

ALASKA LEGISLATURE COMMITTEE FILES 1981-1982 86/2

1503 SHESS (SB 296 & SB 297) - SB 313 1503

STATE OF ALASKA

GENERAL OBLIGATION BONDS  
Debt Service by Fiscal Years  
June 30, 1979

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service To Maturity</u>	<u>Redemption Reserve</u>	<u>Net Cash Required By Fiscal Year</u>
1959	\$	\$ 65,635.00	\$ 65,635.00	\$	\$ 65,635.00
1960	30,000.00	99,212.69	129,212.69		129,212.69
1961	93,000.00	90,650.75	183,650.75		183,650.75
1962	311,000.00	737,998.50	1,048,998.50		1,048,998.50
1963	566,000.00	856,632.00	1,422,632.00		1,422,632.00
1964	587,000.00	1,299,202.50	1,886,202.50		1,886,202.50
1965	877,000.00	1,353,038.00	2,230,038.00		2,230,038.00
1966	1,202,000.00	1,307,483.50	2,509,483.50		2,509,483.50
1967	1,248,000.00	1,477,588.50	2,725,588.50		2,725,588.50
1968	1,778,000.00	2,877,017.05	4,655,017.05		4,655,017.05
1969	3,761,000.00	4,058,305.75	7,819,305.75	9,000.00	7,810,305.75
1970	3,770,000.00	5,535,721.95	9,305,721.95	85.00	9,305,636.95
1971	7,971,000.00	7,330,703.05	15,301,703.05		15,301,703.05
1972	9,705,000.00	9,793,394.20	19,498,394.20		19,498,394.20
1973	11,365,000.00	12,146,937.95	23,511,937.95		23,511,937.95
1974	12,352,000.00	14,029,974.80	26,381,974.80		26,381,974.80
1975	13,018,000.00	17,126,040.40	30,144,040.40		30,144,040.40
1976	12,500,000.00	22,615,109.85	35,115,109.85	10,924.13	35,104,185.72
1977	12,915,000.00	28,968,934.75	41,883,934.75	24,689.87	41,859,244.88
1978	18,795,000.00	31,233,034.75	50,028,034.75	92,852.08	49,935,182.67
1979	25,710,000.00	34,314,202.90	60,024,202.90	228,019.75	59,796,183.15
1980	38,790,000.00	36,292,273.50	75,072,273.50	1,276,687.99	73,795,585.51
1981	43,045,000.00	34,743,607.70	77,788,607.70		77,788,607.70
1982	46,265,000.00	32,187,781.50	78,452,781.50		78,452,781.50
1983	46,500,000.00	29,531,922.80	76,031,922.80		76,031,922.80
1984	46,945,000.00	26,922,165.35	73,867,165.35		73,867,165.35
1985	46,830,000.00	24,322,860.40	71,152,860.40		71,152,860.40
1986	48,235,000.00	21,714,763.60	69,949,763.60		69,949,763.60
1987	47,350,000.00	19,118,221.25	66,468,221.25	3,050.00	66,465,171.25
1988	47,665,000.00	16,532,505.00	64,197,505.00	66,950.00	64,130,555.00

GENERAL OBLIGATION BONDS  
Debt Service by Fiscal Years  
June 30, 1979

Fiscal Year	Principal	Interest	Total Debt Service To Maturity	Redemption Reserve	Net Cash Required By Fiscal Year
1989	42,717,000.00	13,894,721.25	56,611,721.25		56,611,721.25
1990	34,550,000.00	11,746,590.00	46,296,590.00		46,296,590.00
1991	28,989,000.00	9,958,430.00	38,947,430.00		38,947,430.00
1992	29,849,000.00	8,303,425.00	38,152,425.00		38,152,425.00
1993	25,063,000.00	6,656,987.50	31,719,987.50		31,719,987.50
1994	20,598,000.00	5,219,975.00	25,817,975.00		25,817,975.00
1995	19,096,000.00	3,987,625.00	23,083,625.00		23,083,625.00
1996	18,610,000.00	2,864,412.50	21,474,412.50		21,474,412.50
1997	14,865,000.00	1,800,419.75	16,665,419.75		16,665,419.75
1998	13,380,000.00	1,008,194.75	14,388,194.75		14,388,194.75
1999	\$ 8,640,000.00	\$ 368,931.25	\$ 9,008,931.25	\$	\$ 9,008,931.25
2000	2,531,000.00	69,081.25	2,600,081.25		2,600,081.25
<b>Totals</b>	<b>\$809,057,000.00</b>	<b>\$504,561,713.19</b>	<b>\$1,313,618,713.19</b>	<b>\$1,712,258.82</b>	<b>\$1,311,906,454.37</b>
 Paid as of 6/30/79	 <u>138,554,000.00</u>	 <u>197,316,818.84</u>	 <u>335,870,818.84</u>	 <u>365,485.83</u>	 <u>335,505,333.01</u>
 Remaining liability as of 6/30/79 (St. #67)	 <u>\$670,503,000.00</u>	 <u>\$307,244,894.35</u>	 <u>\$ 977,747,894.35</u>	 <u>\$1,346,772.99</u>	 <u>\$ 976,401,121.36</u>

TABLE 1

INTEREST RATES ON BONDS  
OF TWENTY YEAR OR GREATER MATURITIES

<u>YEAR</u>	<u>Aa CORPORATE</u>	<u>Aa MUNICIPALS</u>	<u>DIFFERENCE</u>
1979	9.77	6.00	3.77
1978	8.98	5.65	3.33
1977	8.20	5.34	2.86
1976	8.59	6.09	2.50
1975	9.51	6.70	<u>2.81</u>
		Five-year Average	3.05

Source: November 1979 Treasury Bulletin

# AND MUNICIPAL BONDS

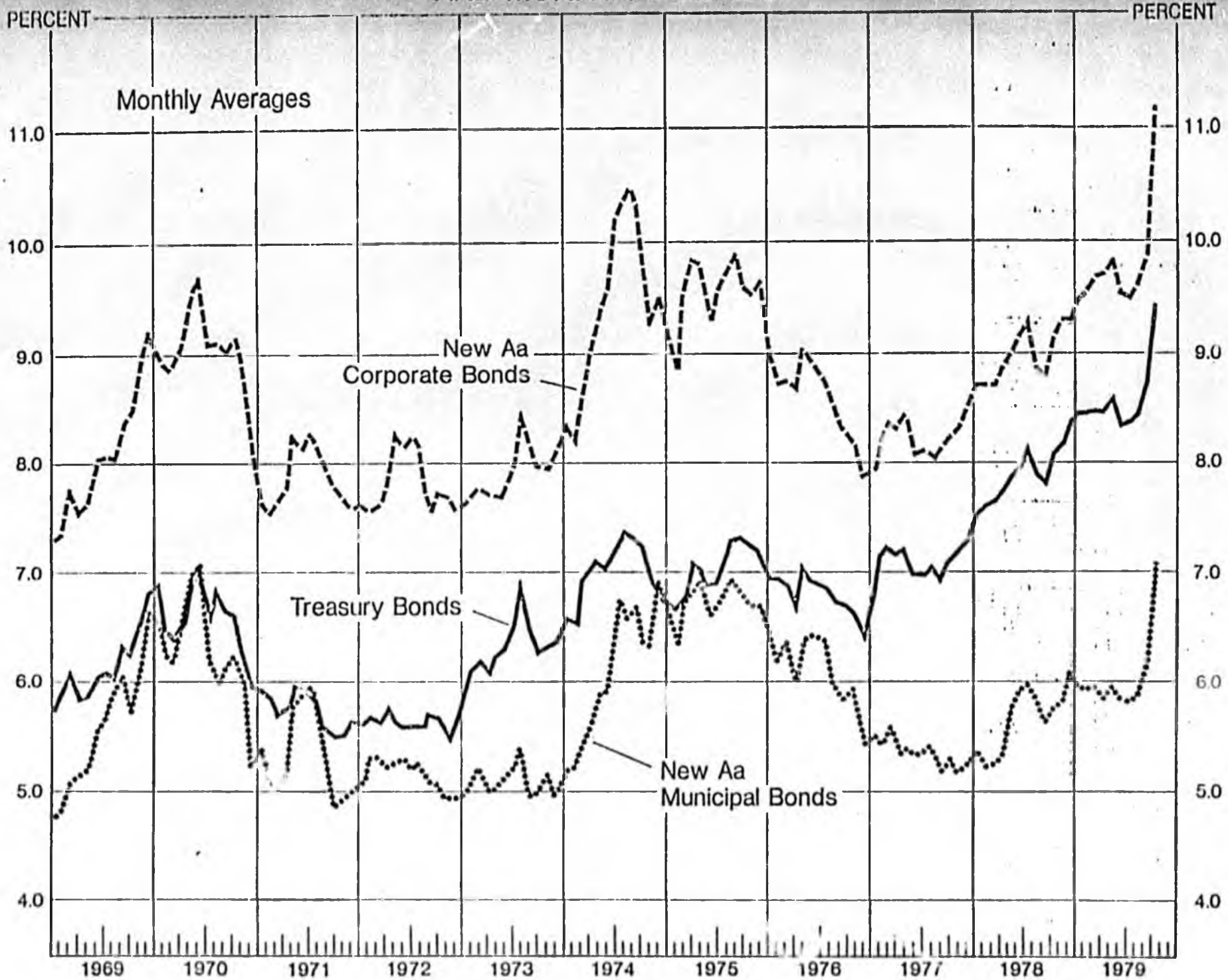


CHART 1

TABLE 2

REPRESENTATIVE TAX-EXEMPT YIELDS  
(Based on major new issue offerings  
for week ending December 14, 1979)

<u>Maturity</u>	<u>Aaa</u>	<u>Aa</u>	<u>A</u>
1980	6.00	6.10	6.20
1981	6.00	6.10	6.20
1982	6.00	6.10	6.20
1983	6.00	6.10	6.25
1984	6.00	6.10	6.25
1985	6.00	6.10	6.30
1986	6.00	6.10	6.30
1987	6.00	6.10	6.35
1988	6.05	6.10	6.35
1989	6.10	6.15	6.35
1994	6.35	6.45	6.60
1999	6.60	6.75	6.85
<u>Municipal Bond Averages</u>			
<u>Week</u> <u>Ending</u>	<u>Nuveen</u> <u>Index</u>	<u>Bond</u> <u>Buyer</u>	<u>Dow-</u> <u>Jones</u>
November 23	7.99	7.38	7.76
November 30	7.92	7.26	7.63
December 7	7.78	7.17	7.53
December 14	7.86	7.26	7.62

JOHN NUVEEN & CO INCORPORATED

TABLE 3

DIFFERENCES BETWEEN ANNUAL AVERAGES OF YIELDS ON 20-YEAR,  
GENERAL OBLIGATION BONDS, BY RATING  
(Basis Points)

Year	Differential Between Grades		
	Aa minus Aaa	A minus Aaa	Baa minus Aaa
1945	25	58	79
1950	19	54	75
1955	14	47	96
1956	21	50	99
1957	22	65	105
1958	22	59	92
1959	14	50	51
1960	16	51	82
1961	14	34	61
1962	11	25	52
1963	8	20	43
1964	7	19	42
1965	7	19	40
1966	9	25	49
1967	10	26	55
1968	10	31	63
1969	13	37	62
1970	26	47	63
1971	28	53	67
1972	15	34	52

Source: Moody's Series; Annual average of monthly differences.

TABLE 4

INTEREST COST DIFFERENTIALS AMONG RATING CLASSES  
(Basis Points)

Differential Between Grades	Study (Period)		
	Phelps <sup>1</sup> (1947-58)	Kessel <sup>2</sup> (1959-67)	Petersen <sup>3</sup> (1964-1971)
Aaa-Aa	21	15	13
Aa-A	33	21	19
A-Baa	33	25	30
Baa-Ba	—	—	35
Item:			
Aaa-Baa	87	61	62

<sup>1</sup>Charlotte DeMonte Phelps, "The Impact of Tightening Credit on Municipal Capital Expenditures in the United States," *Yale Economic Essays*, Vol. 1 (Fall 1961), p. 100. In Phelps's equation, interest cost differentials between rating classes vary in proportion to the Federal Government's long-term bond rate. The figures above were calculated upon the assumption that the long-term bond rate was 3 percent.

<sup>2</sup>Reuben A. Kessel, "A Study of the Effects of Competition in the Tax-Exempt Bond Market," *Journal of Political Economy*, (Sept. 1971). Instead of using the net interest cost of the issue as the dependent variable in his equation, Kessel used the difference between the twenty-year offering yield and White's Yield of 100. Standard & Poor's ratings were used instead of Moody's. Kessel's data sample included more than 9000 bond issues that appeared between 1959 and 1967, with virtually complete coverage of competitively offered issues that were larger than \$1,000,000.

<sup>3</sup>John E. Petersen, "A Note on the Determinants of Municipal Bond Net Interest Costs" (unpublished), 1972. See summary of study at end of this chapter.

SOURCE: The Rating Game, John E. Petersen, Kraus Reprint, New York, 1974

MEMORANDUM

DATE: November 14, 1979

TO: The Honorable Terry Gardiner  
Speaker of the House

FROM: J. H. Hogan, Director  
Legislative Finance Division

SUBJ: Financial Questions

This Memo is a preliminary response to your questions given to me several weeks ago. Some of the answers are based on information from documents that will be updated. As I mentioned earlier, I will provide you with current information as it becomes available.

1. What is our present state debt? The outstanding Alaska general obligation bond debt as of April 10, 1979 (the date of the last general obligation bond sale) is \$1,038,276,089.
2. What is our present municipal debt? As of January 1979 the general obligation bond debt of municipalities was \$545,227,664. ("Alaska Taxable" will be republished in January 1980, and new figures will be available then.)
3. What is our present annual debt service? The current year's general obligation bond debt service is \$82.2 million and the amount for FY 81 is estimated at \$77.9 million.
4. What are the pro's and con's of paying cash or bonding for capital improvements?
5. What are the pro's and con's of paying off our present debt service?
6. What are the pro's and con's of paying off present municipal debt?

Milt Barker is preparing an analysis of these questions. We have also written the state's bond counsel and the state's financial advisor regarding certain questions on this subject. Milt will incorporate these responses in his Memo.

7. At what level should we bond for capital improvements? By what logic? Since Alaska currently has a level of general obligation bond indebtedness that exceeds the normal measures or standards applied to other states, we cannot use "traditional yard-sticks" to answer this question. The question of whether or not to bond is an economic and political question. The economic portion will be discussed in Milt's Memo.

If the Legislature were looking for a rule of thumb for bonding, perhaps the best one that comes to mind would be limiting the use of general obligation bonds to fund new program starts; for example, new schools, new armories, new fish hatcheries and new state buildings could continue to be funded by the general obligation bond route. In this way you would have "public approval" for new capital program starts. Repairs and maintenance could be funded from cash appropriation sources; for example, highway repairs, ferry system repairs, airport repairs and building repairs could be funded from general appropriations under the assumption that once the public has approved a new capital project, the Legislature can presume they want their investment maintained and repaired so that the facility can continue to provide adequate public use or service.

8. How much capital improvement funds could we actually spend in a single year with our present level of state government? The answer to this question is difficult because it is hard to separate administrative/organizational problems from policy decisions not to spend. The enclosed letter from the Chairman of the Budget and Audit Committee to the Governor sets out the Committee's concern with the apparent lack of effort to complete bond projects already approved by the Legislature. Other research by our office indicates that of the 408 capital projects approved by the Legislature last Session in the General Appropriations Act, 302 have had no expenditure from the accounts as of October 1. (The capital projects portion of the budget took effect on June 2, 1979.) Looking at it another way, of the \$192 million appropriated in the capital budget, only \$11 million had actually been spent by October 1. This next Session the Legislature might wish to hold hearings in an effort to determine whether policy decisions not to spend are responsible for this, or organizational overload of various state agencies.

9. What federal funds are projected to be available in the next two years? What are the matching requirements of state funds? The enclosed copy of "Lateline Washington", a National Conference of State Legislatures publication, contains one of several recent

articles which indicate that the President and the Federal Government intend to reduce Federal expenditures on State grant programs in future budgets. In addition to this general pattern of reduced spending on state programs, we can expect that wherever possible Federal agencies will chip away at Alaska's entitlements due to Alaska's very strong financial position. For arguments sake, let's assume continued Federal funding at the current year budget level, approximately \$254 million. The matching requirements vary from program to program. For new grants that are received in mid-budget year, they can be 100% of the funding requirements. Current programs range down from there to 90%/10%, 75%/25%, 50%/50%, to an eventual phase out where the program becomes entirely State funding.

enclosures

JHH:bf

October 15, 1979

John Nuveen & Co. Incorporated  
209 South La Salle Street  
Chicago, Illinois 60604

In preparation for the upcoming session, legislative leaders have requested that we gather certain information for their review prior to the session. As the State's financial advisor, I would appreciate your response to the following questions:

1. What is the average spread in interest rates between tax-exempt municipal bonds of Alaska's rating and the typical investments of Alaska's general fund, i.e., corporate and U.S. Treasury securities, bank CD's, bankers' acceptances, etc.?
2. What level of G.O. bidding can Alaska achieve without altering its ratings or adversely affecting its interest rates?
3. What greater level could be achieved without wiping out the spread between our tax-exempt rate and taxable rates?
4. What rules of thumb can be used in judging the amount of bonds that can be issued without adverse consequences? The 8% or 16% debt service in relation to general fund revenues mentioned in the White, Weld & Co. memo? (copy attached)
5. How much could our tax-exempt rate be reduced by depositing up to 15% or whatever the IRS arbitrage limit is in a G.O. Debt Guarantee Fund?

Sincerely,

J. H. Hogan, Director  
Legislative Finance Division

JHE:pw  
Enclosure

January 2, 1980

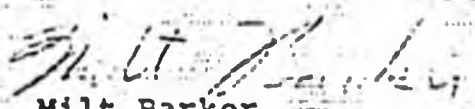
Tony Dean  
John Nuveen & Co.  
209 South LaSalle Street  
Chicago, Illinois 60604

Dear Tony:

As we discussed on the phone, our office would appreciate your comments on the following questions:

1. Should the state bond or pay cash for future capital improvements?
2. Could retirement of all or part of Alaska's outstanding indebtedness improve its credit rating?
3. Is there a more efficient way to improve our credit rating than paying off existing debt such as municipal bond insurance, the G.O. debt guarantee fund mentioned in our letter of October 15, or some other means?

Yours truly,

  
Milt Barker  
Fiscal Analyst

MB:bf

December 31, 1979

J. H. Hogan  
Director  
Legislative Finance Division  
The Alaska Legislature  
Pouch "WF"  
State Capitol  
Juneau, Alaska 99811

Dear Mr. Hogan:

This letter responds to your request dated October 15th that in our capacity as financial advisor to the State we respond to a series of questions regarding Alaska's capacity to issue general obligation debt. To simplify the presentation, I have restated the original questions, occasionally combining questions, and then provided our response.

1. What is the average spread in interest rates between tax-exempt municipal bonds of Alaska's rating and the typical investment of Alaska's General Fund, i.e. Corporate and U.S. Treasury Securities, Bank C.D.'s, Bankers' Acceptances, etc.?

The approximate \$680 million of outstanding Alaska general obligation bonds have an estimated average yield of 5.30% and General Fund balances are currently invested in a variety of short term money market instruments to return a yield of approximately 10.2%. When the most recent series of bonds were issued on April 10, 1979, \$60 million in par value were sold for a net interest cost of 5.5920%. The bonds had an average life of 5 years, 9 months and yields on comparable maturities of U.S. Government Securities at that time were approximately 9.25%. The net spread at the time of the April sale of 3.66% is typical of the 3 to 5 percentage points which usually separates yields on comparable maturities of Alaska's G.O. Bonds and Federal Securities.

2. What level of G.O. bonding can Alaska achieve without altering its ratings or adversely affecting its interest rates?

What rules of thumb can be used in judging the amount of bonds that can be issued without adverse consequences; the 8% or 16% debt service in relation to General Fund revenue mentioned in the White Weld & Company memo?

J. H. Hogan, Director  
December 31, 1979  
Page Two

In the last decade Alaska's standing as a borrower in the tax-exempt markets has steadily improved. Recognition of this fact has been reflected in the improvement in ratings which occurred in 1974 and 1975. For investors this has been an enviable situation since their investments have experienced steady appreciation with the growing credit quality of the State.

Dramatic increases in natural resource production, most notably petroleum and natural gas, have been key features of this steady growth in market acceptance. Other factors have included population growth and economic diversification. On the negative side, the rating agencies perceive Alaska to have a heavy debt load on a per capita basis and as a per cent of personal income. In addition, the State is expected to have a continuing and substantial need to borrow over the immediate future. Operating expenses for state government have risen dramatically in the last decade. While there has been a move to diversify Alaska's economy, the State still is heavily dependent on petroleum revenues which are subject to short term interruption and long term uncertainty.

The general obligation debt of the State is currently rated "A1" by Moody's and A+ by Standard and Poors. An upgrade to AA by either agency would enhance the marketability of the State's debt and lower the average interest cost. In addition, other state agencies and major local issuers would be likely to receive improved ratings following assignment of a "AA" to the State. In fact, several months after the last upgrade for the State, ratings for 12 Alaska municipalities were also revised upward. Achieving the "AA" will almost surely require the State to moderate growth in General Fund expenditure and to enact legislation providing financially sound management of the Permanent Fund.

By the standard criteria for financial analysis, Alaska ranks below the other states and to a significant extent, it is relying on a single major source of revenue. Consequently, the market perception of Alaska is colored by intangible, psychological, perhaps even irrational factors and attitudes. In the recent past the market has been positive in its judgments regarding Alaska, but no one can accurately predict what level of debt will trigger a reaction leading to a negative shift in market sentiment.

In the last ten years, the annual general obligation borrowing of the State has grown from \$24.4 million in 1970 to \$100 million in the most recent 12 months. Maturities have been keyed to the expected life of Prudhoe Bay petroleum revenues. Each bond sale has been characterized by healthy bidding interest by at least 4 different syndicates. In view of the continuing improvements in state revenue, the momentum of a steadily improving credit it would be possible to consider annual issuance of \$175 to \$225 million over the next few years. Each bond sale will provide additional insights regarding the continuing growth of the State's debt capacity.

3. What greater level of G.O. borrowing could be achieved without wiping out the spread between the State's tax-exempt rate and taxable rates?

While in theory it would appear possible to trade much higher yields for increased borrowing, in practice there are institutional and psychological constraints which limit the growth of the State's indebtedness. The reaction of rating agencies, investors, underwriters and the financial press will begin to narrow the market for the State's general obligation debt, eventually leading to a situation similar to that of New York City, in which the market is closed to Alaska, regardless of the yield it is prepared to pay.

J. H. Hogan, Director  
December 31, 1979  
Page Four

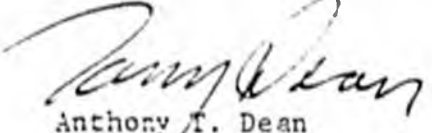
4. How much could our tax-exempt rate be reduced by depositing up to 15% or whatever the IRS arbitrage limit is in a G.O. debt Guarantee Fund?

A reserve fund as contemplated in the question would have a negligible impact on the State's cost of borrowing. A reserve fund is usually associated with revenue bond issues and incorporating it in a G.O. issue would probably raise more questions about what weakness it was meant to correct as opposed to what strength it was supposed to contribute. For a \$100 million issue, arbitrage earnings in excess of the cost of borrowing the reserve would be less than 3% of annual debt service.

If you have additional questions or need further information, don't hesitate to call me. I and several of my colleagues will be with Sterling Gallagher in our Juneau office during the week of January 7 through 11. At that time I would be available to meet with you and your staff.

Sincerely,

JOHN NUVEEN & CO., INCORPORATED

  
Anthony T. Dean  
Assistant Vice President

ATD:Lmc

cc: Thomas K. Williams  
Commissioner of Revenue

WHITE, WELD & Co.  
INCORPORATED

ONE LIBERTY PLAZA  
91 LIBERTY STREET, NEW YORK, N. Y. 10008

THEODORE P. SWICK  
FIRST VICE PRESIDENT  
212/288-2153

CABLE ADDRESS: "WHITEWELD"

April 3, 1978

Report To  
Alaska House and Senate Finance  
Committees on Relocation of the  
State Capital

In accordance with our contract with the State of Alaska Legislative Budget and Audit Committee on behalf of the House and Senate Finance Committees, we herein submit our report on financial questions arising from the plan for relocation of the Alaska State Capital. The report comments (I) specifically on the "Impact on State Bonding Capacity and Annual State Budget" (Impact Report), prepared for the Alaska Capital Site Planning Commission and (II) in a more general way on large capital raising programs and the demands of investors in considering lending funds to such programs in the form of purchasing bonds.

I. The Impact Report addresses itself to: "(1) the impact upon the State's capacity to issue bonds for purposes other than the new capital; (2) the ability of the State to fund the cash requirements of the Financing Plan from General Fund revenues and (3) the impact upon the marketability of all tax-exempt debt issued by Alaskan issuers".

In making our comments we have not attempted to evaluate the assumptions clearly enumerated in the Impact Report. We accept these assumptions as reasonable, particularly, the inflation rate of 8% used throughout and the "Base Case" economic development report by the University of Alaska regarding the growth rates for General Fund revenues, both petroleum related and non-petroleum related, population, income, economic development, etc.

(1) Bonding Capacity

The bonding capacity of any issuer is measured by its ability to sell bonds at reasonable rates and its ability to have access to the market when the need to borrow exists. The Impact Report states

that after examination of traditional indices of credit worthiness and bonding capacity any judgement is highly subjective. We are in full agreement with this observation and also point out that when these traditional indices are applied to Alaska and its divisions of local government the picture for Alaska is bleak. However, the rating agencies, the bond underwriting community and, to a lesser degree, the investors in tax-exempt bonds have rightly recognized that Alaska must be evaluated on its own because of its special characteristics which makes it distinct from its forty-nine sister states.

There is no doubt that credit ratings placed on issues by the rating agencies have a tremendous impact on the costs of raising capital funds. The rating agencies in a general sense, and rightfully so, depend to a large degree on comparisons, medians, relationships, etc., in comparing one issuer to another. In applying this criteria of creditworthiness to Alaska and its municipalities, Alaska comes out badly in practically every category. Nevertheless, there are many examples where analysis and independent investigations by investment bankers and investors have led to investment decisions which have caused bond issues to be sold at less cost than similarly rated credits because of the strengths peculiar to the issuer.

Security analysts in evaluating Alaska, after recognizing the special problems such as its brief history as a state, its widely scattered and small population, its high costs of practically everything and its limited economic development, perceive its strengths, as represented by such things as its vast natural resources, oil, gas, coal, minerals, timber and fish, the private capital represented by the Native Corporations, State Fiscal Affairs, such as the creation of the Permanent Fund and the prospect of an expanding broad based economy with due regard for the quality of life, as insuring a bright future for the State. Nothing intrigues an investor more than lending to a government which is improving its credit position and so have his investment grow in relative value as time goes by.

The Impact Report places its principal measurement of bonding capacity on the ratio of annual debt service for all projected State needs, both related to the capital move and other needs, and projected General Fund revenues. We agree that this is a valuable and useful index, but do not agree with setting an 8% limit on the ratio of debt service to General Fund revenues. We can see this ratio as high as 16% without having an appreciable effect on the cost of raising funds in the capital market at reasonable rates when it is needed.

(2) Ability to meet cash requirements

The "business" of government at the state level is easily simplified to embrace three general areas of activity. They are education, transportation and what can be summarized as "social services" which would include such activities as health care, protection, justice and development of natural resources. As the Impact Report illustrates, even if the cost of the capital move as measured as a percentage of general fund revenues substantially exceeds 8%, said costs are minor compared to the three principal activities of state government.

(3) Marketability

As stated in the Impact Report, there is a volume restraint on investors based on an issuers location in a state or region. However, in the past five to ten years there are numerous examples where seemingly unmanagable amounts of bonds have been marketed without cost penalty by issuers for a single huge project or by issuers located in a limited geographic region. One of the earliest was an issue of \$1.6 billion voted in the early 1960's in California to finance the "Feather River Water Project". At that time the underwriting community scoffed at the huge program and predicted it couldn't be financed except at a large penalty in terms of cost of borrowing. However, the project was financed successfully at no penalty in cost and as the project neared completion was able to raise additional capital by issuing revenue bonds for final completion and some expansions. Another more recent example was the authorization for the Municipal Electric Authority of Georgia to issue \$2 billion bonds, over a period of years, to finance the Authorities ownership share in large electric generating projects, jointly with other owners, to serve 47 towns in Georgia with a combined population approximately the same as the population of Alaska. This authorization is being sold periodically now with great success in terms of borrowing costs. The Washington Water and Power Supply System is in a financing cycle and will eventually have outstanding approximately \$7 billion in debt. Again the program continues successfully. Similar results were accomplished last year when City of Atlanta decided to finance a major expansion by issuing all the bonds at one time in the form of a \$1 billion issue.

A slightly different circumstance with equally successful results occurred when three major issuers in Nebraska, Nebraska Public Power District, Omaha Public Power District and Lincoln,

Nebraska Electric Authority all announced and sold large issues totalling some \$300 million in a brief four week period. There are many other successes of this kind which are being financed at favorable borrowing costs and which are not having any adverse effect on the borrowing costs of other issuers in the same state or region.

The expansion of the amount of tax-exempt bonds being offered each year and the ability of the market place to absorb them at reasonable costs to the borrower has been dramatic in the last five years and well conceived and aggressively marketed "over-sized" issues and projects have been readily absorbed by the market place. It is not our intent to imply that there is no limit to the ability of the market to absorb at reasonable borrowing costs any and all potential bond issues. The discipline of the market will be selective in evaluating the economic need, the proper purpose, the ability and willingness to pay, the state and region basic economics, etc., and projects not meeting the tests will be penalized or ignored. There is a limit which can't be quantified, but we are of the opinion that the financial needs of the capital move combined with the projected need for borrowing by the State and its subdivision of government, based on the circumstances peculiar to Alaska can be met by the bond market at reasonable borrowing costs at the times the funds are needed.

## II. Large capital raising programs

As discussed briefly above, major funding programs involving hundreds of millions and often billions of bonds are being successfully financed today. The key is a well planned, extensive and aggressive marketing program. Prior to the marketing program itself being initiated, project costs should be determined and announced publically in terms of both today's costs and inflated costs to cover an extensive construction time table. When financing by general obligation debt to be authorized by public vote, the entire bonding program should be voted upon by the constituents. They should be completely informed as to total costs as well as bonding requirements. Put the whole plan out in the open and right up front so that the public support is based on facts.

Investors will make judgements to lend funds to a project through the purchase of bonds when they can make an analysis that goes far beyond the mere citing of economic statistics and traditional ratios. Areas for examination include such things as the willingness to pay in addition to the ability to pay, the quality

of leadership and abilities of those entrusted with management of the financial affairs of the issuer, the need for the project, both from an economic and social point of view and the support of the people of the impacted area, (the business and banking community, the academic community and the public interest groups, including environmentalists). The marketing program will demonstrate public support, a determination to initiate and complete the project and the ability and resources to accomplish the task.

Such a marketing program includes a "road-show" of State officials, banking and business leaders, legislative and administration representatives holding high office telling the story of Alaska and the project to be financed at a series of meetings in the chief financial centers of the lower 48.

The principal sources of investment capital to purchase tax-exempt bonds are institutions (casualty insurance companies), banks, (commercial banks for their own investment needs and trust banks for their managed funds), tax-exempt mutual funds and unit trusts and individual investors. Each of these groups can be reached by the marketing program which will be orchestrated to telling the Alaska story from several points of view including Chamber of Commerce type promotional material, economic and financial facts, administration, legislative, business and public support and a clear demonstration that the program will fill a real need and that the issuer has the determination, resources and support to make it work.

In summary, it is our opinion that the State of Alaska, through the issuance of General Obligation bonds and the allocation of General Fund revenues, can finance the proposed Capital Move, as contemplated in the Financing Plan for the New Capital City of Alaska as discussed in the addendum thereto, "Impact on State Bonding Capacity and Annual State Budgets", in a timely manner at reasonable rates. This can be accomplished without increasing the cost of borrowing of the State and other issuers for non-capital move purposes and without causing General Fund revenues for all State needs being overwhelmed by the Capital Move requirements.

Significant unique characteristics of Alaska will be perceived to require analysis as to creditworthiness outside the traditionally used investment criteria. These characteristics will more than overcome the low stature Alaska achieves by the traditional evaluation techniques.

Investors can be attracted to lend capital to large projects by complete and factual up-front disclosure of dollar requirements, by the demonstration of public support by obtaining voter approval of not only bonding requirements, but all costs, and by an extensive marketing program structured to demonstrate not only the ability, but the willingness to complete the project and repay the borrowed costs of its creation.

Theodore P. Swick

October 15, 1979

C. Richard Walker  
Orrick, Herrington, Rowley & Sutcliffe  
600 Montgomery Street  
San Francisco, California 94111

In preparation for the upcoming session, legislative leaders have requested that we gather certain information for their review prior to the session. As the State's bond counsel, I would appreciate your responses to the following questions:

1. How much could be placed in a General Obligation Debt Guarantee Fund subject to IRS arbitrage limits?
2. Will the State have a possible arbitrage problem with the IRS if it continues to issue tax-exempt debt while building up a massive general fund surplus?

Sincerely,

J. H. Hogan, Director  
Legislative Finance Division

JHH:pw

ORRICK, HERRINGTON, ROWLEY & SUTCLIFFE  
COUNSELORS AND ATTORNEYS AT LAW

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CABLE "ORRICK"  
TELEX 34-0973

October 30, 1979

Mr. J. H. Hogan  
Director  
Legislative Finance Division  
State of Alaska  
Pouch WF, State Capitol  
Juneau, Alaska 99811

Dear Mr. Hogan:

In response to the questions in your letter of October 15:

1. This question will need considerably more elaboration before I can answer it with any reasonable assurance. I am not sure whether the suggested fund is to be used to guaranty debt service on general obligation bonds of the State or debt service on general obligation bonds of local governments in the State. I do not know the source of the moneys to be put into the fund, but I assume that those moneys will not come from any proceeds of bonds. On that basis, I do not think that a proper interpretation of the Internal Revenue Code would result in any arbitrage yield restrictions on the fund, because the applicable Code provision relates to the use of the proceeds of bonds.

However, the Internal Revenue Service has stretched and distorted the term "proceeds" in the Treasury Regulations and rulings thereunder. The result appears to be that, if the State deposits moneys from any source into a fund to be used to pay the debt service on general obligation bonds of the State or on general obligation bonds of local governments, or which fund is pledged as security for any such debt service, the Internal Revenue Service would consider the fund to be "proceeds" subject to arbitrage yield restrictions. This is indicated by Rev. Rul. 78-302 and Rev. Rul. 78-348, a copy of which is enclosed.

Even on this basis, the establishment of the fund probably could not affect the tax status of interest on bonds issued before the fund is established or before it was expected

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RICHARD C. SALLADIN  
RICHARD J. LUCAS  
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DONALD A. SLOCHTER  
PAUL A. WEBBER  
JAMES R. HADISON  
WILLIAM C. BINSSELL, JR.  
WILLIAM L. HOISINGTON  
THOMAS R. SHEARER, JR.  
CAMERON W. WOLFE, JR.  
RALPH C. WALLEN

M. PETER LILJEVAND  
WILLIAM E. DONOVAN  
ROBERT J. GLOSTON  
W. REECE BACER  
PAUL J. EAM  
MARYELLEN B. CATTANI  
WILLIAM L. RILEY  
E. THOMAS UNTERMAN  
EDWARD B. ROGIN  
JACK E. FERROUSON  
ALVIN W. FAROO III  
JACK B. OWENS  
WILLIAM F. ALDERMAN  
RICHARD E. V. HARRIS  
G. KIP EDWARDS  
RAYMOND G. ELLIS  
STEVEN A. BRICK  
JOHN F. BEZGAL

Mr. J. H. Hogan  
State of Alaska  
October 30, 1979  
Page Two

to be established. Moreover, if the amount in the fund considered allocable to bonds hereafter issued, together with any other amounts chargeable under arbitrage rules to the "minor portion" of the proceeds of those bonds which is not subject to arbitrage limitations, do not aggregate more than 15% of the face amount of those bonds, the investment of the fund should not be subject to arbitrage yield restrictions.

The foregoing is all subject to further qualifications and complexities, but I think there is no point in pursuing them here. If you can give me a complete description of the workings of the proposed fund, I will try to give you a more definitive answer as to the federal income tax results. If there is any special need or desire for such a fund, I might suggest requesting a ruling from the Internal Revenue Service as to their treatment of the specific facts, and possibly an appeal from that ruling to the Tax Court in the quite possible event that we consider the ruling to be contrary to the law.

In any event, I am somewhat mystified as to the purpose of or need for the proposed fund, particularly if it is to relate to general obligation bonds of the State.

2. The issuance of bonds by the State in the presence of a "massive general fund surplus" should not result in taxability of the interest on the bonds, and it surely would not. This conclusion appears to be supported by Rev. Rul. 78-302 (enclosed). However, your phrasing of the question in terms of "a possible arbitrage problem with the IRS" prompts me to note that the IRS has gone so far in its pursuit of "arbitrage" that I would not be entirely surprised at anything that organization might contend.

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In connection with all of the foregoing, I urge you and others in the State government to support the bill sponsored by the Municipal Finance Officers Association and about to be introduced in Congress to cure problems like these and to prevent further excesses.

Sincerely yours,  
*C. Richard Walker*

Enclosure

income shall be included in the gross income for the taxable year in which received by the taxpayer, unless, under the method of accounting used in computing taxable income, such amount is to be properly accounted for as of a different period.

Section 1.451-2 of the regulations provides, in pertinent part, as follows:

(a) *General rule.* Income, although not actually reduced to a taxpayer's possession is constructively received by him in the taxable year during which it is credited to his account, set apart for him, or otherwise made available so that he may draw upon it at any time, or so that he could have drawn upon it during the taxable year if notice of intention to withdraw had been given. However, income is not constructively received if the taxpayer's control of its receipt is subject to substantial limitations or restrictions. \*

If a life insurance policy provides that proceeds will be paid to the beneficiary of record upon receipt of due proof of death, and the insurance company determines in good faith that such a policy is payable (whether that determination is based on facts and circumstances indicating death or on a presumption of death under applicable state law), then the proceeds will be an amount paid by reason of death of the insured for purposes of section 101(a)(1) of the Code. Compare Rev. Rul. 76-468, 1976-2 C.B. 202, which states that for purposes of sections 2(a)(3), 112, 692, 6013, and 7508, the date of death of a member of the Armed Forces or a civilian employee, reported as missing in action or a prisoner of war and later declared to have been killed in action, is the Secretarial determination date of death, unless a later actual date of death is subsequently established. Rev. Rul. 76-468 refers to the Secretarial determination date of death as the date of death determined under 37 U.S.C. section 555 or 556. Rev. Rul. 76-468 is clarified so that any reference therein to the Secretarial determination date of death instead refers to the date on which the determination of death is made under those sections.

## HOLDING

The payment of life insurance proceeds to *A* in 1977 is fully excludable from *A*'s gross income under the provisions of section 101(a)(1) of the Code. However, if *A* had deferred claiming the death benefit payment until a later year, any portion of the payment attributable to accumulated interest would be includible in *A*'s gross income under the provisions of sections 61(a)(4) and 101(c). Pursuant to section 1.451-2(a) of the regulations, the interest would be includible in the taxable year accumulated to the extent that *A* could have drawn upon it if *A* had submitted a claim for the proceeds.

See section 101(d) of the Code and the regulations thereunder with respect to computing the exclusion for proceeds held by an insurer under an agreement provided for in the life insurance contract, and paid other than as a single sum at a date later than death.

See section 2042 of the Code and the regulations thereunder with respect to the inclusion of the proceeds of life insurance in the value of a decedent's gross estate. For purposes of the federal estate tax, the date of death is the Secretarial determination date of death unless a later actual date of death is established.

## EFFECT ON OTHER REVENUE RULINGS

Rev. Rul. 76-163 is clarified.

## Section 103.—Interest on Certain Governmental Obligations

Arbitrage bonds; fund established for indirect payment of principal or interest. Examples illustrate whether the arbitrage yield restrictions of section 103(c) of the Code apply to amounts accumulated in funds established in connection with the issuance of local government obligations that

are not used directly for the payment of principal or interest.

Rev. Rul. 78-302<sup>1</sup>

## ISSUE

Will amounts accumulated in certain funds be subject to arbitrage yield restrictions?

## FACTS

### Situation 1.

Authority *A* proposes to issue dormitory revenue refunding bonds. The refunding bonds will mature serially over 20 years. The proceeds of the refunding bonds will be deposited in an escrow fund to secure payment of the prior issue and to defease the lien of the prior issue on revenues of the authority. A portion of *A*'s dormitory revenues will be deposited in a "reserve fund." Amounts in the "reserve fund" will be pledged as security for the bonds.

### Situation 2.

City *B* proposes to issue \$5.5 million of 33-year sewer revenue bonds. Two and a half million dollars of the revenue bonds will mature serially over the first 30 years. In addition, \$1 million of term bonds will mature in each of the last three years.

*B*'s sewer revenue will be used as follows (in order of priority):

- (1) to pay operating expenses,
- (2) to pay all debt service on the revenue bonds, and
- (3) to make deposits in a "renewal fund."

*B* covenants to maintain sewer rates high enough to pay all necessary operating expenses and to make all scheduled payments of debt service and all scheduled deposits in the "renewal fund." However, it would be impracticable for *B* to raise sewer rates high enough to meet the balloon payments due in years 31-33 solely out of revenues.

<sup>1</sup> Also released as News Release IR-2078 dated July 30, 1978.

The "renewal fund" is not pledged as security for the revenue bonds. Moreover, amounts held in the "renewal fund" can in no event be used directly to pay principal or interest on the revenue bonds. However, B's use of the "renewal fund" is restricted by covenants contained in the indenture for the revenue bonds. In particular, B is required to invest the "renewal fund" in Treasury bonds that will mature approximately 30-33 years after the revenue bonds are issued. Further, B will have only one practicable way to meet the balloon payments due in years 31-33. It will have to use the "renewal fund" to pay necessary operating expenses during these years. This will enable B to meet the balloon payments out of current sewer revenues.

Pending use, the amounts in the "renewal fund" will be invested at a yield that is materially higher than the yield on the sewer revenue bonds. Moreover, these amounts will at times exceed 15 percent of the original proceeds of the bonds.

#### Situation 3.

City C proposes to issue \$10 million of general obligation bonds. While the bonds are outstanding, C will deposit a portion of its tax revenues in a separate "investment fund." The investment fund will be established and maintained at C's discretion solely to enhance C's general credit rating. It will not be specially pledged as security for the general obligation bonds, and C's use of the "investment fund" will in no way be restricted by covenants contained in the bond indenture. Further, C does not reasonably expect to use amounts in the "investment fund" (directly or indirectly) to pay principal or interest on the general obligation bonds.

#### LAW AND ANALYSIS

Section 103(a)(1) of the Internal Revenue Code of 1954 provides that gross income generally does not in-

clude interest on obligations of a state or a political subdivision thereof.

Section 103(c)(1) of the Code provides that, with certain minor exceptions, the interest on an arbitrage bond is not excludable from gross income.

Section 103(c)(2) of the Code provides that the term "arbitrage bond" means any obligation all or a major portion (more than 15 percent) of the proceeds of which are reasonably expected to be used directly or indirectly (A) to acquire securities or obligations that may be expected to produce a yield over the term of the governmental issue that is materially higher than the yield on such issue; or (B) to replace funds that were used directly or indirectly to acquire securities or obligations described in (A).

Section 1.103-13(g)(2) of the proposed Income Tax Regulations published in the Federal Register on May 8, 1978 (43 FR 19675), provides that amounts accumulated in a sinking fund for an issue are treated as proceeds of the issue. Section 1.103-13(g)(3) provides that the term "sinking fund" includes a debt service fund, or any similar fund, to the extent that the issuer reasonably expects to use the fund to pay principal or interest on the issue. With certain exceptions, subparagraphs (2) and (3) apply to bonds sold after May 2, 1978.

In Situation 1, the "reserve fund" will be pledged as security for the bonds. Therefore, the "reserve fund" will be treated as a sinking fund, and amounts accumulated in the "reserve fund" will be treated as bond proceeds.

In Situation 2, the specific amounts accumulated in the "renewal fund" will be used to pay operating expenses rather than to pay principal or interest on the bonds. However, B will use amounts held in the "renewal fund" to replace sewer revenues, and will use the sewer revenues thus freed up to pay principal or interest. Therefore,

the amounts accumulated in the "renewal fund" will be used indirectly to pay principal or interest on the bonds. Consequently, the "renewal fund" will be treated as a sinking fund, and the amounts accumulated in the "renewal fund" will be treated as bond proceeds.

However, in Situation 3, C will not use the "investment fund" (directly or indirectly) to pay principal or interest on the general obligation bonds. Accordingly, the "investment fund" will not be treated as a sinking fund, and amounts accumulated in the fund will not be treated as bond proceeds.

#### HOLDING

Amounts accumulated in the "reserve fund" in Situation 1 and in the "renewal fund" in Situation 2 will be subject to arbitrage yield restrictions as provided by section 103(c) of the Code. Because these amounts will be invested at a materially higher yield, the bonds will be arbitrage bonds and interest received by the bondholders will not be excluded from their gross incomes under section 103(a)(1). On the other hand, amounts accumulated in the "investment fund" in Situation 3 will not be subject to arbitrage yield restrictions.

Arbitrage bonds; third party securities pledged as collateral. Examples illustrate whether the arbitrage yield restrictions of section 103(c) of the Code apply to securities pledged by a third party as collateral for state or local government obligations.

Rev. Rul. 78-348<sup>1</sup>

#### ISSUE

Will certain securities pledged as collateral for municipal bonds be subject to arbitrage yield restrictions?

<sup>1</sup> Also released as News Release IR-2028, dated August 23, 1978.

## FACTS

## Situation 1.

State *A* proposes to sell \$1 million of general obligation bonds the proceeds of which will be loaned to Corporation *B*, a nonprofit corporation, that will use the proceeds to construct a hospital. In addition, *B* owns a federally insured mortgage note worth \$1 million that will be pledged as collateral for the bonds. Under the terms of the pledge, the bondholders are reasonably assured that this collateral will be available if needed to pay debt service, even if *A* and *B* encounter financial difficulties. The yield on the mortgage note will be materially higher than the yield on the bonds.

## Situation 2.

County *C*, a political subdivision of State *D*, proposes to sell \$50 million of general obligation bonds. *C* will use the bond proceeds to finance the construction of various county buildings. Taxes and other revenues will be used to retire the bonds serially over 25 years.

*D* has a surplus fund that will be invested in Treasury bonds. Certain Treasury bonds worth \$50 million will be pledged as collateral for *C*'s bonds. Under the terms of the pledge, *D* cannot dispose of any of the Treasury bonds while *C*'s bonds are outstanding (except to pay holders of the bonds in the case of default). Thus, the bondholders are reasonably assured that this collateral will be available if needed to pay debt service, even if *C* or *D* encounter financial difficulties. However, *D* does not reasonably expect to use the Treasury bonds (or interest thereon) directly or indirectly to pay debt service (payment of principal or interest) on *C*'s bonds. The yield on the Treasury bonds will be materially higher than the yield on *C*'s bonds.

## LAW AND ANALYSIS

Section 103(c)(2) of the Internal

Revenue Code of 1954 provides that the term "arbitrage bond" means any obligation all or a major portion (more than 15 percent) of the proceeds of which are reasonably expected to be used directly or indirectly (A) to acquire securities or obligations that may be expected to produce a yield over the term of the governmental issue that is materially higher than the yield on such issue; or (B) to replace funds that were used directly or indirectly to acquire securities or obligations described in (A).

Section 103(c)(2)(B) of the Code applies to an issue of obligations if the proceeds are used to replace funds invested in securities having a yield that is materially higher than the yield on the obligations. This section does not apply in every case in which the higher-yielding securities could have been liquidated as an alternative to issuing the bonds. However, the requisite nexus or sufficiently direct relationship between the bonds and the higher-yielding securities does exist where the securities are pledged as collateral for the bonds. An issuer that borrows to invest in higher-yielding securities and one that borrows against such securities already owned are in virtually the same economic position. Compare section 265(2) relating to interest paid to earn tax-exempt income, and see especially section 3.03 of Rev. Proc. 72-18, 1972-1 C.B. 740, citing *Wisconsin Cheeseman v. United States*, 338 F.2d 420 (7th Cir. 1968). The same principles apply when the higher-yielding securities pledged are held by any third party who will substantially benefit from the bond issuance.

For purposes of section 103(c)(2)(B) of the Code, a pledge of collateral need not be cast in a particular legal form. Thus, for example, the bondholders need not take actual or constructive possession of the collateral. However, there must be a reasonable assurance that the collateral will be

available if needed to pay debt service, even if the issuer encounters financial difficulties. Thus, for example, an arrangement will not have the effect of a pledge of collateral if the issuer has discretion to defeat the "pledge" merely by liquidating the "collateral" and disposing of the proceeds.

In both Situations 1 and 2, securities (the federally insured mortgage note and the \$50 million of Treasury bonds) are pledged as collateral for municipal bonds. Moreover, the yield on these securities is materially higher than the yield on the municipal bonds. Therefore, all or a major portion of the proceeds of the proposed bonds are reasonably expected to be used directly or indirectly to replace funds that were used to acquire securities at a materially higher yield.

## HOLDING

The securities to be pledged as collateral for the proposed bonds described in Situations 1 and 2 will be subject to the arbitrage yield restrictions as provided by section 103(c) of the Code. Because the securities pledged as collateral will produce a yield materially higher than the yield on the bonds, the bonds (in both Situations 1 and 2) will be arbitrage bonds and the interest received by bondholders will not be excludable from their gross income under section 103(a)(1). Further, in Situation 1, the hospital bonds will be arbitrage bonds even if they are issued to finance the construction of a for-profit hospital.

Arbitrage bonds; funds established in connection with local government obligations. Examples illustrate whether the arbitrage yield restrictions of section 103(c) of the Code apply to amounts accumulated in certain funds established in connection with the issuance of local government obligations; Rev. Rul. 78-302 clarified.

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5  
JUNEAU, ALASKA 99811

April 2, 1981

The Honorable Vic Fischer  
Chairman  
Senate State Affairs Committee  
Room 205 - Behrends Building  
Juneau, Alaska

Dear Senator Fischer:

Re: Senate Bill No. 296 and Senate Bill No. 297

Senate Bill No. 296, an Act prohibiting the sale of certain general obligation bonds, was introduced in the Senate on March 17, 1981 and was referred to the Senate State Affairs; Senate Transportation and Finance Committees.

Senate Bill No. 297, an Act making special appropriations for capital projects for which general obligation bonds have been authorized but not issued and for defeasance of outstanding general obligation bonds, was introduced in the Senate on March 17, 1981 and was referred to the Senate Resources; Transportation and Finance Committees.

For the consideration of the Senate State Affairs Committee, I am enclosing a copy of a Fiscal Note prepared by Mr. Anselm Staack, Treasury Comptroller, Department of Revenue concerning both bills.

Sincerely,  
  
R. D. Stevenson  
Special Assistant

RDS/rdh

cc: The Honorable Bill Ray  
Chairman  
State Transportation Committee

Joseph K. Donohue  
Deputy Commissioner  
Department of Revenue

The Honorable Don Bennett  
The Honorable M. E. Dankworth  
Co-Chairmen  
Senate Finance Committee

Anselm Staack  
Treasury Comptroller  
Department of Revenue

The Honorable Bettye Fahrenkamp  
Chairperson  
Senate Resources Committee

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

SB 296, 297

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SENATE BILL NO. 296 & 297

Title Prohibiting the sale of certain general obligation (GO) bonds, special appropriation

Requested by for GO bonds that have been authorized but not issued and for defeasance of outstanding GO bonds. Date 3/17/81

Requested by Senate State Affairs & Resources Committees

II. FISCAL DETAIL

Agency Affected Department of Revenue, State Bond Committee

Program Category Affected General Fund

BRU, Program, or Subprogram(s) Affected \_\_\_\_\_

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						

TOTAL

FUNDING (Thousands of Dollars) ALL FIGURES IN MILLIONS OF DOLLARS

	← MILLIONS →					
(1) GENERAL FUND		1,036.9				
(2) Debt Service Cost Reduction		( 97.8)	(94.6)	(91.7)	(88.3)	(86.3)
(3) Defeasance Savings		(155.7)				
(4) Opp. Cost Post 5/78 Issued		8.4	9.6	11.0	12.1	13.4
(5) Opp. Cost New Debt Not Issued		8.0	17.6	23.4	27.2	30.9
(6) PV Opp. Cost of Defeasance		8.9	16.4	22.8	28.0	32.7

POSITIONS

FULL TIME					
PART TIME					
TEMPORARY					

(1) Appropriated funds to "cash-out" all remaining authorized but unissued bonds, defeasance of all outstanding/issued GO bonds. Defeasance portion based on interest rates in effect second week of March, 1981.

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

- (2) This is the annual debt service related to the \$718.2 (6/1/81) in bonds that would be due in the years indicated. The cash flow of the escrow set aside makes these payments when they become due.
- (3) The savings in principal due to investments allowed on escrow set aside as part of defeasance.
- (4) Opportunity cost related to the post-May 1978 outstanding debt as this debt is subject to defeasance at a restricted yield basically equal to the rate paid on the bonds.
- (5) Opportunity cost of not using the favorable low interest rate obtainable on issuing GO bonds for new projects; rather, using all cash up front.
- (6) Because debt service payments can be made later with "cheaper dollars" this is the Present Value difference due to early payment of annual debt service.

THE AMOUNT REQUIRED FOR DEFEASANCE IS BASED UPON INTEREST RATES AVAILABLE AT THE TIME THE TRANSACTION TAKES PLACE. ACCORDINGLY, FOR EACH 10% DROP IN INTEREST RATES, THE AMOUNT NECESSARY FOR DEFEASANCE GOES UP APPROX. 6.7%.

IV. DATE March 30, 1981 PREPARED BY Annela C. Staack, Treasury Comptroller  
Original: Legislative Finance AGENCY Dept. of Revenue/Treasury Division  
cc: Budget and Management PHONE 465-2351  
Prime Sponsor (First Legislator Named)

*Annela C. Staack*

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 297 and SB 296  
 Title Special appropriations for capital projects; defeasance of general obligation bond  
 Requested by \_\_\_\_\_ Date 3/18/81

II. FISCAL DETAIL

Agency Affected Department of Fish and Game  
 Program Category Affected NRMEC  
 BRU, Program, or Subprogram(s) Affected F.R.E.D.  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

No problems are envisioned if the appropriated general funds are available immediately after the prohibition of bond sales.

Two bond funds are affected:

CH 91/SLA 80, \$7,718.8, which includes completion of Ship Creek, Trail Lakes, and Beaver Falls hatcheries; and  
 CH 140/SLA 80, \$3,865.0, for development of Ship Creek, Srettitisham, Kotzebue, and Main Bay hatcheries

IV. DATE March 27, 1981 PREPARED BY Janet B. Green  
 AGENCY Department of Fish and Game  
 PHONE 465-4120  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

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INTRODUCTION OF BILLS (Senate)(cont'd)

SB 293 (cont'd)

tion are inconsistent with the provisions of any other statute covering taxation of banks or savings and loan associations chartered by the federal government or the State, then the provisions of this statute prevail." Repeals AS 43.20.031(d) which states "banks and savings and loan associations chartered by the federal government or the state are exempt from income tax under this chapter." Does not provide for effective date.

Introduced March 16 and referred to Labor & Commerce and Finance.

Appropriations SENATE BILL NO. 294, by Senators Sackett and Fahrenkamp. Identical  
(special) to HB 333, page 480.

(Nenana-  
Totchaket  
area)

Introduced March 17 and referred to Resources, Transportation and Finance.

Service  
Charges  
(installment  
debt)

SENATE BILL NO. 295, by Senator Ferguson. Proposes to repeal and reenact AS 45.10.120(c) relating to maximum service charges on retail charge agreements, revolving charge agreements, or other retail charge agreements. New subsection would read: "A seller or holder of a retail charge agreement, revolving charge agreement or other retail charge agreement may charge, receive and collect a service charge not to exceed three per cent per annum." Provides that proposed change be placed before the voters at the next general election. Effective on the date approved by a majority of the voters of the state.

Introduced March 17 and referred to Labor and Commerce.

Bonds  
(prohibiting  
sale of  
certain)

SENATE BILL NO. 296, by the State Affairs Committee. Identical to HB 315, page 473.

Introduced March 17 and referred to State Affairs, Transportation and Finance.

Appropriations  
(special)  
(capital  
projects)

SENATE BILL NO. 297, by the State Affairs Committee. Identical to HB 316, page 473.

Introduced March 17 and referred to State Affairs, Transportation and Finance.

Land  
Disposal  
(extending  
deadline)

SENATE BILL NO. 298, by the Resources Committee by request. States that the Department of Natural Resources is not required to make available for private ownership at least 100,000 acres of state land for fiscal year 1981 (as required by AS 38.04.020(d)) until after October 1, 1981. Provides Act effective immediately. Identical to HB 361, page 533.

Introduced March 17 and referred to Resources.

Election  
Code  
(misc. amend-  
ments to)

SENATE BILL NO. 299, by Senator Kelly. Makes various miscellaneous amendments to Alaska's Election Code (AS 15). Many of the amendments are relatively minor changes in wording which do not result in significant alteration of the code.

--Sections 1 & 2 amend AS 15.07.070 relating to the procedure for registration. Amends procedure for registration by mail to read: "The names of persons submitting completed registration forms by

mail which are dated [POSTMARKED] at least 30 days before the next election shall be placed on the official registration list . . ." ("dated" added, "postmarked" deleted).

--Section 3 amends AS 15.07.135 (Suspension of Registration of Convicted Persons) to require the Director of Elections to "with- draw" (rather than "suspend") the registration of a person convicted of a felony involving moral turpitude until the person is unconditionally discharged from custody.

--Sec. 4 changes "registration official" to "election official" in AS 15.07.140 (General Administrative Supervision by Director). Sec. 21 of bill adds "registration official" to definition of election official in 15.60.010(6).

--Sec. 5 changes state "canvass" of the vote to "state ballot counting review" in AS 15.10.180 (Appointment of Party Representatives for State Canvass). State Canvassing Board is changed to the State Ballot Counting Review Board.

--Sec. 6 makes a wording change in AS 15.15.140(a): "voters may use unmarked substitute ballots or other election materials to indicate their intent [THE INTENT OF THE VOTER]."

--Sec. 7 makes a wording change in AS 15.15.195 (Voters on Official Registration List): "An election judge in a precinct shall allow a voter whose name appears on the . . . list to vote . . ."

--Sec. 8 adds a new section to AS 15.15 entitled "Questioning of Voters of Suspect Qualification." Provides that "Every election judge and election clerk shall question, and every watcher and other person qualified to vote in the precinct may question a person attempting to vote if the questioner has good reason to suspect that the questioned person is not qualified to vote." All questions must be made in writing and the questioned person must subscribe to an oath and affidavit in order to vote.

--Sec. 9 amends AS 15.15.215 (Disposition of Questioned Votes): "The merits of the question shall be determined by the district questioned ballot counting board [THIS OFFICIAL OR BODY] in accordance with the procedure prescribed for questioned votes in AS 15.20-.207." ("Official or body" is the person or group supervising the election.)

--Secs. 10 & 11 change "election judge" to "election official" in AS 15.15.240 (assistance to voter who cannot read, etc.) and in AS 15.15.260 (placing ballot in ballot box by voter). Deletes provision which prohibits a person from requesting assistance from more than two persons.

--Sec. 12 amends AS 15.15.300 relating to exhibited ballots. Adds provision which prohibits an election official from giving a replacement ballot to a voter who has unlawfully exhibited his ballot.

--Sec. 13 amends AS 15.15.330 (Commencement of Ballot Count) by deleting requirement that, after polls have closed, the election

SB 299 (cont'd)

board and clerks or counters must "immediately" proceed to open the ballot box to count the ballots (the word immediately is deleted).

--Sec. 14 amends AS 15.15.360 (Rules for Counting Hand-Marked Ballots) to state that the rules apply to "hand-marked punch card sample ballots" as well as hand-marked punch-card regular ballots if punch-card machines are not available in a precinct.

--Sec. 15 makes a minor wording change in AS 14.14.420 (Duty to Review the Ballot Counting): "The director shall review the results of the count of ballots" rather than "shall review the counting of the ballots . . ." Sec. 16 makes minor change to AS 15.15.430(a): "The review of the results of the ballot counting by the director shall include only . . ." (underlined material added).

--Sec. 17 amends provisions relating to absentee ballots in AS 15.20.071(c). Amends section to prohibit counting of an absentee ballot unless it is returned within three days from the date it is obtained or by 8 p.m. on election day, whichever occurs first. Currently absentee ballot must be returned within three days but not later than 8 p.m. on election day.

--Sec. 18 amends AS 15.20.190(a) (Appointment, Duties and Compensation of District Counting Boards) to provide that members of district counting boards shall receive compensation "set by the director" rather than receiving the same compensation paid election judges.

--Sec. 19 adds a new section to AS 15.20 entitled "Procedure for State Review." Outlines procedure for review of ballots cast at voting precincts and the absentee and questioned ballot votes certified by the district counting boards. The latter shall be checked by reviewing the tallies of the recorded vote to check for mathematical error and by comparing the totals with the election certificate of results. Provides that the State Review Board shall review and count absentee and questioned ballots which have been forwarded to the Dir. of Elections and which have not been reviewed or counted by a district counting board. Absentee and questioned ballots not received in the office of the director by 4 p.m. on the 15th day following the election may not be counted in the review.

--Sec. 20 amends the definition of "election board" in AS 15.60.010(4) to mean "the local precinct board composed of the [THREE] election judges and clerks appointed under AS 15.10.150:" (to bring it into conformity with AS 15.10.150—Appointment of Nominees for Judges & Clerks).

--Sec. 22 makes a minor wording change to the definition of "hand-marked ballot" in AS 15.60.010(10). Means a ballot marked by hand with a pen or pencil rather than a ballot designated to be marked by hand, etc.

Does not provide for effective date.

Introduced March 18 and referred to State Affairs and Judiciary.

## Analysis of Senate Bill 299

- Section 1. AS 15.07.070(c) is amended to clarify dating on a completed voter registration card which is mailed to the Elections Offices. The change is to make the date of registration the date as shown on the voter registration card rather than the postmark date which frequently does not appear on the envelope.
- Section 2. AS 15.07.070(f) is amended to clarify the dating as shown on a voter registration card. The controlling date is to be the date of re-execution, not a postmark date which may not appear on the envelope.
- Section 3. AS 15.07.135 is amended so the wording is consistent with that appearing in AS 15.05.030.
- Section 4. AS 15.07.140 is amended to clarify the persons who are to post lists of registered voters 40 days before an election. The change is so any election officials - registrars, or election board members - may post the list. As the statute is currently written, only a registration official can do the posting. In a small precinct a registrar may not be available to post the list but the change will allow for other officials to be assigned the task.
- Section 5. AS 15.10.180 is amended to remove the reference to "canvass". When the election bill, Ch. 100, SLA 1980, was approved, a decision was made to clarify the word "canvass" which had a dual meaning. Inadvertently, the reference for the State Ballot Counting Review was not changed; hence, this amendment makes that change. The word "canvass" was used to refer both to the review of material and to the counting of ballots.
- Section 6. AS 15.15.140(a) is amended to clarify that the materials are to be available so the voters may make their intent known as opposed to the election board or other persons acting on the behalf of voters.
- Section 7. AS 15.15.195 is amended so that the voter's name must appear on the list of registered voters. As this section is written, it seems that the voter may be allowed to vote if he or she stands or sits on the list of registered voters.
- Section 8. AS 15.15.210 is added. During the review following passage of Chapter 100, SLA 1980, it was determined that this section had been both added and deleted. The law as currently written does not allow for persons to be questioned by election boards, watchers or other persons available at the polls. This section specifies procedures for the questioning of a person's vote by the election board, watchers or other persons available at the polls.

- Section 9. AS 15.15.215 is amended to clarify that the district questioned ballot counting board is responsible for determining the merits of a questioned ballot. The law as currently written seems unclear as to whether the responsibility falls to the election supervisor or the board.
- Section 10. AS 15.15.240 is revised to clarify that an election board member or a person of the voter's choice may provide assistance to the voter. The law makes reference to an election judge as the only official who can assist the voter. Other members of the board, such as the clerk, may be better qualified to assist the voter but under current law would be unable to provide assistance.
- Section 11. AS 15.15.260 is amended to allow for any member of the election board to remove the numbered stubs from the ballot and to provide instructions to the voter. Currently, the law only allows an election judge to have this responsibility. It is more realistic that a clerk or other board member may be assigned the duty.
- Section 12. AS 15.15.300 is amended to clarify that a replacement ballot is not to be provided to a voter who improperly exhibits a ballot. The law as previously written provided no procedural instructions to follow if a ballot was unlawfully exhibited by a voter.
- Section 13. AS 15.15.330 is amended to remove the word "immediately" in reference to opening the ballot box and the counting of ballots. The election board has other responsibilities which must be completed before the ballot box is opened. Those other responsibilities include the recording of the numbers from the stubs of the unused ballots, the disposal of the unused ballots and certain other recording duties.
- Section 14. AS 15.15.360(c) is amended to provide for the procedures to be followed in the counting of hand-marked punch-card sample ballots. This would be necessary in the case where an election board or absentee voting official runs out of official punch-card ballots. A sample punch-card ballot would then be provided and would be marked with a pen or pencil. The outline of procedures for counting these ballots is, therefore, outlined in this amendment.
- Section 15. AS 15.15.420 is amended to make clear that the Director and the State Ballot Counting Review Board review the results of the counting of the ballots. As the law is written, the Board and Director must review the counting which occurs in 300 separate locations.
- Section 16. AS 15.15.430(a) is amended to make clear that the review by the State Ballot Counting Review Board and the Director is of the results of the ballot counting, not the observation of ballot counting in several hundred locations.

- Section 17. AS 15.20.071(c) is to clarify the procedure and to make it clear that an absentee ballot by personal representation must be returned to the issuing official within three days. If the ballot is not returned within the allowable time, the ballot is not to be counted. The three day time period for the return of the personal representative ballot is firm except all personal representative ballots must be returned no later than election day.
- Section 18. AS 15.20.190(a) is amended to make clear that the pay for some election officials may be different than the pay set for election board members who work on election day at the polls.
- Section 19. AS 15.20.220 is a new section which was originally included in Chapter 100, SLA 1980, but a numbering problem caused this section to be deleted. The section explains the procedure to be followed in reviewing the questioned and absentee ballot certificates and the provision for the counting of ballots received after the completion of the district review but prior to the completion of the state review.
- Section 20. AS 15.60.010(4) is amended to allow for the inclusion of all persons who serve on the election board in the definition of "election board".
- Section 21. AS 15.60.010(6) is an expansion of the definition of "election official" to include registration officials and registrars.
- Section 22. AS 15.60.010(10) revises the definition of "hand-marked ballot". By the definition the ballot must be designated a hand-marked ballot; but we feel no designation is required. The fact that a ballot is marked by hand with a pen or pencil is sufficient.



# Alaska State Legislature

## Senate Committee on State Affairs

Vic Fischer, Chairman • Pouch V • Juneau, Alaska 99811 • (907) 465-4954

Official Business

To: State Affairs Committee

From: Senator Vic Fischer, Chairman

RE: Shortening state election period

Date: April 22, 1981

Every two years Alaskans experience the endless thrill, boredom and annoyance of state elections. My hope is we can provide relief to the public, as well as reduce the cost of elections. Proposed committee substitute to SB 299 will accomplish this.

With increasing use of television and radio media, the public is subjected to virtually continuous bombardment by politicians from June 1 'til the November election. At times, electioneering reaches such a crescendo that people are just getting sick and tired of the whole democratic process of electing their public officials.

The other side of the coin is the ever escalating price of media for the candidates themselves, with individual state senate races approaching \$100,000 in cost.

While the election process is crucial to assure that the public is given full information on all viable candidates, the extent of current electioneering and political harassment of voters is truly excessive.

One method of reducing public annoyance and, if possible, reducing costs is shortening the active campaigning process. I propose to reduce the process from the current 20 weeks to 14 weeks.

This is accomplished by moving the filing deadline for candidates in state elections from June 1 to July 15, resulting in a reduction of the primary campaign from the present 12 weeks to 7 weeks.

The general election period is cut from 9 weeks to 8 weeks by shifting the primary election date from the last Tuesday in August to the first Tuesday in September, shortening the election period in the State of Alaska from its present exhaustive schedule.

Alaska's election period, when compared to other states in the country, is much too long. Where other states have found ways to shorten the time between declaration of candidacy and actual determination of winner (primary and general elections), Alaska's time period has not changed since statehood. Even with the advent of sophisticated computers, Alaska's election time frame begins on June 1 and ends on the first Tuesday following the first Monday in November.

Listed below are the current and proposed election schedules:

	<u>Existing Time Schedule</u>	<u>Proposed Time Schedule</u>
-Last Filing date	June 1	July 15
-Primary Election	4th Tuesday in August	First Tuesday in Sept.
-General Election	1st Tuesday following 1st Monday in Nov.	1st Tuesday following 1st Monday in Nov.

This schedule deletes six weeks from the beginning of the election period by pushing back the "declaration of candidacy" deadline. This does not affect the schedule of preparing for the primary election.

The primary election is pushed back by one week from the last Tuesday in August to the first Tuesday in September. The following is a comparison of existing and proposed schedules to carry out the different functions that must take place between primary and general elections:

<u>Events</u>	<u>Current Schedule</u>		<u>Proposed Schedule</u>	
	Day 1-8	# of days	Day 1-8	# of days
A. Absentee returns	1-8	8	1-8	8
B. Canvass Board	" 8-18	" 10	" 8-16	" 8
Certify votes	" 19-20	" 2		
C. Potential recount	" 21-27	" (5-7)	" 17-19	" 3
D. Print ballots	" 21-34	" 14	" 17-27	" 11
Package Ballots	" 34-45	" 11		
E. Distribute Ballots	" 45-60	" 15	" 28-38	" 11

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- A. Eight days are required for receipt and counting of absentee returns.
- B. The Canvass Board can work faster, using more people. Certification could take place within this second eight day period.
- C. Any recount could proceed while ballots are being set for printing.
- D. Under the present system, 25 days are set aside for the printing and packaging of ballots. Through the use of computers and more people, as necessary, this can be done in eleven days.
- E. Eleven days are allowed for distribution of ballots statewide, rather than 15 days at present. Absentee ballots can still be available 15 days before the general election.

The new schedule shortens the primary race by six weeks. The general election period is shortened by one week. The total reduction in the state election period is six weeks, from 20 to 14 weeks. The Division of Elections is only affected by one week--only in the time period between the primary and the general elections.

# STATE OF ALASKA

## OFFICE OF THE LT. GOVERNOR

DIVISION OF ELECTIONS

JAY S. HAMMOND, GOVERNOR

TERRY MILLER, LT. GOV.

POUCH AF—JUNEAU 99811

April 28, 1981

The Honorable Vic Fischer  
Alaska State Senate  
Pouch V  
Juneau, AK 99811

Dear Senator Fischer:

The proposal to move the filing deadline to July 15 and to change the Primary Election to the first week in September presents difficulties in preparation for the elections. Other alternatives that might be considered before changing the date of the filing deadline and the Primary Election date include:

1. establishment of a beginning date for the filing of declarations of candidacy and petitions. If the length of time that campaigns occur is to be shortened, the beginning date for filing for office would shorten this period.
2. establishment of a beginning time for campaign purposes. A deadline can be set for the beginning of campaigns.

The filing deadline for the elections can be moved to July 1 without presenting any difficulties in the preparation for the election. The moving of the filing deadline to July 15 presents difficulties in regards to the filing by telegram procedures. Candidates may file certain parts of their declarations of candidacy by telegram and the Division of Elections must await receipt of the declaration until the 15th day following the filing. With the filing by telegram provisions, ballot preparation and other materials requiring names of candidates must await receipt of the declarations before beginning preparation of these materials. Under the July 15 filing provisions, the ballot preparation cannot begin until August 1 - a month before the election.

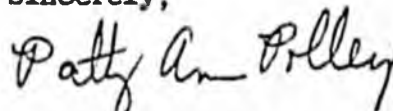
The shortening of the time between the Primary and General Election presents difficulties for the completion of the Primary Election and preparation for the General Election. The items most threatened by this

change involve the preparation and printing of the election pamphlets, the preparation of ballots and tally books which require the names of candidates. The work required for the preparation of ballots, election pamphlets and tally books must occur before voting can begin. The staff currently works 7 days a week, 14 hours or more a day to complete the preparation process. As this work must occur, the voters will be short changed in that the materials and information will not be available and absentee voters will be disenfranchised. Mail service in some areas of this state is slow - 30 days are required to get materials to the villages in the Aleutians, thus, whole villages may not receive ballots or election supplies.

The procedures for conducting an election have changed frequently, however, the deadlines have remained static. The deadlines have not changed because the distances and the frequency of delivery of mail has not changed substantially. The Division of Elections cannot distribute election materials, pamphlets, and supplies in one or two days - it takes 30 days.

In conclusion, the changing of the filing deadline to July 1 will present few problems in the conduct of elections. The changing of the deadline to July 15 will require changes to the filing by telegram procedures. The shortening of the time between the Primary and General Elections by moving the Primary Election to the first week in September will require changes in the election pamphlet statutes, the time for the mailing of ballots and election material, the time for the conduct of recounts, and the availability of absentee ballots.

Sincerely,



Patty Ann Polley  
Director  
Division of Elections

DECLARATIONS OF CANDIDACY BY TELEGRAM

Out of 199 total declarations of candidacy, only 4.5% (9 total) filed by sending a telegram. Only 3.5% of those individuals actually needed to use the telegram method to meet the statutory deadline since 2 people met the physical delivery deadline in addition to submitting the telegram. Eight candidates for the State House and one candidate for the State Senate filed by telegram as follows:

STATE HOUSE

- District 8: Charles Thomas Hutchins  
tel. rec'd 6/2/80  
nominating petition rec'd 6/4  
(Libertarian)
- District 9: R. E. Hardy  
tel. rec'd 6/2/80  
nominating petition rec'd 6/4  
(Libertarian)
- District 9: John L. Phillips  
tel. rec'd 6/2/80  
nominating petition rec'd 6/4  
(Libertarian)
- District 12: Jose Valient  
tel. rec'd 6/2/80  
nominating petition rec'd 6/4  
(Libertarian)
- District 14: Lynn Frank Saupe  
tel. rec'd 5/30/80  
declaration rec'd 6/2/80 (by the deadline)  
later withdrew on 9/2/80  
(Republican)
- District 15: Bonnie Julia Kitchen  
tel. rec'd 6/2/80  
declaration rec'd 6/3/80  
(Democrat)
- District 17: Charles Joseph Guinn  
tel. rec'd 5/30/80  
declaration rec'd 5/31/80 (by the deadline)  
(Democrat)
- District 18: Martin B. Moore  
tel. rec'd 6/2/80  
declaration rec'd 6/6/80  
(Democrat)

STATE SENATE

- District K: Merrill Stephen Sikorski  
tel. rec'd 6/2/80  
(Republican)

AS 15.25.040 is amended to read as follows:

AS 15.25.040. MANNER AND DATE OF FILING DECLARATION. (a) The declaration is filed by either

(1) the actual physical delivery of the declaration in person at or before 5:00 p.m., prevailing time, July 15 (JUNE 1) of the year in which a general election is held for the office, or

(2) (THE ACTUAL PHYSICAL DELIVERY BY TELEGRAM OF A COPY IN SUBSTANCE OF THE STATEMENTS MADE IN THE DECLARATION AT OR BEFORE 5:00 P.M., PREVAILING TIME, JUNE 1 OF THE YEAR IN WHICH A GENERAL ELECTION IS HELD FOR THE OFFICE AND ALSO) the actual physical delivery of the declaration by registered or certified mail return receipt requested which is received at or before 5:00 p.m., prevailing time, July 15 (JUNE 1) of the year in which a general election is held for the office (AND RECEIVED NOT MORE THAN 15 DAYS AFTER THAT TIME).

(b) (IF THE POSTMARK IS ILLEGIBLE, A DATED RECEIPT FROM THE POST OFFICE WHERE DISPATCHED SHALL BE ACCEPTABLE AS EVIDENCE OF MAILING.) If July 15 (JUNE 1) is a Sunday or holiday, the deadline for (POSTMARKING AND) receipt of the declaration shall be extended 24 hours (IN EACH INSTANCE).

(c) A candidate for a statewide office or a candidate for a district-wide office shall file either with the director or an election supervisor. If the candidate files his declaration with an election supervisor, the election supervisor shall immediately forward the declaration to the director.

((d) IF THE DECLARATION FILED UNDER (A) OF THIS SECTION IS NOT RECEIVED WITHIN SEVEN CALENDAR DAYS, THE CANDIDATE SHALL BE NOTIFIED OF NONRECEIPT. THE CANDIDATE SHALL HAVE THE OPPORTUNITY TO REFILE HIS DECLARATION WITH PROOF THAT HIS PREVIOUS DECLARATION HAS BEEN FILED IN A TIMELY MANNER AND IN ACCORDANCE WITH LAW.)

AS 15.25.056 is repealed and re-enacted to read as follows:

AS 15.25.056. NOMINATION BY PARTY PETITION WHERE INCUMBENT DIES OR IS DISQUALIFIED OR INCAPACITATED. The death, disqualification or certification of incapacity of an unopposed incumbent candidate following the closing of the period for nomination and on or before the primary election date does not affect the counting and review of the ballots. If the results of the counting and review discloses that the candidate, if he had lived, would have been nominated, the candidate shall be declared nominated. The vacancy may be filled by party petition as provided in AS 15.25.110-15.25.130.

AS 15.25.150 is amended to read as follows:

AS 15.25.150. DATE OF FILING PETITION. The petition is filed with the director by actual physical delivery in person at or before 5:00 p.m., prevailing time, July 15 (JUNE 1) in the year in which a general election is held for the office, or by actual physical delivery to the director by registered or certified mail return receipt requested which is received (POSTMARKED) at or before 5:00 p.m., prevailing time, July 15 (JUNE 1) in the year in which a general election is held for the office. (, AND RECEIVED NOT MORE THAN 15 DAYS AFTER THAT TIME. IF THE POSTMARK IS ILLEGIBLE, A DATED RECEIPT FROM THE POST OFFICE WHERE DISPATCHED SHALL BE ACCEPTABLE AS EVIDENCE OF MAILING.) If July 15 (JUNE 1) is a Sunday or holiday, the deadline for (POSTMARKING AND) receipt of the petition shall be extended 24 hours.

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STATE SENATE

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(b) (IF THE POSTMARK IS ILLEGIBLE, A DATED RECEIPT FROM THE POST OFFICE WHERE DISPATCHED SHALL BE ACCEPTABLE AS EVIDENCE OF MAILING.) If July 15 (JUNE 1) is a Sunday or holiday, the deadline for (POSTMARKING AND) receipt of the declaration shall be extended 24 hours (IN EACH INSTANCE).

(c) A candidate for a statewide office or a candidate for a district-wide office shall file either with the director or an election supervisor. If the candidate files his declaration with an election supervisor, the election supervisor shall immediately forward the declaration to the director.

((d) IF THE DECLARATION FILED UNDER (A) OF THIS SECTION IS NOT RECEIVED WITHIN SEVEN CALENDAR DAYS, THE CANDIDATE SHALL BE NOTIFIED OF NONRECEIPT. THE CANDIDATE SHALL HAVE THE OPPORTUNITY TO REFILE HIS DECLARATION WITH PROOF THAT HIS PREVIOUS DECLARATION HAS BEEN FILED IN A TIMELY MANNER AND IN ACCORDANCE WITH LAW.)

AS 15.25.056 is repealed and re-enacted to read as follows:

AS 15.25.056. NOMINATION BY PARTY PETITION WHERE INCUMBENT DIES OR IS DISQUALIFIED OR INCAPACITATED. The death, disqualification or certification of incapacity of an unopposed incumbent candidate following the closing of the period for nomination and on or before the primary election date does not affect the counting and review of the ballots. If the results of the counting and review discloses that the candidate, if he had lived, would have been nominated, the candidate shall be declared nominated. The vacancy may be filled by party petition as provided in AS 15.25.110-15.25.130.

AS 15.25.150 is amended to read as follows:

AS 15.25.150. DATE OF FILING PETITION. The petition is filed with the director by actual physical delivery in person at or before 5:00 p.m., prevailing time, July 15 (JUNE 1) in the year in which a general election is held for the office, or by actual physical delivery to the director by registered or certified mail return receipt requested which is received (POSTMARKED) at or before 5:00 p.m., prevailing time, July 15 (JUNE 1) in the year in which a general election is held for the office. (, AND RECEIVED NOT MORE THAN 15 DAYS AFTER THAT TIME. IF THE POSTMARK IS ILLEGIBLE, A DATED RECEIPT FROM THE POST OFFICE WHERE DISPATCHED SHALL BE ACCEPTABLE AS EVIDENCE OF MAILING.) If July 15 (JUNE 1) is a Sunday or holiday, the deadline for (POSTMARKING AND) receipt of the petition shall be extended 24 hours.

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill No. 299  
 Title "An Act relating to elections"  
 Requested by Senate State Affairs Date 4-22-81

II. FISCAL DETAIL

Agency Affected Office of the Governor  
 Program Category Affected Legislative and Elective Operations  
 BRU, Program, or Subprogram(s) Affected Division of Elections  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	-0-	-0-				
200 TRAVEL	-0-	-0-				
300 CONTRACTUAL	-0-	-0-				
400 COMMODITIES	-0-	-0-				
500 EQUIPMENT	-0-	-0-				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>-0-</b>	<b>-0-</b>				

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	-0-	-0-				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

No additional fiscal impact for the Division of Elections.

IV. DATE April 22, 1981 PREPARED BY Danith D. Anderson  
 AGENCY Division of Elections  
 Original: Legislative Finance PHONE 586-6181  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

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AMENDMENT

OFFERED IN THE SENATE:

BY: Senate HESS

TO: Senate Bill 301 SENATE BILL No. 301

HOUSE BILL No. \_\_\_\_\_

PAGE: 2

LINE: 7 & 20

- 1) page 2, line 7: before "student" insert "undergraduate"
  
- 2) page 2, line 20: before "scholastic" insert "cumulative"

Romberg wants scheduled

\$ note?  
Coming

Introduced: 3/18/81  
Referred: Health, Education  
& Social Services and Finance

1 IN THE SENATE

BY PARR AND COLLETTA

2 SENATE BILL NO. 301

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska cooperative scholar-  
7 ship program; and providing for an effective date."

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

9 \* Section 1. AS 14.40 is amended by adding new sections to read:

10 ARTICLE 14. ALASKA COOPERATIVE SCHOLARSHIP PROGRAM.

11 Sec. 14.40.970. PROGRAM ESTABLISHED. (a) There is established  
12 the Alaska cooperative scholarship program to recognize academic excel-  
13 lence and to provide financial assistance to eligible students to  
14 enable them to attend, or to continue to attend, a postsecondary educa-  
15 tional institution in the state.

16 (b) The program shall be administered by the Alaska Commission on  
17 Postsecondary Education. In administering the program, the commission  
18 shall

19 (1) prepare information concerning the program and distribute  
20 that information to the public;

21 (2) prescribe the form and procedures for application for a  
22 cooperative scholarship;

23 (3) determine the money to be distributed to postsecondary  
24 institutions under the program, and make that distribution; and

25 (4) provide for periodic evaluation of the program, includ-  
26 ing but not limited to review and approval of the standards for partici-  
27 pation in the program determined under AS 14.40.985.

28 Sec. 14.40.975. ELIGIBILITY. A resident of the state is eligible  
29 for a cooperative scholarship under AS 14.40.985 if he

1 (1) at the time he applies for a cooperative scholarship has  
2 been a resident of the state for at least two years;

3 (2) secures a scholarship from a private business source as  
4 part of an established program of financial assistance for students  
5 provided by that business;

6 *Undergraduate* (3) enrolls or is eligible to be admitted as a full-time  
7 student in a postsecondary educational institution in the state; and

8 (4) pursues a course of study approved under AS 14.40.985.

9 Sec. 14.40.980. COOPERATIVE SCHOLARSHIP. (a) The commission  
10 shall award a cooperative scholarship to an applicant who is eligible  
11 under AS 14.40.975. The cooperative scholarship shall equal the  
12 scholarship provided by the private business source or \$2,500, which-  
13 ever is less, for an academic year.

14 (b) A cooperative scholarship may be renewed for three academic  
15 years if the student

16 (1) applies to the commission for the renewal;

17 (2) is a full-time student during the academic year for  
18 which he receives a cooperative scholarship at a postsecondary educa-  
19 tional institution in the state; and

20 (3) maintains a *cumulative* scholastic average of at least a "B".

21 Sec. 14.40.985. AGREEMENT BETWEEN SCHOOL AND BUSINESS CONTRIBUTOR.

22 (a) A cooperative scholarship may be developed by agreement between a  
23 postsecondary educational institution and a business which is the  
24 source of the required scholarship match. The terms and conditions of  
25 a cooperative scholarship may be amended at any time by agreement  
26 between the postsecondary educational institution and the business  
27 which is the source of the required scholarship match. An agreement  
28 which is developed or amended shall be submitted to the commission for  
29 review and approval, and become effective on approval of the commission.

1 (b) The agreement shall provide that each cooperative scholarship  
2 may be awarded in conjunction with a proposed principal or major field  
3 of study, and shall designate the principal or major field of study in  
4 which the scholarship is to be granted.

5 Sec. 14.40.990. USE OF COOPERATIVE SCHOLARSHIP. A student may  
6 use the cooperative scholarship only for expenses of his education at  
7 the postsecondary educational institution associated with the principal  
8 or major field of study.

9 Sec. 14.40.995. DEFINITIONS. In AS 14.40.970 - 14.40.995,

10 (1) "commission" means the Alaska Commission on Postsecondary  
11 Education (AS 14.40.903);

12 (2) "full-time student" means a student enrolled and in  
13 regular attendance at classes for at least 12 semester hours of credit,  
14 or its equivalent, during a semester or term;

15 (3) "program" means the Alaska cooperative scholarship  
16 program.

17 \* Sec. 2. AS 14.40.909(b) is amended by adding a new paragraph to read:

18 (7) administer the Alaska cooperative scholarship program  
19 (AS 14.40.970 - 14.40.995).

20 \* Sec. 3. This Act takes effect July 1, 1981.  
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27  
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# STATE OF ALASKA

## ALASKA COMMISSION ON POSTSECONDARY EDUCATION

JAY S. HAMMOND, GOVERNOR

POUCH F—STATE OFFICE BUILDING  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-2854

### Data Sheet for SB 301

1. The overall Fall, 1979 course quality-point-average (QPA) for the University of Alaska was 2.87. The Spring, 1980 course quality-point-average was 2.94.
2. Detailed summaries of the course quality-point-average for the 1979-80 academic year at the University of Alaska are as follows:\*

	<u>Fall QPA</u>	<u>Spring QPA</u>
UAA	2.75	2.85
UAF	2.78	2.82
UAJ	3.45	3.47
CC	2.95	3.02
Total	2.87	2.94
Lower Division	2.81	2.88
Upper Division	3.00	3.07

\*Please note that these data include the grades achieved by all students, both full-time and part-time.

### Suggested Amendments

1. Page 2, line 7

"... undergraduate student in a ..."

2. Page 2, line 20

"... maintains a cumulative scholastic average of ..."

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

210 Behrman Bldg.  
Ath. Rocky

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 301  
Title Establishing Cooperative Scholarship Program  
Requested by Senate HESS Date 5/20/81

II. FISCAL DETAIL

Agency Affected Education  
Program Category Affected Commission on Postsecondary Education  
BRU, Program, or Subprogram(s) Affected Grants and Loans  
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		6.0	6.4	6.7	7.1	7.6
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		391.0	840.7	1,208.3	1,485.4	1,663.3
<b>TOTAL</b>	<b>N.A.</b>	<b>397.0</b>	<b>840.7</b>	<b>1,215.0</b>	<b>1,492.5</b>	<b>1,670.9</b>

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	N.A.	397.0	840.7	1,215.0	1,492.5	1,670.9
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME	N.A.	-0-	-0-	-0-	-0-	-0-
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

- a. Costs are based upon current levels of scholarship donations, both organizational and individual, along with a 10% increase first year, 40% second year, and then 10% projects forward. Attrition was considered to be 25% per year.

	Year 1	Year 2	Year 3	Year 4
Example:				
New	100	100	100	100
Continuing		75	125	150
Total	100	175	225	250

- b. Only administrative expense is for publicity, printing, forms, etc.  
Inflation at 6%.

IV. DATE May 18, 1981 PREPARED BY Kerry D. [Signature]  
AGENCY Commission on Postsecondary Education  
PHONE 465-2854  
Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

STATE OF ALASKA  
THE LEGISLATURE

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

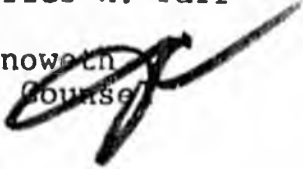
LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 12, 1981

SUBJECT: Cooperative scholarship program  
(Work Order Number 12-0955)

TO: Senator Charles H. Parr

FROM: John B. Chenoweth  
Legislative Counsel 

The approach taken in this bill draft differs markedly from that suggested in the model. I was impressed in the model legislation that the purpose of the bill was to match scholarships contributed from private sources without requiring the amount contributed from a private source to lose its "identity" by passing through a state entity. I was also concerned that amounts contributed by private sources actually to be received and expended by the Commission of Postsecondary Education would be subject to legislative appropriation. To permit privately provided scholarships to retain an identity and to avoid the necessity of legislative appropriation, this bill recasts the proposed scholarship program to address, principally, the amount which the state is to provide -- described as a match to the amount given from a private source -- not to exceed \$2,500. The Commission on Postsecondary Education never touches the amount which has been privately contributed, concerning itself only with the state-provided match. I trust that this approach has your approval.

The residency requirement, set at a minimum of two years, is troublesome for the same reason as was noted in our discussion with you regarding a very similar requirement proposed as an amendment to the current scholarship loan program.

I purposely did not include material deriving from section 8 of the bill draft's model, precluding a recipient of a scholarship under this program from receiving an Alaska State Scholarship, for that program has yet to be drafted, much less enacted.

Senator Charles H. Parr  
Page 2  
March 12, 1981

As this bill proceeds through the committee process, you may choose to add the prohibition.

JBC:ljb

Enclosure

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COMMITTEE REPORT  
SENATE

3/19/81

FURTHER: Finance

Date: \_\_\_\_\_

Mr. President:

The Committee on HEALTH, EDUCATION AND SOCIAL SERVICES has had SB 309

making supplemental appropriations to Dept. of Administration, public defender agency; Dept. of Health & Social Services, board of parole

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for \_\_\_\_\_  same title
- and recommends \_\_\_\_\_  new title
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

*[Handwritten Signature]*  
\_\_\_\_\_  
*[Handwritten Signature]*  
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MEMBERS HAVING  
OTHER RECOMMENDATIONS:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

*[Handwritten Signature]*  
\_\_\_\_\_  
 CHAIRMAN

A M E N D M E N T

OFFERED IN THE SENATE:

By: Senate HESS

To: Senate Bill 309 SENATE BILL No. \_\_\_\_\_

HOUSE BILL No. \_\_\_\_\_

PAGE: 1

LINE: 18

page 1, line 18: change "\$817,700" to "\$915,700"

page 2, the General Fund total should be changed from "\$917,600"  
to "\$1,015,600"

Funding Information

General Fund \$917,600

Other Funds -0-

~~\$917,600~~

1,015,600

Introduced: 3/19/81

Referred: Health, Education & Social Services and Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 309

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making supplemental appropriations to the  
7 Department of Administration, public defender agency;  
8 the Department of Health and Social Services, board of  
9 parole; and the Department of Public Safety; and  
10 providing for an effective date."

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

12 \* Section 1. The sum of \$89,800 is appropriated from the general fund  
13 the Department of Administration, public defender agency, to pay additional  
14 FY 81 travel, contractual services, and commodities costs.

15 \* Sec. 2. The sum of \$10,100 is appropriated from the general fund to  
16 the Department of Health and Social Services, board of parole, to pay in-  
17 creased FY 81 travel costs.

18 \* Sec. 3. The sum of <sup>915,700</sup> ~~\$817,700~~ is appropriated from the general fund to  
19 the Department of Public Safety to pay various FY 81 program and contract  
20 costs.

21 \* Sec. 4. The unexpended and unobligated parts of the appropriations  
22 made in this Act lapse into the general fund June 30, 1981.

23 \* Sec. 5. This Act takes effect immediately in accordance with AS 01.10.-  
24 070(c).

SB 309

DATE = 4/14/81  
TIME = 16:48

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
DIVISION OF BUDGET AND MANAGEMENT

APPROPRIATION ADJUSTMENT LOG  
SUPPLEMENTAL APPROPRIATIONS

KEY	BRU TITLE	DESCRIPTION	O/C	NZ	TY	REQ REQ TOT	GF TOT	GOV TOT	DT DT	RCV TRN	STATUS
5051102	CHILKAT LAKE/TSIRKU RIVER	CONST. DAM TO CONFINE SILTED WATER TO HISTORIC CHANNEL, SAVE SALMON SPAWNG GRNDS	0	N	D	100.0 100.0	100.0 100.0	100.0 100.0	02/02 03/11		SB 267/SEC.1
NOTE: THIS WILL REIMBURSE GOV. CONTINGENCY FUNDS USED TO FUND THE PROJECT AS THE WATER LEVEL MANDATED APRIL 1 COMPLETION DATE.											
5051105	BOARDS OF FISH & GAME	TO FUND 22 DAY EXTENSION OF THE DECEMBER REGULATORY MEETING OF THE BD. OF FISHERY	0	N	D	25.0 25.0	25.0 25.0	25.0 25.0	03/12 03/27		LEG/SB 267
5051109	COMMERCIAL FISHERIES	UNANTICIPATED EXPENSES RELATING TO NEW COOK INLET SUBSISTENCE SALMON REGULATIONS	0	N	D	49.7 49.7	49.7 49.7	49.7 49.7	03/23 03/27		LEG/SB 267
* DEPARTMENT OF ENVIRONMENTAL CONSERVATION											
5051601	OIL POLLUTION PREVENTION	EXTEND L. SE. DATE FOR OIL SPILL RESERVE FUND	C	Y	D	.0 .0	.0 .0	.0 .0	02/09 03/05		HB 275/SEC.2
PUBLIC PROTECTION ++++++											
* DEPARTMENT OF LABOR											
5060702	SECOND INJURY FUND	PROVIDE SOLVENCY FOR SECOND INJURY FUND	0	N	A	600.0 600.0	600.0 600.0	600.0 600.0	10/02 2/23		HB297
5060703	WORKER'S COMPENSATION	TO CONTRACT FOR DEVELOPMENT OF REGS AND A HEARING OFFICER	0	N	D	64.5 64.5	64.5 64.5	64.5 64.5	01/06 2/23		HB297
* DEPARTMENT OF MILITARY AFFAIRS											
5060904	AK NATIONAL GUARD	INCREASE AND CHANGE THE RETIREMENT SYSTEM PER SLA 80 CH 120	0	Y	D	.0 .0	.0 .0	.0 .0	01/15 2/28		HB297
ADMINISTRATION OF JUSTICE ++++++											
* OFFICE OF THE GOVERNOR											
5070110	HUMAN RIGHTS COMMISSION	RENT INCREASE ADJUSTMENT	0	N	D	57.2 57.2	57.2 57.2	57.2 57.2	03/05 3/27		LEG/SB309 *
NOTE: *THIS HAS ALSO BEEN INCLUDED IN SB362 ALONG WITH THE FOLLOWING AMENDMENT 5070111											
5070111	HUMAN RIGHTS COMMISSION	REDUCTION OF FEDERAL RECEIPTS	0	N	E	35.9 35.9	.0 .0	.0 .0	03/05		SB362 *
NOTE: *THIS WAS DENIED BY THE BRC, AND HAS BEEN INCLUDED IN SB362 ALONG WITH THE AMOUNT IN THE PRECEEDING AMENDMENT 5070110											
* DEPARTMENT OF ADMINISTRATION											
5070208	PUBLIC DEFENDER AGENCY	TO COVER SHORTFALL IN TRAVEL, CONTRACTURAL AND COMMODITIES	0	N	D	89.8 89.8	89.8 89.8	89.8 89.8	02/18		SB309

*John  
CASHMAN*



POSITION PAPER

Senate Bill #309

The Parole Board's FY-81 travel appropriation was based on FY-80 plus 6% for inflation. FY-80 was based on FY-79 actual plus 3% for inflation. This 9% increase over two years sharply contrasts with the 25% increase in per diem rates and 36% increase in airfare during the same period.

In order for the Board to continue to satisfy statutory responsibilities of reviewing statewide parole applicants a supplemental appropriation of \$10.1 is required.

This bill has been approved by this administration through the supplemental budget process and is supported by the Department.

Recommended by *Samuel W. Trivette* Date *3/24/81*  
Samuel W. Trivette  
Executive Director  
Alaska Board of Parole

Approved by *Helen D. Deirne* Date *4-7-81*  
Helen D. Deirne  
Commissioner  
Department of Health  
and Social Services

Funding Information  
General Fund \$917,600  
Other Funds -0-  
\$917,600

Introduced: 3/19/81  
Referred: Health, Education &  
Social Services and Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 309

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making supplemental appropriations to the  
7 Department of Administration, public defender agency;  
8 the Department of Health and Social Services, board of  
9 parole; and the Department of Public Safety; and  
10 provid g for an effective date."

11 B<sup>y</sup> IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

12 \* Section 1. The sum of \$89,000 is appropriated from the general fund to  
13 the Department of Administration, public defender agency, to pay additional  
FY 81 travel, contractual services, and commodities costs.

14 \* Sec. 2. The sum of \$10,100 is appropriated from the general fund to  
15 the Department of Health and Social Services, board of parole, to pay in-  
16 creased FY 81 travel costs.

17 \* Sec. 3. The sum of \$817,700 is appropriated from the general fund to  
18 the Department of Public Safety to pay various FY 81 program and contract  
19 costs.

20 \* Sec. 4. The unexpended and unobligated parts of the appropriations  
21 made in this Act lapse into the general fund June 30, 1981.

22 \* Sec. 5. This Act takes effect immediately in accordance with AS 01.10.  
23 (b)(c).

305

11

FB

AMEND

Introduced: 3/20/81  
Referred: Community & Regional  
Affairs and Finance

BY RODEY, FERGUSON, FISCHER,  
COLLETTA, GILMAN AND RAY

1 IN THE SENATE

2 SENATE BILL NO. 311

3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to senior citizen housing and amending  
7 the housing development revolving loan fund; and  
8 providing for an effective date."

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

10 \* Section 1. AS 18.54.010 is amended to read:

11 CHAPTER 54. SENIOR CITIZENS HOUSING DEVELOPMENT (REVOLVING LOAN) FUND.

12 Sec. 18.54.010. DECLARATION OF PURPOSE. There exists within the  
13 state a serious shortage of decent, safe and sanitary residential  
14 housing available at low or moderate prices or rentals to persons  
15 60 years of age or older (OF LOWES AND MODERATE INCOME). There also  
16 exists in the state organizations whose purposes are to provide the  
17 kinds of housing needed to alleviate this shortage. Development work  
18 to provide such housing involves substantial expense which is often  
19 beyond the resources of the organizations.

20 \* Sec. 2. AS 18.54.010(a) is amended to read:

21 (a) There is created within the Department of Community and  
22 Regional Affairs a senior citizens housing development fund. Subject  
23 to direct appropriation or through proceeds of a bonding issue the  
24 department shall make grants (OR LOANS) to municipalities [or to corpora-  
25 tions] or to public or private nonprofit corporations designated as tax  
26 exempt under sec. 101(c)(3) and (4) of the Internal Revenue Code of  
27 1954 (ELIGIBLE FOR LOANS UNDER AS 18.54.010) for the purpose of develop-  
28 ing senior citizen housing. A grant from the proceeds of a bond issue  
29 may be made only to municipalities.

1 • Sec. 3. AS 18.54.070(b) is amended to read:

2 (b) Application for a grant (OR LOAN) under (a) of this section  
3 shall be in the form prescribed by the department. The application  
4 shall demonstrate the need for senior citizen housing in the area to be  
5 served, the feasibility of the proposed project, and an adequate manage-  
6 ment plan which shall demonstrate the ability of the eligible recipient  
7 to sustain the proposed project.

8 • Sec. 4. AS 18.54.070(c) is amended to read:

9 (c) In this section "senior citizen housing" means a specific  
10 work or improvement undertaken primarily to provide dwelling accommoda-  
11 tions for persons 60 years of age or older, including but not limited  
12 to, conventional housing, housing for the frail elderly, group homes,  
13 congregate housing and other housing that meets special needs of the  
14 elderly, and includes the acquisition, construction or rehabilitation  
15 of land, buildings and improvements and other nonhousing facilities  
16 that are incidental or appurtenant to the housing.

17 • Sec. 5. AS 18.54.070 - 18.54.060 are repealed.

18 • Sec. 6. This Act takes effect immediately in accordance with AS 01.10.-  
19 070(c).

*[Handwritten signature]*

Introduced: 3/20/81  
Referred: Community & Regional  
Affairs and Finance

BY RODEY, FERGUSON, FISCHER,  
COLLETTA, GILMAN AND RAY

1 IN THE SENATE

2 SENATE BILL NO. 311

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to senior citizen housing and amending  
7 the housing development revolving loan fund and  
8 providing for an effective date."

TITLE  
OK

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

10 \* Section 1. AS 18.54.010 is amended to read:

11 CHAPTER 54. ~~HOUSING DEVELOPMENT~~ HOUSING DEVELOPMENT: (REVOLVING LOAN) FUND.

12 Sec. 18.54.010. DECLARATION OF PURPOSE. There exists within the

13 state a serious shortage of decent, safe and sanitary residential  
14 housing available at low or moderate prices or rentals to persons

15 ~~of low or moderate income~~ <sup>and persons</sup> LOWER AND MODERATE INCOME. There also

16 exist in the state organizations whose purposes are to provide the  
17 kinds of housing needed to alleviate this shortage. Development work  
18 to provide such housing involves substantial expense which is often  
19 beyond the resources of the organizations.

20 \* Sec. 2. AS 18.54.070(a) is amended to read:

21 (a) There is created within the Department of Community and  
22 Regional Affairs <sup>Department</sup> a senior citizens housing development fund. Subject  
23 to direct appropriation or through proceeds of a bonding issue the  
24 department shall make grants (OR LOANS) to municipalities <sup>or to corpora-</sup>  
25 ~~or to public or private nonprofit corporations designated as tax~~  
26 ~~exempt under sec. 501(c)(2) and (4) of the Internal Revenue Code of~~  
27 ~~1954~~ ELIGIBLE FOR LOANS UNDER AS 18.54.070 for the purpose of develop-  
28 ing senior citizen housing. A grant from the proceeds of a bond issue  
29 may be made only to municipalities.

?

*[Handwritten signature]*  
DSD

1 \* Sec. 3. AS 18.54.070(b) is amended to read:

2 (b) Application for a grant (OR LOAN) under (a) of this section  
3 shall be in the form prescribed by the department. The application  
4 shall demonstrate the need for senior citizen housing in the area to be  
5 served, the feasibility of the proposed project, and an adequate manage-  
6 ment plan which shall demonstrate the ability of the eligible recipient  
7 to sustain the proposed project.

8 \* Sec. 4. AS 18.54.070(e) is amended to read:

9 (e) In this section "senior citizen housing" means a specific  
10 work or improvement undertaken primarily to provide dwelling accommoda-  
11 tions for persons 60 years of age or older, including but not limited  
12 to, conventional housing, housing for the frail elderly, group homes,  
13 congregate housing and other housing that meets special needs of the  
14 elderly, and includes the acquisition, construction or rehabilitation  
15 of land, buildings and improvements and other nonhousing facilities  
16 that are incidental or appurtenant to the housing.

17 \* Sec. 5. AS 18.54.070 - 18.54.060 are repealed.

18 \* Sec. 6. This Act takes effect immediately in accordance with AS 01.10.-  
19 070(c).

*Don. [unclear]*

Galen Grant & Associates  
Architecture Planning

625 W Fifth Ave Suite G Anchorage AK 907/2799606

NAU

March 30, 1981

Mr. Don Bennett, Co-Chairman  
Mr. M.E. Dankworth, Co-Chairman  
Senate Finance Committee  
Pouch V  
Juneau, Alaska 99811

Dear Messrs. Bennett and Dankworth:

I am writing to you to express my support for ~~HB 150 and SR 311 and 312~~ regarding State Senior Citizen Funds. I consider it mandatory that these monies be administered by the State Department of Community and Regional Affairs not by the Alaska State Housing Authority. DC & RA has real concern for the seniors of this State and has been instrumental in helping to obtain senior citizen housing in numerous Alaskan cities. It currently is working with Petersburg, Wrangell, Wasilla, St. Mary's, and Homer. There may be others as well that I am not aware of.

I personally have been involved with senior citizen projects with DC & RA since 1977. As an architect concerned about quality projects, I really appreciate the commitment and support that DC & RA has contributed to senior programs. It would be tragic to remove them from these programs.

Thank you very much.

Sincerely,

  
Galen Grant

- cc: Brad Bradley  
Mike J. Colletta  
Richard I. Eliason  
Frank R. Ferguson  
Vic Fischer  
Patrick M. Rodey  
John C. Sackell  
Terry Stimson  
Arless Sturgulewski



*City of Petersburg*  
P. O. Box 329  
Petersburg, Alaska 99833

March 27, 1981

Senator Richard I. Eliason  
Pouch V  
Juneau, Alaska  
99811

Dear Senator <sup>Pick</sup> Eliason:

On behalf of the Petersburg Senior Citizen's Inc. and the City of Petersburg, we respectfully request your support of SB 311 and SB 312 as introduced to provide 25 million dollars to the Department of Community and Regional Affairs for the development of Senior Citizen's Housing Projects.

The City of Petersburg has been working with the Department of Community and Regional Affairs in our efforts to construct Senior Citizen Housing in Petersburg. Our proposed financing, a 50 year loan from Farmers Home Administration, could be abandoned for a far more favorable avenue of financing through the Department of Community of Regional Affairs. We believe the Department of Community and Regional Affairs will provide the best administration of this money to the communities in need of Senior Citizen Housing.

Sincerely,

*Jerry*  
Jerry Van Vleck  
Acting City Manager

JW/plc

March 30, 1981

Senator Dick Eliason  
Alaska State Senate

Dear Senator Dick,

The Petersburg Senior Citizens Corporation and the Petersburg Pioneers Igloo # 26 and the Petersburg Pioneers Auxiliary # 10 strongly urge you to support H.B. 150 and Senate Bills 311-312 for Senior Citizen Housing to the Community and Regional Affairs Agency.

We also want to keep our Pioneer's Homes and Longevity Programs under the Department of Administration. We do not want H.E.S.S. tampering with any of our Programs.

Regards,



Arnold P. Wavvik  
President Senior Citizen Corp.

Lars Eide  
President Pioneers Igloo # 26

*Copy*

3US

12B

Funding Information  
General Fund \$25,000,000  
Other Funds -0-  
\$25,000,000

Introduced: 3/20/81  
Referred: Community & Regional  
Affairs and Finance

BY RODEY, FERGUSON, FISCHER,  
COLLETTA, GILMAN AND RAY

1 IN THE SENATE

2 SENATE BILL NO. 312

3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-  
7 ment of Community and Regional Affairs, senior citizens  
8 housing development fund, to develop senior citizen  
9 housing; and providing for an effective date."

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

11 \* Section 1. The sum of ~~\$225,000~~ appropriated from the general fund  
12 to the Department of Community and Regional Affairs, senior citizens housing,  
13 development fund (AS 18.54.070), to study and assess the need in the state  
14 for senior citizen housing, to determine geographic location and housing  
15 conditions of elder Alaskans, and to make a complete study of housing alter-  
16 natives for elderly persons, including a review of national and international  
17 literature and prototypes with particular attention to architectural and  
18 technical considerations.

19 \* Sec. 2. The sum of <sup>5,000,000</sup>~~324,775,000~~ is appropriated from the general fund  
20 to the Department of Community and Regional Affairs, senior citizens housing  
21 development fund (AS 18.54.070), to develop senior citizen housing.

22 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-  
23 070(c).

24 *Kramer - 48*  
25 *Min. - 10*  
26 *Kevai - 24*  
27 *Andl - 30*  
28 *Was - 24*  
29 *Juno 20<sup>th</sup>*

*MAR 10*  
*54 11 10*  
*9 15 AM 1111*

30 312

Original sponsors: Rodey, Ferguson,  
Fischer, et al

Funding Information

General Fund	\$5,000,000
Other Funds	-0-
	<u>\$5,000,000</u>

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2 PROPOSED FOR SENATE BILL NO. 312 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-  
7 ment of Community and Regional Affairs, senior citizens  
8 housing development fund, to develop senior citizen  
9 housing; and providing for an effective date."

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

11 \* Section. 1. The sum of \$<sup>16</sup>5,000,000 is appropriated from the general  
12 fund to the Department of Community and Regional Affairs, senior citizens  
13 housing development fund (AS 18.54.070), to develop senior citizen housing.

14 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-  
15 070(c).  
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# STATE OF ALASKA

JAY S. HAMMOND, ~~Commissioner~~

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE ~~COMMISSIONER~~

POUCH B  
JUNEAU, ALASKA 99811

The Honorable Samuel R. Cotton  
Chairman, House Finance Committee  
House of Representatives  
Pouch V  
Juneau, Alaska 99811

RE: House Bill 150  
Senior Citizen Housing Development

Dear Representative Cotton:

Per your verbal request made to Louise Crane, on April 6, 1981, enclosed is a chart giving estimates of units, costs, and time frames for development of senior citizen housing projects that the Department has been requested to fund.

The time frames for construction have been estimated contingent on funding by the Legislature no later than July 1980.

We feel that the requests are reasonable and the projects will be under construction within 18 months.

Sincerely,

Lee McAnaney  
Commissioner

Enclosure  
Senior Citizen Housing Chart

cc: Senator Vic Fisher  
Chairman, Senate State Affairs Committee

Senator Patrick Huby  
Representative Jim Duncan

SENIOR CITIZEN HOUSING

LOCATION UNITS	PLANNING GRANT	BID	CONSTRUCTION START	AVAILABLE FOR OCCUPANCY	CLOSE OUT - CERTIFICATION	ESTIMATED \$ REQUIRED FOR CONSTRUCTION
WASTILIA 24	\$50,000 Nov 80	Jan 82	April 82	Sept 82	Dec 82	\$2,400,000
FRANGELL 24	\$30,000 FWA July 80	Oct 81	Jan 82	Aug 82	Nov 82	2,400,000
JURBAU 23	\$50,000 ASIA Oct 80	July 81	Sept 81	April 82	July 82	1,300,000 additional needed
ST. MARYS 6-10	\$30,000 Jan 81	Jan 81	May 82	Sept 82	Dec 82	1,000,000
PETERSBURG 24	\$30,000 Feb 79	April 81	May 81	Oct 81	Jan 82	1,300,000 additional needed
ORANGE- EAGLE RIVER 24	Log plan grant	Sept 81	Nov 81/April 82	Aug 82	Nov 82	4,000,000
WATER 48	\$72,000 April 81	Feb 82	April 82	Sept 82	Dec 82	4,800,000
METLAUTLA 5	\$30,000 April 81	Nov 81	Feb 82	July 82	Oct 82	1,000,000
MURKIN 10	has federal planning grant	June 81	Aug 81	Mar 82	June 82	500,000
NEW 24	has federal planning grant	June 81	Aug 81	Mar 82	June 82	1,000,000
ANDRICE 30	need plan. grant \$30,000	Sept 81	Nov 81	June 82	Sept 82	3,500,000
TIGER 10	need plan. grant \$30,000	Sept 81	Nov 81	May 82	Aug 82	1,000,000
<b>TOTAL</b>						<b>\$24,800,000</b>
Fund Fund Balance						<b>-1,000,000</b>
						<b>\$23,800,000</b>

WUS

1/B

COMMITTEE REPORT

SENATE

FURTHER: Finance

3/20/81

Date: \_\_\_\_\_

Mr. President:

The Committee on HEALTH, EDUCATION AND SOCIAL SERVICES has had SB 313 making a special appropriation to the Dept. of Health & Social Services, division of adult and aging services

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for \_\_\_\_\_  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING DO PASS

MEMBERS HAVING OTHER RECOMMENDATIONS:

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**CHAIRMAN**

EASTER SEAL SOCIETY / HOMEMAKER PROJECT

HOMEMAKER DUTIES / RESPONSIBILITIES

The homemaker is responsible to the Regional Homemaker Supervisor.

The homemaker shall perform only those duties authorized by the Regional Homemaker Supervisor.

Homemaker duties may include the following when authorized by D.S.S.:

Housekeeping:

1. General household management to include teaching or skills such as cleanliness, budgeting, general housework.
2. Routine cleaning which may include dishwashing, sweeping, mopping, vacuuming, dusting, laundry, ironing, mending clothes and other light general housework, including inside window washing.
3. Nutritional instruction, meal preparation, menu planning, and marketing for food.
4. Mending clothing.
5. Home accident prevention.
6. Chop wood, haul water, haul snow for water, hunting, fishing, berry picking, and hauling fuel.
7. Accompany the client to physician, shopping, etc.

Personal Care of Client:

Assist with ambulation, transfer, bathing, grooming, dressing and hygiene.

Modeling and Instruction for Child Protective Service Client:

1. Serve as role model.
2. Have understanding of child's: physical needs, emotional needs, discipline vs. punishment, intellectual needs.
3. Have understanding of parents' needs.

Child Care:

1. Do child care and/or teach child care.

Emotional Support:

1. Conversing, stimulate interest, enhance feelings of value, reading, writing letters, recreation, social interaction, short walks.