

143 HC HCR 100 - SB 354

Natural Gas, Continued

In 1969, a study was commissioned by the PUC to the accounting firm of Ernst & Ernst to probe into whether or not the gas company was realizing excessive profits on its natural gas distributorship in Anchorage. As a result of the study, Ernst & Ernst recommended that the Public Utilities Commission examine the reasonableness of the many costs directed at either the regulated companies or those companies which were not regulated and also to establish whether or not the costs and expenses that were borne by Anchorage consumers could have been borne or accounted to other areas of Alaska Interstate activities.

Up to this point, an investigation into the reasonableness of these rates and relationships has never been conducted by the PUC. There is a current rate case that was initiated this year for the natural gas rates in Anchorage. The reason that the case was initiated was that the gas company renegotiated its wellhead contract with Union/Marathon. The renegotiation resulted in an approximate doubling of the wellhead price of natural gas. At that time, the natural gas distribution company had a fuel adjustment flowthrough in their tariff and they attempted to flowthrough the doubling of the wellhead price to Anchorage consumers.

Alaskans were fortunate at that time that there had recently been an appointment of a consumer oriented member to the PUC, Commissioner Dick Edwards. The gas company's flowthrough attempt was suspended by Edwards and Zerbetz, with

Natural Gas, Continued

Hendershot dissenting. An investigation was initiated into whether or not the flowthrough provision should be dropped from the tariff, whether or not the gas company should file for a permanent rate increase and go through rate hearings.

The gas company threatened to interrupt service to its customers and for the first time PUC got tough and initiated investigation into whether or not they should lift the gas company's certificate of convenience. The gas company was brought into line by this action and the current status is that an interim rate hike has been given the utility which was about 60% of what they originally requested. A permanent rate case has been filed by the utility and is under review.

One recommendation that AkPIRG has made during the gas company's rate cases is that the Public Utilities Commission recommend to the legislature that they (PUC) be given the authority to regulate the price of natural gas at the well-head. There is a good deal of sympathy for this on the PUC and among certain legislators but we're sure there will be a good deal of political opposition as well. The reason for this opposition can be traced by reviewing who the actual leaseholders of the Kenai gas are and how they originally obtained their gas rights.

The story goes back to 1957 and is a miniature Teapot Dome Scandal. In 1957, Fred Seton, then Secretary of the Interior, and a collection of Anchorage businessmen flew down to the Kenai peninsula on a private outing. Shortly after that trip,

Natural Gas, Continued

every one of the businessmen who had been on the plane filed on oil and gas leases in the Kenai - Swanson River areas. At that time, no one in Alaska had ever heard of oil and gas leases.

Two of these leaseholders are Bob Atwood, the publisher of Alaska's largest newspaper, the powerful Anchorage Times, and his brother-in-law Elmer Rasmusson, the president of the state's largest bank. Their contracts and the others with Union/Marathon reportedly include a percentage of the company's sale price for the gas so any rollback in the wellhead price of natural gas will mean lost bucks and will meet with considerable resistance.

At the recent interim rate hearings the Gas Company asked the PUC to allow them a special Alaska Factor of 2% which would be added to any percentage of the rate of return that their own experts could justify as reasonable. In theory, the Alaska Factor is to make the Alaskan utilities on a par with utilities in other states on the capital market since Alaska is such a distant unknown area that investors are generally ignorant and reluctant to risk making investments up here. We think this argument is about as absurd as a Colorado or Nebraska Factor. What makes this argument even more ridiculous is that the Alaska Gas Company has been using the same financial institutions for a majority of their financing for over a decade. Furthermore, the gas company's own experts admitted under cross examination by

Natural Gas, Continued

AkPIRG that contracted and known uncommitted natural gas reserves which are available to the utility are the single most important consideration in determining risk for a gas company. The Alaska utility is far superior to almost any utility in the country as far as the reserves that are available.

The gas company brought in expensive consultants from Texas and Washington, D.C., who hammered at this and other points. The PUC commissioners, against their biases, gave an Alaskan Factor on its rate of return. This is one area we hope to knock down in the permanent rate increase hearings by providing economists and experts who can give knowledgeable testimony to discredit this practice.

Telecommunications:

RCA Alaska is the state's telephone long lines carrier and the state's largest private utility. RCA Alaska grossed over 41 million dollars in 1974. As the state's long lines carrier, RCA Alaska Communications, Inc. grossed over three times more than the next largest telephone utility which is the Anchorage Municipal Telephone Company.

RCA Alaska is reportedly one of the national RCA's most profitable subsidiaries. The company has a reputation for poor service and there is a great deal of suspicion that the rates are unreasonably high. Jon Rowe and I spoke with Commissioner Dick Edwards who felt that one of the next major utility cases

Telecommunications, Continued

in Alaska would be a rate case initiated by the public or by the PUC to get a reduction in long lines telephone rates. This is due to the fact that the technology for RCA has been improved to the extent that the cost has been greatly reduced.

The general public dissatisfaction with RCA has caused the state to be somewhat apprehensive about jumping into bed with RCA insofar as developing satellite communications for the majority of rural Alaska. What's at stake is the launching of a satellite to serve Alaska and the building of earth stations throughout the state. The state wants to own as many of the facilities as possible and simply lease them to whatever private utility operates them so that it can be in a better bargaining position.

RCA is doing everything it can to see that it launches the satellite and owns the earth stations. Recently, AT&T intervened in the proceedings before the FCC and indicated a desire to compete with RCA's proposal. This controversy will be ultimately resolved by the Alaska Legislature and the Federal Communications Commission.

Interestingly enough, Ma Bell at this time has no foothold in any of the Alaska Telephone companies. The largest Outside telephone company doing business in Alaska is Continental. The two largest telephone companies, next to RCA, are municipal telephone utilities in Fairbanks and Anchorage.

Hydroelectric Power:

Hydroelectric power, primarily for Southeast Alaska, has been pushed rather hard by the Southeast Conference. There are some who question the economic wisdom of committing the state to large hydroelectrical projects in Southeast Alaska. As a result, the Legislature authorized a \$200,000 interim study into the economics of hydroelectric power in the southeast primarily comparing the cost to that of conventional diesel power.

Although results of this study are not yet known, there is considerable speculation that the study will discredit the cost advantages of hydroelectric projects. The lobbyist for the Southeast Conference, Bill Boardman, is a former Speaker of the House of Representatives who is currently married to Senator Genie Chance, Chairwoman of the Legislative Council. The Legislative Council is the interim body which administers legislative studies, etc.

In a move to trim the Legislature's somewhat wasteful budget, Senator Chance recently attempted to cut the power study appropriation without informing other Council members. Although unsuccessful, it at least provides an indication that the hydroelectric lobby is opposed to the completion of this study.

Electrical Utilities:

As mentioned previously, the largest amount of rate cases that have been filed in Alaska have been for electric utilities.

Electrical Utilities, Continued

This includes five interim rate cases being filed in 1975, 10 permanent rate cases and 55 fuel rate cost adjustments.

In Anchorage, the municipal electrical company has recently filed for a 51% increase. The primary reasons for the increase are whopping big wage settlements, higher interest rates and the effect of the rate hike for natural gas which is the chief source of power for electricity in Anchorage. The 51% rate figure was only filed for by the electrical company in October of this year.

Utility officials actually knew in late 1974 that the electrical company was in bad financial shape. A political decision was made to hold up the filing of any large rate increase for the electrical company until after the September 9th mayoral election. The electric company was run by the City of Anchorage at that time when the two governments (City and Borough) were divided. The election for the unified government of the city and the borough had two main contenders: the borough mayor and the city mayor. The city mayor ran on a platform of fiscal responsibility, having run utilities at low and efficient rates and keeping taxes down.

In 1974, the electrical company was forced to subsidize the tax base beyond what was economically wise. As a result of this and the belated filing of the rate increase, the electric utility jeopardized its bond trading and was forced to defer important capital improvements which must now be

Electrical Utilities, Continued

financed in a generally poor market for municipal bonds.

The Anchorage consumer is going to pick up the tab for this decision through poor service and an inflated cost at providing capital improvements and financing them.

Alaskan consumers probably need to take a look at the management practices of other electrical utilities in Alaska. AkPIRG has received complaints about corrupt practices in Chugiak Electric Association, the state's largest REA cooperative. This same utility recently changed its bylaws to eliminate the right of co-op members to make nominations for the Board of Directors from the floor at the annual meeting. In order to be a candidate for the Board of Directors, you have to be nominated by the nominating committee which is appointed by the incumbent Board of Directors. AkPIRG hopes to organize a challenge to this at their next annual meeting.

Water Utilities:

The state's second largest regulated water utility is Central Alaska Utility. CAU has a reputation for poor service and shady financial dealings. Its predecessors, Spenard Utilities, made a good deal of its money by its questionable obtaining of water rights. For example, in the mid-sixties an incredible rip-off of water was pulled off with the aid of the State Housing Authority (ASHA).

The scene of this rip-off was a moderate to low-income subdivision called Nunaka Valley. Nunaka Valley was originally

Water Utilities, Continued

an FHA financed project which had gone belly up in the mid-fifties. The project was placed in receivership and managed by ASHA for FHA. Nunaka Valley had good water wells which supplied the local homeowners at no cost.

In the mid sixties, Spenard Utilities was attempting to develop a water concession in the general area surrounding the Nunaka Valley subdivision. Spenard Utilities entered into a lease with ASHA for the water wells with an option to purchase. Spenard Utilities then turned around and began selling the water to nearby subdivisions. At the time the lease with the option to purchase was negotiated, Don Mellish, a member of the ASHA board of directors and currently the president of the National Bank of Alaska, the state's largest bank, was the largest stockholder in Spenard Utilities.

When the option to purchase was exercised, a former utility board member was again on the ASHA board of directors.

Upon exercising their contract of purchase, Spenard Utilities began billing the Nunaka Valley residents for their water rights. The outraged citizens hired an attorney and sued the water company and the Housing Authority. The lawsuit was settled out of court with the utility company retaining the water and the residents getting their streets paved. The paving was paid for by the Housing Authority and the local government (Read Taxpayers).

Water Utilities, Continued

It appears from my research that this is only one of several cases when Spenard Utilities obtained water rights through questionable means. The board of directors of the utility company includes several bankers and developers. Currently, the utility manager's wife sits on the Anchorage Rent Review Board. This company was recently granted a 59% increase in water rates.

Another water company operating in Anchorage recently filed for a 425% increase in rates. Bell Utilities is currently attempting to raise its monthly charge for residential units from \$10 a month to \$46 a month.

Miscellaneous Utility Issues:

At this time it appears that no plans have been made for nuclear power as an energy source in Alaska. It is possible that uranium will be mined and plutonium refined in Alaska. The possibility of this has been brought up in the past, but it has met stiff resistance from Senator Mike Gravel, a well-known national adversary of the nuclear power combine.

Rural areas of the state, particularly small native villages, have been ripped-off for years by the companies providing oil. Oil will be delivered seasonally, maybe once a year in different parts of Alaska, placed in large storage tanks and then sold to local residents on a periodic basis throughout the year. During that year's period of time, the price of oil will rise. This increase in price will be

Miscellaneous Utility Issues, Continued

charged off to the local residents even though the oil that is actually in the storage tanks was purchased at an earlier time at a cheaper rate.

RUCAG:

I have discussed the RUCAG concept with members of the Public Utilities Commission and several Anchorage legislators. The members of the Public Utilities Commission are generally receptive to the idea of the establishment of a RUCAG in Alaska and in fact are very desirous of personal input from the public in rate cases. Legislators, on the other hand, are not quite so receptive.

The main reason for this is that in the 1975 legislative session the legislature expanded the membership of the Public Utilities Commission from three members to five members, the two new members being consumer representatives. From our point of view, that hasn't really solved the problem since the consumer members perform the same function as the other members of the Public Utilities Commission and are not allowed to present direct testimony themselves during rate cases, or assume the role of an adversary, which we feel is so badly needed in rate cases. I doubt, however, that the legislature would approve in 1976 the establishment of a RUCAG. And we have pretty much decided not to push it this year.

For one reason, the two new consumer members of the PUC have yet to establish what their roles are going to be in rate

RUCAG, Continued

cases. Until they really get established and we see how they perform and how they define their own role, it's going to be premature in terms of gaining the type of support among legislators we need to get this proposal passed. A bill is being drafted, however, and will be introduced this session for purposes of discussion.

When I have brought up the concept of RUCAG to discuss with various legislators, in almost every single instance they have asked me why we should put so much work into a proposal for utilities if it did not address many of the other problems of consumer advocacy, including regulation of the transportation industry and all of the other various areas of interest up here.

A part of the RUCAG controversy or discussion up here is going to be the thinking through by Alaskan legislators and consumer groups about the best overall design for consumer advocacy in all areas of regulation and policy making.

Under consideration are proposals running the gamut from a Department of Consumer Affairs at a cabinet level to increased duties of the Consumer Protection Agency; the appointment of a People's Council for the purpose of intervening before any type of regulatory board or commission, variations of the RUCAG proposal which would include other types of industry, and hybrids of all of the above.

RUCAG, Continued

We're going to put a big push on during this next legislative session to have either a citizens' board or a legislative interim committee be established to study the various methods of providing ongoing consumer protection and consumer advocacy at a state level.

In the meantime, representation by consumers and by the public before the Public Utilities Commission in rate cases is going to be pretty much left up to the Commission's inadequate staff and the few citizens' organizations which have shown interest in the past (this has been limited to AkPIRG and Alaska Legal Services).

Summary:

AkPIRG is going to continue to appear before the Public Utilities Commission to provide testimony to important rate investigations and important rule-making petitions. Members of the Public Utilities Commission are generally receptive to Alaskan consumers and are soliciting ideas from AkPIRG in a wide range of areas. For example, in a recent hearing on a flow-thru tariff for gas companies, Commissioner Guess asked AkPIRG if they felt that new life line rate structures for gas and electrical companies would be desirable in Alaska. The implication from the Commission members was that if AkPIRG was to provide such a proposal, the Commission would give it serious consideration.

Summary, Continued

Thus, we are in a somewhat different situation than consumer groups in other states as the Alaska Public Utilities Commission, which was in the past an incredibly unresponsive group, has been newly constituted as a commission that is truly dedicated towards preserving the public interest.

The next step is to provide the structure for ongoing, adversary representation by consumers in the specific rule-making and rate hearings.



Alaska State Legislature

LEGISLATIVE AFFAIRS AGENCY

POUCH Y, STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3800

MEMORANDUM

January 16, 1976

SUBJECT: Utility Rates (Work Order #1629)

TO: The Honorable Robert Bradley

FROM: James Owers, Research Analyst
(with Gregg Erickson, Director of Research Services)

The following summarizes some of the issues raised by your request for a study of utility rates.

As an example of present pricing practices, I have used the tariff schedule of the Chugach Electric Association for service in the urban areas of Anchorage prior to their request for a permanent rate increase. The tariff schedule distinguishes four classes of users: general residential service, residential service--large use, commercial light and power, and industrial and commercial large power. As is typical with the practice of most utilities, the rates are designed to favor the bulk use of electric power through what is known as a "declining block rate structure." For example, the first 500 kilowatt hours for a large industrial user cost 2.3 cents per KWH, the next 2,500 KWH cost 1.9 cents per KWH, the next 17,000 KWH cost 1.5 cents per KWH and over 20,000 KWH cost 1.0 cent per KWH.

In addition to these charges, large industrial and commercial users must also pay a "demand charge." In essence, the demand charge is a reflection of the fact that an electric utility must always maintain a certain standby capacity in generators, transformers, and transmission lines to meet the peak demands of a large industrial user. Chugach Electric charges large industrial and commercial consumers \$1.50 per kilowatt each month, based on the peak during that month, for the first 50 KW and \$1.25 per KW for each additional KW over 50 KW of peak demand.

Thus, the minimum monthly bill for a large user is in this case likely to be a function of his peak demand over some period of time. For this reason, at certain times of the year, a user with widely fluctuating demand for electric power over the year might be faced with a large minimum bill in an off season. For example, a manufacturer who has all his employees take their vacation at the same time and shuts down during that period would have little incentive to curtail

power consumption during the period of closure. This could possibly stimulate some waste of electricity. However, this is probably not the reason why many buildings leave lights on during off hours. In the past, structures have occasionally been designed so that the lighting system is itself an integral part of the building's heating system. In such buildings, heat generated by the lights is sometimes necessary to maintain internal temperatures at acceptable levels. Like all electric heat installations, the thermal efficiency of such systems is quite low compared to direct on-site burning of the fuel.

More often, though, the reasons lights are left on are related to a lack of forethought in electrical system design. For example, switches may not be located near exits, or large banks of lights may have to be lit in order to illuminate the office of one "night owl." If sufficient financial incentive exists in the rate structure, efforts will be made to overcome these design induced problems, and in extreme cases it may even make economic sense to rewire a building with this in mind. The amount of electricity saved could be considerable. Nationwide, it is estimated that commercial high rise structures use 50% of the electricity generated. Legislation might also mandate electrical system designs that make it convenient to cut lighting when not required.

As was mentioned above, peak use demand charges may eliminate the incentive for a large consumer to conserve power during the part of the year (or month) when demand is low. Similarly, any consumer faced with a minimum bill is being offered some measure of "free" consumption, in the sense that he will pay for a given amount of power whether he uses it or not.

Bulk consumption discounts and minimum bills are justified by utilities on the grounds that a substantial amount of fixed capacity is necessary to serve any given customer regardless of whether he actually consumes power or not.

If power demand were less variable, the costs of maintaining generating plant and distribution facilities could be spread over a larger quantity of power, and thus the average cost per kilowatt could be reduced. The device of the demand charge does penalize consumers who draw large quantities of power for very short periods of time, and who thus require the year-round maintenance of substantial facilities, but they do not reflect the fact that peak consumption by a given consumer at a time of day when the demands from other customers are low can be supplied with little or no additional investment. "Time of day pricing" has been suggested as a means of bringing about the desired evening out of electrical loads, and of more accurately reflecting the real costs of providing electrical energy to various consumers. In the past there have been technical problems with respect to metering of electricity which made this type of rate structure difficult to implement, but these have been overcome, and such a system is now operative

in a number of areas, for example, Madison, Wisconsin.* Of course, time of day pricing has been practiced for many years by other utilities, i.e., telephones. Although it would certainly require some further study, there may very well be steps that the legislature could take to encourage this type of rate alignment.

Over all, it is probable that electrical utility rates have lagged behind changes in operating conditions and no longer as accurately reflect costs. The idea behind the declining block rate structure has been that the utility company can recoup all its fixed overhead costs on the first few bloc. . . From then on, further use of electricity involves costs which vary directly with the amount of out-put, such as fuel costs. Until recently, fixed costs in the utility business were high compared to variable costs, but as fuel charges have risen, out-put costs have taken up an increasing share. Even though this is true, recent rate increases in Alaska have applied a fixed percentage to all rates rather than address the fundamental fact that the nature of costs have shifted. This means that small users may subsidize a large user. Here again, further study would be necessary, but if you consider it appropriate we could look at possible legislative means of encouraging an appropriate restructuring of electrical utility rates in order to take these new conditions into account. Such changes might be expected to curtail the kinds of wasteful practices as you mention in your work request.

GE/JO:jm

* In the case of a Washington, D.C., utility it was discovered that the institution of time of day pricing would make unnecessary the expansion of generating plant that had been advocated by the utility company.

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. HCR 100
 Title: Relating to electric and gas utility regulations
 Requested by: _____ Date: March 26, 1976
 Return Date Requested: _____
 Agency: Legislature Program: Legislative Affairs Agency

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Legislative Affairs Agency

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES		0				
200 TRAVEL		0				
300 CONTRACTUAL		0				
400 COMMODITIES		0				
500 EQUIPMENT		0				
600 LAND & STRUCTURES		0				
700 GRANTS, CLAIMS, ETC.		0				
TOTAL		0				

B. FUNDING: (Thousands of dollars)

GENERAL FUND *		0				
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY MAN MONTHS (P./T.)	/	0 / 0	/	/	/	/
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III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Fiscal Note assumes utilization of following funds already requested for FY 77

100 Personal Services	\$ 9,000
200 Travel*	1,440
400/500 commodities & equipment	500
Total	\$10,940

*To be transferred from unallocated contractual service moneys

IV. ATTACHMENTS

Memorandum of March 27, 1976 to Director of Research Services

V. DATE: 3/26/76 PREPARED BY: Legislative Affairs Agency
 (B. Sorensen, Research Analyst)

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

MEMORANDUM

Terry
March 29, 1976

[Handwritten circle around subject line]
SUBJECT: Fiscal Note for HCR 100
TO: Terry Berman
(c/o Honorable Bob Bradley) *[Handwritten initials]*
FROM: Gregg K. Erickson
Director of Research Services *[Handwritten initials]*

*File - For floor
action + Senate
reference*

As you requested, we have prepared a fiscal note on this resolution
and forward it herewith, along with an explanatory memo.

GKE:jim
Enclosures

STATE OF ALASKA THE LEGISLATURE

POUCH Y - STATE CAPITOL
JL'NEAL ALASKA 99811
907 465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 27, 1976

SUBJECT: Fiscal Note for HCR 100

TO: Gregg Erickson
Director of Research Services

FROM: Barbara Sorensen
Research Analyst

The study will be undertaken by in-house personnel. We would propose the transfer of unallocated contractual services moneys already requested for FY 77 to cover travel and per diem costs.

<u>Task</u>	<u>Object</u>	<u>Cost</u>
Study Outline	Personnel 0.5 mm	\$ 1,250.00
Literature research, data accumulation; analysis of data collected; preparation of report and suggested legislative changes (based upon one-half time time of research personnel, normal secretarial support.	3.5 mm	\$ 7,750.00
Interview of PUC personnel, utilities personnel. Five trips for three days each to Anchorage.	Transportation Per Diem	\$ 765.00 \$ 675.00
Equipment, commodities		\$ 500.00
Total		\$10,940.00
Transfer requested		\$ 1,440.00

HJR

2

Good letter telling him I
don't, at this time, plan on buying bill
out.



February 10, 1975

W.C. Then file with HJR 2

Mr. William B. Rozell
Faulkner, Banfield, Doogan & Holmes
Suite 201, 311 Franklin Street
Juneau, Alaska 99801

Dear Roz:

Just a short note to thank you for copying me with your letter to Representative Helen Beirne regarding HJR 2. Your thoughts regarding the suggested transfer of Southeast Alaska to Yukon Standard Time are certainly well stated and I am taking the liberty of sending your letter to the chairman of the committee which is considering that bill -- Representative Bob Bradley, of the House Commerce Committee. I am, by copy of this letter, asking Chairman Bradley to advise you when hearings are scheduled on this subject so you can make additional testimony if you so desire.

Again, many thanks and please do not hesitate to contact me on any legislative matters.

Sincerely,

A handwritten signature in cursive script that reads "Mike Miller".

Mike Miller

REPRESENTATIVE

MIKE MILLER

ALASKA STATE LEGISLATURE

P.O. Box 1494

JUNEAU, ALASKA 99802

HOME PHONE 586 3067

HOUSE MAJORITY LEADER

VICE CHAIRMAN, LEGISLATIVE COUNCIL

VICE CHAIRMAN, STATE AFFAIRS COMMITTEE

MEMBER, RULES COMMITTEE

LAW OFFICES OF
FAULKNER, BANFIELD, DOOGAN, GROSS & HOLMES

HERBERT L. FAULKNER (1882-1972)

NORMAN C. BANFIELD

FRANK M. DOOGAN

~~XAN HONXXXXXXXXX~~

MICHAEL M. HOLMES

~~XXXXXXXXXXXXXX~~

RUSSELL J. WEDDLE

WILLIAM B. ROZELL

JAN VAN DORT

LAWRENCE T. FEENEY

SUITE 201, 311 FRANKLIN STREET

JUNEAU, ALASKA 99801

TEL. 586-2210
AREA CODE 907

January 27, 1975

Representative Helen D. Beirne
Pouch V - State Capitol
Juneau, Alaska 99811

Re: HJR 2

Dear Mrs. Beirne:

Your proposed Joint Resolution requesting the Department of Transportation to transfer Southeast Alaska to the Yukon Standard Time Zone has just come to my attention. As I did last year, I strongly oppose any such Resolution.

During the winter we in Southeast Alaska use every available hour of daylight and it is not a matter of great concern whether the time is shifted forward or back one hour. In the summer months, however, a good portion of our daylight occurs during normal sleeping hours. Your proposal would eliminate an hour of daylight between approximately 10:00 and 11:00 P.M. and move it to approximately 3:00 to 4:00 A.M. This deprives everyone of an opportunity for recreation and wastes an hour of our precious summer sunlight.

I expect the reason for your proposal is to accommodate communication with Anchorage. Since I do 95% of my out-of-town business with Anchorage and Fairbanks as opposed to the lower forty-eight I am familiar with the difficulty presented by time zone differences. However, these differences are by no means insurmountable and, for whatever gain there is in ability to communicate with Central Alaska, there is a corresponding increase in the difficulty with communicating with all of the lower forty-eight states. I don't think a real business benefit would accrue from a change in time zones. But even if such benefit would result I don't believe it can be justified. Business benefit would involve a relative few of the population in Southeast Alaska. The entire population of Southeast Alaska lives here through the summer months and would suffer at the loss of daylight and a shortening of their valuable evening hours. Too often persons in business and government confuse their own selfish benefit with the overall good of the community.

C

O

P

Y

Helen D. Beirne

-2-

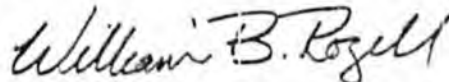
January 27, 1975

I would welcome the opportunity to testify at any hearings held on this Joint Resolution or any related matters.

Very truly yours,

FAULKNER, BANFIELD, DOOGAN & HOLMES

By



William B. Rozell

WBR:js

cc: Senator Bill Ray
Representative Mike Miller
Representative Jim Duncan

BOB BRADLEY

state house



CHAIRMAN, COMMERCE COMMITTEE
POUCH V
JUNEAU, ALASKA 99811
465-3824

VICE CHAIRMAN, JUDICIARY
601 N. BRAGAW
ANCHORAGE, ALASKA 99504
272-0275

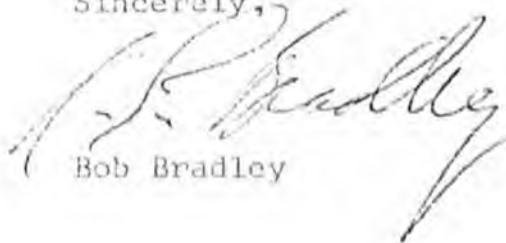
March 7, 1975

Mr. William Rozell
Faulkner, Banfield, Doogan & Holmes
Suite 201, 311 Franklin Street
Juneau, Alaska 99801

Dear Mr. Rozell,

Representative Miller has sent me a copy of your letter to Representative Beirne. At this time, I have no intention of scheduling a hearing or taking any other action on House Joint Resolution No. 2. I will notify you if I make any change in these plans.

Sincerely,


Bob Bradley

BB/mr

Dear Mr. Royell,

At this time
Rep Miller has sent me a copy
of your letter to Rep. Birnie. At this
time I have no intention of scheduling
a hearing or taking any other action
on H.R. 2. I will notify you if
~~my feelings change there~~ I make
any change in these plans.

Sincerely

Bob Bradley



February 18, 1975

Mr. Donald E. Barry, Trainmaster
Rail Division
White Pass & Yukon Route
P.O. Box 436
Skagway, Alaska 99840

Dear Don:

Thanks very much for your letter of February 7th relative to Joint Resolution No. 2 regarding change in time zones for Southeast Alaska. I appreciate your taking the time to outline the difficulties presently being experienced due to the difference in time between Whitehorse Yukon Territory and Southeast Alaska. I am taking the liberty of sending copies of your letter to Bob Bradley Chairman of the House Commerce Committee who currently has jurisdiction over this resolution.

Again many thanks and please do not hesitate to write regarding this or any other legislation before the legislature.

Sincerely,

A handwritten signature in cursive script, appearing to read "Mike Miller", is written over the typed name.

Mike Miller

cc: Representative Bob Bradley

REPRESENTATIVE

MIKE MILLER

ALASKA STATE LEGISLATURE

P.O. Box 1494

JUNEAU, ALASKA 99802

HOME PHONE 586-3067

LEGISLATIVE PHONE 465-3739

HOUSE MAJORITY LEADER

VICE CHAIRMAN, LEGISLATIVE COUNCIL

VICE CHAIRMAN, STATE AFFAIRS COMMITTEE

MEMBER, RULES COMMITTEE

MEMBER, COMMITTEE ON COMMITTEES

WHITE PASS & YUKON ROUTE

PACIFIC AND ARCTIC RAILWAY AND NAVIGATION COMPANY
BRITISH COLUMBIA YUKON RAILWAY COMPANY
THE BRITISH YUKON RAILWAY COMPANY
THE BRITISH YUKON NAVIGATION COMPANY, LIMITED

TELEX NO.
45-339

P.O. Box 435
SKAGWAY, ALASKA 99840

TELEPHONE
983-2250

February 7, 1975

Representative Mike Miller
Alaska House of Representatives
Juneau, Alaska 99801

Dear Mike:

I am writing to you requesting your support for House Joint Resolution No. 2 introduced by Representative Helen Beirne on January 22, 1975.

I am completely in favor of this resolution for all of the reasons mentioned and will attempt to explain how Southeast Alaska being in the present time zone adversely affects our operations.

As you know the White Pass and Yukon Route operates trains, both freight and passenger, between Skagway, Alaska, and Whitehorse, Yukon Territory. Skagway and Whitehorse are on two different times with Whitehorse being one hour behind Skagway. In other words, when it is 5:00 P.M. in Whitehorse, it is 6:00 P.M. in Skagway. Since we operate our train schedules on Skagway time, this causes much confusion for our passengers who come into Whitehorse by various modes of transportation on one time, stay in accommodations on that same time, and then have to catch a train the next morning for Skagway on a different time. This causes some passengers to miss the train in Whitehorse when they become confused on the two different times. Passengers travelling in the other direction, Skagway to Whitehorse, many times miss connections because of the different times.

Since tourism plays such an important part in Alaska's economy, I believe anything that can possibly be done, no matter how small, to make their travels more convenient should be attempted.

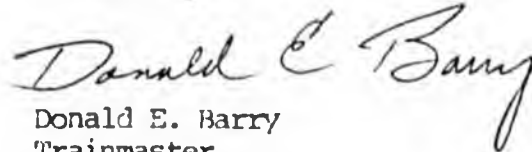
In addition to the above, the two different times cause a certain hardship on our train crews operating out of Whitehorse. These crews run trains to Bennett (about half way) and back to Whitehorse each day. They all live in Whitehorse, so in effect, they are living on one time and working on another. Needless to say this can become confusing and frustrating.

Representative Mike Miller
February 7, 1975
Page Two

Without doing a little research I could not say for sure, but I would imagine that travelers over the Haines Highway encounter similar problems.

Your support of this resolution would be greatly appreciated and if it passes I would respectfully request that you personally urge our delegation in Congress to support this and do everything possible to convince the Secretary of the U. S. Department of Transportation to make the requested change as soon as possible.

Sincerely,



Donald E. Barry
Trainmaster
Rail Division

DEB:jm

One of the main reasons for the overwhelming vote to move the capital from Southeastern Alaska is the 85% of the population in the state lives in Southcentral. Central, Western, Northern, and Northwestern Alaska feel out of touch with our state government. I personally feel that a big reason for this feeling of being isolated from our state government is that Southeastern is on Pacific Standard Time and is two hours ahead of Anchorage and Fairbanks. This disparity is illustrated graphically as Table I and the end result is that the majority of the state can contact Juneau directly for only four and one half hours a day. Most of us who have to deal with the state government in Juneau find ourselves frustrated trying to cram our business into this short period and lately the problem has been compounded by inadequate phone service.

I think that most of us agree that the capital should be made more accessible. However, I disagree that the best way to handle this problem is to move the capital to Central or Southcentral Alaska. This alternative, while clearly the most simple, would ruin the economy of the Juneau area. A recent study prepared for the City and Borough of Juneau indicates that the capital move would cost the Juneau area 2,347 government jobs and an annual payroll of over \$38 million. This problem is further compounded by estimates that the population would drop from 16,593 to 6,171 if the capital were relocated and nothing came into the city economy to take its place.

I feel quite strongly that if Southeastern Alaska was on the same time as Central and Southcentral that we would be taking a giant step forward in improving the availability of the capital to the majority of Alaskans. Currently, the two hour time difference is just another obstical in trying to deal with our state government. Travelers to Southeastern lose two hours and what would normally be a one our flight takes a three hour chunk from everyone's schedule. The day after you arrive you suffer from "Jet lag" and starting the day two hours earlier than usual is a trying affair.

There are presently three options which would greatly increase ~~a~~^{cc}cessability to the state and wouln't cost the taxpayers anything. The first would be to change the time zone in Southwestern from Pacific Standard Time to Yukon Standard Time. As documented in Table 2 this would increase the number of hours which we can communicate with Southeastern from four and one half to five and one half, a gain of 22% more time. A second solution would be to change the time to Yukon Standard and change the office hours of State employees from 9:00 a.m. to 4:30 p.m. to 8:30 a.m. to 5.00 p.m. This is illustrated in Table 3 and would result in the rest of the state gaining an additional one half hour of time to communicate with Southeastern. This represents an improvement of 33% more accessibility to the capital than we hve now.

The final solution is total parity. One time for the entire state. While this does have exciting possibilities, I

don't know what impact this option would have. Nome and Kotzebue would also be affected as well as most of the communities in that part of Alaska. However, we would gain the advantage of being able to communicate with and travel to Juneau with much of the ease we now travel to & from Fairbanks. It would be easy to commute by taking a seven o'clock flight in the morning and a six o'clock flight in the afternoon. Problems associated with jammed communication circuits during business hours would ease because instead of only four and one half hours we would suddenly have seven and one half hours of communicating time available.

While I am not in a position to do anything other than outline what I think is a good idea. I hope that this does make some sense and that I'm not just rambling on about something which is way way out.

TABLE I

PST		AST
8 am	Time Zone Overlap	
9		
10		2 a.m.
11	2 hours	9
12		10
1 pm	Lunch	11
2	1 hour	12
3	Lunch	1 P.m.
4	1 1/2 hours	2
4:30		2:30
	Time Zone Overlap	4 00
		4 30

Total 4 1/2 hrs/day

TABLE 2

PST		AST
2 a.m.	Overlap	
4		
10		2 a.m.
11	3 hours	9
12		10
1 pm	Lunch	11
2	Lunch	12
3		1 pm
4	2 1/2 hours	2
4:30		3
	Overlap	4
		4:30

Total 3 1/2 hours
25% gain

TABLE 3

YST		AST
8:30	Overlap	8 am
9 a.m.		9
10		10
11		11
12		12
1 pm	Tunisian lunch	12
2	Archievage lunch	1 pm
3		2
4		3
5		4
		Overlap

Total 6 hours

(Change office hours in yuma
 from 8 am - 4:30 pm to 8:30 am - 5 pm
 that would be coupled with a time change)

CSSB 57

"An Act relating to the merger or consolidation of certain corporations; and providing for an effective date."

COMMITTEE REPORT

3/14/75

HOUSE

Mr. Speaker:

Date 3/12/75

The Committee on Commerce has had CBSB 57

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

<u>[Signature]</u>	_____	_____
<u>[Signature]</u>	_____	_____
<u>[Signature]</u>	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

<u>[Signature]</u>	recommends: _____
_____	recommends: _____
_____	recommends: _____
_____	recommends: _____
_____	recommends: _____

[Signature] Chairman

WILKINSON, CRAGUN & BARKER

LAW OFFICES

THE OCTAGON BUILDING
1735 NEW YORK AVENUE, N. W.
WASHINGTON, D. C. 20006

(202) 633-9800

CABLE ADDRESS

"WILCBAR"

File

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DONALD C. GORMLEY
Counsel

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JOHN W. CRAGUN (11208-1969)
GLEN A. WILKINSON
ROBERT W. BARKER
CHARLES A. HOBBS
ANGELO A. IADAROLA
PAUL S. QUINN
LEON T. KNAUER
RICHARD A. BAENEN
JERRY C. STRAUS
HERBERT E. MARKS
PIERRE J. LAFORCE
FRANCES L. HORN
GORDON C. COFFMAN

R. ANTHONY ROGERS
PATRICIA L. BROWN
WILLIAM R. LOFTUS
STEPHEN R. BELL
THOMAS J. BACAS
FOSTER DEREITZES
ALAN I. RUBINSTEIN
JOHN M. FACCIOLA
PHILIP A. NACKE
H. MICHAEL SEMLER
THOMAS E. WILSON
JERRY R. GOLDSTEIN
EDWARD M. FOGARTY
S. STEVEN KARALEKAS

March 11, 1975

Senator Frank Ferguson
Pouch V
Juneau, Alaska 99801

Re: NANA Regional Corporation, Inc. - Merger

Dear Frank:

In light of our telephone conversation of yesterday, we enclose herewith a copy of S.685, introduced by Senator Stevens on February 17, 1975, authorizing mergers or consolidations of corporations formed under the Alaska Native Claims Settlement Act. You will note that Section 1(c) of the bill clearly provides that stockholders voting on the merger may exercise dissenters' rights accorded them under Alaska law. Without this provision the question of dissenters' rights would have remained ambiguous.

Sincerely yours,

WILKINSON, CRAGUN & BARKER

Foster
By: Foster De Reitzes

enc.

cc: (w/enc.) William H. Timme, Esquire

MEMORANDUM

RE: A Bill Relating to the Merger or
Consolidation of Corporations
Organized Pursuant to the Alaska
Native Claims Settlement Act

This memorandum is submitted to provide background information on legislation being sought by certain of the corporations formed pursuant to the Alaska Native Claims Settlement Act (P.L. 92-203; 85 Stat. 688) (The "Settlement Act"). I submit the bill on behalf of my constituents in the northwest region of Alaska, centered around Kotzebue. However, the bill has general application throughout the State and the reason my constituents need the legislation is as equally compelling for many of the other corporations in the State formed pursuant to the Settlement Act.

The regional corporation for my region is NANA Regional Corporation, Inc. The Region has eleven village corporations. It is anticipated that the stockholders of some of all of these corporations will vote at their next stockholders' meetings, scheduled for this April, on a proposal to merge corporations.

The proposed bill is intended to facilitate mergers or consolidations among these corporations. It applies, however, only to mergers or consolidations within a given region. Under AS 10.05.390, any merger or consolidation requires the affirmative vote of the holders of at least two-thirds of the outstanding shares of each participating

MEMORANDUM

Page two

corporation. If a class of shares of a corporation is entitled to vote as a class, the merger or consolidation also needs the affirmative vote of the holders of at least two-thirds of the outstanding shares of that class. The proposed bill changes these vote requirements for any mergers or consolidations in which all participating corporations were organized pursuant to the Settlement Act. It also would apply if corporations resulting from such mergers subsequently merged with each other or with additional corporations in the region organized under the Settlement Act.

The bill lowers the affirmative vote requirement for any such mergers from two-thirds of the outstanding shares of the corporation to a majority of the outstanding shares. A meeting, of course, cannot transact any business unless the quorum requirements are met. Similarly, if class voting is applicable, the amendment lowers the affirmative vote requirement to a majority of the outstanding shares of the class.

It should be mentioned that almost any merger that might take place between Settlement Act corporations will be subject to review by the Securities and Exchange Commission. This certainly is true in my Region. In addition, any plan of merger or consolidation must be approved first by the respective boards of directors of

MEMORANDUM

Page three

the merging or consolidating corporations prior to presentation for vote to the respective shareholders. In addition, dissenting shareholders will retain their rights under AS 10.05.417, et seq. The amendment, therefore, will not have the effect of making mergers easy, nor is there any reason to fear it will leave stockholders without a complete vote. Corporate by-laws mandate every shareholder be sent a proxy form and sufficient notice and agenda provided each shareholder.

The need for this bill arises from the realization by the boards of the various corporations in the NANA Region that the only hope for long-term survival of their corporations is to merge either with each other or with the Regional corporation. Many of the village corporations are quite small and receive only small amounts of funds under the Settlement Act. They do not feel that they have any significant chance of ever becoming profitable business corporations on their own. They are, in effect, living off themselves, and this cannot last. However, if several of these small corporations merge into one or merge into NANA, the resulting larger corporation would have a much better opportunity of becoming a viable business enterprise, and its chances for survival would be vastly improved.

In my Region, infusion of capital from NANA and the village corporations has helped everyone in the area. I am certain this is true throughout the State.

One of the main obstacles to the corporations'

MEMORANDUM

Page four

successfully carrying through any plan of merger or consolidation is the requirement, in section 390 of the Alaska Business Corporation Act, that a merger must be approved by at least two-thirds of the outstanding shares of each corporation. Past experience in the bush areas shows that because of communication problems, transportation considerations and the fact that corporate activity and the rights of stockholders is new, if not alien, to many of the shareholders, it is difficult to secure major vote turnouts. If presented with a proposal for merger, the shareholders might neither appear at the meeting to vote in person, nor vote by proxy. Among stockholders who actively participate in their corporations, a large majority favor merger, and among these, receiving a two-thirds affirmative vote is not viewed as presenting any serious problem. However, even if 100% of these involved shareholders vote in favor of merger, the merger of some corporations stands to be defeated simply because another segment of stockholders have not voted. Regardless of the reasons for abstention, such a group of stockholders through its inaction could frustrate perpetually the wish of the other stockholders from ever being carried out, and, as noted, without merger, it is expected that many of these corporations eventually will be bankrupt.

For this reason, it appears eminently fair to change the degree of approval required for these corporations from two-thirds of all outstanding shares to a

MEMORANDUM

Page five

majority of the outstanding shares. This would preclude a vitally necessary merger from being perpetually defeated solely by inaction on the part of one group of stockholders. No one would be deprived of his vote or of the right to help determine the outcome. Any stockholder wishing to defeat a merger proposal always could do so by voting against it either at the meeting or by proxy. Only if the stockholder did not bother to cast a vote would his shares not be counted in determining whether the merger will be approved.

Two other features of the bill should be mentioned. First, it is limited in time to December 17, 1991, at which time the corporations will have been in existence for almost twenty years and at which time the stock of the corporations no longer will be inalienable. This time frame seems appropriate, for it lasts only as long as these corporations are treated legally somewhat different from other Alaska corporations and it will provide sufficient time for these new corporations to sort out the many problems of adjustment and development and give adequate time for them to see if they can make it on their own.

Second, the bill affects only mergers within a given region pursuant to the Settlement Act.

SB 1/9 AM

2/13/75

COMMITTEE REPORT

HOUSE

Returns
Commerce

Mr. Speaker:

Date _____

The Committee on Commerce has had SB 119 et

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

() recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

() "and" recommends it BE REFERRED TO THE _____

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Chairman

ALASKA MOBILE HOME ASSOCIATION

505 NORTHERN LIGHTS BLVD.
ANCHORAGE, ALASKA 99503

FEBRUARY 19, 1975

REP. BOB BRADLEY
CHAIRMAN, HOUSE COMMERCE COMMITTEE
POUCH V - STATE CAPITOL
JUNEAU, ALASKA 99801

fil
RE: ~~SO~~ HOUSE BILL 119

DEAR BOB:

THE ALASKA MOBILE HOME ASSOCIATION HAS STUDIED HOUSE BILL 119, WHICH CALLS FOR APPROVED DETECTION DEVICES TO BE IN ALL MOBILE HOMES SOLD IN ALASKA. WE NOTE THAT THE ALASKA STATE MOBILE HOME CODE NOW REQUIRES SUCH DEVICES FOR ALL UNITS BROUGHT INTO THE STATE. HOUSE BILL 119 WOULD APPARENTLY EXPAND THE REQUIREMENT TO USED MOBILE HOMES IF SOLD IN THE STATE.

THE AMHA IS NOT OPPOSED TO THIS BILL, PROVIDING IT IS AMENDED TO INCLUDE ALL DWELLING UNITS. FIRE PROTECTION IS JUST AS IMPORTANT TO PERSONS LIVING IN HOUSES OR APARTMENTS AS IT IS TO THOSE LIVING IN MOBILE HOMES. CONVERSELY, MOBILE HOMES ARE SIMPLY ONE TYPE OF DWELLING UNIT, AND SHALL NOT BE TREATED ANY DIFFERENTLY THAN OTHER TYPES.

PLEASE ADVISE ME OF THE DATE YOUR COMMITTEE WILL HOLD A HEARING ON HOUSE BILL 119.

SINCERELY,

Ben Marsh

BERNARD L. MARSH
EXECUTIVE SECRETARY
ALASKA MOBILE HOME ASSOC.

BLM/sd

CC: GALE KINCAID, PRES.

05-03-75

H. Commerce



REGION X
Arcade Plaza Building
1321 Second Avenue
Seattle, Washington 98101

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION
ANCHORAGE INSURING OFFICE
337 WEST FIFTH AVENUE
ANCHORAGE, ALASKA 99501
February 27, 1975

File

IN REPLY REFER TO:
10.3UM .

Honorable H. D. Meland
Alaska State Senate
Pouch V
State Capitol
Juneau, Alaska 99801

Dear Senator Meland:

A review of Senate Bill No. 119 am, "An Act relating to smoke and fire detection devices in mobile and modular homes," has been made and we concur in the need for such legislation in light of the numerous fire fatalities each year. If the State of Alaska has not already done so, it would be advisable to legislate this same requirement for all living units.

Enclosed for your review are copies of the HUD Minimum Property Standards and the Uniform Building Code which relate to the same subject.

We give our solid support to your Bill and congratulate you on your efforts to protect the citizens of Alaska.

Sincerely,

Roger A. Riddell
Director

Enclosures-2

S B 135

S.B. 135

OFFICE OF THE SUPERINTENDENT



ANCHORAGE BOROUGH
SCHOOL DISTRICT

670 FIREWEED LANE • ANCHORAGE ALASKA
99503

AREA CODE 907 277-6652

Walt Felt

February 14, 1975

The Honorable Bob Bradley
Alaska State House of Representatives
Pouch V
Juneau, Alaska 99801

Dear Mr. Bradley:

I urge you to carefully consider all of the ramifications of S.B. 135 which was introduced last week.

If passed, this bill would allow a mediator/arbitrator, to make final decisions on operational policy and financial management. This could bankrupt a school district.

This "arbitrator philosophy", with final and binding powers specified in the bill, completely destroys the democratic process of local control by the elected representatives, the School Board.

I request that you do not support S.B. 135.

Sincerely yours,

Joe D. Montgomery
Joe D. Montgomery
Superintendent

JDM:pa

cc: School Board Members



KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT



P. O. Box 2550
KETCHIKAN, ALASKA 99901
907-225-2118

February 13, 1975

The Honorable Bob Bradley
Alaska State House of Representatives
Pouch V, State Capitol Building
Juneau, Alaska 99801

Dear Representative Bradley:

The Board of Education of the Ketchikan Gateway Borough School District is very much concerned about SB 135 and to express their concern have unanimously passed the following Resolution. They hope that when this Bill comes up for consideration you will be aware of their opposition.

RESOLUTION NO. 152
A RESOLUTION OF THE KETCHIKAN GATEWAY
BOROUGH SCHOOL DISTRICT OPPOSING SB-135

WHEREAS: Pending legislation, to wit, SB-135 introduced to the Ninth Legislature would provide for binding arbitration in the negotiation process with certified employees of school districts, and,

WHEREAS: This proposal would wrest much of the financial control of the school district's finances from the School Board and the Borough Assembly and thrust it into the hands of a disinterested party with possible adverse results, and,


WHEREAS: This proposal would wrest control of working conditions from the School Board, and the teachers' bargaining group and place it in the hands of a third party where decisions could be made capriciously or arbitrarily to the detriment of the teachers, the students or the school district, and,

WHEREAS: The legislation would take the control of hitherto non-negotiable items from the Board and subject them to the same risks enumerated above, and,

WHEREAS: If such control is lost by School Boards, they will be much less effective in their efforts to bring forth the highest quality education at the lowest cost to the public,

BE IT RESOLVED that the Ketchikan Gateway Borough Board of Education go on record as being opposed to this legislation.

Sincerely,



R. W. Stekl
Superintendent of Schools

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

P.O. Box 1250, Fairbanks, Alaska 99707

(907) 456-7934

CHUCK SMITH
Superintendent of Schools

GEORGE T. KEEFE
Assistant Superintendent

GARY SWART
Business Manager



February 13, 1975

The Honorable Bob Bradley
Alaska State House of Representatives
Pouch V
Juneau, Alaska 99801

Dear Sir:

We, the administration of the Fairbanks North Star Borough School District, respectfully request your opposition to Senate Bill 135 (Mediation and Arbitration), Section 14.20.570.

This bill will usurp the authority of local school boards in maintaining local control. We feel this bill is contrary to public wishes.

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Chuck".

Chuck Smith
Superintendent

ECS:pw

JOE BIELSKI
Director
Special Education

CHARLES CLARK
Director
Support Services

DALE DURRWACHTER
Director
Personnel Services

C. J. HORNER
Director
Building and Grounds

MARLIN HULETT
Director
Education

JERRY MORANG
Director
Federal Programs

P. O. Box 566
Valdez, Alaska 99686
February 13, 1975

Honorable Mike Bradner, Sneaker
Alaska House of Representatives
Pouch V State Capitol
Juneau, Alaska 99801

Dear Representative Bradner:

Regarding SB 135 mandating binding arbitration in negotiation process between school districts and certified employees. It is vital that this legislation be defeated.

At stake is who will ultimately control public education--the public's elected representatives or the union.

An almost universal lament is the deterioration of public education. Certainly there are many contributing factors to the results that lead to this lament, but one of the most accepted is shortage of qualified dedicated teachers of high principles. This increasing shortage, in a market glutted with certified teachers, parallels the increase in power and influence of teacher unions and the militancy that they purposely and blatantly inspire.

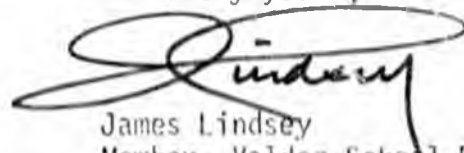
Against this tide stand boards of education and one of the last and best remaining tools of entrenchment they have is that in the event of an absolutely unacceptable decision by an arbitrator the board still rules. In the last analysis we still have local control of public education.

The unions continue to work toward emasculation of the system of public education that over years put this country on top.

We all have our motives. That of (unpaid) school boarders is education of the next generation. The union, as most unions, ultimately seeks money and power. Who will you have run the system?

Please defeat SB 135.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Lindsey", with a large, sweeping flourish above the name.

James Lindsey
Member, Valdez School Board

cc: All members
Alaska House of Representatives

SB / 53

COMMITTEE REPORT

HOUSE

JUDICIARY

Mr. Speaker:

Date 12-17-55

The Committee on COMMERCE has had SB 153

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

<u>[Signature]</u>	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

[Signature] Chairman

DeHart and Broide

March 28, 1975

The Honorable Robert Ziegler
Pouch V
Capitol Building
Juneau, Alaska 99801

Dear Senator Ziegler:

I appreciate your taking the time to discuss Senate Bill 153 with me by phone. This letter is in response to your request for information concerning the merits of the bill.

S.B. 153 amends the present law, which was enacted last year as House Bill 680.

Federal law prohibits the unauthorized manufacture or sale of sound recordings released after February 15, 1972. This was done in late 1971 through extension of the federal copyright law (Public Law 92-140). Congress did not grant this limited copyright to sound recordings published prior to February 15, 1972 because this would have involved granting a copyright retroactively. Recordings produced by legitimate manufacturers after that date display this symbol to indicate post February 15, 1972 production.



As you can understand, when the original copyright law was enacted in 1909, no one foresaw the future popularity of sound recordings, the development of the tape recording, and the ease with which tapes can be duplicated today.

State laws are necessary to protect pre-February 15, 1972 recordings because tape piracy remains a widespread problem, diverting hundreds of millions of dollars from those who have legitimately earned it. It is estimated that nearly one out of every three tape recordings sold in the U.S. is a pirate copy. Because of piracy, some \$200 million a year is diverted from its rightful recipients -- artists, musicians, music publishers, composers, retailers, wholesalers and record manufacturers, and the unions. (Some background material on the piracy problem is enclosed as Attachment A.)

The U.S. Department of Justice has recommended to the states that special legislation be adopted to prohibit piracy.

The Honorable Robert Ziegler
March 28, 1975
Page Two

To date, some 27 states have passed criminal laws against record piracy, and this number is expected to grow. (See Attachment A-1, page 9.)

The constitutionality of state anti-piracy laws has been upheld by the U.S. Supreme Court (Goldstein v. California, 412 U.S. 546, June 1973).

State laws are necessary because record piracy continues to be rampant. This is unfair competition, and also deprives the lawful owners of sound recordings of their property and their profits.

Record piracy has been consistently held unlawful in various U.S. courts, even in the absence of state anti-piracy statute.

Moreover, four U.S. Circuit Courts of Appeals have ruled that the compulsory licensing provisions of the Copyright Act may not be used as justification for unauthorized duplication of sound recordings. These appeals came about because some pirates argued that they are "legal" when they pay royalties to the music publishers.

Despite these court decisions, piracy continues. That is because a pirate found guilty in one jurisdiction merely moves to another. Piracy is so profitable that the pirates are willing to take the risk of misdemeanor penalties, with modest sentences or fines. Under such circumstances, it is up to the states to join with the federal government to protect law-abiding citizens and declare piracy illegal.

Like the other states, Alaska has also been the scene of a good deal of pirate sales of recordings. A state law is therefore important.

The amending bill introduced by Senator Chance defines "owner" in a manner developed in discussions with the Justice Department, and stemming from court decisions. It also contains an amendment (starting on line 13) which would curtail the growth of so-called "sound-alike" recordings. A sound-alike recording is one which simulates a hit recording by imitating the style and sound of the original performer(s). Sound-alikes generally involve deceptive packaging, labeling display techniques, as well as advertising, which are intended to dupe the consumer into believing that he is buying the original.

Full disclosure of the name of the manufacturer and the performers, as required by Senator Chance's bill, should alert the would-be buyer to the fact that he is buying a simulation, not the original.

The Honorable Robert Ziegler
March 28, 1975
Page Three

The production of sound-alikes has been growing as a result, we believe, of the crackdown on pirates. (See Attachment B for background information on sound-alikes.)

On behalf of the Recording Industry Association of America, our client, we urge that the Alaska legislature enact Senate Bill 153. Its passage is supported by all segments of the legitimate recording industry, including the manufacturers, the artists, musicians, the American Federation of Musicians, music publishers and composers, wholesalers and retailers.

If you have questions, we would be pleased to answer them.

Sincerely,



Edward H. DeHart

Enclosures
EDH:jn

SB 187

7 / "An Act relating to membership on the Board of Registration for Architects, Engineers and Land Surveyors; and providing for an effective date."

COMMITTEE REPORT

3/19/75

HOUSE

Mr. Speaker: Date _____

The Committee on Commerce has had SB 127

under consideration. A Majority of the members of the Committee

- recommends it DO PASS
- recommends it DO NOT PASS
- recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- recommends it BE REPLACED WITH ^{CS} FOR 6187 AND THAT
CS FOR 6187 DO PASS
- "and" recommends it BE REFERRED TO THE _____
COMMITTEE
- reports it back WITHOUT RECOMMENDATION
- "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:
 _____ recommends:
 _____ recommends:
 _____ recommends:
 _____ recommends:

B. J. [Signature] Chairman

March 19, 1975

*file
SB 197*

*See about
doing a bill
on this
talk with
me*

The Honorable Bob Bradley
601 North Bragaw
Anchorage, Alaska 99504

Dear Mr. Bradley:

A copy of a letter from J. Ray Roady requesting assistance from the Alaska Society of Professional Land Surveyors has been circulated among its members.

This letter asked for proposed names of land surveyors to fill a vacancy on the Board of Registration for Professional Architects, Engineers and Land Surveyors.

I am concerned with the requirement in AS 08.48.011(b) which has been interpreted to mean that the land surveyor member of the Board must also be a registered engineer. This requirement results in a very limited representation for land surveyors since no person sits on the Board that is primarily a land surveyor and has become a land surveyor on the basis of testing and experience as required by the Registration Act.

I sincerely hope that you will assist in making it possible to appoint a Board that is truly representative of all three professional disciplines.

Please assist myself and my fellow registered land surveyors, as well as those people who will be applying for registration as land surveyors to the Board, and initiate action in the Legislature to amend the Act to provide for true representation of land surveyors by placing a person on the Board solely registered as a land surveyor.

Respectfully yours,

HEWITT V. LOUNSBURY & ASSOCIATES

Leon A. Stevens

L. Albert Stevens, R.L.S.
#2074S

LAS/eq

March 19, 1975

*Rep. Bob
Bradley
File
SB 187*

The Honorable Genie Chance
Box 2392
Anchorage, Alaska 99510

Dear Mrs. Chance:

A copy of a letter from J. Ray Roady requesting assistance from the Alaska Society of Professional Land Surveyors has been circulated among its members.

This letter asked for proposed names of land surveyors to fill a vacancy on the Board of Registration for Professional Architects, Engineers and Land Surveyors.

I am concerned with the requirement in AS 08.48.011(b) which has been interpreted to mean that the land surveyor member of the Board must also be a registered engineer. This requirement results in a very limited representation for land surveyors since no person sits on the Board that is primarily a land surveyor and has become a land surveyor on the basis of testing and experience as required by the Registration Act.

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Respectfully yours,

HEWITT V. LOUNSBURY & ASSOCIATES

L. Albert Stevens

L. Albert Stevens, R.L.S.
#20745

LAS/eq

SB 277



Juneau & Douglas Telephone Company

A Member of Continental Telephone System

2093 Jordan Ave./P.O. Box 2008
Juneau, Alaska 99803
(907) 789-0280

April 2, 1975

Mike Colletta
Senate Minority Leader
Pouch 5
Juneau, Alaska 99811

Members of the Senate Commerce Committee - Senate Bill 277

The following comments are submitted to the Senate Commerce Committee now conducting hearings on Senate Bill 277 "An act creating the Alaska Telecommunications Authority."

Senate Bill 277 appears to solicit competition by state-subsidized ASHA-type organization, politically controlled and unregulated by any state or federal regulatory agency.

Can this authority "cream-skin," i.e., take "good" customers away from regulated utilities, but leave them with everybody else?

Senate Bill 277 would have a devastating impact on privately owned utilities, which already have an eroding base of customers (because of interconnect) and would put telephone utility revenues in serious jeopardy.

Telephone utility revenues are not the only ones that would be adversely affected. The impact on local communities, where telecommunications authority provides service, would experience a loss in tax base.



Page 2

Mike Colleta

Members of the Senate Commerce Committee - Senate Bill 277

Senate Bill 277, Section 44.53.060, states the authority has the general power to:

- (1) Acquire, construct, operate, and maintain domestic communication satellites, satellite earth stations, translator systems and a statewide public service telecommunications network.

This language is not entirely clear, but presumably means authority to provide to the public, not just state agencies, any kind of service, local or long-line facilities. This raises possibility of a public, tax-subsidized carrier wiring into any phase of the state-wide network at any time, without any prior approval by the Alaska Public Utilities Commission. This makes planning by private utilities, particularly budget planning, futile and fraught with difficulty.

Several questions need to be resolved in regards to bonds

- (1) Has bond market been surveyed?
- (2) Would revenues be sufficient to support or would tax subsidies be required?
- (3) If so, how much?
- (4) Would rates be below cost in order to subsidize, as with some ASHA programs?

Clearly such an authority would discourage private utilities from risking capital, such as large-scale construction programs, where possibility exists of entry by authority into competition for utilities customers. There is no certainty that this would not occur.



Juneau & Douglas Telephone Company

A Member of Continental Telephone System

Page 3

Mike Colleta

Members of the Senate Commerce Committee - Senate Bill 277

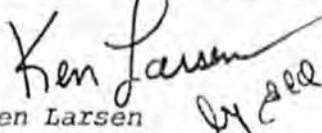
Section 44.53.120 says authority can acquire stock of company owning telecommunications facilities. Does this mean Authority will require or need authority to condemn private facilities in order to take them over?

In regards to Senate Bill 277, the following is suggested:

- (1) Limits on authority to protect existing utilities and assure continuation of investment and construction.
- (2) A review of the possible impact on both private and municipally-owned utilities in their future borrowing, with all-powerful authority able to compete. This must be protected against.
- (3) People should not be at the mercy of another ACS-type un-regulated system. This was one of the reasons for the sale of ACS to the private section. Private companies may need to improve (we can concede this), but government ownership was clearly considered a failure. How would state ASHA-type organizations be the solution? Before a bill, we recommend a thorough state-wide survey into needs, existing facilities, problems and proposed solutions by private enterprise---also a close look at how Authority operation would impact private utility operation, revenue, and financing.

Sincerely,

JUNEAU & DOUGLAS TELEPHONE COMPANY
GLACIER STATE TELEPHONE COMPANY


Ken Larsen
Alaska State Manager

CSSB

320

COMMITTEE REPORT

5/5/75

HOUSE

FINANCE

Mr. Speaker:

Date 4/23/75

The Committee on COMMERCE has had 883B 370

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

() recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

() "and" recommends it BE REFERRED TO THE _____

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

ARTHUR R. TIMM

CERTIFIED PUBLIC ACCOUNTANT

4497 BUSINESS PARK BLVD.
ANCHORAGE, ALASKA 99503
(907) 274-8659

February 10, 1976

Honorable Bob Bradley
Chairman
House Commerce Committee
Pouch V
Juneau, Alaska 99801

Re: SB 320 -- Accountancy Act

Dear Mr. Bradley:

I'm writing in my capacities of Legislative Committee Chairman of the Alaska Society of Certified Public Accountants and President of the Alaska State Board of Public Accountancy.

Both the Society and the Board support SB 320 and sincerely hope the legislature will pass it this session in its present form. Essentially, the bill strengthens regulation of presently licensed CPA's by requiring their continuing education without disturbing the status of licensed Public Accountants. It also recognizes the corporate form of practice for accountants (already permissible) and makes some housekeeping amendments.

We urge your committee to report out SB 320 as soon as possible with a do pass recommendation. If you wish to hold a hearing on the bill I'd appreciate being informed so that the accounting profession may be represented.

Very truly yours,



A. R. Timm

mm

SB 334

"An Act enabling a mutual bank to invest in a property improvement note in a principal amount not in excess of \$10,000."

5/12/75

COMMITTEE REPORT

HOUSE

Mr. Speaker:

Date _____

The Committee on COMMERCE has had SE 334

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____	recommends:	_____
_____	recommends:	_____
_____	recommends:	_____
_____	recommends:	_____
_____	recommends:	_____

_____ Chairman

STATE OF ALASKA

DEPARTMENT OF COMMERCE

DIVISION OF BANKING, SECURITIES, SMALL LOANS & CORPORATIONS

JAY S. HAMMOND, Governor

POUCH D - JUNEAU 99801

May 28, 1975

Honorable Robert Bradley
Chairman House Commerce Committee
State Capitol
Juneau, Alaska 99811

Honorable Bradley:

Re: Senate Bill 334

The amending of paragraph (4) of AS 06.15.240 clarifies the lending limitation to be 10,000.00 principal amount, not including interest. The current use of "face amount" is ambiguous and a definite clarification is needed. For example there is no clear meaning for "face amount". Some define it with interest included, others define it without interest added to the principal amount.

Sincerely,

Miles S. Schlosberg
Director

Tony W. Rivera

Tony W. Rivera
Bank Examiner

TWR/ws

SB

354

COMMITTEE REPORT

3/2/76

HOUSE

JUDICIARY

Mr. Speaker:

Date _____

The Committee on COMMERCE has had CSB 354

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____ recommends: _____

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

HUGHES THORSNESS GANTZ POWELL & BRUNDIN

Attorneys at Law
509 THIRD AVENUE
ANCHORAGE, ALASKA 99501
Phone 907-274-7522
Cable: DENALI

JOHN C. HUGHES	DAVID H. THORSNESS
RICHARD O. GANTZ	JAMES M. POWELL
BRIAN J. BRUNDIN	MARCUS R. LAPP
KENNETH P. JACOBUS	GARY W. GANTZ
JERRY E. MELCHER	IRVING S. BERMAN
JOE M. HUDDLESTON	SIGURD E. MURPHY
RICHARD D. THALER	CARL J. D. BAUMANN
FRED B. ARVIDSON	DENNIS M. BUMP
MARY HUGHES PATCH	FRANK A. PEIFFNER
ROBERT T. PRICE	RALPH R. BEISTLIN

Fairbanks Office
1550 AIRPORT WAY
FAIRBANKS, ALASKA 99701
Phone 907-479-2211

March 22, 1976

Fairbanks Office

The Honorable Bob Bradley
Representative
Chairman
House Commerce Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Re: CSSB 354

Dear Bob:

This is written to express the support of myself and some of my law partners who practice commercial law for passage of the Limited Liability Company Act embodied in CSSB 354.

The ability to use a limited liability company would provide an additional and useful tool for many Alaskans and others to invest in Alaska. While it would not be useful to everyone, we think it would bring additional badly needed capital into the state from a substantial number of people who would use it.

Very truly yours,

HUGHES, THORSNESS, GANTZ,
POWELL & BRUNDIN

By


Brian J. Brundin

BJB/bap
cc: Robert L. Hartig

COLE, HARTIG, RHODES, NORMAN, MAHONEY, & GOLTZ

A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

HOYT M. COLE
ROBERT L. HARTIG
JAMES O. RHODES
JOHN K. NORMAN
ROBERT J. MAHONEY
KEITH A. GOLTZ
BERNARD J. DOUGHERTY

G. RODNEY KLEEDERN

SUITE 201
717 K STREET
ANCHORAGE, ALASKA 99501
(907) 274-3576

February 24, 1976

MEMORANDUM

RE: CS Senate Bill #354, Limited Liability Company Act

Senate Bill 354 was introduced by Senator Colletta in the first session of the ninth legislature and hearings on the bill have been held in the Senate Commerce and Judiciary Committees.

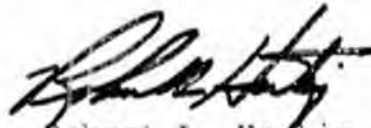
The bill should provide additional revenues to the State of Alaska in excess of one million dollars per year. This revenue will be derived from filing fees and annual fees for the registration of the limited liability company.

The Act is designed to provide a business entity to be used by persons desiring to invest both in Alaska and outside Alaska. Through its use as an investment entity outside Alaska, the Act would provide revenue to the state without corresponding liability of any kind.

Use of the limited liability company will not in any way reduce income taxes payable to the state as it will be used mainly by investors currently using a partnership or limited partnership form.

Miles Schlosberg, Director of the Division of Banking, Securities, Small Loans & Corporations, has testified before the Senate Judiciary Committee on two occasions and the administration has taken a position of "in favor" in their letter to Senator Jalmar M. Kerttula of May 5, 1975.

Enclosed are explanatory materials to assist you with regard to the proposed legislation.


Robert L. Hartig

MEMORANDUM

LIMITED LIABILITY COMPANY

The limited liability company has predecessors in New Jersey, Pennsylvania, Michigan and Ohio. In New Jersey and Ohio it was known as a "limited partnership association" and in Pennsylvania and Michigan as a "partnership association".

The business entity which we will now call the limited liability company had its origins in the third quarter of the 19th century. It was adopted in Pennsylvania in 1874, in Michigan in 1877, in New Jersey in 1880, and in Ohio in 1881. No other states have used this form of business entity.

The reason for its creation seems to be the particularly restrictive corporation statutes common in the late part of the 19th century. At that time in the development of the corporate entity, the restrictions in some states included the limitation of business to one state, the limitation of the corporation's business to a sole purpose stated in the Articles of Incorporation and various similar confining requirements. In the early days of the development of the corporation, the case law also was extremely restrictive on what a corporation could do and how it could do it, because of the roots in the English system that a corporation, being chartered by the Crown, was authorized to do only what the Crown specifically authorized it to do.

In the early 20th century, these restrictions on corporate activity were greatly reduced and have continued to be reduced through the introduction of the Delaware corporate statute and the Model Business Corporation Act, upon which many states have based their corporation statutes. These statutes gave much greater freedom to the shareholders and the board of directors to structure the activities of the corporation to meet their particular needs. This has especially been true in the close or closely held corporation which most often is a family corporation. Indeed, some states have adopted statutes which govern the activity of such close corporations and give them wide latitude in arranging their affairs. As these new corporate statutes were adopted by the various states and the case law governing the activities of corporations began to be less restrictive, the vehicle of the limited partnership association or partnership association fell in to disuse.

In introducing the Limited Liability Company Act in the State of Alaska, it is our desire to provide to investors, and particularly real estate investors, the opportunity to utilize this new form of business entity to conduct their business affairs with less expense and fewer restrictions.

The Ohio statute proves to be not usable for these objectives because of its preclusion of dealing in real estate

from the uses of the Ohio Limited Partnership Association, (Ohio Rev. Stats. §1783.01).

Also, the statutes in the other states are substantially more restrictive than the Alaska legislation being introduced and thus provide a less useful vehicle for conduct of a business. For example, the New Jersey statute (NJ Stats. Ann. §42.3-1) requires that the principal place of business of a New Jersey limited partnership association must be established and maintained within the State of New Jersey. The Ohio and Michigan statutes, though a little less restrictive, still require that that organization shall have its principal office or principal place of business within the state. The Pennsylvania statute was repealed in 1966, except as to professions which are not permitted to incorporate in the state.

The Alaska proposed legislation does away with this requirement as to the principal office or principal place of business. The reason for this is the desire to draw to the state investors interested in organizing under the Alaska Limited Liability Company Act for business or investment in other states as well as the State of Alaska. The legislation requires a registered agent in the state which would always insure a resident on whom process can be served in suit against the limited liability company.

The legislation proposed would provide a good amount of revenue each year to the state as there are provisions in the proposed legislation for the following fees:

1. A filing fee upon formation of the Limited Liability Company, which is based on capital invested upon a sliding scale to a maximum of \$1,000;
2. An annual fee of \$100;
3. A filing fee for amendment to the Certificate of Organization of \$25.00; and
4. A filing fee of \$25.00 upon dissolution.

It is suggested that this form of business entity will draw a substantial number of investors from other states who, up to this time, have used the limited partnership, corporation or joint venture vehicle for their investments.

In the first ten months of 1974, approximately 1,300 limited partnerships were filed in the State of Texas, which requires a filing of the limited partnership within the state. In Texas this is used as a revenue measure and there is a requirement of a filing fee which rapidly reaches the maximum fee of \$2,500 at capital contributed of \$500,000. This figure would not at all be uncommon in the real estate market of today.

It is estimated that in excess of half of these limited partnerships would be drawn to use the Limited Liability Company authorized by the proposed legislation in the

State of Alaska to conduct their business or to direct their investments, thus providing this increased revenue for the State. This figure is only for the State of Texas and it is suggested that this legislation would be attractive to investors of all states and may substantially contributed to the revenue of our state.

In addition, it is hoped that in drawing investors to the state for the purpose of utilizing our Limited Liability Company Act as a vehicle for investment in other states, such investors will also use the device as an investment entity in our state, thus providing increased work for real estate personnel, title companies, and all those persons who assist in transactions concerning real estate. In addition, it will be necessary for each limited liability company to establish and maintain a registered agent in the state and it will be necessary for the state to employ a number of additional persons to file and administer the limited liability companies.

The provisions of the act enable the persons forming a limited liability company to provide for management of the limited liability company either by the members or by a manager or managers elected by the members of the limited liability company. The voting power of the members is to be in proportion to their investment in the capital of the company. As with a corporation, the liability of the limited liability

company is to be limited to assets of the company. A member would have a liability not to exceed his contribution to the company or any amount which he is committed to contribute but has not as yet contributed. Why would this vehicle be used rather than a limited partnership? Because it combines the attractive characteristics of a corporation with the attractive characteristics of a partnership.

It is hoped that in submitting a request for a private ruling from the Internal Revenue Service of the United States Treasury Department, a limited liability company could obtain partnership classification for tax purposes.

There are four characteristics in distinguishing between partnership classification and classification and taxation as an association or corporation for purposes of the Internal Revenue Code. These are: (1) centralization of management; (2) continuity of life; (3) free transferability of interests; and (4) limited liability.

In order to be taxed as an association, an entity must have more corporate characteristics than partnership characteristics. A similar problem with regard to taxation is faced by the limited partnership vehicle which would often request advanced revenue rulings to make the limited partnership attractive to an investor.

As drafted, the limited liability company obviously would always have limited liability.