

ALASKA LEGISLATURE

HOUSE and SENATE FINANCE COMMITTEE FILES, 2005-2006 2883

State of Alaska Capital Corporation

Revenue Fund

	Borrowing Rate	Earnings Rate	Beginning Balance	Lease Appropriation Received	Outstanding Bonds	Nominal Interest Payments	Flexible Principal Payments	Earnings on Fund Balance	Transfers In	DSRF or CF Transfers out / Operations Expense	Ending Balance
2005	6.00%	2.00%	-	33,525,656	-	-	-	-	-	-	33,525,656
2006	6.00%	2.00%	33,525,656	33,525,656	326,096,837	9,782,905	-	1,245,492	-	32,709,684	25,804,215
2007	6.00%	2.00%	25,804,215	33,525,656	326,096,837	19,565,810	20,198,250	1,852,830	-	100,000	21,318,641
2008	6.00%	2.00%	21,318,641	33,525,656	305,898,587	18,353,915	18,136,466	1,840,589	-	100,000	20,094,504
2009	6.00%	2.00%	20,094,504	33,525,656	287,762,121	17,265,727	19,088,705	1,829,597	-	100,000	18,995,324
2010	6.00%	2.00%	18,995,324	33,525,656	268,673,415	16,120,405	20,280,170	1,818,028	-	100,000	17,838,433
2011	6.00%	2.00%	17,838,433	33,525,656	248,393,245	14,903,595	21,556,900	1,805,737	-	100,000	16,609,332
2012	6.00%	2.00%	16,609,332	33,525,656	226,836,346	13,610,181	22,914,626	1,792,672	-	100,000	15,302,853
2013	6.00%	2.00%	15,302,853	33,525,656	203,921,719	12,235,303	24,357,903	1,778,785	-	100,000	13,914,088
2014	6.00%	2.00%	13,914,088	33,525,656	179,563,817	10,773,829	25,892,086	1,764,022	-	100,000	12,437,851
2015	6.00%	2.00%	12,437,851	33,525,656	153,671,731	9,220,304	27,522,899	1,748,330	-	100,000	10,868,634
2016	6.00%	2.00%	10,868,634	33,525,656	126,148,831	7,568,930	29,256,430	1,731,650	-	100,000	9,200,580
2017	6.00%	2.00%	9,200,580	30,747,708	96,892,401	5,813,544	28,321,199	1,685,858	-	100,000	7,399,403
2018	6.00%	2.00%	7,399,403	30,747,708	68,571,202	4,114,272	29,918,566	1,668,694	-	100,000	5,682,966
2019	6.00%	2.00%	5,682,966	30,747,708	38,652,637	2,319,158	31,792,357	1,979,952	32,609,684	100,000	36,808,794
2020	6.00%	2.00%	36,808,794	30,747,708	6,860,279	411,617	6,860,279	1,577,290	-	100,000	61,761,896
2021	6.00%	2.00%	61,761,896	30,747,708	-	-	-	1,244,013	-	100,000	93,653,616
2022	6.00%	2.00%	93,653,616	30,747,708	-	-	-	1,566,152	-	100,000	125,867,476
2023	6.00%	2.00%	125,867,476	30,747,708	-	-	-	1,891,544	-	100,000	158,406,728
2024	6.00%	2.00%	158,406,728	30,747,708	-	-	-	2,220,224	-	100,000	191,274,659
2025	6.00%	2.00%	191,274,659	30,747,708	-	-	-	2,552,223	-	100,000	224,474,589
2026	6.00%	2.00%	224,474,589	30,747,708	-	-	-	2,887,576	-	100,000	258,009,873
2027	6.00%	2.00%	258,009,873	30,747,708	-	-	-	3,226,316	-	100,000	291,883,896
2028	6.00%	2.00%	291,883,896	30,747,708	-	-	-	3,568,478	-	100,000	326,100,082
2029	6.00%	2.00%	326,100,082	30,747,708	-	-	-	3,914,096	-	100,000	360,661,885
2030	6.00%	2.00%	360,661,885	30,747,708	-	-	-	4,263,205	-	100,000	395,572,798
2031	6.00%	2.00%	395,572,798	30,747,708	-	-	-	4,615,841	-	100,000	430,836,346
2032	6.00%	2.00%	430,836,346	30,747,708	-	-	-	4,972,038	-	100,000	466,456,091
2033	6.00%	2.00%	466,456,091	30,747,708	-	-	-	5,331,833	-	100,000	502,435,632
2034	6.00%	2.00%	502,435,632	30,747,708	-	-	-	5,695,263	-	100,000	538,778,603
2035	6.00%	2.00%	538,778,603	30,747,708	-	-	-	6,062,364	-	100,000	575,488,674
2036	6.00%	2.00%	575,488,674	30,747,708	-	-	-	6,433,173	-	100,000	612,569,555
2037	6.00%	2.00%	612,569,555	30,747,708	-	-	-	6,807,727	-	100,000	650,024,989
2038	6.00%	2.00%	650,024,989	30,747,708	-	-	-	7,186,065	-	100,000	687,858,761

State of Alaska Capital Corporation

Reserve Fund

	Earnings Rate	Beginning Balance	Additional Contributions	Earnings on Fund Balance	Earnings Transfer Out	Termination of Reserve	Ending Balance
2005	4.00%	-				-	-
2006	4.00%	-	32,609,684	652,194	652,194	-	32,609,684
2007	4.00%	32,609,684		1,304,387	1,304,387	-	32,609,684
2008	4.00%	32,609,684		1,304,387	1,304,387	-	32,609,684
2009	4.00%	32,609,684		1,304,387	1,304,387	-	32,609,684
2010	4.00%	32,609,684		1,304,387	1,304,387	-	32,609,684
2011	4.00%	32,609,684		1,304,387	1,304,387	-	32,609,684
2012	4.00%	32,609,684		1,304,387	1,304,387	-	32,609,684
2013	4.00%	32,609,684		1,304,387	1,304,387	-	32,609,684
2014	4.00%	32,609,684		1,304,387	1,304,387	-	32,609,684
2015	4.00%	32,609,684		1,304,387	1,304,387	-	32,609,684
2016	4.00%	32,609,684		1,304,387	1,304,387	-	32,609,684
2017	4.00%	32,609,684		1,304,387	1,304,387	-	32,609,684
2018	4.00%	32,609,684		1,304,387	1,304,387	-	32,609,684
2019	4.00%	32,609,684		1,304,387	1,304,387	-	32,609,684
2020	4.00%	32,609,684		652,194	652,194	32,609,684	-
2021	4.00%	-		-	-	-	-
2022	4.00%	-		-	-	-	-
2023	4.00%	-		-	-	-	-
2024	4.00%	-		-	-	-	-
2025	4.00%	-		-	-	-	-
2026	4.00%	-		-	-	-	-
2027	4.00%	-		-	-	-	-
2028	4.00%	-		-	-	-	-
2029	4.00%	-		-	-	-	-
2030	4.00%	-		-	-	-	-
2031	4.00%	-		-	-	-	-
2032	4.00%	-		-	-	-	-
2033	4.00%	-		-	-	-	-
2034	4.00%	-		-	-	-	-
2035	4.00%	-		-	-	-	-
2036	4.00%	-		-	-	-	-
2037	4.00%	-		-	-	-	-
2038	4.00%	-		-	-	-	-

Cheryl Frasca
Re: Repeal of *Amerada Hess* earning sequestration
requirement in AS 37.13.145(d)

January 28, 2005

MEMORANDUM

State of Alaska
Department of Law

To: Cheryl Frasca
Office of the Governor

Date: January 28, 2005

From: Wilson L. Condon
Assistant Attorney General
Oil, Gas & Mining-Anchorage

Tel. No.: 269-5255

File No.: N/A

Re: Repeal of *Amerada Hess*
earning sequestration
requirement in AS 37.13.145(d)

I. INTRODUCTION

In 1991 the legislature enacted the current version of AS 37.13.145(d) as part of provisions governing management of the Alaska Permanent Fund Corporation ("APFC"). The statute imposes a financial sequestration requirement on earnings from settlement proceeds received by the State in ANS Royalty Litigation, commonly known as the *Amerada Hess* ("*AmHess*") litigation. In relevant part, AS 37.13.145(d) requires that:

[I]ncome earned on money awarded in or received as a result of State v. *Amerada Hess*, et al., HU-77-847 Civ. (Superior Court, First Judicial District), including settlement, summary judgment, or adjustment to a royalty-in-kind contract that is tied to the outcome of this case, or interest earned on the money, or on the earnings of the money . . . is not available for distribution to the dividend fund, and shall be annually deposited into the principal of the Alaska permanent fund.

The legislature adopted the statute in order to negate an argument advanced by producers during the *AmHess* litigation that no Alaska judge or juror could be impartial in the adjudication of the matter because they had a financial stake in the outcome. According to the producers, any judgment returned would ultimately be deposited into the Alaska Permanent Fund, affecting the size of the annual Permanent Fund Dividend ("PFD").

Cheryl Frasca

January 28, 2005

Re: Repeal of *Amerada Hess* earning sequestration
requirement in AS 37.13.145(d)

All issues in the *AmHess* litigation were concluded and the case dismissed in 1995. Since the statute was adopted, the APFC has always used a separate sub-account to isolate any *AmHess* proceeds and the income earned on those proceeds. This sub-account is part of the principal account of the permanent fund. The purpose of the sub-account is: (1) to ensure that *AmHess* earnings are not included in the amount from which the PFD is annually paid; and (2) to track the amount to be transferred annually from the Fund's realized earnings account to Fund principal, and thereafter be allocated to the *AmHess* sub-account. Presently, no additional *AmHess* litigation proceeds are due from the producers, but annual earnings allocations and adjustments continue to be handled in conformity with AS 37.13.145(d).

II. QUESTIONS PRESENTED

1. Can the legislature repeal AS 37.13.145 at this time?

III. SHORT ANSWER

1. Yes, the legislature has authority to repeal the provisions of AS 37.13.145. However, the bias challenge raised by the producers in *AmHess* is one that is capable of repetition in future litigation. Most likely, it would be raised again.¹ Therefore, repeal of AS 37.13.145 may undermine the State's position in future litigation that Alaska judges and jurors are not financially impacted by litigation proceeds. The producers will argue that an agreement by the State to segregate future litigation proceeds is illusory. They will contend that any segregation requirement will eventually be repealed, and the money thereafter commingled with PFD funds. Thus, under their argument, judges and jurors will retain an expectation of recovery from the proceeds in the matter before them, thereby requiring their disqualification.

IV. DISCUSSION

As long as there are no contractual promises enforceable under the federal Contract Clause,² a valid general act may effectively repeal or supersede the provisions of a prior

¹ This is so because the disqualification issue was never fully litigated on the merits through appeal in either the state or federal litigation arising out of *Hess*.

² U.S. Const. art. 1, § 10, cl. 2 ("[n]o State shall . . . pass any . . . Law impairing the Obligation of Contracts.").

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January 28, 2005

act.³ Here, there is no contractual promise with the *AmHess* parties to maintain a sequestration requirement for any fixed period of time, or indefinitely. No judicial order mandates the treatment. The reasons prompting enactment of the provision became moot when all issues in the case were settled in 1995. Thus, as a legal matter, the legislature is presently free to repeal the sequestration requirements of AS 37.13.145(d).

In practical terms, repeal of AS 37.13.145(d) would mean that the annual realized income of the Fund would be increased by the amount earned from approximately \$400 million of assets. Under the current distribution formula, this means that the amount of the annual PFD would be increased as a result of inclusion of *AmHess* proceeds in "the amount available for distribution to the dividend fund."⁴ The *AmHess* judges and potential jurors will now belatedly realize larger PFDs from repeal of the provision.

Although no legal obstacle impedes repeal of AS 37.13.145(d), the legislature may care to balance the benefits of such repeal versus the potential negative consequences. In the benefit column, there will be fairly insubstantial savings of APFD accounting time and bookkeeping entries isolating the funds and the earnings on those funds. Also in the benefit column, there will be an increased annual PFD available for all Alaskans. In the negative column, the legislature may have furnished the producers an evidentiary basis to argue in future litigation that "we all know that proceeds of this lawsuit will eventually find their way into the PFD, and therefore, no Alaskan judge or juror can be impartial."

I cannot say that a future state or federal court would entertain such an argument based on a one-time incidence of repeal. It is even more tenuous to suggest, as the producers would, that Alaskan judges and jurors follow the requirements of PFD accounting so closely to know of the repeal of AS 37.13.145(d). However, it may unnecessarily complicate future litigation. Therefore, in the absence of a more compelling justification for repeal than I currently see, I would counsel leaving the statute on the books.

WLC:AMP:eb

³ *State v. Lewis*, 559 P.2d 630 (Alaska 1977), *cert. denied*, 432 U.S. 901.

⁴ AS 37.13.145(d).

Frequently Asked Questions About the Amerada Hess Capital Project Financing Proposal

1. Why issue debt instead of paying cash from the projected surplus?

The rationale for issuing debt instead of paying cash for projects is that both current and future users will pay the cost while enjoying the useful life of the facilities.

2. How will the settlement's earnings translate into money to fund state capital projects?

Each year the settlement is estimated to earn \$30 million, which is expected to be enough to pay the debt service on \$340 million in bond proceeds. The Governor's FY 06 capital budget proposes to use these bond proceeds to pay for a number of capital projects—from road construction to taking care of some of the deferred maintenance needs in state facilities and parks.

3. Why are you proposing the Alaska Capital Fund and State of Alaska Capital Corporation be created to sell these bonds? Why doesn't the State just sell limited liability moral obligation bonds itself?

The main consideration in utilizing a public corporation to issue bonds is to separate it from state general fund indebtedness. One major benefit is to preserve the state's own debt capacity for potential equity ownership in the gasline.

4. Won't this reduce my Permanent Fund dividend?

No it will not. State law specifically excludes the interest earned from this settlement from being used in the calculation of the annual dividend amount. Right now the only role these earnings have played is to grow the size of the settlement from an original deposit of \$82.1 million in FY 92 to \$424.4 million in FY 04.

5. We have been told that the State's credit ratings will be downgraded if it tries to sell bonds before recurring revenues match recurring expenditures. Since the State still doesn't have a fiscal plan, won't this issuance result in a downgrade?

Consultations with rating agencies have provided assurance that these bonds can be structured to have no negative effect on the state's credit ratings. The bond proposal will be structured as self-supporting debt through the use of a new revenue source – Amerada Hess realized earnings.

6. **How would this proposal fit with the POMV constitutional amendment proposal that would annually pay out a percentage of the market value of the Permanent Fund?**

Two possibilities are: 1) Exclude the \$424 million Amerada Hess principal from the market value of the Permanent Fund in the POMV calculation; 2) Repeal the Alaska Capital Fund sub-account in the earnings reserve and fund debt service of the Alaska Capital Corporation from the POMV payout stream.

7. **Since you're taking interest earned by a settlement that is part of the Permanent Fund to pay debt service, couldn't you instead use those revenues to increase dividend checks?**

Amerada Hess realized net income is specifically excluded by statute from the annual dividend calculation. Legislation would have to be passed to change this. The marginal difference in the individual dividend by including Amerada Hess income would amount to about \$10 in the first year, increasing gradually over the next 11 years to about \$40 in FY 2015.

8. **Isn't this the "camel's nose under the tent" prelude to spending Permanent Fund earnings for purposes other than dividends and inflation proofing?**

No, because this proposal is limited to earnings on the Amerada Hess principal, which currently does not contribute to dividends or inflation proofing.

9. **What will happen if the Permanent Fund experiences several more bad investment years? Will the revenues be sufficient to pay debt service on these bonds? If not, how will the debt service be paid?**

The Alaska Capital Fund, out of which debt service payments will be made, will have a balance sufficient to cover 2+ years worth of debt service payments. Historically the Permanent Fund average annual earnings have been 8.94% and the ten-year forecasted rate of realized return is 7.61%. Projections show debt service may be paid with an average realized rate of return as low as 5.5%, but given market volatility it is extremely important to be able to withstand short term bear markets.

The bonds will be structured with an interest only debt service schedule with flexibility in repayment of principal, as earnings allow, to accommodate down market years. A final maturity will include all principal due, although it is anticipated that all bonds will be paid off much sooner. In the event earnings were low for an extended period of time, the bonds would be refinanced prior to the final payment to extend

the payment schedule. This flexibility will be further enhanced through implementation of a debt service reserve fund and an advance funded debt payment account. When combined with an anticipated residual fund balance in the Alaska Capital Fund, these structural and credit features provide a high probability of an available funding source to pay the debt service. In the unlikely event that all these precautions fail, the state then would have a moral obligation to make up any shortfall with general funds.

10. How does this proposal square with the Governor's promise to not touch the Permanent Fund without a public vote?

The general public will not be affected by this proposal at all since Amerada Hess earnings do not figure into dividends. There will be a public benefit from the capital projects financed from this source.

The following Capital Projects are proposed for
FY 06 funding by the Alaska Capital Fund

**Project Review Listing
FY06 Governor's Capital Budget**

Multiple User Selected Fund Codes

Department of Administration

<u>AP/AL Project Title</u>		<u>Fund Source Total</u>
AP Public Building Facilities Projects	2000 Bond Funds	\$6,902,000
AP Maintenance Projects for Facilities Outside the Public Building Fund	2000 Bond Funds	\$3,098,000
	General Fund Total:	0
	Federal Total:	0
	Other Total:	\$10,000,000
	Department Total:	\$10,000,000

Department of Commerce, Community, and Economic Development

<u>AP/AL Project Title</u>		<u>Fund Source Total</u>
AP Energy Projects	2000 Bond Funds	\$250,000
AP City of Unalaska - Boat Harbor	2000 Bond Funds	\$2,000,000
AP Tongass Coast Aquarium, Inc.	2000 Bond Funds	\$100,000
	General Fund Total:	0
	Federal Total:	0
	Other Total:	\$2,350,000
	Department Total:	\$2,350,000

Department of Corrections

<u>AP/AL Project Title</u>		<u>Fund Source Total</u>
AP Institution Closed Circuit TV System Recording	2000 Bond Funds	\$2,500,000
AP Deferred Maintenance, Repair, and Renovations	2000 Bond Funds	\$8,000,000
AP Statewide Equipment Replacement	2000 Bond Funds	\$450,000
AP Community Jails Life, Safety and Security Renovations and Miscellaneous Equipment	2000 Bond Funds	\$100,000
	General Fund Total:	0
	Federal Total:	0
	Other Total:	\$11,050,000
	Department Total:	\$11,050,000

* Indicates an appropriation with allocations (amounts not included in totals)

Project Review Listing
FY06 Governor's Capital Budget

Multiple User Selected Fund Codes

Department of Fish and Game

<u>AP/AL Project Title</u>			<u>Fund Source Total</u>
AP Deferred Maintenance Facilities	2000	Bond Funds	\$400,000
AP Fairbanks Infrastructure Renewal and Replacement Upgrades	2000	Bond Funds	\$200,000
AP Vessel and Aircraft Repair and Maintenance	2000	Bond Funds	\$278,500
AP DIDSON Sonar Equipment Purchase	2000	Bond Funds	\$500,000
AP Westward Region Chignik Weir Improvements and Repairs	2000	Bond Funds	\$121,500
General Fund Total:			0
Federal Total:			0
Other Total:			\$1,500,000
Department Total:			\$1,500,000

Office of the Governor

<u>AP/AL Project Title</u>			<u>Fund Source Total</u>
AP Governor's House Maintenance	2000	Bond Funds	\$100,000
General Fund Total:			0
Federal Total:			0
Other Total:			\$100,000
Department Total:			\$100,000

Department of Health and Social Services

<u>AP/AL Project Title</u>			<u>Fund Source Total</u>
AP MH Crisis Treatment Facility - Phase 2	2001	Bonds MH	\$2,500,000
AP Bethel Youth Facility Security Improvements	2000	Bond Funds	\$233,900
AP Anchorage Pioneer Home Emergency Generator Replacement	2000	Bond Funds	\$600,000
AP Juneau Pioneer Home Roof Replacement	2000	Bond Funds	\$1,000,000
AP Deferred Maintenance, Renovation, Repair and Equipment	2000	Bond Funds	\$1,500,000
AP Pioneers' Homes Deferred Maintenance, Renovation, Repair and Equipment	2000	Bond Funds	\$2,500,000
AP Emergency Medical Services Ambulances and Equipment Statewide - Match for Code Blue Project	2000	Bond Funds	\$425,000

* Indicates an appropriation with allocations (amounts not included in totals.)

Project Review Listing
FY06 Governor's Capital Budget

Multiple User Selected Fund Codes

Department of Health and Social Services

<u>AP/AL Project Title</u>		<u>Fund Source Total</u>
AP Juvenile Offender Management Information System Software Upgrade	2000 Bond Funds	\$325,000
AP MH: Alaska Psychiatric Institute Automation Project	2001 Bonds MH	\$674,200
AP Senior Centers Deferred Maintenance, Construction, Renovation, Expansion and Equipment	2000 Bond Funds	\$1,000,000
AP MH: Deferred Maintenance and Accessibility Improvements	2001 Bonds MH	\$150,000
	General Fund Total:	0
	Federal Total:	0
	Other Total:	\$10,908,100
	Department Total:	\$10,908,100

Department of Labor and Workforce Development

<u>AP/AL Project Title</u>		<u>Fund Source Total</u>
AP Alaska Vocational Technical Center Deferred Maintenance	2000 Bond Funds	\$2,500,000
	General Fund Total:	0
	Federal Total:	0
	Other Total:	\$2,500,000
	Department Total:	\$2,500,000

Department of Law

<u>AP/AL Project Title</u>		<u>Fund Source Total</u>
AP Management Information System	2000 Bond Funds	\$1,000,000
	General Fund Total:	0
	Federal Total:	0
	Other Total:	\$1,000,000
	Department Total:	\$1,000,000

Department of Military and Veterans Affairs

<u>AP/AL Project Title</u>		<u>Fund Source Total</u>
AP Anchorage Armory Expansion	2000 Bond Funds	\$500,000
AP Military Youth Academy Dining Facility Renovation and Repair	2000 Bond Funds	\$276,900

* Indicates an appropriation with allocations (amounts not included in totals)

Project Review Listing
FY06 Governor's Capital Budget

Multiple User Selected Fund Codes

Department of Public Safety

<u>AP/AL Project Title</u>			<u>Fund Source Total</u>
AP Electronic Fingerprint Services-Live Scan	2000	Bond Funds	\$465,000
AP Aircraft and Vessel Repair and Maintenance	2000	Bond Funds	\$2,314,300
AP Law Enforcement Equipment Replacement	2000	Bond Funds	\$1,177,100
AP Live Burn Building at Fairbanks Fire Training Center	2000	Bond Funds	\$150,000
AP Burn Panel Installation at Juneau Fire Training Center	2000	Bond Funds	\$150,000
	General Fund Total:		0
	Federal Total:		0
	Other Total:		\$5,475,200
	Department Total:		\$5,475,200

Department of Transportation and Public Facilities

<u>AP/AL Project Title</u>			<u>Fund Source Total</u>
* AP Governor's Transportation Initiative	2000	Bond Funds	\$108,000,000
AL Anchorage: Mid-Town Congestion and Truck Route Improvements	2000	Bond Funds	\$26,000,000
AL Glenn Highway Corridor	2000	Bond Funds	\$30,500,000
AL Kenai Peninsula: Kalifornsky Beach Road Rehabilitation	2000	Bond Funds	\$11,000,000
AL Mat-Su: Congestion Improvements	2000	Bond Funds	\$21,000,000
AL Richardson Highway: Passing Lanes Segments	2000	Bond Funds	\$5,000,000
AL Fairbanks: University Avenue-Geisl-Johansen Intersection Improvements	2000	Bond Funds	\$3,500,000
AL Cordova: Copper River Highway Rehabilitation	2000	Bond Funds	\$4,000,000
AL McCarthy Road: Major Maintenance	2000	Bond Funds	\$2,000,000
AL Stampede Road: Improvements MP 0 to 8	2000	Bond Funds	\$5,000,000
* AP Governor's Transportation Access to Resources Initiative	2000	Bond Funds	\$37,000,000
AL Richardson Highway: Shaw Creek Bridge	2000	Bond Funds	\$2,500,000
AL Elliott Highway: Washington Creek Bridge Replacement for Gas Pipeline	2000	Bond Funds	\$5,500,000

* Indicates an appropriation with allocations (amounts not included in totals)

Project Review Listing
FY06 Governor's Capital Budget

Multiple User Selected Fund Code :

Department of Transportation and Public Facilities

<u>AP/AL Project Title</u>		<u>Fund Source Total</u>
AL Fairbanks: Richardson Highway - Northbound Chena Overflow Bridge for Gas Pipeline	2000 Bond Funds	\$11,000,000
AL DeLong Mountain: Port Expansion EIS Completion	2000 Bond Funds	\$2,000,000
AL North Slope: Foothills West Road EIS	2000 Bond Funds	\$4,000,000
AL North Slope: Bullen Point EIS	2000 Bond Funds	\$5,000,000
AL Dalton Highway: Surfacing Upgrades	2000 Bond Funds	\$9,000,000
AP Industrial Road Program	2000 Bond Funds	\$10,000,000
AP Airport Deferred Maintenance	2000 Bond Funds	\$1,500,000
AP Highway Deferred Maintenance	2000 Bond Funds	\$3,000,000
AP Facilities Deferred Maintenance and Critical Repairs	2000 Bond Funds	\$8,000,000
AP Emergency and Non-Routine Repairs	2000 Bond Funds	\$500,000
AP Alaska Marine Highway System - Vessel and Terminal Overhaul and Rehabilitation	2000 Bond Funds	\$6,500,000
AP Material Stockpiles - Dalton Highway, Glenn Highway, Richardson Highway and Tok Cutoff	2000 Bond Funds	\$600,000
AP Harbor Deferred Maintenance	2000 Bond Funds	\$3,000,000
AP Hoonah Harbor Deferred Maintenance and Transfer	2000 Bond Funds	\$3,500,000
AP Petersburg: North Harbor Deferred Maintenance and Transfer	2000 Bond Funds	\$2,500,000
AP Statewide: Airport Lease Lots Development	2000 Bond Funds	\$4,000,000
AP Willow Maintenance Station Replacement	2000 Bond Funds	\$350,000
AP WAN Infrastructure Upgrade	2000 Bond Funds	\$185,000
* AP Statewide Federal Programs	2000 Bond Funds	\$56,500,000
AL Federal-Aid Aviation State Match	2000 Bond Funds	\$14,500,000
AL Federal-Aid Highway State Match	2000 Bond Funds	\$42,000,000

* Indicates an appropriation with allocations (amounts not included in totals)

**Project Review Listing
FY06 Governor's Capital Budget**

Multiple User Selected Fund Codes

Alaska Court System

<u>AP/AL Project Title</u>	<u>Fund Source Total</u>	
AP Deferred Maintenance Projects	2000 Bond Funds	\$300,000
	General Fund Total:	0
	Federal Total:	0
	Other Total:	\$1,125,000
	Department Total:	\$1,125,000

General Fund Grand Total:	0
Federal Grand Total:	0
Other Grand Total:	\$340,506,700
Grand Total:	\$340,506,700

* indicates an appropriation with allocations (amounts not included in total.)

The following Capital Projects are proposed for
FY 06 funding by the Alaska Capital Fund

**Project Review Listing
FY06 Governor's Capital Budget**

Multiple User Selected Fund Codes

Department of Administration

<u>APIAL Project Title</u>		<u>Fund Source Total</u>
AP Public Building Facilities Projects	2000 Bond Funds	\$6,902,000
AP Maintenance Projects for Facilities Outside the Public Building Fund	2000 Bond Funds	\$3,098,000
	General Fund Total:	0
	Federal Total:	0
	Other Total:	\$10,000,000
	Department Total:	\$10,000,000

Department of Commerce, Community, and Economic Development

<u>APIAL Project Title</u>		<u>Fund Source Total</u>
AP Energy Projects	2000 Bond Funds	\$250,000
AP City of Unalaska - Boat Harbor	2000 Bond Funds	\$2,000,000
AP Tongass Coast Aquarium, Inc.	2000 Bond Funds	\$100,000
	General Fund Total:	0
	Federal Total:	0
	Other Total:	\$2,350,000
	Department Total:	\$2,350,000

Department of Corrections

<u>APIAL Project Title</u>		<u>Fund Source Total</u>
AP Institution Closed Circuit TV System Recording	2000 Bond Funds	\$2,500,000
AP Deferred Maintenance, Repair, and Renovations	2000 Bond Funds	\$8,000,000
AP Statewide Equipment Replacement	2000 Bond Funds	\$450,000
AP Community Jails Life, Safety and Security Renovations and Miscellaneous Equipment	2000 Bond Funds	\$100,000
	General Fund Total:	0
	Federal Total:	0
	Other Total:	\$11,050,000
	Department Total:	\$11,050,000

* Indicates an appropriation with allocations (amounts not included in totals)

**Project Review Listing
FY06 Governor's Capital Budget**

Multiple User Selected Fund Codes

Department of Fish and Game

<u>AP/AL Project Title</u>			<u>Fund Source Total</u>
AP Deferred Maintenance Facilities	2000	Bond Funds	\$400,000
AP Fairbanks Infrastructure Renewal and Replacement Upgrades	2000	Bond Funds	\$200,000
AP Vessel and Aircraft Repair and Maintenance	2000	Bond Funds	\$278,500
AP DIDSON Sonar Equipment Purchase	2000	Bond Funds	\$500,000
AP Westward Region Chignik Weir Improvements and Repairs	2000	Bond Funds	\$121,500
General Fund Total:			0
Federal Total:			0
Other Total:			\$1,500,000
Department Total:			\$1,500,000

Office of the Governor

<u>AP/AL Project Title</u>			<u>Fund Source Total</u>
AP Governor's House Maintenance	2000	Bond Funds	\$100,000
General Fund Total:			0
Federal Total:			0
Other Total:			\$100,000
Department Total:			\$100,000

Department of Health and Social Services

<u>AP/AL Project Title</u>			<u>Fund Source Total</u>
AP MH Cnsis Treatment Facility - Phase 2	2001	Bonds MH	\$2,500,000
AP Bethel Youth Facility Security Improvements	2000	Bond Funds	\$233,900
AP Anchorage Pioneer Home Emergency Generator Replacement	2000	Bond Funds	\$600,000
AP Juneau Pioneer Home Roof Replacement	2000	Bond Funds	\$1,000,000
AP Deferred Maintenance, Renovation, Repair and Equipment	2000	Bond Funds	\$1,500,000
AP Pioneers' Homes Deferred Maintenance, Renovation, Repair and Equipment	2000	Bond Funds	\$2,500,000
AP Emergency Medical Services Ambulances and Equipment Statewide - Match for Code Blue Project	2000	Bond Funds	\$425,000

* Indicates an appropriation with allocations (amounts not included in totals)

**Project Review Listing
FY06 Governor's Capital Budget**

Multiple User Selected Fund Codes

Department of Health and Social Services

<u>AP/AL Project Title</u>		<u>Fund Source Total</u>
AP Juvenile Offender Management Information System Software Upgrade	2000 Bond Funds	\$325,000
AP MH: Alaska Psychiatric Institute Automation Project	2001 Bonds MH	\$674,200
AP Senior Centers Deferred Maintenance, Construction, Renovation, Expansion and Equipment	2000 Bond Funds	\$1,000,000
AP MH: Deferred Maintenance and Accessibility Improvements	2001 Bonds MH	\$150,000

General Fund Total: 0
Federal Total: 0
Other Total: \$10,908,100
Department Total: \$10,908,100

Department of Labor and Workforce Development

<u>AP/AL Project Title</u>		<u>Fund Source Total</u>
AP Alaska Vocational Technical Center Deferred Maintenance	2000 Bond Funds	\$2,500,000

General Fund Total: 0
Federal Total: 0
Other Total: \$2,500,000
Department Total: \$2,500,000

Department of Law

<u>AP/AL Project Title</u>		<u>Fund Source Total</u>
AP Management Information System	2000 Bond Funds	\$1,000,000

General Fund Total: 0
Federal Total: 0
Other Total: \$1,000,000
Department Total: \$1,000,000

Department of Military and Veterans Affairs

<u>AP/AL Project Title</u>		<u>Fund Source Total</u>
AP Anchorage Armory Expansion	2000 Bond Funds	\$500,000
AP Military Youth Academy Dining Facility Renovation and Repair	2000 Bond Funds	\$276,900

* Indicates an appropriation with allocations (amounts not included in totals)

**Project Review Listing
FY06 Governor's Capital Budget**

Multiple User Selected Fund Codes

Department of Public Safety

<u>AP/AL Project Title</u>			<u>Fund Source Total</u>
AP Electronic Fingerprint Services-Live Scan	2000	Bond Funds	\$465,000
AP Aircraft and Vessel Repair and Maintenance	2000	Bond Funds	\$2,314,300
AP Law Enforcement Equipment Replacement	2000	Bond Funds	\$1,177,100
AP Live Burn Building at Fairbanks Fire Training Center	2000	Bond Funds	\$150,000
AP Burn Panel Installation at Juneau Fire Training Center	2000	Bond Funds	\$150,000
General Fund Total:			0
Federal Total:			0
Other Total:			\$5,475,200
Department Total:			\$5,475,200

Department of Transportation and Public Facilities

<u>AP/AL Project Title</u>			<u>Fund Source Total</u>
* AP Governor's Transportation Initiative	2000	Bond Funds	\$108,000,000
AL Anchorage: Mid-Town Congestion and Truck Route Improvements	2000	Bond Funds	\$26,000,000
AL Glenn Highway Corridor	2000	Bond Funds	\$30,500,000
AL Kenai Peninsula: Kalifornsky Beach Road Rehabilitation	2000	Bond Funds	\$11,000,000
AL Mat-Su Congestion Improvements	2000	Bond Funds	\$21,000,000
AL Richardson Highway: Passing Lanes Segments	2000	Bond Funds	\$5,000,000
AL Fairbanks: University Avenue-Geist-Johansen Intersection Improvements	2000	Bond Funds	\$3,500,000
AL Cordova Copper River Highway Rehabilitation	2000	Bond Funds	\$4,000,000
AL McCarthy Road Major Maintenance	2000	Bond Funds	\$2,000,000
AL Stampede Road Improvements MP 0 to 8	2000	Bond Funds	\$5,000,000
* AP Governor's Transportation Access to Resources Initiative	2000	Bond Funds	\$37,000,000
AL Richardson Highway Shaw Creek Bridge	2000	Bond Funds	\$2,500,000
AL Elliott Highway Washington Creek Bridge Replacement for Gas Pipeline	2000	Bond Funds	\$3,500,000

* Indicates an appropriation with allocations (amounts not included in totals)

**Project Review Listing
FY06 Governor's Capital Budget**

Multiple User Selected Fund Codes

Department of Transportation and Public Facilities

<u>AP/AL Project Title</u>			<u>Fund Source Total</u>
AL Fairbanks: Richardson Highway - Northbound Chena Overflow Bridge for Gas Pipeline	2000	Bond Funds	\$11,000,000
AL DeLong Mountain: Port Expansion EIS Completion	2000	Bond Funds	\$2,000,000
AL North Slope: Foothills West Road EIS	2000	Bond Funds	\$4,000,000
AL North Slope: Bullen Point EIS	2000	Bond Funds	\$5,000,000
AL Dalton Highway: Surfacing Upgrades	2000	Bond Funds	\$9,000,000
AP Industrial Road Program	2000	Bond Funds	\$10,000,000
AP Airport Deferred Maintenance	2000	Bond Funds	\$1,500,000
AP Highway Deferred Maintenance	2000	Bond Funds	\$3,000,000
AP Facilities Deferred Maintenance and Critical Repairs	2000	Bond Funds	\$8,000,000
AP Emergency and Non-Routine Repairs	2000	Bond Funds	\$500,000
AP Alaska Marine Highway System - Vessel and Terminal Overhaul and Rehabilitation	2000	Bond Funds	\$6,500,000
AP Material Stockpiles - Dalton Highway, Glenn Highway, Richardson Highway and Tok Cutoff	2000	Bond Funds	\$600,000
AP Harbor Deferred Maintenance	2000	Bond Funds	\$3,000,000
AP Hoonah Harbor Deferred Maintenance and Transfer	2000	Bond Funds	\$3,500,000
AP Petersburg North Harbor Deferred Maintenance and Transfer	2000	Bond Funds	\$2,500,000
AP Statewide Airport Lease Lots Development	2000	Bond Funds	\$4,000,000
AP Willow Maintenance Station Replacement	2000	Bond Funds	\$350,000
AP WAN Infrastructure Upgrade	2000	Bond Funds	\$185,000
* AP Statewide Federal Programs	2000	Bond Funds	\$56,500,000
AL Federal-Aid Aviation State Match	2000	Bond Funds	\$14,500,000
AL Federal-Aid Highway State Match	2000	Bond Funds	\$42,000,000

* Indicates an appropriation with allocations (amounts not included in totals)

Project Review Listing
FY06 Governor's Capital Budget

Multiple User Selected Fund Codes

Department of Transportation and Public Facilities

<u>AP/AL Project Title</u>	<u>Fund Source Total</u>
AP Congressional Earmarks	
	2000 Bond Funds \$15,000,000
	General Fund Total: 0
	Federal Total: 0
	Other Total: \$260,135,000
	Department Total: \$260,135,000

University of Alaska

<u>AP/AL Project Title</u>	<u>Fund Source Total</u>
AP Strategic Land and Property Acquisitions	
	2000 Bond Funds \$2,150,000
AP Systemwide Minor Renewal and Renovation	
	2000 Bond Funds \$6,886,500
AP Integrated Science Complex	
	2000 Bond Funds \$21,600,000
	General Fund Total: 0
	Federal Total: 0
	Other Total: \$30,636,500
	Department Total: \$30,636,500

Alaska Court System

<u>AP/AL Project Title</u>	<u>Fund Source Total</u>
AP Bethel Courthouse	
	2000 Bond Funds \$825,000

* Indicates an appropriation with allocations (amounts not included in totals)

Project Review Listing
FY06 Governor's Capital Budget

Multiple User Selected Fund Codes

Alaska Court System

<u>APIAL Project Title</u>	<u>Fund Source Total</u>	
AP Deferred Maintenance Projects	2000 Bond Funds	\$300,000
	General Fund Total:	0
	Federal Total:	0
	Other Total:	\$1,125,000
	Department Total:	\$1,125,000

General Fund Grand Total:	0
Federal Grand Total:	0
Other Grand Total:	\$340,506,700
Grand Total:	\$340,506,700

* Indicates an appropriation with allocations (amounts not included in totals)

Legislation to Leverage Amerada Hess Settlement Earnings To Finance Capital Projects

Summary

1. Create the Alaska Capital Fund

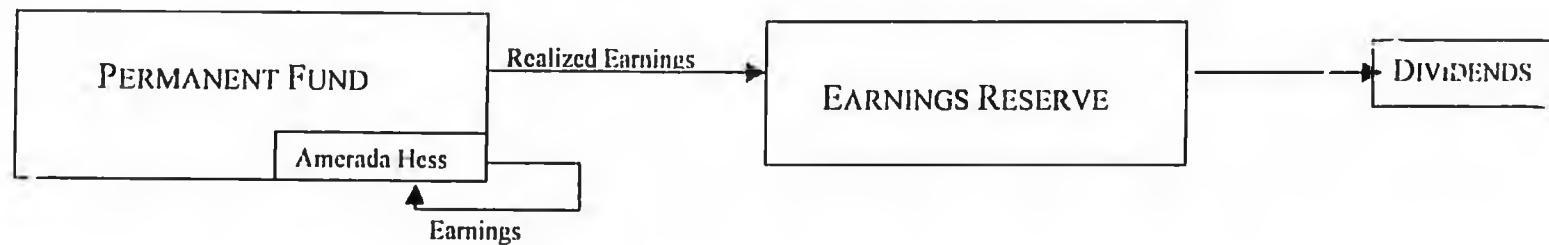
- Legislation establishes the Alaska Capital Fund
- The realized earnings off of the Amerada Hess principal (expected to be in the \$30+ million/yr. range) would be deposited into the Alaska Capital Fund.
- The Alaska Capital Fund is established within the Earnings Reserve Account of the Permanent Fund
 - ✓ The purpose of putting it in the ERA instead of the general fund is so the balance can be carried forward without being subject to the annual CBR sweep.
 - ✓ The ability to carry fund balance forward is critical to providing security of payment to Wall Street despite expected volatility of earnings.
 - ✓ The Alaska Capital Fund would be invested the same as the ERA and retain its own earnings.
 - ✓ The Alaska Capital Fund would accumulate realized earnings for 2 years, beginning in FY 05, before being drawn down to pay debt service.
 - ✓ The accumulated balance would fund reserve accounts to secure debt.
- AS 37.13.145(c) would be changed so there would be no inflation proofing of the Amerada Hess principal from the Alaska Capital Fund.
 - ◆ Changes are made to the Alaska Permanent Fund section of the FY 05 and 06 budget bills so that Amerada Hess realized earnings are deposited into the Alaska Capital Fund and Amerada Hess principal is exempt from inflation proofing.
 - ◆ The Amerada Hess portion of Permanent Fund principal would remain at \$424 million thereafter.

2. State of Alaska Capital Corporation Created

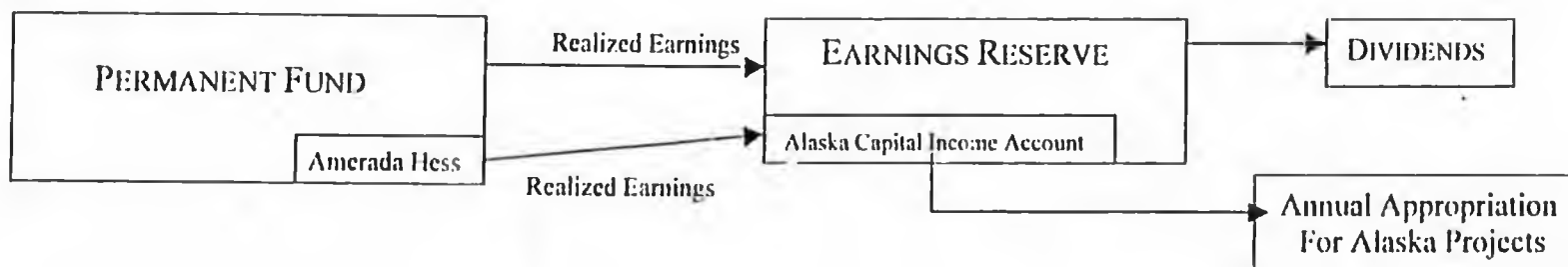
- Legislation establishes the State of Alaska Capital Corporation. The Corporation is closely linked to the Department of Revenue and State Bond Committee that would issue stand-alone moral obligation debt of the state totaling \$343 million.
 - ◆ The Alaska Capital Fund would be the source of revenue to pay debt service on bonds issued by the corporation.
 - ◆ Historically the Permanent Fund average annual earnings have been 8.94% and the ten year forecasted rate of realized return is 7.61%.
 - ◆ Modeling shows debt service may be paid with a realized rate of return as low as 5.5%, but given market volatility it is extremely important to be able to withstand short term bear markets.
 - ◆ A debt service reserve fund and an advance funded debt payment account along with the fund balance of the Alaska Capital Fund provide a high probability of an available funding source.
- Debt service on the bonds will be paid through annual legislative appropriations from the Alaska Capital Fund to the Corporation.
 - ◆ The moral obligation of the state is necessary to provide further assurance to bondholders that annual debt service payments will continue even during improbable unanticipated prolonged down market periods, when there may be low or negative Amerada Hess realized earnings paid into the Alaska Capital Fund.
 - ◆ Consultations with credit rating agencies and financial advisors have provided assurance that there will be no negative effect on the state's credit rating by issuing these bonds.
 - ◆ Investment grade ratings in the "A" range are expected on the bonds.
 - ◆ Bonds will be issued with a requirement to pay interest only with a final, theoretical principal maturity date of 20 years. Purchasers, however, understand that the actual repayment of principal will be based on Amerada Hess earnings deposited into the Alaska Capital Fund. Expectations are that the bonds will be paid off much sooner than 20 years.

ALASKA CAPITAL INCOME ACCOUNT

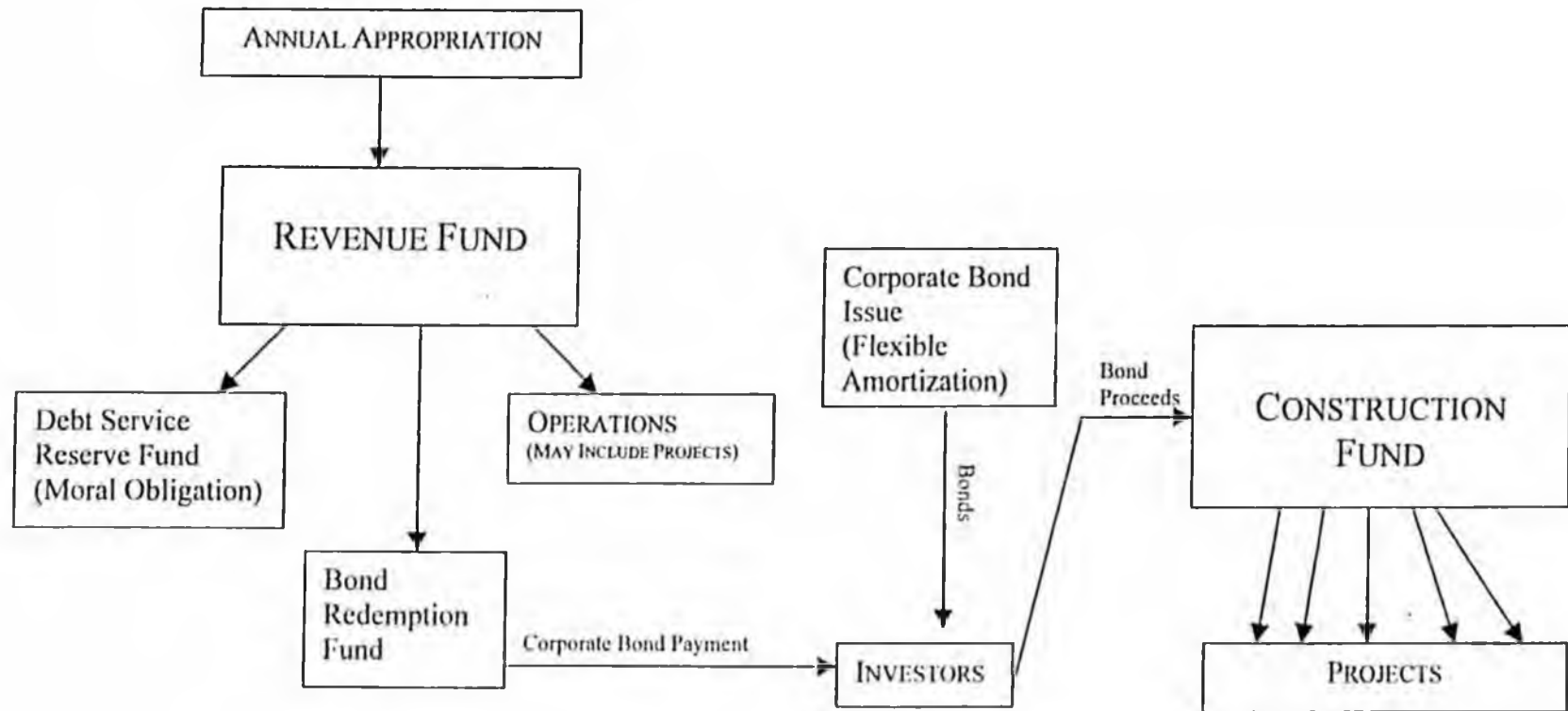
CURRENT



PROPOSED



STATE OF ALASKA CAPITAL CORPORATION



Alaska Capital Income Account										
Am Hess Principal			424,399,000							
Am Hess Transfer Rate										
Blended Rate										
	Earnings Rate	Beginning Balance	Amerada Hess Earnings	Earnings	Transfer to SOA CC	Ending Balance				
2005	7.61%	-	32,296,764	1,228,891.87	33,525,656	-				
2006	7.61%	-	32,296,764	1,228,891.87	33,525,656	-				
2007	7.61%	-	32,296,764	1,228,891.87	33,525,656	-				
2008	7.61%	-	32,296,764	1,228,891.87	33,525,656	-				
2009	7.61%	-	32,296,764	1,228,891.87	33,525,656	-				
2010	7.61%	-	32,296,764	1,228,891.87	33,525,656	-				
2011	7.61%	-	32,296,764	1,228,891.87	33,525,656	-				
2012	7.61%	-	32,296,764	1,228,891.87	33,525,656	-				
2013	7.61%	-	32,296,764	1,228,891.87	33,525,656	-				
2014	7.61%	-	32,296,764	1,228,891.87	33,525,656	-				
2015	7.61%	-	32,296,764	1,228,891.87	33,525,656	-				
2016	7.61%	-	32,296,764	1,228,891.87	33,525,656	-				
2017	7.00%	-	29,707,930	1,039,777.55	30,747,708	-				
2018	7.00%	-	29,707,930	1,039,777.55	30,747,708	-				
2019	7.00%	-	29,707,930	1,039,777.55	30,747,708	-				
2020	7.00%	-	29,707,930	1,039,777.55	30,747,708	-				
2021	7.00%	-	29,707,930	1,039,777.55	30,747,708	-			average annualized earnings rate	
2022	7.00%	-	29,707,930	1,039,777.55	30,747,708	-			7.43%	
2023	7.00%	-	29,707,930	1,039,777.55	30,747,708	-				
2024	7.00%	-	29,707,930	1,039,777.55	30,747,708	-				
2025	7.00%	-	29,707,930	1,039,777.55	30,747,708	-				
2026	7.00%	-	29,707,930	1,039,777.55	30,747,708	-				
2027	7.00%	-	29,707,930	1,039,777.55	30,747,708	-				
2028	7.00%	-	29,707,930	1,039,777.55	30,747,708	-				
2029	7.00%	-	29,707,930	1,039,777.55	30,747,708	-				
2030	7.00%	-	29,707,930	1,039,777.55	30,747,708	-				
2031	7.00%	-	29,707,930	1,039,777.55	30,747,708	-				
2032	7.00%	-	29,707,930	1,039,777.55	30,747,708	-				
2033	7.00%	-	29,707,930	1,039,777.55	30,747,708	-				
2034	7.00%	-	29,707,930	1,039,777.55	30,747,708	-				
2035	7.00%	-	29,707,930	1,039,777.55	30,747,708	-				
2036	7.00%	-	29,707,930	1,039,777.55	30,747,708	-				
2037	7.00%	-	29,707,930	1,039,777.55	30,747,708	-				
2038	7.00%	-	29,707,930	1,039,777.55	30,747,708	-				

State of Alaska Capital Corporation

Revenue Fund

	Borrowing Rate	Earnings Rate	Beginning Balance	Lease Appropriation Received	Outstanding Bonds	Nominal Interest Payments	Flexible Principal Payments	Earnings on Fund Balance	Transfers In	DSRF or CF Transfers out / Operations Expense	Ending Balance
2005	6.00%	2.00%	-	33,525,656	-	-	-	-	-	-	33,525,656
2006	6.00%	2.00%	33,525,656	33,525,656	326,096,837	9,782,905	-	1,245,492	-	32,709,684	25,804,215
2007	6.00%	2.00%	25,804,215	33,525,656	326,096,837	19,565,810	20,198,250	1,852,830	-	100,000	21,318,641
2008	6.00%	2.00%	21,318,641	33,525,656	305,898,587	18,353,915	18,136,466	1,840,589	-	100,000	20,094,504
2009	6.00%	2.00%	20,094,504	33,525,656	287,762,121	17,265,727	19,088,705	1,329,597	-	100,000	18,995,324
2010	6.00%	2.00%	18,995,324	33,525,656	268,673,415	16,120,405	20,280,170	1,818,028	-	100,000	17,838,433
2011	6.00%	2.00%	17,838,433	33,525,656	248,393,245	14,903,595	21,556,900	1,805,737	-	100,000	16,609,332
2012	6.00%	2.00%	16,609,332	33,525,656	226,836,346	13,610,181	22,914,626	1,792,672	-	100,000	15,302,853
2013	6.00%	2.00%	15,302,853	33,525,656	203,921,719	12,235,303	24,357,903	1,778,785	-	100,000	13,914,088
2014	6.00%	2.00%	13,914,088	33,525,656	179,563,817	10,773,829	25,892,086	1,764,022	-	100,000	12,437,851
2015	6.00%	2.00%	12,437,851	33,525,656	153,671,731	9,220,304	27,522,899	1,748,330	-	100,000	10,868,634
2016	6.00%	2.00%	10,868,634	33,525,656	126,148,831	7,568,930	29,256,430	1,731,650	-	100,000	9,200,580
2017	6.00%	2.00%	9,200,580	30,747,708	96,892,401	5,813,544	28,321,199	1,685,858	-	100,000	7,399,403
2018	6.00%	2.00%	7,399,403	30,747,708	68,571,202	4,114,272	29,918,566	1,668,694	-	100,000	5,682,966
2019	6.00%	2.00%	5,682,966	30,747,708	38,652,637	2,319,158	31,792,357	1,979,952	32,609,684	100,000	36,808,794
2020	6.00%	2.00%	36,808,794	30,747,708	6,860,279	411,617	6,860,279	1,577,290	-	100,000	61,761,896
2021	6.00%	2.00%	61,761,896	30,747,708	-	-	-	1,244,013	-	100,000	93,653,616
2022	6.00%	2.00%	93,653,616	30,747,708	-	-	-	1,566,152	-	100,000	125,867,476
2023	6.00%	2.00%	125,867,476	30,747,708	-	-	-	1,891,544	-	100,000	158,406,728
2024	6.00%	2.00%	158,406,728	30,747,708	-	-	-	2,220,224	-	100,000	191,274,659
2025	6.00%	2.00%	191,274,659	30,747,708	-	-	-	2,552,223	-	100,000	224,474,589
2026	6.00%	2.00%	224,474,589	30,747,708	-	-	-	2,887,576	-	100,000	258,009,873
2027	6.00%	2.00%	258,009,873	30,747,708	-	-	-	3,226,316	-	100,000	291,883,896
2028	6.00%	2.00%	291,883,896	30,747,708	-	-	-	3,568,478	-	100,000	326,100,082
2029	6.00%	2.00%	326,100,082	30,747,708	-	-	-	3,914,096	-	100,000	360,661,885
2030	6.00%	2.00%	360,661,885	30,747,708	-	-	-	4,263,205	-	100,000	395,572,798
2031	6.00%	2.00%	395,572,798	30,747,708	-	-	-	4,615,841	-	100,000	430,836,346
2032	6.00%	2.00%	430,836,346	30,747,708	-	-	-	4,972,038	-	100,000	466,456,091
2033	6.00%	2.00%	466,456,091	30,747,708	-	-	-	5,331,833	-	100,000	502,435,632
2034	6.00%	2.00%	502,435,632	30,747,708	-	-	-	5,695,263	-	100,000	538,778,603
2035	6.00%	2.00%	538,778,603	30,747,708	-	-	-	6,062,364	-	100,000	575,488,674
2036	6.00%	2.00%	575,488,674	30,747,708	-	-	-	6,433,173	-	100,000	612,569,555
2037	6.00%	2.00%	612,569,555	30,747,708	-	-	-	6,807,727	-	100,000	650,024,989
2038	6.00%	2.00%	650,024,989	30,747,708	-	-	-	7,186,065	-	100,000	687,858,761

State of Alaska Capital Corporation							
Reserve Fund							
	Earnings Rate	Beginning Balance	Additional Contributions	Earnings on Fund Balance	Earnings Transfer Out	Termination of Reserve	Ending Balance
2005	4.00%	-				-	-
2006	4.00%	-	32,609,684	652,194	652,194	-	32,609,684
2007	4.00%	32,609,684		1,304,387	1,304,387	-	32,609,684
2008	4.00%	32,609,684		1,304,387	1,304,387	-	32,609,684
2009	4.00%	32,609,684		1,304,387	1,304,387	-	32,609,684
2010	4.00%	32,609,684		1,304,387	1,304,387	-	32,609,684
2011	4.00%	32,609,684		1,304,387	1,304,387	-	32,609,684
2012	4.00%	32,609,684		1,304,387	1,304,387	-	32,609,684
2013	4.00%	32,609,684		1,304,387	1,304,387	-	32,609,684
2014	4.00%	32,609,684		1,304,387	1,304,387	-	32,609,684
2015	4.00%	32,609,684		1,304,387	1,304,387	-	32,609,684
2016	4.00%	32,609,684		1,304,387	1,304,387	-	32,609,684
2017	4.00%	32,609,684		1,304,387	1,304,387	-	32,609,684
2018	4.00%	32,609,684		1,304,387	1,304,387	-	32,609,684
2019	4.00%	32,609,684		1,304,387	1,304,387	-	32,609,684
2020	4.00%	32,609,684		652,194	652,194	32,609,684	-
2021	4.00%	-		-	-	-	-
2022	4.00%	-		-	-	-	-
2023	4.00%	-		-	-	-	-
2024	4.00%	-		-	-	-	-
2025	4.00%	-		-	-	-	-
2026	4.00%	-		-	-	-	-
2027	4.00%	-		-	-	-	-
2028	4.00%	-		-	-	-	-
2029	4.00%	-		-	-	-	-
2030	4.00%	-		-	-	-	-
2031	4.00%	-		-	-	-	-
2032	4.00%	-		-	-	-	-
2033	4.00%	-		-	-	-	-
2034	4.00%	-		-	-	-	-
2035	4.00%	-		-	-	-	-
2036	4.00%	-		-	-	-	-
2037	4.00%	-		-	-	-	-
2038	4.00%	-		-	-	-	-

Amerada Hess Chronology re: bias issue

1. September 2, 1977. State of Alaska files lawsuit against 19 oil producers related to underpayment of royalties. *State of Alaska v. Amerada Hess Corp., et al.*, No.1JU-77-847 Civ. (Super. Ct. Alaska).
2. November 2, 1987. Producers file suit in federal district court, *Standard Alaska Prod. Co. v. Schaible*, No. 87-621 (D. Alaska), claiming PFDs create impermissible bias for judges and jurors in *Am Hess* case.
3. 1988. Judge Kleinfeld issues unpublished decision recusing himself from the federal case because of receipt of PFDs. Case assigned to Judge Belloni in Oregon.
4. June 20, 1988. Judge Belloni issues unpublished decision finding bias issue unripe and challenges Alaska to provide a fair forum for case.
5. April 29, 1989. Ninth Circuit dismisses federal bias case as unripe. *Standard Alaska Prod. Co. v. Schaible*, 874 F.2d 624 (9th Cir. 1989), *cert. denied*, 495 U.S. 904 (1990).
6. May 13, 1989. First Am Hess segregation enacted. CSHB 276(Fin) am, ch. 38, SLA 1989 (amending AS 43.23.045(b) to segregate income from "money awarded after trial" from PFD fund).
7. October 12, 1989. Alaska Supreme Court amends civil and criminal rules to provide that receipt of PFD does not provide basis for challenging a juror for cause. Alaska S.Ct. Order 1013 (amending Civil Rule 47(c) and Criminal Rule 24(c)).
8. March 14, 1991. Judge Carpeneti issues "Notice of Intention to Grant Motion for Disqualification," and indicating that 1989 segregation legislation did not go far enough to remove bias issues. *State of Alaska v. Amerada Hess Corp., et al.*, No.1JU-77-847 Civ. , Order 91-9 (Super. Ct. Alaska).
9. June 6, 1991. Second Am Hess segregation enacted. HCS CSSB 213(JUD), ch. 18, SLA 1991 (adding new subsection to AS 43.23.045 to segregate income from "money awarded in or received as a result" of the Am Hess case from PFD fund).
10. August 23, 1991. Judge Carpeneti rules that the new legislation cured the bias problem and the Alaska Supreme Court denies petition for review. *BP Exploration v. State of Alaska*, No. S-4654, S-4662, S-4689 (Alaska 1991).
11. 1991. Oil producers re-file federal bias suit. *Exxon Corp. v. Heinze*, Civ. A91-0543.
12. February 24, 1992. Judge Singleton issues order declining to recuse himself from case on account of receipt of PFD. *Exxon Corp. v. Heinze*, 792 F.Supp. 72 (D. Alaska 1992).
13. March 3, 1992. Judge Holland affirms Judge Singleton's decision and declines to remove reuse himself as well. *Exxon Corp. v. Heinze*, 792 F.Supp. 77 (D. Alaska 1992).
14. July 1, 1992. Current Am Hess segregation enacted. HCS CSSB 39 (FIN), sec. 19, ch. 134, SLA 1992 (same language as in second Am Hess segregation, but enacted at AS 37.13.145(d)).
15. April 1992. Oil phase of Am Hess litigation settles.
16. April 17, 1994. Ninth Circuit determines that appeal of refusal to recuse by Judges Singleton and Holland are not ripe. *Exxon Corp. v. Heinze*, 32 F.3d 1399 (9th Cir. 1994).
17. March 1995. Gas phase of Am Hess litigation settles.

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April 6, 2005

Mr. Deven J. Mitchell
Debt Manager
State of Alaska
Department of Revenue
333 Willoughby Avenue 11th Floor
PO Box 110405
Juneau, AK 99801-1770

Re: HB 187/HB188

Dear Deven:

Our firm acts as bond counsel to the State Bond Committee of the State of Alaska. In that capacity, we have reviewed draft legislation, HB 188, that proposes to establish the State of Alaska Capital Corporation (HB 188), and that provides for the establishment of a capital income account within the Alaska permanent fund (HB 187).

Representatives from the Department of Revenue, together with the State's financial advisor, have discussed with us a proposed list of projects to be financed by the Alaska Capital Corporation (ACC) and proposed structures for financing these projects. The preferred method of financing would be a structure that involves the issuance of tax-exempt obligations (in order to reduce interest expense).

The list of proposed projects is attached to this letter. We have reviewed the proposed list with staff. The project descriptions are cursory; however, in preliminary discussion with staff, we believe that substantially all of the projects are capital in nature and do not involve an unacceptable level of private or federal use. Accordingly, the projects identified should be able to be financed on a tax-exempt basis.

We also have discussed a proposed methodology of funding the projects by the ACC. The proposed method of funding would involve use agreements between the ACC and state departments or the Department of Administration. We also have discussed a method by which the State would transfer funds to the ACC for the payment of debt service on bonds issued by ACC. It would be premature to provide any definitive commitment with respect to tax-exemption. However, we have reviewed and discussed certain proposals regarding the structure

A LAW FIRM

A LIMITED LIABILITY PARTNERSHIP INCLUDING OTHER LIMITED LIABILITY ENTITIES

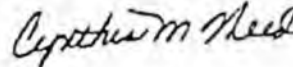
Mr. Deven J. Mitchell
April 6, 2005
Page 2

of debt. We believe that it is possible to structure the debt of the ACC so that it may be issued on a tax-exempt basis.

It also is possible that either (i) due to the nature of the projects ultimately to be financed, or (ii) due to the pledge, source of or structure of the flow of funds to repay the bonds, that bonds would not be issued on a tax-exempt basis. For example, the legislature may designate different projects to be financed. State departments may determine that certain projects may need to be used in a manner that does not permit tax-exempt financing for those project. In addition, tax-exemption may be affected by the State conduct or action or as a result of structuring the bonds in order to meet market requirements.

Very truly yours,

PRESTON GATES & ELLIS LLP



By
Cynthia M. Weed

CMW:cmw

K11542699999CMW:CMW_L23U7

DRAFT

**Project Listing Including Management Group
FY09 Capital Group**

2000 RevBondAH Only

Yes

Revised AP/AL	Project Title	Fund Source Total	Project Total
39025 AP	Public Building Facilities Projects	7,300,000	7,300,000
39034 AP	Maintenance Projects for Facilities Outside the Public Building Fund	2,500,000	2,500,000
40484 AP	Tongass Coastal Aquarium - Ketchikan	100,000	100,000
40480 AP	Ulnakaty Boat Harbor	2,000,000	2,000,000
40491 AP	Wassell Boat Harbor	1,000,000	1,000,000
36950 AP	Energy Projects - amount changed from 25,550,000	250,000	250,010
40445 AP	CCTV Recorder Systems <i>Closed Circuit, Inst. 2008 RevBondAH</i> <i>TV system for Lorr. Inst.</i>	2,500,000	2,500,000
30750 AP	Deferred Maintenance, Repair, and Renovations (\$13,842)	8,000,000	8,000,000
31815 AP	Connections Organizational Equipment Replacement (\$648.0)	460,000	460,000
30810 AP	Community Juile Life, Safety and Security Removals and Miscellaneous Equipment	100,000	100,000
30130 AP	Deferred Maintenance Facilities	500,000	500,000

State of Alaska
Office of Management and Budget

* Includes an appropriation with allocations (amounts not included in table)
12-8-2004 2:08 pm

DRAFT

**Project Listing Including Management Group
FY06 Capital GORP**

2000 RevBondAH Only
Yes

RefNum	APVAL	Project Title	Fund Source Total	Project Total
Department of Fish and Game				
38128	AP	Vessel and Aircraft Repair and Maintenance	300,000	300,000
38203	AP	DUDSON Solar Equipment Purchase	700,000	700,000
Office of the Governor				
40486	AP	Governor's Horse Maintenance	100,000	100,000
Department of Health and Social Services				
33653	AP	MH: Crisis Treatment and Detoxification Facility - Phase 2	2,500,000	2,680,000
38875	AP	Bedford Youth Facility Security Improvements	233,900	233,900
38662	AP	Anchorage Pioneer Home Emergency Generator Replacement	600,000	600,000
40224	AP	Juneau Pioneer Home Roof Replacement	1,674,200	1,674,200
31862	AP	Deferred Maintenance, Renovation, Repair and Equipment (RFM was 2753.4)	1,500,000	1,500,000
37834	AP	Pioneer's Homes Deferred Maintenance, Renovation, Repair and Equipment (was 3456.3 CIF)	2,500,000	2,600,000
33787	AP	Emergency Medical Services Ambulances and Equipment Statewide - Match for Code Blue Project	425,000	425,000
38872	AP	Juvenile Offender Management Information System Software Upgrade	325,000	325,040
40043	AP	Senior Centers Deferred Maintenance, Renovation, Expansion and Equipment	1,600,000	1,000,000

* Includes an appropriation with allocations (amounts not included in total)
12-8-2004 2:09 pm
State of Alaska
Office of Management and Budget

DRAFT
Project Listing Including Management Group
FY06 Capital GORP

2000 RevBondAH Only
 Yes

ReNum	AP/AL	Project Title	Fund Source Total	Project Total
33670	AP	MH: Delisted Maintenance and Accessibility Improvements	150,000	150,000
Department of Labor and Workforce Development				
34829	AP	Alaska Vocational Technical Center Deferred Maintenance and Down Runmodel	2,500,000	2,500,000
Department of Law				
48036	AP	Management Information Systems	1,000,000	1,000,000
Department of Military and Veterans Affairs				
38011	AP	Anchorage Armory Expansion	500,000	500,000
40085	AP	Military Youth Academy Dining Facility Renovation/Repairs	276,900	276,900
36883	AP	Army Guard Deferred Maintenance, Renovation, Replacement	500,000	500,000
Department of Natural Resources				
62404	AP	PLACEHOLDER: RevBond Projects	1,000,000	1,000,000
6643	AP	State Park Emergency Repairs	400,000	400,000
30876	AP	State Park Deferred Maintenance	300,000	300,000
40006	AP	Rehabilitation of Anchor Point Campground for Private Operations	150,000	150,000
48085	AP	Byers Lake Campground Rehabilitation	100,000	100,000

State of Alaska
 Office of Management and Budget

* If all cases an appropriation with all allocations (amounts not included in table)
 12-8-2004 2:05 PM

DRAFT

Project Listing Including Management Group
FY08 Capital GORP

2000 RevBondAH Only

Yes

AP/AL	Project Title	Fund Source Total	Project Total
40003 AP	Nancy Lake Campground Rehabilitation	300,000	300,000
40014 AP	Harding Lake Campground Rehabilitation	200,000	200,000
Department of Public Safety			
37767 AP	Firefighting Engines and Equipment	600,000	500,000
38976 AP	Statewide Facilities Maintenance	718,833	718,833
30342 AP	Replacement of Live Scan Fingerprint Systems	165,000	465,000
6121 AP	Aircraft and Vestal Repair and Maintenance (\$2,764,300)	5,764,300	5,764,300
37774 AP	Law Enforcement Equipment Replacement	1,177,100	1,177,100
38810 AP	Live Burn Building at Fairbanks Fire Training Center	150,000	150,000
38838 AP	Burn Panel Installation at Jaseau Fire Training Center	150,000	150,000
Department of Transportation and Public Facilities			
41458 AP	PLACEHOLDER: Butea Path Road Preliminary Engineering and NEPA	0,000,000	0,000,000
40431 AP	PLACEHOLDER: Dalton Highway resurface and upgrade	0,000,000	0,000,000
40419 AP	PLACEHOLDER: DeLong Port Expansion	2,000,000	2,000,000

State of Alaska
Office of Management and Budget

* Indicates an appropriation with allocations (amounts not included in total)
12-9-2004 2:08 PM

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**Project Listing Including Management Group
FY06 Capital GORP**

2000 RevBondAH Only

Yes

Position	AP/AL	Project Title	Fund Source Total	Project Total
Department of Transportation and Public Facilities				
40463	AP	PLACEHOLDER: Fairbanks: Richardson Highway: Northbound Chena Overflow Bridge	11,000,000	11,000,000
		2000 RevBondAH		
40476	AP	PLACEHOLDER: Fairbanks: Shaw Creek on Richardson Highway and Chena River at Peffer Road Bridge Replacement	4,800,000	4,800,000
		2000 RevBondAH		
40420	AP	PLACEHOLDER: Fairbanks West Road	4,000,000	4,000,000
		2000 RevBondAH		
40434	AP	PLACEHOLDER: Airport lease lots development	4,000,000	4,000,000
		2000 RevBondAH		
40428	AP	PLACEHOLDER: Anchorage mid-town congestion relief	23,800,000	23,800,000
		2000 RevBondAH		
40498	AP	PLACEHOLDER: Copper River Highway Rehabilitation	4,900,000	4,900,000
		2000 RevBondAH		
40460	AP	PLACEHOLDER: Chena Highway Corridor, Anchorage-Mat-Su Congestion and Truck Corridor Improvements	28,800,000	28,800,000
		2000 RevBondAH		
40462	AP	PLACEHOLDER: Kenai Peninsula: Kallikowak Beach Road Rehabilitation	12,000,000	12,000,000
		2000 RevBondAH		
40423	AP	PLACEHOLDER: Kodiak Paragonak road to launch Fed by	5,500,000	5,500,000
		2000 RevBondAH		
40461	AP	PLACEHOLDER: Mat-Su Congestion Improvements	18,000,000	18,000,000
		2000 RevBondAH		
40404	AP	PLACEHOLDER: McCarty road major maintenance	2,000,000	2,000,000
		2000 RevBondAH		
40475	AP	PLACEHOLDER: North Denali Access	6,000,000	6,000,000
		2000 RevBondAH		
40408	AP	PLACEHOLDER: Rural Dust Control	4,000,000	4,000,000
		2000 RevBondAH		

* Indicates an appropriation with allocations (amounts not included in totals)
12-8-2004 2:06 pm

State of Alaska
Office of Management and Budget

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Project Listing Including Management Group
 FY08 Capital GORP

2000 RevBondAH Only

Yes

AP#	AP#	Project Title	Fund Source Total	Project Total
4042B	AP	PLACEHOLDER: Sika Savanil Creek Road completion	3,500,000	3,500,000
4042S	AP	PLACEHOLDER: Southeast AIHS facilities	10,000,000	10,000,000
3005S	AP	Industrial Road Program	10,000,000	10,000,000
30033	AP	Airport Deferred Maintenance	1,500,000	1,500,000
30831	AP	Highway Deferred Maintenance	3,000,000	3,000,000
30632	AP	Facilities Deferred Maintenance and Critical Repairs	8,000,000	8,000,000
30034	AP	Emergency and Non-Routine Repairs	500,000	500,000
30624	AP	Alaska Marine Highway System - Vessel and Terminal Overhaul and Rehabilitation	6,500,000	6,500,000
33453	AP	Material Stockpiles - Dalton Highway, Glenn Highway, Richardson Highway and Tok Culiff	600,000	600,000
7090	AP	Harbor Deferred Maintenance	3,000,000	3,000,000
37805	AP	Hoonah Harbor Deferred Maintenance and Transfer	3,500,000	3,500,000
30812	AP	Petersburg North Harbor Deferred Maintenance and Transfer	2,500,000	2,500,000
30801	AP	Wiley Harborsense Station Replacement	350,000	350,000

* Indicates an appropriation with allocations (amounts not included in total)
 12-8-2004 2:16 pm

State of Alaska
 Office of Management and Budget

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**Project Listing Including Management Group
FY05 Capital GORP**

2000 RevBondAH Only

Yes

ReNum	APAL	Project Title	Fund Source Total	Project Total
Department of Transportation and Public Facilities				
40017	AP	WAN Infrastructure Upgrade	183,000	183,000
6704	AP	Statewide Federal Programs	60,500,000	60,500,000
6998	AL	Federal-AI Aviation State Match	14,540,000	14,540,000
32649	AL	Federal-AI Highway State Match	42,080,000	42,080,000
35037	AP	Congressional Earthquake	15,000,000	15,000,000
University of Alaska				
40082	AP	Strategic Land and Property Acquisitions	2,150,000	2,150,000
40073	AP	Minor Renovation and Renovation - systemswide	6,866,000	6,866,000
40025	AP	Integrated Science	21,000,000	21,000,000
Alaska Court System				
40084	AP	Barbell Courtroom	825,000	825,000

* Indicates an appropriation with allocations (amounts not included in totals)
12-9-2004 2:00 pm

12/08/2004 14:27

907-465-2090

GOVERNORS OMB

PAGE 09/09

DRAFT

Project Listing Including Management Group FY08 Capital GORP

2000 RevBondAH Only

Yes

RefNum	AP/AL	Project Title	Fund Source Total	Project Total
39010	AP	Delayed Maintenance Projects (was 1000.0 GF)	300,000	300,000
Alaska Court System				
2000 RevBondAH			300,000	
RevBondAH (2000)				343,046,733
General Fund Total:				0
Federal Total:				0
Other Total:				343,046,733
Group Total:				343,046,733

* Includes any appropriation with allocations for amounts not included in totals
12-8-2004 2:08 pm

State of Alaska
Office of Management and Budget

HB

1900

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 3
Bill Version: CSHB 190(JUD)
(H) Publish Date: 2/13/06

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
Title: "An Act relating to the purchase of alcoholic beverages..." RDU: Division of Motor Vehicles
Component: Motor Vehicles
Sponsor: Rep. Crawford
Requester: (H) Jud Component No.: 2348

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	**	**	**	**	**	**

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

FUND SOURCE	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	**	**	**	**	**	**

Estimate of any current year (FY2006) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill requires the Division of Motor Vehicles (DMV) to physically 'mark' a driver's license or a State issued Identification Card if the holder's privilege to purchase alcohol has been restricted. The DMV today has no direct knowledge of a persons conditions of probation or parole.

Until the number of customers and method of information transmission is ascertained in conjunction with the Alaska Court System, the DMV has no ability to measure the impact this will have on our planned operation. As a result we respectfully submit an 'indeterminate' fiscal note.

Once this information has been established, the DMV will provide a firm estimate of costs incurred and revenue generated as a result.

Prepared by: Duane Bannock, Director Phone: 269 5008
Division: Motor Vehicles Date/Time: 2/9/06 9:00 AM
Approved by: Mike Tibbles, Deputy Commissioner Date: 2/9/2006
Agency: Department of Administration

Adopted

N/O

24-LS0617/P.2
Mischel
3/23/06

AMENDMENT

2

OFFERED IN THE HOUSE

BY REPRESENTATIVE MEYER

TO: CSHB 190(), Draft Version "P"

1 Page 3, line 3:

2 Delete "NEOC"

3 Insert "ROC"

4

5 Page 3, line 7, following "photograph."":

6 Insert "In this section, "ROC" is an abbreviation for "restriction on
7 consumption."

adopted 3/24/06

AMENDMENT

3

OFFERED IN THE HOUSE

BY REPRESENTATIVE MEYER

TO: CSHB 190(), Draft Version "P"

1 Page 2, line 5, following "beverages.":

2 Insert "(a)"

3

4 Page 2, following line 12:

5 Insert a new subsection to read:

6 "(b) A court imposing a restriction on a person under (a) of this section, and
7 the Department of Corrections, shall notify the person that an identification card
8 issued under AS 18.65.310 must list the restriction imposed for the period of the
9 person's probation or parole."

10

11 Page 2, following line 19:

12 Insert a new bill section to read:

13 "** Sec. 4. AS 18.65.310 is amended by adding new subsections to read:

14 (h) The department shall cancel the identification card of a person on whom a
15 restriction has been imposed under AS 04.16.160 unless the person's identification
16 card contains the information required by (i) of this section.

17 (i) The department shall, to the extent it is able, mark the identification card of
18 an applicant whose privilege to purchase alcohol has been restricted under
19 AS 04.16.160 in the same manner required for a driver's license under AS 28.15.111.

20 (j) The department may by regulation set a fee for issuance of an identification
21 card under (i) of this section. The fee must meet the requirements of AS 04.16.160."

22

23 Renumber the following bill sections accordingly.

1

2 Page 3, line 30, following "AS 04.16.160":

3 Insert "for the period of probation or parole"

adopted N/O 3/24/06

CONCEPTUAL AMENDMENT 4

OFFERED IN THE HOUSE FINANCE COMMITTEE BY REPRESENTATIVE MEYER
TO: CS HB 190 ()
Version 24-LS0617P

- 1 Page 3, line 31
- 2 Delete "Department of Corrections"
- 3 Insert "Alaska Parole Board"
- 4
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3/24/06
adopted 40
AMENDMENT 5

OFFERED IN THE HOUSE FINANCE COMMITTEE BY REPRESENTATIVE MEYER
TO: CS HB 190()
Version 24-LS0617AP

- 1 Page 3, line 22
- 2 Following "conviction of a crime"
- 3 Insert "under AS 28.35.030 or 28.35.032"
- 4
- 5 Page 3, line 23
- 6 Following "parole"
- 7 Insert "from a conviction under AS 28.35.030 or 28.35.032"
- 8
- 9 Page 4, line 2
- 10 Following "parole"
- 11 Insert "from a conviction under AS 28.35.030 or 28.35.032"
- 12
- 13 Page 4, line 3
- 14 Delete "AS 28.15.760"
- 15 Insert "AS 28.15.161"
- 16
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FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: CSHB 190(JUD)
(H) Publish Date: 2/13/06

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
Title: An act relating to the purchase of alcoholic beverages and to access to licensed premises... RDU: Legal and Advocacy Services
Component: Office of Public Advocacy
Sponsor: Rep. Crawford
Requester: (H) Judiciary Component No.: 43

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2006) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation would deny a person the privilege to purchase alcoholic beverages (AS 4.16.160) or enter premises (AS 4.16.047) that serve alcoholic beverages if the person has been ordered to refrain from consuming alcoholic beverages as part of a sentence for a crime under AS 28.35.030 or as a condition of probation or parole. This legislation would also provide a private right of civil action for a licensee against a person who enters a licensed premises in violation of the aforementioned. Finally, this legislation would require that driver's licenses be designed to allow the electronic reading and display of the person's identifying information and whether the person's privilege to purchase alcohol has been restricted under AS 4.16.160.

This legislation should have no fiscal impact on OPA.

Prepared by: Joshua P. Fink, Director Phone: 907-269-3500
Division: Office of Public Advocacy Date/Time: 2/8/06 at 7:50 p.m.
Approved by: Mike Tibbles, Deputy Commissioner Date: 2/8/2006
Agency: Administration

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 3
Bill Version: CSHB 190(JUD)
(H) Publish Date: 2/13/06

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
Title: "An Act relating to the purchase of alcoholic beverages..." RDU: Division of Motor Vehicles
Sponsor: Rep. Crawford Component: Motor Vehicles
Requester: (H) Jud Component No.: 2348

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	**	**	**	**	**	**

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

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

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2006) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill requires the Division of Motor Vehicles (DMV) to physically 'mark' a driver's license or a State issued Identification Card if the holder's privilege to purchase alcohol has been restricted. The DMV today has no direct knowledge of a persons conditions of probation or parole.

Until the number of customers and method of information transmission is ascertained in conjunction with the Alaska Court System, the DMV has no ability to measure the impact this will have on our planned operation. As a result we respectfully submit an 'indeterminate' fiscal note.

Once this information has been established, the DMV will provide a firm estimate of costs incurred and revenue generated as a result.

Prepared by: Duane Bannock, Director Phone 269 5008
Division: Motor Vehicles Date/Time 2/9/06 9:00 AM
Approved by: Mike Tibbles, Deputy Commissioner Date 2/9/2006
Agency: Department of Administration

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

March 25, 2006

SUBJECT: CSHB 190 (FIN) (Work Order No. 24-LS0617\A)

TO: Representative Mike Chenault
Representative Kevin Meyer
Co-chairs of House Finance Committee
Attn: Shar

FROM: Pam Finley *PF*
Revisor of Statutes

Enclosed is the CS you requested. Note that conceptual amendment #4 changed "Department of Corrections" to the "board of parole" (we gave it its official title under AS 33.16.020) at page 4, line 15 of the CS, but in amendment P.1, "Department of Corrections" is used at page 2, line 14 of the CS. This isn't a legal problem, but we wondered if the inconsistency was intended.

PF:lmb
06-120.lmb

Enclosure

adopted 3/24/06

24-LS0617P
Luckhaupt
3/21/06

CS FOR HOUSE BILL NO. 190()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES CRAWFORD, Lynn

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the purchase of alcoholic beverages and to access to licensed
2 premises; relating to civil liability for certain persons access ing licensed premises;
3 requiring driver's licenses and identification cards to be marked if a person is restricted
4 from consuming alcoholic beverages as a result of a conviction or condition of probation
5 or parole and relating to fees for the marked license; and requiring the surrender and
6 cancellation of driver's licenses under certain circumstances."

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

8 * Section 1. AS 04.16 is amended by adding a new section to read:

9 Sec. 04.16.047. Access of persons with restricted privileges. (a) A person
10 who is not privileged to purchase alcohol under AS 04.16.160 may not knowingly
11 enter or remain in premises licensed under this title to obtain or consume alcohol.

12 (b) A licensee may bring a civil action against a person who violates this
13 section if the violation occurs on the premises of that licensee. If judgment is entered

1 in favor of the licensee, the court shall award civil damages in the amount of \$1,000
2 and award reasonable costs and reasonable attorney fees allowed under the Alaska
3 Rules of Civil Procedure.

4 * Sec. 2. AS 04.16 is amended by adding a new section to read:

5 Sec. 04.16.160. Privilege to purchase alcoholic beverages. Except as
6 otherwise provided by law, a person who is 21 years of age or older has a privilege to
7 purchase alcoholic beverages, unless the person has been ordered to refrain from
8 consuming alcoholic beverages as part of a sentence for conviction of a crime under
9 AS 28.35.030 or 28.35.032 or as a condition of probation or parole from a conviction
10 under AS 28.35.030 or 28.35.032. A person whose privilege to purchase alcohol has
11 been restricted shall be required to pay an enhanced fee to have a driver's license or
12 identification card issued with the information required under AS 28.15.111(a)(6).

13 * Sec. 3. AS 04 21.050(b) is amended to read:

14 (b) Except as provided in AS 04.16.160, a [A] valid driver's license or a
15 valid identification card is acceptable as proof of age when used for identification in
16 the purchase of alcoholic beverages and for securing entry to and remaining on
17 premises where alcoholic beverages are sold if the license or identification card is
18 made of or encased in plastic and contains a photograph of the licensee [LICENSE] or
19 card holder and a statement of age or date of birth.

20 * Sec. 4. AS 28.15.111(a) is amended to read:

21 (a) Upon successful completion of the application and all required
22 examinations, and upon payment of the required fee, the department shall issue to
23 every qualified applicant a driver's license indicating the type or general class of
24 vehicles that the licensee may drive. The license must [DISPLAY] (1) display a
25 distinguishing number assigned to the license; (2) display the licensee's full name,
26 address, date of birth, brief physical description, and color photograph; (3) display
27 either a facsimile of the signature of the licensee or a space upon which the licensee
28 must write the licensee's usual signature with pen and ink; (4) display a holographic
29 symbol intended to prevent illegal alteration or duplication; [AND] (5) display, for a
30 qualified applicant who is under [AGE] 21 years of age, the words "UNDER 21"; and
31 (6) to the extent the department is able, be designed to allow the electronic

1 reading and electronic display of the information described under (2) of this
2 subsection and the electronic reading and display and a physical display on the
3 license of the letters "NEOC" if the person's privilege to purchase alcohol has
4 been restricted under AS 04.16.160. A license may not display the licensee's social
5 security number and is not valid until signed by the licensee. If facilities are not
6 available for the taking of the photograph required under this section, the department
7 shall endorse on the license, the words "valid without photograph."

8 * Sec. 5. AS 28.15.161(a) is amended to read:

9 (a) The department shall cancel a driver's license upon determination that

10 (1) the licensee is not medically or otherwise entitled to the issuance or
11 retention of the license, or has been adjudged incompetent to drive a motor vehicle;

12 (2) there is an error or defect in the license;

13 (3) the licensee failed to give the required or correct information in the
14 licensee's application; [OR]

15 (4) the license was obtained fraudulently; or

16 (5) the licensee has been restricted from purchasing alcoholic
17 beverages under AS 04.16.160; if a license is cancelled under this paragraph,
18 when a new license is issued, it must reflect that restriction and the requirements
19 of AS 28.15.111.

20 * Sec. 6. AS 28.15.191 is amended by adding new subsections to read:

21 (g) A court that has ordered a person to refrain from consuming alcoholic
22 beverages as part of a sentence for conviction of a crime or as a condition of probation
23 or parole shall

24 (1) require the surrender of the person's license and forward the license
25 to the department;

26 (2) report the order to the department within two days; and

27 (3) inform the person that the person's license is subject to cancellation
28 under AS 28.15.161 and, if the person is otherwise qualified to receive a license, when
29 the person obtains a new license the license must list the restriction imposed by
30 AS 04.16.160.

31 (h) The Department of Corrections shall notify the department within two

1 days whenever a person has been ordered to refrain from consuming alcoholic
2 beverages as a condition of parole and shall inform the person that the person's license
3 is subject to cancellation under AS 28.15.760, and that, if the person is otherwise
4 qualified to receive a license, when the person obtains a new license the license must
5 list the restriction imposed by AS 04.16.160.

6 * Sec. 7. AS 28.15.271 is amended by adding a new subsection to read:

7 (e) The department may by regulation set a fee for issuance of a new license to
8 replace a license cancelled under AS 28.15.161(a)(5) because the person's privilege to
9 purchase alcoholic beverages under AS 04.16.160 has been restricted or revoked. The
10 fee must meet the requirements of AS 04.16.160.

Alaska State Legislature
House of Representatives

Alaska State Capitol
Juneau, Alaska 99801-1182
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Interim Address:
716 West Fourth Avenue
Anchorage, Alaska 99501-2133
(phone) 1-907-269-0100
(fax) 1-907-269-0105

Representative Harry T. Crawford, Jr.

East Anchorage District 21

E-mail: Representative_Harry_Crawford@legis.state.ak.us

Website www.akdemocrats.org

Changes to CS for HB 190 (IUD) in blank CS version \X

Section 1:

Line 10-11 – Replaced “obtain alcohol for personal consumption” with “obtain or consume alcohol”

Previous language may have allowed a person who purchases alcohol in violation of their court order to claim they were purchasing the alcohol for another person and escape the civil action under subsection (b). The language in version \X closes this loophole.

Section 2:

Line 6 – added “Except as otherwise provided by law”

Clarifies the privilege to purchase alcohol established in HB 190 does not supersede any other restrictions against purchasing alcohol that exist in statute.

Line 9 – eliminated “under AS 28.35.030” after “conviction of a crime”

Removes specific reference to drunken driving convictions allowing the provisions of a marked license to apply to any court order prohibiting a person from purchasing alcohol.

Section 4:

Line 6 – Added “to the extent that the department is able”

DMV is not currently able to display ID photos electronically. This language allows for the possibility of that technology to be used by the DMV in the future.

Section 5:

New section.

Requires the DMV to cancel and reissue a ‘marked’ license if an individual’s privilege to purchase alcohol has been revoked under Section 2 of HB 190.

Section 6:

New section.

Requires the surrender of a license when an individual has been ordered not to consume alcohol.
Establishes the obligation of the court and the Department of Corrections to notify the DMV when an order issued.

Section 7:

New section.

Permits the DMV to establish a fee for issuing the 'marked' licenses established by HB 190.

Alaska State Legislature
House of Representatives

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(fax) 1-907-269-0105

Representative Harry Crawford
District 21

SPONSOR STATEMENT FOR CS FOR HB 190

Alaska has some of the strictest drunken driving laws in the country, and yet our rates of alcoholism, and alcohol related crimes are among the highest in the nation.

HB 190 proposes a different approach. In an attempt to keep alcohol out of the hands of repeat drunk driving offenders, HB 190 provides for a physical display on state issued ID's if a person has been prohibited from purchasing alcohol by a court. It also allows for a civil penalty, paid to the licensee if a person restricted from purchasing alcohol is on their premises.

This is a strong step toward stopping problem drinkers from purchasing alcohol.

adopted 3/14/06

24-LS0617X
Luckhaupt
3/14/06

CS FOR HOUSE BILL NO. 190()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES CRAW' ORD, Lynn

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the purchase of alcoholic beverages and to access to licensed
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 11 enter or remain in premises licensed under this title to obtain or consume alcohol.

12 (b) A licensee may bring a civil action against a person who violates this
 13 section if the violation occurs on the premises of that licensee. If judgment is entered

1 in favor of the licensee, the court shall award civil damages in the amount of \$1,000
2 and award reasonable costs and reasonable attorney fees allowed under the Alaska
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7 purchase alcoholic beverages, unless the person has been ordered to refrain from
8 consuming alcoholic beverages as part of a sentence for conviction of a crime or as a
9 condition of probation or parole. A person whose privilege to purchase alcohol has
10 been restricted shall be required to pay an enhanced fee to have a driver's license
11 issued with the information required under AS 28.15.111(a)(6).

12 * Sec. 3. AS 04.21.050(b) is amended to read:

13 (b) Except as provided in AS 04.16.160, a [A] valid driver's license or a
14 valid identification card is acceptable as proof of age when used for identification in
15 the purchase of alcoholic beverages and for securing entry to and remaining on
16 premises where alcoholic beverages are sold if the license or identification card is
17 made of or encased in plastic and contains a photograph of the licensee [LICENSE] or
18 card holder and a statement of age or date of birth.

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22 every qualified applicant a driver's license indicating the type or general class of
23 vehicles that the licensee may drive. The license must [DISPLAY] (1) display a
24 distinguishing number assigned to the license; (2) display the licensee's full name,
25 address, date of birth, brief physical description, and color photograph; (3) display
26 either a facsimile of the signature of the licensee or a space upon which the licensee
27 must write the licensee's usual signature with pen and ink; (4) display a holographic
28 symbol intended to prevent illegal alteration or duplication; [AND] (5) display, for a
29 qualified applicant who is under [AGE] 21 years of age, the words "UNDER 21"; and
30 (6) to the extent the department is able, be designed to allow the electronic
31 reading and electronic display of the information described under (2) of this

1 subsection and the electronic reading and display and a physical display on the
2 license of a statement of whether the person's privilege to purchase alcohol has
3 been restricted under AS 04.16.160. A license may not display the licensee's social
4 security number and is not valid until signed by the licensee. If facilities are not
5 available for the taking of the photograph required under this section, the department
6 shall endorse on the license, the words "valid without photograph."

7 * Sec. 5. AS 28.15.161(a) is amended to read:

8 (a) The department shall cancel a driver's license upon determination that

9 (1) the licensee is not medically or otherwise entitled to the issuance or
10 retention of the license, or has been adjudged incompetent to drive a motor vehicle;

11 (2) there is an error or defect in the license;

12 (3) the licensee failed to give the required or correct information in the
13 licensee's application; [OR]

14 (4) the license was obtained fraudulently; or

15 (5) the licensee has been restricted from purchasing alcoholic
16 beverages under AS 04.16.160; if a license is cancelled under this paragraph,
17 when a new license is issued, it must reflect that restriction and the requirements
18 of AS 28.15.111.

19 * Sec. 6. AS 28.15.191 is amended by adding new subsections to read:

20 (g) A court that has ordered a person to refrain from consuming alcoholic
21 beverages as part of a sentence for conviction of a crime or as a condition of probation
22 or parole shall

23 (1) require the surrender of the person's license and forward the license
24 to the department;

25 (2) report the order to the department; and

26 (3) inform the person that the person's license is subject to cancellation
27 under AS 28.15.161 and, if the person is otherwise qualified to receive a license, the
28 person must obtain a new license that lists the restriction imposed by AS 04.16.160.

29 (h) The Department of Corrections shall notify the department whenever a
30 person has been ordered to refrain from consuming alcoholic beverages as a condition
31 of parole and shall inform the person that the person's license is subject to cancellation

1 under AS 28.15.760, and that, if the person is otherwise qualified to receive a license,
2 the person must obtain a new license that lists the restriction imposed by
3 AS 04.16.160.

4 * Sec. 7. AS 28.15.271 is amended by adding a new subsection to read:

5 (e) The department may by regulation set a fee for issuance of a new license to
6 replace a license cancelled under AS 28.15.161(a)(5) because the person's privilege to
7 purchase alcoholic beverages under AS 04.16.160 has been restricted or revoked. The
8 fee must meet the requirements of AS 04.16.160.

*adopted
3-14-06*

AMENDMENT 1

OFFERED IN THE HOUSE
TO: CS HB 190 Version X

BY REPRESENTATIVE

Meyer

- 1 Page 3, line 27
- 2 Following "license," delete "the person must obtain a new license that lists" and insert
- 3 "when the person obtains a new license, the license must list"
- 4
- 5 Page 4, line 2
- 6 Delete "the person must obtain a new license that lists" and insert "when the person
- 7 obtains a new license, the license must list"

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES



MADD

Activism Victim Services | Education™

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4105 Turnagain Boulevard, Suite A • Anchorage, AK 99517
(907) 562-6890/Fax (907) 562-6896
Email: info@maddalaska.com
Visit our Web Site: www.maddalaska.com

Our Mission is to stop drunk driving, support the victims of this violent crime and prevent underage drinking

DATE: March 22, 2005

TO: Labor and Commerce Commission
Representative Tom Anderson, Chair
Representative Pete Kott
Representative Bob Lynn
Representative Norm Rokeberg
Representative David Guttenberg
Representative Gabriel LeDoux

FROM: Marti Greeson, Executive Director
MADD Anchorage Chapter

RE: HB 190

On behalf of the members, board of directors and staff of MADD in Anchorage, I am writing in support of HB 190.

The purchase of alcoholic beverages for persons over the age of 21 is a privilege, which can be and is revoked upon conviction for a DUI related offense. This revocation must be monitored and sales of alcohol refused to persons under order by the courts and/or as a consequence of probation or parole. Information provided on identification cards or driver's licenses will aid retailers and their agents in ensuring legal sales, and as a result reduce the recidivism rates for repeat offenders.

Heather D. Beaty

From: Brenda Moore [bmoore@christianhealth.org]
Sent: Tuesday, March 22, 2005 11:57 AM
To: Rep. Tom Anderson; Rep. David Guttenberg; Rep_Norm_Rokeberg@legis.state.ak.us;
Rep_Gabriel_LeDoux@legis.state.ak.us; Rep. Bob Lynn; Rep. Pete Kott
Cc: Rep. Harry Crawford
Subject: HB 190

To: Labor & Commerce Committee

From: Brenda Moore

Re: HB 190

Representative Harry Crawford has introduced HB 190 "An Act relating to the purchase of alcoholic beverages and to requiring identification to buy alcoholic beverages; requiring driver's licenses and identification cards to be marked if a person is restricted from consuming alcoholic beverages as a result of a conviction or condition of probation or parole."

This is written in favor of HB 190. A number of years ago the daughter of a close friend was struck while driving her children to an activity. She was killed and one of her children was injured.

The driver of the car that struck and killed my friend's daughter was driving with a revoked license, while under the influence of alcohol. He had several previous convictions of driving while under the influence, which resulted in his license being revoked.

I feel my friend's daughter might be alive today if the driver that killed her had been required to prove his privilege to drive and purchase alcohol.

I ask that you support the passage of HB 190 as a measure to preserve lives.

Sincerely,
Brenda Moore
907-522-7081

Josh Applebee

From: Janies Barlow - Alexander [courtwatch@maddalaska.com]
Sent: Tuesday, March 22, 2005 11:44 AM
To: Rep. Tom Anderson; Rep. Pete Kott; Rep. Bob Lynn;
Rep_Gabriel_LeDoux@legis.state.ak.us; Rep_Norm_Rokeberg@legis.state.ak.us; Rep.
David Guttenberg
Subject: HOUSE BILL 190

My Dear Representatives,

This Bill is to be heard this afternoon and I ask for your full support for this practical, sensible legislation.

This is legislation which responsible retailers support and thereby will be enforced. Let it be known, that in the great state of Alaska, the right to drive and a drivers license are privileges, which will be revoked for driving crimes.

Thank you.

Janies

Janies Barlow-Alexander
Court Monitoring Coordinator
(907)562-6890-T (907)562-6896-F
4105 Turnagain Blvd, Ste A (99517)

"We cannot solve the problems that we have created with the same thinking that created them" AE

For more information about MADD, its free victim services or to donate, please visit www.maddalaska.com or call (907) 562-6890.

The number also connects victims to trained staff who can provide emotional support and guidance through the criminal justice system.

DMV comments re: HB 190

Subject: DMV comments re: HB 190**From:** Duane Bannock <duane_bannock@admin.state.ak.us>**Date:** Mon, 13 Feb 2006 15:18:36 -0900**To:** Harry Crawford <representative_harry_crawford@legis.state.ak.us>**CC:** Michael A Tibbles <michael_tibbles@admin.state.ak.us>, Douglas A Wooliver <dwooliver@courts.state.ak.us>

Dear Representative Crawford,

Thank you for allowing the Division of Motor Vehicles (DMV) to participate in the hearing concerning HB 190, your bill requiring the DMV to 'mark' the Driver's License/Identification Card (DL/ID) with an indication prohibiting the holder the privilege of purchasing alcohol.

As I too recognize the importance of curbing our alcohol related problems in Alaska, please know that the DMV wants to be part of the solution; not part of the problem. I am also respectful of you and your family's own personal involvement in the damaging effects of alcohol.

In comparing the original version of the bill dated 3/1/05 (version G) to the CS from Labor & Commerce dated 4/22/05 (version Y) I can find no discernible difference, as it pertains to DMV, between the versions. While I see the difference made in other sections to the bill that effects the alcohol vendor making it 'voluntary' to participate in checking the customer prior to the sale, we do not see any instructions requiring either the Court, Probation/Parole office, or the customer themselves to obtain this new 'marked' DL/ID.

You ask what can be done? Thanks for asking; here's a few suggestions.

As I stated in the Judiciary committee, the DMV can alter both the physical design and the electronic 2-D Bar code. In speaking with Cindy Cashen, now with the Alaska Highway Safety Office, she has informed me of the standard language for this court order is "N.E.O.C." or Not to Enter Or Consume alcohol, we would propose using that same language.

*Sec 2 may need to address the status of the 'unmarked' DL/ID currently in possession of the customer in question. For example, should the DMV Revoke or Suspend the DL/ID and provide written notification that the customer must return to DMV for a new 'marked' DL/ID? The result of failure to comply could include the customer being subjected to charges of driving with a suspended/revoked license if stopped for a minor traffic offense, if they have not obtained the new 'marked' license.

Also, we recommend modification in *Sec 2 to either delete the specific reference to AS 28.35.030; Operating a Vehicle...While Under the Influence. Testimony by Mr. Wooliver from the Court System has indicated that other crimes committed may lead to the same restriction. If the intent is to limit this 'marking' of DL/ID's to only "Driving-with-Alcohol involved" crimes, we would suggest adding AS 28.35.032; Refusal to Submit to a Chemical Test, aka "Refusing to blow". This information is critical to our estimate of projected costs and the amount we will be asking the customer to pay, as a result. If the intent is to include other crimes, or probation/parole resulting from those crimes, a could be requested from the agency(s) affected with estimates of qualifying customers.

We believe the intent of the bill is to 'mark' both DL's and ID's. The *Sec 4 authority given to DMV is only granted to DL's. We suggest adding the same language to apply to State Identification Cards. This may be a moot point as AS 18.65.310 describes content of the ID card as "identical to to the motor vehicle operator's license provided for in AS 28.15.111", but we'd respectfully request clarification.

Also, as a minor note, our 2-D bar code does not include the photo image, as may be

DMV comments re: HB 190

required in the new language of *Sec 4. It only includes the data such as name; dates of birth, etc.

Thank you again, for the opportunity to be involved in this process. If I may be of further assistance on this, or ant DMV matter, please feel free to contact me directly.

Duane Bannock
Director, DMV
269 5008