This section creates a \$200.00 certification fee for boiler operator licenses. This fee is intended to cover existing administrative costs associated with issuing the licenses. Positions have currently been held vacant due to lack of revenue. Estimated receipts are \$76.4 annually.

Section 3: This section increases the fees for electrical and plumbing certificates of fitness from \$160.00 to \$200.00. This increase is expected to generate sufficient revenues to add an Electrical Inspector position and associated costs to enforce certificate of fitness requirements and perform inspections. Estimated receipts are \$132.0 annually.

Submitted after bill reported  
from Committee - ~~not~~ to be  
addressed in House

## FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: SB278CS-DOLWD-MI-04-27-04  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time: 04-27-04 1:30 PM  
Title: Labor & Workforce Development Fees  
Sponsor: Rules Committee  
Requester: Senate FIN

Department: Labor and Workforce Development  
BRU: Labor Standards & Safety  
Component: Mechanical Inspection  
Component Number: 346

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services	80.8	80.8	80.8	80.8	80.8	80.8
Travel	22.0	22.0	22.0	22.0	22.0	22.0
Contractual	37.7	37.7	37.7	37.7	37.7	37.7
Supplies	1.5	1.5	1.5	1.5	1.5	1.5
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>

unchanged

CAPITAL EXPENDITURES						
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changed

CHANGE IN REVENUES ( 1172 )	218.4	218.4	218.4	218.4	218.4	218.4
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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						
1172 Building Safety Account	142.0	142.0	142.0	142.0	142.0	142.0
<b>TOTAL</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>

Estimate of any current year (FY2004) cost: None  
Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

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

**ANALYSIS:** (Attach a separate page if necessary)  
  
See Attached.

Prepared by: Grey Mitchell, Director  
Division: Labor Standards & Safety  
Approved by: Greg O'Claray, Commissioner  
Agency: Department of Labor and Workforce Development

Phone: 465-4855  
Date/Time: 4/27/04 1:32 PM  
Date: 4/27/2004

FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

BILL VERSION: SB278CS-DOLWD-MI-04-27-04

ANALYSIS: (continued)

The bill creates two new fees and increases an existing fee charged by the department:

Section 1: This section creates a \$200.00 fee for recreational devices inspected by the department. This fee is intended to cover costs associated with inspector certification and travel. Estimated receipts are \$10.0 annually.

Section 2: This section creates a \$200.00 certification fee for boiler operator licenses. This fee is intended to cover existing administrative costs associated with issuing the licenses. Positions have currently been held vacant due to lack of revenue. Estimated receipts are \$76.4 annually.

Section 3: This section increases the fees for electrical and plumbing certificates of fitness from \$160.00 to \$200.00. This increase is expected to generate sufficient revenues to add an Electrical Inspector position and associated costs to enforce certificate of fitness requirements and perform inspections. Estimated receipts are \$132.0 annually.

Revised Final  
per Legal Memo  
23-GS2111V

Version "I" replaces  
Version "H"

4/28/04

1:40pm

OK'd per  
Sheila  
2:08PM  
4/28/04

**CS FOR SENATE BILL NO. 278(FIN)**

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

**TWENTY-THIRD LEGISLATURE - SECOND SESSION**

**BY THE SENATE FINANCE COMMITTEE**

**Offered:  
Referred:**

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

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to fees for the inspection of recreational devices, including  
2 instructional devices, for certificates of fitness for electrical wiring and plumbing, and  
3 for licenses for boiler operators; relating to the building safety account; and providing  
4 for an effective date."

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

6 \* Section 1. AS 05.20.060 is amended by adding new subsections to read:

7 (b) Upon inspection of a device under this section, the owner or operator of  
8 the device shall pay the department a fee of \$200 for the inspection of that device.  
9 The department shall waive the inspection fee if the owner or operator of the device  
10 uses a private inspector who is certified by a national organization to inspect devices  
11 and provides the inspection report to the department.

12 (c) Fees collected under this section shall be deposited in the building safety  
13 account created by AS 44.31.025.

14 \* Sec. 2. AS 18.60.395 is amended by adding a new subsection to read:

recreational  
deleted

1 (e) A person shall pay a nonrefundable application fee of \$200 when applying  
2 for a license as a boiler operator. Fees collected under this section shall be deposited  
3 in the building safety account created under AS 44.31.025.

4 \* **Sec. 3.** AS 18.62.030(a) is amended to read:

5 (a) An applicant shall pay a nonrefundable application and examination fee of  
6 \$50 when applying for a trainee or journeyman level certificate of fitness. The  
7 department shall charge a biennial fee of \$200 [\$160] for the issuance of a trainee or  
8 journeyman level certificate or a renewal certificate, to be prorated if issued for less  
9 than two years, and a fee of \$25 for the issuance of a duplicate certificate.

10 \* **Sec. 4.** AS 37.05.146(c)(53) is amended to read:

11 (53) receipts of fees for certain inspections deposited under  
12 AS 05.20.060, AS 18.60.360, 18.60.395, 18.60.800, and AS 18.62.030 in the building  
13 safety account created under AS 44.31.025;

14 \* **Sec. 5.** AS 44.31.025 is amended to read:

15 **Sec. 44.31.025. Building safety account.** The building safety account is  
16 created in the state treasury. The legislature may appropriate money from the account  
17 for necessary costs incurred by the Department of Labor and Workforce Development  
18 in the administration of AS 05.20, AS 18.60.180 - 18.60.395, 18.60.800 - 18.60.820,  
19 and AS 18.62. Nothing in this section creates a dedicated fund or dedicates the money  
20 in the account for a specific purpose.

21 \* **Sec. 6.** This Act takes effect July 1, 2004.

# LEGAL SERVICES

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

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


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

## MEMORANDUM

April 27, 2004

**SUBJECT:** Draft of CSSB 278(FIN) relating to fees  
(Work Order No. 23-GS2111\H)

**TO:** Senator Lyda Green  
Senator Gary Wilken  
Co-Chairs, Senate Finance Committee  
Attn: Mindy

**FROM:**  Theresa L. Bannister  
Legislative Counsel

This memo accompanies the committee substitute described above.

1. New fee waiver language. Please be aware that the new fee waiver language added as the second sentence of AS 05.20.060(b) implies that the owner/operator may choose the inspector, which is not consistent with AS 05.20.040.

2. Reference to "recreational devices." I suggest deleting "recreational devices" and inserting "devices" in AS 02.20.060(b), unless the intent is for "recreational devices" to have a different meaning from "devices." "Device" is defined at AS 05.20.120.

If I may be of further assistance, please advise.

TLB:mdr  
04-194.mdr

Enclosure

Attention: Deb Fin  
Of Senator Green's office  
RE: CS SB 278 (FIN)  
Date: 4/27/04 Time: 12:30pm

The attached Senate Finance CS incorporates the amendment(s) your boss sponsored. Please review and approve so the bill can be forwarded to the Senate Secretary.

The CS is your copy.

Thanks,  
Senate Finance Secretary  
Mindy #4935  
Robin #2618

Approved: fe  
(please initial)

Return

Amend #1  
ALSO:  
PIS. NOTE  
Legal  
Memo.  
Would have to  
talk to Labor  
about legal's memo.  
Not our amendment.  
fe

4/28 12:30

Terry Bannister to draft  
new CS to  
incorporate recommendations  
re: recreational vehicles

Attention: Deb Fitter  
Of Senator Green's office  
RE: CS SB 278 (FIN)  
Date: 4/27/04 Time: 12:30 PM

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4/28 12:30

Terry Bannister to draft  
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incorporate recommendations  
re: recreational vehicles

Proof

23-GS2111H

**CS FOR SENATE BILL NO. 278(FIN)**

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

**TWENTY-THIRD LEGISLATURE - SECOND SESSION**

**BY THE SENATE FINANCE COMMITTEE**

Offered:  
Referred:

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

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to fees for the inspection of recreational devices, including  
2 instructional devices, for certificates of fitness for electrical wiring and plumbing, and  
3 for licenses for boiler operators; relating to the building safety account; and providing  
4 for an effective date."

*language deleted*

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

6 \* **Section 1.** AS 05.20.060 is amended by adding new subsections to read:

7 (b) Upon inspection of a device under this section, the owner or operator of  
8 the device shall pay the department a fee of \$200 for the inspection of that device.  
9 The department shall waive the inspection fee if the owner or operator of the device  
10 uses a private inspector who is certified by a national organization to inspect  
11 recreational devices and provides the inspection report to the department.

12 (c) Fees collected under this section shall be deposited in the building safety  
13 account created by AS 44.31.025.

14 \* **Sec. 2.** AS 18.60.395 is amended by adding a new subsection to read:

1 (e) A person shall pay a nonrefundable application fee of \$200 when applying  
 2 for a license as a boiler operator. Fees collected under this section shall be deposited  
 3 in the building safety account created under AS 44.31.025.

4 \* **Sec. 3.** AS 18.62.030(a) is amended to read:

5 (a) An applicant shall pay a nonrefundable application and examination fee of  
 6 \$50 when applying for a trainee or journeyman level certificate of fitness. The  
 7 department shall charge a biennial fee of \$200 [\$160] for the issuance of a trainee or  
 8 journeyman level certificate or a renewal certificate, to be prorated if issued for less  
 9 than two years, and a fee of \$25 for the issuance of a duplicate certificate.

10 \* **Sec. 4.** AS 37.05.146(c)(53) is amended to read:

11 (53) receipts of fees for certain inspections deposited under  
 12 AS 05.20.060, AS 18.60.360, 18.60.395, 18.60.800, and AS 18.62.030 in the building  
 13 safety account created under AS 44.31.025;

14 \* **Sec. 5.** AS 44.31.025 is amended to read:

15 **Sec. 44.31.025. Building safety account.** The building safety account is  
 16 created in the state treasury. The legislature may appropriate money from the account  
 17 for necessary costs incurred by the Department of Labor and Workforce Development  
 18 in the administration of AS 05.20, AS 18.60.180 - 18.60.395, 18.60.800 - 18.60.820,  
 19 and AS 18.62. Nothing in this section creates a dedicated fund or dedicates the money  
 20 in the account for a specific purpose.

21 \* **Sec. 6.** This Act takes effect July 1, 2004.

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April 27, 2004

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(Work Order No. 23-GS2111\H)

**TO:** Senator Lyda Green  
Senator Gary Wilken  
Co-Chairs, Senate Finance Committee  
Attn: Mindy

**FROM:** <sup>TLB</sup> Theresa L. Bannister  
Legislative Counsel

This memo accompanies the committee substitute described above.

1. New fee waiver language. Please be aware that the new fee waiver language added as the second sentence of AS 05.20.060(b) implies that the owner/operator may choose the inspector, which is not consistent with AS 05.20.040.
2. Reference to "recreational devices." I suggest deleting "recreational devices" and inserting "devices" in AS 02.20.060(b), unless the intent is for "recreational devices" to have a different meaning from "devices." "Device" is defined at AS 05.20.120.

If I may be of further assistance, please advise.

TLB:mdr  
04-194.mdr

Enclosure

"H" was retrieved and  
was replaced  
with "I" 4/28/04  
1:30pm  
Robin



Official Business

# Alaska State Senate

## Senate Finance Committee

Mail Stop 3100  
State Capitol  
Juneau, Alaska 99801-1182

### FAX COVER SHEET

DATE: 27 April 2004 TIME: 9:20 am

TO: Legal Services

NUMBER OF PAGES, INCLUDING COVER SHEET: 3

FROM: MINDY ROWLAND  
SENATE FINANCE COMMITTEE SECRETARY  
PHONE: 465-4935  
FAX: 465-2187

NOTES: Final Please  
CS SB 278 (FIN) 23-652111ND  
plus 2 amendments - attached

Call if any questions

Thx  
Mindy

SENATE FINANCE  
COMMITTEE

Adopted

Amendment Number: #1

Bill Number: SB 278

23-GS2111D.1

Sponsor: Green Date: 4/26/04

Bannister

Logged In By: Robin

4/22/04

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR GREEN

TO: CSSB 278(L&C)

- 1 Page 1, lines 2 - 3:
- 2 Delete "for filing voluntary flexible work hour plan agreements,"
- 3
- 4 Page 2, lines 7 - 10:
- 5 Delete all material.
- 6
- 7 Renumber the following bill sections accordingly.

THE  
FOLLOWING  
DOCUMENT(S)  
ARE  
POOR  
ORIGINAL  
COPIES

**Revisor's notes.** — Paragraph (15) was enacted as (14). Renumbered in 1996.

**Cross references.** — For legislative purpose in enacting paragraph (13), see § 1, ch. 13, SLA 1993 in the Temporary and Special Acts.

**Effect of amendments.** — The 1993 amendment, effective May 8, 1993, added paragraph (13).

The first 1996 amendment, effective May 23, 1996, added paragraph (14).

The second 1996 amendment, effective July 1, 1997, added paragraph (15).

The 1997 amendment, effective May 9, 1997, added paragraph (16).

The 1999 amendment, effective May 12, 1999, in paragraph (6), inserted "nonprofit" near the beginning and "or other nonprofit organization" near the middle, and added "and are related only to the organization's nonprofit activities; for purposes of this paragraph, 'nonprofit activities' means activities for which the nonprofit organization does not incur a liability for unrelated business income tax under 26 U.S.C. 513, as amended" at the end; in paragraph (16), added subparagraph designations (A) to (C) and deleted "or an individual who" at the beginning of subparagraph (B), and added subparagraph (C) and made related stylistic changes.

#### NOTES TO DECISIONS

**Employees covered by and exempt from Fair Labor Standards Act.** — AS 23.10.050 — 23.10.150 apply to both employees covered by the Fair Labor Standards Act, 29 U.S.C. §§ 201-219, and those who are, because of insufficient connections to interstate commerce, exempt from the Fair Labor Standards Act. *Webster v. Bechtel, Inc.*, 621 P.2d 890 (Alaska 1980).

**Helicopter pilot not classified as professional.** — A commercial helicopter pilot is not a professional for purposes of the Alaska Wage and Hour Act. *Dayhoff v. Temsco Helicopters, Inc.*, 848 P.2d 1367 (Alaska 1993).

**Prisoners excluded from operation of chapter.** — See *McGinnis v. Stevens*, 543 P.2d 1221 (Alaska 1975).

**Restaurant managers.** — Partial summary judgment for plaintiffs was improper where superior court was obliged to consider district manager's testimony that restaurant managers such as plaintiffs spent less than 10 percent of their time performing tasks otherwise performed by hourly employees; a genuine issue of material fact existed as to whether plaintiffs spent more than 20 percent of their time on duties not directly and closely related to management of the restaurant. *American Restaurant Group v. Clark*, 889 P.2d 595 (Alaska 1995).

**Collateral references.** — Who is employed in "executive or administrative capacity" within exemptions from minimum wage and maximum hours provisions of Fair Labor Standards Act. 40 ALR2d 332; 124 ALR Fed. 1; 131 ALR Fed. 1.

Who is employed in "professional capacity," within exemption, under 29 USCS § 213(a)(1), from minimum wage and maximum hours provisions of Fair Labor Standards Act. 77 ALR Fed. 681.

Employee training time as exempt from minimum

**Retail manager not exempt.** — Although the retail store manager supervised employees and made more than \$600 per week, he was not exempt from the Alaska Wage and Hour Act since he spent more than 20% of his time in retail sales, an activity normally performed by nonmanagerial employee. *Grimes v. Kinney Shoe Corp.*, 902 F. Supp. 1070 (D. Alaska 1995).

**Employee held not exempt.** Employee was not an exempt administrative employee and was entitled to overtime pay where the undisputed record evidence established that employer failed to pay employee on a salary basis and required him to work under direct supervision. *Whitesides v. U-Haul Co. of Alaska*, 16 P.3d 729 (Alaska 2001).

**Applied in Alaska Int'l Indus., Inc. v. Musarra**, 602 P.2d 1240 (Alaska 1979); *Era Aviation, Inc. v. Lindfors*, 17 P.3d 40 (Alaska 2000).

**Quoted in Alyeska Pipeline Serv. Co. v. Shook**, 978 P.2d 86 (Alaska 1999); *Bruns v. Municipality of Anchorage*, 23 P.3d 641 (Alaska 2001).

**Cited in Dresser Indus., Inc. v. Alaska Dept of Labor**, 633 P.2d 998 (Alaska 1981), cert. denied, 455 U.S. 1019, 102 S. Ct. 1716, 72 L. Ed. 2d 137 (1982).

wage and overtime requirements of Fair Labor Standards Act. 80 ALR Fed. 246.

Who is "employee employed in agriculture" and therefore exempt from overtime provisions of Fair Labor Standards Act by § 13 (b)(12) of Act (29 U.S.C.A. § 213(b)(12)). 162 ALR Fed. 575.

Validity and construction of domestic service provisions of Fair Labor Standards Act (29 U.S.C. §§ 201 et seq.). 165 ALR Fed. 163.

**Sec. 23.10.060. Payment for overtime.** (a) An employer who employs employees engaged in commerce or other business, or in the production of goods or materials in the state may not employ an employee for a workweek longer than 40 hours or for more than eight hours a day. This section does not apply to the employment of a person acting in a supervisory capacity.

(b) If an employer finds it necessary to employ an employee for hours in excess of the limits set in this subsection, overtime compensation for the overtime at the rate of one and one-half times the regular rate of pay shall be paid. An employee is entitled to overtime compensation for hours worked in excess of eight hours a day. An employee is also entitled to overtime compensation for hours worked in excess of 40 hours a week; in

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determining whether an employee has worked more than 40 hours a week, the number of hours worked shall be determined without including hours that are worked in excess of eight hours in a day because the employee has or will be separately awarded overtime compensation based on those hours.

(c) This section is considered included in all contracts of employment.

(d) This section does not apply with respect to

(1) an employee employed by an employer employing less than four employees in the regular course of business, as "regular course of business" is defined by regulations of the commissioner;

(2) an employee employed in handling, packing, storing, pasteurizing, drying, preparing in their raw or natural state, or canning agricultural or horticultural commodities for market, or in making cheese or butter or other dairy products;

(3) an employee of an employer engaged in small mining operations where not more than 12 employees are employed if the employee is employed not in excess of 12 hours a day or 56 hours a week during a period or periods of not more than 14 workweeks in the aggregate in a calendar year during the mining season, as the season is defined by the commissioner;

(4) an employee engaged in agriculture;

(5) an employee employed in connection with the publication of a weekly, semiweekly, or daily newspaper with a circulation of less than 1,000;

(6) a switchboard operator employed in a public telephone exchange that has fewer than 750 stations;

(7) an employee in an otherwise exempted employment or proprietor in a retail or service establishment engaged in handling telegraphic, telephone, or radio messages for the public under an agency or contract arrangement with a telegraph or communications company where the telegraph message or communications revenue of the agency does not exceed \$500 a month;

(8) an employee employed as a seaman;

(9) an employee employed in planting or tending trees, cruising, or surveying; or bucking, or felling timber, or in preparing or transporting logs or other forestry products to the mill, processing plant, railroad, or other transportation terminal if the number of employees employed by the employer in the forestry or lumbering operations does not exceed 12;

(10) an individual employed as an outside buyer of poultry, eggs, cream, or milk in their raw or natural state;

(11) casual employees as may be liberally defined by regulations of the commissioner;

(12) an employee of a hospital whose employment includes the provision of medical services;

(13) work performed by an employee under a flexible work hour plan if the plan is included as part of a collective bargaining agreement;

(14) work performed by an employee under a voluntary flexible work hour plan if

(A) the employee and the employer have signed a written agreement and the written agreement has been filed with the department; and

(B) the department has issued a certificate approving the plan that states the work is for 40 hours a week and not more than 10 hours a day; for work over 40 hours a week or 10 hours a day under a flexible work hour plan not included as part of a collective bargaining agreement, compensation at the rate of one and one-half times the regular rate of pay shall be paid for the overtime;

(15) an individual employed as a line haul truck driver for a trip that exceeds 100 road miles one way if the compensation system under which the truck driver is paid includes overtime pay for work in excess of 40 hours a week or for more than eight hours a day and the compensation system requires a rate of pay comparable to the rate of pay required by this section;

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(16) an individual employed as a community health aide by a local or regional health organization as those terms are defined in AS 18.28.100;

(17) work performed by a mechanic primarily engaged in the servicing of automobiles, light trucks, and motor homes if the mechanic

(A) is employed as a flat-rate mechanic by a nonmanufacturing establishment primarily engaged in the business of selling or servicing motor vehicles;

(B) has signed a written agreement with the employer that specifies the mechanic's flat hourly rate of pay and the automotive manual or manuals on which the flat rate is to be based;

(C) is compensated for all hours worked in any capacity for that employer up to and including eight hours a day and 40 hours a week at an hourly rate that is not less than the greater of

(i) 75 percent of the flat hourly rate of pay agreed upon by the employer and employee under (B) of this paragraph; or

(ii) twice the state minimum wage; and

(D) is compensated for all hours worked in any capacity for that employer in excess of eight hours a day or 40 hours a week at one and one-half times the rate described in (C) of this paragraph;

(18) work performed by an employee under a voluntary written agreement addressing the trading of work shifts among employees if

(A) the employee is employed by an air carrier subject to subchapter II of the Railway Labor Act (45 U.S.C. 181-188), including employment as a customer service representative;

(B) the trading agreement is not a flexible work hour plan entered into under (13) or (14) of this subsection;

(C) the trading agreement is filed with the employee's employer; and

(D) the trading agreement states that the employee is not entitled to receive overtime for any hours worked by the employee when the employee voluntarily works those hours under a shift trading practice under which the employee has the opportunity, in the same or other work weeks, to reduce hours worked by voluntarily offering a shift for trade or reassignment.

(e) The minimum amount due an employee under (d)(17)(C) and (D) of this section shall be figured on a weekly basis. (§ 3 ch 171 SLA 1959; am § 1 ch 3 SLA 1962; am § 1 ch 243 SLA 1970; am § 1 ch 45 SLA 1972; am § 33 ch 127 SLA 1974; am § 1 ch 31 SLA 1980; am § 3 ch 47 SLA 1983; am § 1 ch 160 SLA 1990; am § 1 ch 103 SLA 1992; am § 5 ch 13 SLA 1993; am §§ 1, 2 ch 123 SLA 1998; am § 1 ch 39 SLA 1999; am § 2 ch 43 SLA 1999)

**Revisor's notes.** — The paragraphs of (d) of this section were renumbered in 1990 and 1996 to reflect the deletion of repealed paragraphs.

**Cross references.** — For legislative findings concerning the amendment of subsection (b) by § 2, ch. 43, SLA 1999, see § 1, ch. 43, SLA 1999 in the 1999 Temporary & Special Acts.

**Effect of amendments.** — The 1992 amendment, effective September 18, 1992, in subsection (d), added paragraph (16) and made stylistic changes.

The 1993 amendment, effective May 8, 1993 repealed former paragraph (d)(7).

The 1998 amendment, effective September 21, 1998, added paragraph (d)(17) and subsection (e).

The first 1999 amendment, effective June 2, 1999, added paragraph (d)(18).

The second 1999 amendment, effective June 2, 1999, rewrote subsection (b).

**Opinions of attorney general.** — The Fair Labor Standards Act, 29 U.S.C. §§ 201-219 does not expressly preempt the AS 23.10.050 — 23.10.150 on the

question of whether airline employees are excluded from the mandatory overtime directive of this section. April 15, 1980, Op. Att'y Gen.

In the case of pilots, flight crews, and other interstate air carrier employees whose activities are directly and substantially related to the transportation activities of the carrier, and who are covered by a valid existing collective bargaining agreement or agreements with the carrier, the state is precluded from applying its overtime laws due to the preemptive nature of the Railway Labor Act, 45 U.S.C. §§ 151-188. April 15, 1980, Op. Att'y Gen.

In instances where no collective bargaining agreements apply, crews of interstate air carriers are nonetheless beyond the jurisdiction of state overtime law because of certain commerce clause implications. April 15, 1980, Op. Att'y Gen.

Nonflight personnel of interstate carriers who are not covered by valid existing collective bargaining agreements are not exempt from state law, and as to



The Voice of Small Business®

ALASKA

April 19, 2004

Senator Gary Wilken  
Co-Chairman, Senate Finance Committee  
State Capitol Room 518  
Juneau, Alaska 99801-1182

Dear Senator Wilken,

NFIB/Alaska is seeking your support for removal of Section 4 of CSSB 278 (L&C). This section creates a \$100 fee for each voluntary flexible work plan filed with the Department of Labor.

Alaska law provides for a voluntary flexible work plan agreed on by the employer and the employee that allows for a 40-hour work week with 10-hour days without overtime. Current law requires the Department of Labor to issue a certificate approving the plan. On the 2004 NFIB member ballot, 76 percent of the members responding voted in favor of removing the Department of Labor Certificate and simply require a signed, written agreement between the employee and the employer.

State law allows a 40 hour work week consisting of 4 ten hour days. The extra time and paperwork involved with approving the plan and issuing a certificate is unnecessary. Charging \$100 for each plan is strongly opposed by NFIB.

Removing Section 4 (page 2, lines 7-10) in SB 278 removes the new \$100 fee, not the requirement for the certificate.

Sincerely,

Thyes J. Shaub  
NFIB/Alaska

SENATE FINANCE COMMITTEE  
4/16/03 2003 COMMITTEE ACTION

Bill Number	SB 278	
Amendment	#1	
Motion	abpt	
<u>Motion by</u>	Green	
<u>Objection by</u>	Wilken	
<u>Removed</u>	✓	
<u>Second Objection by</u>	Bunde - removed	
<u>Committee Member:</u>	Y	<u>Vote</u> N
Senator Olson		
Senator Stevens		
Senator Bunde		
Senator Dyson		
Senator Hoffman		
Co-Chair Green		
Co-Chair Wilken		
<u>Tally</u>		
Yea		
Nay		
Absent		
<u>MOTION</u>	PASS	

\* pending updated fiscal note

SENATE FINANCE  
COMMITTEE

ADOPTED SENATE FINANCE  
COMMITTEE

Amendment Number: #2  
Bill Number: SB 278  
Sponsor: Willken Date: 4/27/04  
Logged In By: Rokeberg

Amended by: \_\_\_\_\_  
Bill Number: \_\_\_\_\_  
Sponsor: \_\_\_\_\_  
Logged In By: \_\_\_\_\_

Alaska Department of Labor and Workforce Development  
Analysis of CSHB 402 (L&C)  
Companion Bill to SB 278

In the House Labor and Commerce Committee, the companion bill of SB 278 (HB 402) was amended to allow for an exemption from the fee requirement for an owner or operator of a device that uses an inspector certified by a national organization. The department supports this amendment, which was designed primarily to address concerns raised by Claire Morton of Golden Wheel Amusement Company, which uses a private, nationally certified inspector to perform inspections.

Another amendment was made by Representative Rokeberg in the House Labor and Commerce Committee to delete section 4.

If possible we would like to amend page 1, line 9 of CSSB 278 by inserting the following sentence in paragraph (b):

{ The department shall waive the inspection fee if the owner or operator of the device uses a private inspector who is certified by a national organization to inspect recreational devices and provides the inspection report to the department.

**Alaska Department of Labor and Workforce Development**  
**CSSB 278 (L&C) Sectional Analysis**

- **Section 1** establishes a \$200 fee for recreational device inspection services. Currently there is no fee for these services. The revenue will be used to cover inspector certification and travel costs associated with performing recreational device inspections in Alaska. This fee is expected to generate \$15.0 in revenue.
- **Section 2** establishes a \$200 fee for boiler operator license applications. Currently there are no fees for these licenses. The revenue will be used to cover administrative costs in the Mechanical Inspection section associated with program costs including testing applicants, issuing boiler operator licenses and maintaining licensing data. At \$200 for a three-year license, the annual cost (\$67.00) is similar to charges for other certificates of fitness issued by the department. This new fee is expected to generate \$76.4 in revenue.
- **Section 3** increases certificate of fitness (licensing) fees for electricians and plumbers to cover inspection and administrative costs in the Mechanical Inspection section. Increasing this biennial licensing fee from \$160 to \$200 is expected to provide revenues necessary to add an electrical inspector position and to fill an electrical inspector position that has been kept vacant due to revenue shortages. Currently, there is one state electrical inspector in Wasilla to cover the entire state. These fees were last adjusted on July 1, 1993. The licensing fee increase equates to \$20 per year. The additional revenue, which will be deposited in the Building Safety Account for the Mechanical Inspection section's programs, is expected to be \$132.0.
- **Section 4** establishes a \$100 filing fee for flexible work hour plans. These plans must be reviewed and approved by the Wage and Hour section under the overtime pay exemption in AS 23.10.060(d)(14). This new fee is expected to generate \$24.0 in revenue.
- **Sections 5 and 6** establish that the fees for recreational device inspections and boiler operator licensing shall be deposited into the Building Safety Account. The Mechanical Inspection section programs are the only programs funded through this sub-account of the General Fund.
- **Section 7** establishes an effective date of July 1, 2004.

Alaska Department of Labor and Workforce Development  
Analysis of CSHB 402 (L&C)  
Companion Bill to SB 278

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SB278

FRANK H. MURKOWSKI  
GOVERNOR  
GOVERNOR@GOV.STATE.AK.US



P.O. Box 110001  
JUNEAU, ALASKA 99811-0001  
(907) 465-3500  
FAX (907) 465-3532  
WWW.GOV.STATE.AK.US

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 22, 2004

The Honorable Gene Therriault  
President of the Senate  
Alaska State Legislature  
State Capitol, Room 107  
Juneau, AK 99801-1182

Dear President Therriault:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a bill relating to fees for the inspection of recreational devices, for inspection and issuance of certificates of fitness for electrical wiring and plumbing, for filing of voluntary flexible work hour plans, and for licenses for boiler operators. The Department of Labor (Department) spends time and state funds inspecting, reviewing, approving, or denying all of the above activities. It is only fair that the individuals receiving the benefit of the Department's efforts pay for those services.

Under AS 05.20.060, the Department conducts inspections of recreational devices to ensure public safety. Recreational devices include, but are not limited to, ski tows, roller coasters, merry-go-rounds, and ferris wheels. If an inspection reveals a defect that is an immediate safety hazard, the Department can shut down the device until the problem is fixed. This bill would allow the Department to collect an inspection fee of \$200 from the owner or operator for each recreational device inspected.

Under AS 18.60.395, a person can apply to the Department for a boiler operator license. The Department reviews the application for compliance with its regulations and standards for boiler operators. This bill would allow the Department to collect an application fee of \$200 when a person applies for a boiler operator license.

Under AS 18.62.030, except in limited situations, a person is required to obtain a certificate of fitness from the Department before the person can perform work under AS 18.50.580 (Electrical Safety Code) or AS 18.60.705 (Plumbing Code). Currently, an applicant for a certificate of fitness must pay a biennial application fee of \$160. This bill would increase the fee to \$200.

The Honorable Gene Therriault

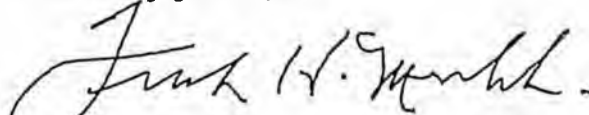
January 22, 2004

Page 2

Under AS 23.10.060(d)(14), an employer is required to obtain Department approval of the employer's proposed voluntary flexible work hour plan. Flexible work hour plans, for example, allow an employee to work 4 days of 10 hours each rather than 5 days of 8 hours each without additional overtime expense to the employer. The Department reviews the plan to make sure it meets certain requirements of Alaska's wage and hour laws. The bill would require an employer to pay a \$100 fee when it files a plan for Department approval.

I urge your prompt and favorable action on this measure.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Frank H. Murkowski". The signature is fluid and cursive, with a long horizontal stroke at the end.

Frank H. Murkowski  
Governor

Enclosure

# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
Bill Version: SB278CS-DOLWD-WH-04-15-04  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Department: Labor and Workforce Development  
Title: Labor & Workforce Development Fees BRU: Labor Standards & Safety  
Sponsor: Rules Committee Component: Wage and Hour  
Requester: Senate L&C Component Number: 34F

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
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 ( 1005 )</b>	<b>24.0</b>	<b>24.0</b>	<b>24.0</b>	<b>24.0</b>	<b>24.0</b>	<b>24.0</b>
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	(24.0)	(24.0)	(24.0)	(24.0)	(24.0)	(24.0)
1005 GF/Program Receipts	24.0	24.0	24.0	24.0	24.0	24.0
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 (FY2004) cost: None  
Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

Section 4 of this bill creates a non-refundable \$100.00 fee for processing and filing a voluntary flexible work hour plan. This fee will cover the administrative and enforcement expenses associated with flexible work hour plans. The costs associated with these plans are currently funded with general funds that will be replaced by the receipts from this fee. Estimated receipts are \$24.0 annually.

Prepared by: Grey Mitchell, Director Phone 465-4855  
Division: Labor Standards & Safety Date/Time 4/15/04 10:39 AM  
Approved by: Greg O'Claray, Commissioner Date 4/15/2004  
Agency: Department of Labor and Workforce Development

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: SB278CS-DOLWD-MI-04-15-04  
( ) Publish Date: \_\_\_\_\_

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

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services	80.8	80.8	80.8	80.8	80.8	80.8
Travel	22.0	22.0	22.0	22.0	22.0	22.0
Contractual	37.7	37.7	37.7	37.7	37.7	37.7
Supplies	1.5	1.5	1.5	1.5	1.5	1.5
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( 1172 )	223.4	223.4	223.4	223.4	223.4	223.4
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1033 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1172 Building Safety Account	142.0	142.0	142.0	142.0	142.0	142.0
<b>TOTAL</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>

Estimate of any current year (FY2004) cost: None

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

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

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

See Attached.

Prepared by: Grey Mitchell, Director Phone 465-4855  
Division: Labor Standards & Safety Date/Time 4/15/04 10:40 AM  
Approved by: Greg O'Claray, Commissioner Date 4/15/2004  
Agency: Department of Labor and Workforce Development

FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

BILL VERSION: SB278CS-DOLWD-MI-04-15-04

ANALYSIS: (continued)

The bill creates two new fees and increases an existing fee charged by the department:

Section 1: This section creates a \$200.00 fee for recreational devices inspected by the department. This fee is intended to cover costs associated with inspector certification and travel. Estimated receipts are \$15.0 annually.

Section 2: This section creates a \$200.00 certification fee for boiler operator licenses. This fee is intended to cover existing administrative costs associated with issuing the licenses. Positions have currently been held vacant due to lack of revenue. Estimated receipts are \$76.4 annually.

Section 3: This section increases the fees for electrical and plumbing certificates of fitness from \$160.00 to \$200.00. This increase is expected to generate sufficient revenues to add an Electrical Inspector position and associated costs to enforce certificate of fitness requirements and perform inspections. Estimated receipts are \$132.0 annually.

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: 2  
Bill Version: SB 278  
(S) Publish Date: 1/23/04

Revision Date/Time (Note if correction): \_\_\_\_\_ Department: Labor and Workforce Development  
Title: "An Act relating to fees..." BRU: Labor Standards & Safety  
Component: Wage and Hour  
Sponsor: Rules Committee  
Requester: Governor Component Number: 345

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
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 ( 1005 )</b>	<b>24.0</b>	<b>24.0</b>	<b>24.0</b>	<b>24.0</b>	<b>24.0</b>	<b>24.0</b>
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	(24.0)	(24.0)	(24.0)	(24.0)	(24.0)	(24.0)
1005 GF/Program Receipts	24.0	24.0	24.0	24.0	24.0	24.0
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 (FY2004) cost: None  
Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

Section 4 of this bill creates a non-refundable \$100.00 fee for processing and filing a voluntary flexible work hour plan. This fee will cover the administrative and enforcement expenses associated with flexible work hour plans. The costs associated with these plans are currently funded with general funds that will be replaced by the receipts from this fee. Estimated receipts are \$24.0 annually.

Prepared by: Gray Mitchell, Director Phone 465-4855  
Division: Labor Standards & Safety Date/Time 12/22/03 1:37 PM  
Approved by: Greg O'Claray, Commissioner Date 12/22/2003  
Agency: Department of Labor and Workforce Development

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: SB 278  
(S) Publish Date: 1/23/04

Revision Date/Time (Note if correction):  
Title: "An Act relating to fees..."

Department: Labor and Workforce Development  
BRU: Labor Standards & Safety  
Component: Mechanical Inspection

Sponsor: Rules Committee  
Requester: Governor

Component Number: 346

## Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services	80.8	80.8	80.8	80.8	80.8	80.8
Travel	22.0	22.0	22.0	22.0	22.0	22.0
Contractual	24.1	24.1	24.1	24.1	24.1	24.1
Supplies	15.1	15.1	15.1	15.1	15.1	15.1
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( 1172 )	218.4	218.4	218.4	218.4	218.4	218.4
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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						
1172 Building Safety Account	142.0	142.0	142.0	142.0	142.0	142.0
<b>TOTAL</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>

Estimate of any current year (FY2004) cost: None

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

## POSITIONS

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

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

See Attached.

Prepared by: Grey Mitchell, Director  
Division: Labor Standards & Safety  
Approved by: Greg O'Clary, Commissioner  
Agency: Department of Labor and Workforce Development

Phone 465-4855  
Date/Time 12/22/03 1:38 PM  
Date 12/22/2003