

ALPHABETICALLY LISTED

1768 HLC - HB 292 - HB 366

Representative Joe Hayes  
March 13, 1981  
Page No. 3

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Many states have passed auto disclosure type laws, such as the one that became effective in Alaska January 1, 1977, AS 45.45.130-240. This law requires shops to post signs saying that the consumer has a right to a binding price estimate and the return of all replaced parts, if the consumer so requests before repairs are started. However, experience has shown that this statute appears to have made little difference in the volume or type of repair complaints we receive. The office has repeatedly checked repair shops and found that most of them do post the sign. However, shops and mechanics actively resist giving consumers written estimates. The Alaska law does not state that the estimate given must be "written," so unless the consumer takes one step beyond what the law dictates, and actually asks for a "written" estimate, the shop will usually give a verbal estimate. If the shop is willing to live by a verbal estimate, that is no problem, but in a dispute over what the verbal estimate was, the lack of a written estimate is crucial, and usually fatal to our attempts to mediate the complaint for the consumer.

We have filed, in the Anchorage office, two lawsuits regarding automobile repair complaints: one for not following the procedures set out in the statute and for the mechanic's self-help repossession of an automobile after a bill dispute, and the other for more serious practices verging on intentional fraud. Again, there are problems with these cases, since we must take them to the superior court, which means a long wait for a trial, and we have hired mechanics as independent expert witnesses. 3/

Our office finds that many auto repair complaints are legitimate and serious. We also know that these may only be the tip of the iceberg, since many consumers do not detect repair problems, do not complain at all, or only complain to the shop, without realizing that the services of our office are available. Also, the law may appear to be stacked against the consumer, since Alaska's lien statutes allow a mechanic to keep an automobile until the consumer pays in full for charges. Thus, when a consumer wants to challenge

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3/ Just finding an auto repair mechanic to testify is difficult, since other members of the industry are understandably very reluctant to testify against each other. Several times mechanics have told consumers or our office that a consumer has been a victim of unnecessary or fraudulent repair by another shop, but will immediately add that he is not willing to put that in writing or to testify to it.

charges made, he or she runs a great risk of losing either the use of the vehicle while s/he takes the matter to court, or the complete loss of the vehicle since the mechanic can sell it for payment after 90 days, without any type of hearing. 4/

#### Recommendations

Other states report that the most effective way to provide monitoring and deterrence of the auto repair industry is to have an undercover car operation. Some states have auto repair experts on staff, as in their motor vehicle division, their mechanic licensing division, or even in their state car fleet repair pools, and do not face the same financial and practical problems of locating experts that our section does.

Undercover or inspection car operations are usually aimed at "target" shops who have had a high number or ratio of serious and unresolved consumer complaints about auto repairs. An expert for the state repairs an automobile to nearly perfect condition, leaving one easily-detected, easily-diagnosed fault. Then the automobile is taken to the target shop or shops, and a written estimate is sought as to the nature of the problem and the cost for repair. The shop is then asked to do the repair, and the car is taken back to the state's experts to check whether the work was properly done, whether unnecessary work was done, or whether in some instances the shop may have charged for work that it did not do at all. Then a civil lawsuit may be brought and the result widely publicized, providing deterrence in the rest of the industry.

This ability, to take cars to shops, is probably the best system for Alaska, rather than licensing or certification. When a consumer believes that unnecessary work has been done on his car, it is usually already too late to prove a legal case, since the state did not see the car before it went into the shop, and hence cannot fully evaluate what was done in the shop. However, having someone on staff, as an investigator, perhaps a retired automobile repair mechanic, or just someone who can develop an expertise in this area, would give this office the ability to pursue repair problems quickly and with technical efficiency.

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4/ In fact, the courts in California have declared a similar California lien statute to be unconstitutional, since the consumer can be deprived of his motor vehicle, partially through the cooperation of the State Motor Vehicle Department in transferring title pursuant to the lien law, without any type of hearing, and without adequate time to guarantee that the consumer can obtain a court hearing.

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

REQUEST  
 Bill/Resolution No. \_\_\_\_\_  
 Title \_\_\_\_\_  
 Requested by Representative Haves Date 2/17/81

II. FISCAL DETAIL

Agency Affected Department of Law  
 Program Category Affected Public Protection  
 BRU, Program, or Subprogram(s) Affected Consumer Protection  
 (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		43.2	46.7	50.4	54.4	58.8
200 TRAVEL		5.0	5.4	5.8	6.3	6.8
300 CONTRACTUAL		11.2	12.1	13.1	14.1	15.2
400 COMMODITIES		4.6	5.0	5.4	5.8	6.3
500 EQUIPMENT		1.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		65.0	69.2	74.7	80.6	87.1

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND		65.0	69.2	74.7	80.6	87.1
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME		1.0	1.0	1.0	1.0	1.0
PART TIME						
TEMPORARY						

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

These costs reflect the resources to be used to employ an auto fraud investigator (Associate Attorney II, R-19) at Anchorage. The position will be responsible for designing a statewide auto repair fraud program. The position will also be responsible for investigating all major auto fraud complaints and oversee and organize investigative efforts of subordinate staff handling auto fraud complaints of lesser magnitude, \$10,000 will be used to pay for testimony and trial preparation time of auto mechanical and engineering expert witnesses. \$2,800 will be used for purchase of auto repair parts, supplies and services being investigated.

IV. DATE February 18, 1981 PREPARED BY Richard I. Pegues Dir., Div of Admin. Svcs.  
 AGENCY Department of Law  
 PHONE 465-3605  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

Fiscal Note Detail--Auto Repair Fraud Investigator

Personal Services

Associate Attorney II, Anchorage

R-19, \$2837X12	=	\$34,044
Benefits at 15.75%		5,362
HI, 150 pu		1,800
ASBS		2,004
		<u>\$43,210</u>

Travel

Air travel to Juneau		
Auto travel to Fairbanks, Mat/Su & Kenai areas		<u>\$5,000</u>

Contractual

Communications \$100 pm		\$1,200
200 hours of expert witness trial preparation and testimony at \$50 per hr.		<u>\$10,000</u>
		<u>\$11,200</u>

Commodities

\$25 per mo. expendables, position costs		\$300
New positions costs for FY 82 only, thereafter these funds will be used to increase resources used to purchase repairs, services, supplies for test auto(s) used in investigative program.		\$1,500
Auto repairs purchased and operating expenses for auto(s) used in connection with auto repair fraud investigations		\$2,800
		<u>\$4,600</u>

Equipment

New position equipment, single time expense		<u>\$1,000</u>
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TOTAL		\$65,010
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STATE  
of ALASKAKUSSTICKER  
MEMORANDUM465-3692  
CONS. PROT.  
JNOTO: Representative Joe Hayes  
Pouch-V  
Juneau, AK 99811

DATE: March 13, 1981

FILE NO:

TELEPHONE NO:

279-0429

FROM:

WILSON L. CONDON  
ATTORNEY GENERAL

SUBJECT:

Automobile repair problems  
as perceived by the state  
Consumer Protection OfficeBy: *Connie J. Sipe*  
Connie J. Sipe  
Assistant Attorney General  
Chief, Consumer Protection  
Section AGO/Anchorage

Putting it simply to start with, automobile repair complaints filed by consumers with our office are, and have been for at least six years, the most numerous, the most persistent, among the most costly, and the least solveable consumer problems that we see. A legislative audit in 1979 helped us identify the extent of this problem: automobile repair complaints were our most numerous complaints, numbering 281 out of 2,229 complaints filed by Alaskans in FY79, 13% of all of our complaints. In FY79, our office was able to obtain a satisfactory resolution for consumers in 39.2% of all the cases we handled, but only approximately 16.5% of automobile repair complaints we handled had any sort of consumer satisfaction as a result of our efforts. This low mediation rate prevails today, even though auto repair complaints are often ones on which our office spends the most time and effort in personal contact with both business and consumer in mediation attempts. 1/

Alaskans are not unique in their problems with auto repair. The Federal Trade Commission has found that auto repair complaints are the number 1 complaint in 49 out of 50 states. The U.S. Comptroller General's Report, January 11, 1980, 2/ cites a 1978 estimate that 20 billion consumer dollars a

1/ FY 80/81 figures are not available, since the section has only a manual record-keeping system. The data is available, but we have not compiled it. We are certain auto repair problems have maintained their prominence in our case load.

2/ "Public and Private Coordination Needed If Auto Repair Problems Are To Be Reduced."

Representative Joe Hayes  
March 13, 1981  
Page No. 2

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year are lost in the country on auto repair of 124 million vehicles. The Comptroller's report, based on a study of county, state, federal, and industry, auto repair enforcement and conciliation programs, found the following auto repair problems to be the most common:

(1) faulty repairs, where a problem reoccurs or is not improved at all by repair efforts;

(2) unnecessary repairs, made either through mistaken or incompetent diagnosis, or because of fraud;

(3) unanticipated repair costs, or what's known as the "5 o'clock surprise" when a consumer comes to pick up the car and is asked to pay for unauthorized work or a price in excess of either the formal or informal estimate earlier given.

These are also the most common problems for Alaskans, as well as this fourth:

(4) deceptive repair charges--we are fairly certain that some Alaskans are charged for parts or services which have not been provided at all, or which differ from what was actually provided (e.g., charged for a "new" part when a "rebuilt" was installed).

Also, it should be remembered that the cost of auto repairs is extremely high, not only in terms of cash paid for the repair, but also in terms of lost time and convenience. Many of the repair complaints we see involve charges over \$500.

Alaska does not license auto mechanics nor auto repair shops. A few states do this, but our office would not recommend this step at this time, since the state wishes to stay out of the regulation area. It is often suggested by community business groups that the Consumer Protection Office should seek out and prosecute the "bad apples" in an industry, and through prosecution of those shops or mechanics, create an effective deterrence for the rest of the industry. However, without mechanical expertise on the Consumer Protection staff, or the money to hire objective experts who can assess the repair work which has been done on an automobile, most automobile repair complaints degenerate into "swearing matches" between a consumer and a mechanic.

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Page No. 3

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Fiscal Note Detail--Auto Repair Fraud Investigator

*in relation to page 4 - Do not*

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IV. DATE February 18, 1981 PREPARED BY Richard I. Pegues, Dir., Div of Admin. Svcs.  
AGENCY Department of Law  
PHONE 465-3695  
Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

H

B

2

9

7

COMMITTEE REPORT

HOUSE

FURTHER: FINANCE

3/9/81

(5)

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

Mr. Speaker:

The Committee on LABOR & COMMERCE has had HB 297

"An Act making a supplemental appropriation to the Department of Labor and a transfer to the Department of Military Affairs; and providing for an effective date."

under consideration and reports it back as follows:

- 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

*Vernon Hulbert*  
 \_\_\_\_\_  
*John G. ...*  
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*...*  
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MEMBERS HAVING  
OTHER RECOMMENDATIONS:

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*Vernon Hulbert*  
 \_\_\_\_\_  
 CHAIRMAN

A M E N D M E N T

OFFERED IN THE HOUSE:

By: LABOR&COMM

To: \_\_\_\_\_ HOUSE BILL No. 297

SENATE BILL No. \_\_\_\_\_

PAGE: 2 2

LINE: 297  
5

Change (1981) to 1982.

7 FY81  
12 FY82  
WCCA money  
Staff  
Bitter towards  
for - w/c

HB 297

JAC  
McClintock

"An Act making a supplemental appropriation to the Department of Labor and a transfer to the Department of Military Affairs; and providing for an effective date."

Sec. 1. Appropriates \$64,500 to the Workers' Compensation program for the hiring of 1 and 1/2 positions for regulation review and at least 1 and 1/2 for contractual Hearing Officers to help remove the back logged Workers' Compensation hearings.

Appropriates \$600,000 to the Second Injury Fund, this will make the fund solvent. The \$600,000 is what is presently owed to Employers and will pay compensation to workers.

143  
National  
300

Sec. 2, 3, and 4 transfers \$488,100 from the Department of Administration to the Department of Military Affairs, Alaska National Guard. In 1980 the legislature passed FCCS SB 26, increasing the benefit amount for National Guard retirees. The \$488,100 increase was appropriated to the Department of Administration. This bill would place the money correctly in the account form which benefits for the National Guard Retirement System are paid.

Sec. 5. the unexpended and unobligated part of the appropriation made in sec. 1 of this Act lapses into the general fund June 30, 1981. 2. red next

Sec. 6 Effective date of legislation.

77-78  
78-930  
79-903  
F# 80-830  
F/81

Law - T. James

1959 - 109  
1976 - Last leg

HB 297

"An Act making a supplemental appropriation to the Department of Labor and a transfer to the Department of Military Affairs; and providing for an effective date."

143  
200

80 838  
79 903  
78 930

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12  
12 9/8  
23,000

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50-50

Sec. 5. the unexpended and unobligated part of the appropriation made in sec. 1 of this Act lapses into the general fund June 30, 1981.

Sec. 6 Effective date of legislation.

1980	22,000
1979	25,000
1977	22.8
1978	25.4
19	

Sign In

Testimony By

Bill No

Representing

Judy Knight  
Jackie McClintock  
Lou Richardson

HR 297  
HR 297  
HR 297

Dept. of Labor  
— —  
Military Affairs

H B

325

COMMITTEE REPORT

HOUSE

3/12/81

FURTHER:

(5)

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

Mr. Speaker:

The Committee on LABOR & COMMERCE has had HB 325

"An Act relating to orders under the Alaska Securities Act of 1959."

under consideration and reports it back as follows:

do pass  do not pass

do pass with attached amendments(s)

replace with CS for HB 325  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:

\_\_\_\_\_  
*David ...*  
\_\_\_\_\_  
*George ...*  
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\_\_\_\_\_  
CHAIRMAN

by state law. Under 45 - etc -  
Allows for proxy votes needs  
Adequate Enforcement, need a power  
reform to lessen hard political  
Reputation - are not honest - state  
can void proxies if mislead.  
Gives Enforcement agency some leeway -  
prompt enforcement.

Native corp exempt of Sec. Fed -  
state applies - find info on Form  
to correct situation protects shareholders.  
Gov under Fed Sec Law 1992.  
Shareholders do not get total picture  
of ~~CA activities~~ an issue - on proxy  
Solicitation

---

Larry Carroll. Div Banking & Securities Dept Conn.  
Div supports legislation - guided by some Rules -  
Find under existing Sec Act. 1977 enacted Chap 135.  
Proxy materials filed with state. Under statute  
may not have authority to force correction -  
CDR will provide Fed & keep in order to  
correct situation - if denied - proxy's can  
be wiped out. Administrative steps

HB 325

Al Adams Dist 21.

Prime HB 325. Public protection  
measure Bill - Applies to  
Corp's Alaska Village & Wildlife

Regional Corp - Don Nelson  
Bristol Bay Corp - L.P. Causill  
C&D.

1. Large regional Corp -  
Proby solicitor spend;  
improve Inst - - Proby inst  
is incomplete or misleading.
2. Prohibit improper inst. state  
power on Proby -

NAME

Bill No

Representing

Donald Nielsen  
LQ Cannon

H.B 325  
" "

Bristol Bay Native Corp.  
Banking & Securities

directly or indirectly for the benefit

individual, a corporation, a partnership, company, a trust where the interests are held by a security, an unincorporated association, or a political subdivision of a govern-

every contract of sale of, contract of purchase or interest in a security for which includes every attempt or offer to sell, or offer to buy, a security or interest in a security given or delivered with, or as a part of, a sale of securities or any other thing of the subject of the purchase and sale, or value; a purported gift of assessable property; an offer and sale; every sale or purchase or subscription to another security by the issuer, as well as every sale or offer to a holder a present or future right or interest in a security of the same or another security; or an offer of the other security;

§ 133, "Securities Exchange Act of 1933," "Securities Exchange Act of 1934," and "Investment Company Act of 1935," and "Investment Company Act of 1935" mean the federal statutes of those acts, 1959;

means a note; stock; treasury note; evidence of indebtedness; certificate of participation in any profit-sharing plan; certificate of participation in a profit-sharing plan; transferable share; investment certificate; certificate of deposit; certificate of interest or participation in a lease or in payments out of title or lease or in any sale of or interest in real property or in an option on a contract for the purchase of mineral commodities or any other interest to the public and not regulated by the authority of the United States Department of the Interior; however, the contract or option is not included in the provisions of sec. 70 of this chapter if the security is traded on the floor of a bona fide exchange or sold to the public by a dealer registered under this chapter; interest in the net worth including goods furnished to the risk capital of a venture with the benefit to the investor where the investor has control over the investment or policy

decision of the venture; or, in general, any interest or instrument commonly known as a "security," or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing; "security" does not include an insurance or endowment policy or annuity contract under which an insurance company promises to pay a fixed sum of money either in a lump sum or periodically for life or for some other specified period;

(13) "state" means any state, territory, or possession of the United States, the District of Columbia, and Puerto Rico. (§ 301 ch 198 SLA 1959; am §§ 1 and 2 ch 105 SLA 1961; am § 9 ch 5 SLA 1966; m §§ 9, 10 ch 86 SLA 1972; am § 1 ch 217 SLA 1975)

Sec. 45.55.138. Application to Alaska Native Claims Settlement Act corporations. The initial issue of stock of a corporation organized under Alaska law pursuant to the Alaska Native Claims Settlement Act (P.L. 92-203; 85 Stat. 688; 43 U.S.C. 1601 et seq.) is not a sale of a security under §§ 70 and 130(10) of this chapter. (§ 6 ch 70 SLA 1972)

Sec. 45.55.139. REPORTS OF CORPORATIONS. A copy of all annual reports, proxies, consents or authorizations, proxy statements and other materials relating to proxy solicitations distributed, published or made available by any person to at least 30 Alaska resident shareholders of a corporation which has total assets exceeding \$1,000,000 and a class of equity security held of record by 500 or more persons and which is exempted from the registration requirements of sec. 70 of this chapter by sec. 138 of this chapter, shall be filed with the administrator concurrently with its distribution to shareholders. (§ 1 ch 55 SLA 1972)

Sec. 45.55.140. Exemptions. (a) The following securities are exempted from § 70 of this chapter:

- (1) a security, including a revenue obligation, issued or guaranteed by the United States, a state, a political subdivision of a state, or an agency or corporate or other instrumentality of one or more of the foregoing; or a certificate of deposit for any of the foregoing;
- (2) a security issued or guaranteed by Canada, a Canadian province, a political subdivision of a Canadian province, an agency or corporate or other instrumentality of one or more of the foregoing, or a foreign government with which the United States currently maintains diplomatic relations, if the security is recognized as a valid obligation by the issuer or guarantor;
- (3) a security issued by and representing an interest in or a debt of, or guaranteed by, a bank organized under the laws of the United States, or a bank, savings institution, savings and loan association, building and loan association, or trust company organized and supervised under the laws of a state or of the United States;

Bristol  
Bay  
Native  
Corporation

445 E. 5TH AVENUE / P. O. BOX 220 / ANCHORAGE / ALASKA 99510 / PH. (907) 278-3602

April 1, 1981

STATEMENT BY DONALD F. NIELSEN  
IN SUPPORT OF HOUSE BILL NO. 325

My name is Donald F. Nielsen. I am the Vice President of Bristol Bay Native Corporation. Today, I am speaking on behalf of Bristol Bay Native Corporation and the Alaska Federation of Natives. Both organizations support House Bill No. 325 entitled "An Act relating to orders under the Alaska Securities Act of 1959." This bill would expand the remedies the State has in dealing with false and misleading statements made in proxy solicitations of Native corporation shareholders.

By way of background, let me state that Alaska Native Claims Settlement Act corporations are exempt from federal securities laws. Instead, their proxy solicitations are governed solely by the State of Alaska. Recently, the State took a major step to insure fairness in proxy solicitations of Native shareholders. The mechanism to insure fairness was regulations under Alaska Statute 45.55.139 and .160. These new regulations require that proxy solicitations give Natives shareholders the type of information that is necessary for them to make an informed judgment before voting on matters presented for their consideration, such as election of directors or approval

of proposals. These regulations are comprehensive and reasonable. However, without adequate enforcement, they are meaningless.

At present, the State is sure of only two enforcement alternatives: (1) a criminal proceeding under Alaska Statute 45.55.210 with a fine, jail term or both, or (2) a civil proceeding with injunctive relief. One is, in many cases, too harsh a remedy, and the other is time consuming.

A prompt enforcement alternative is needed with a range of lesser penalties. Such a solution is embodied in House Bill No. 325. First, it applies to administrative hearings which are less expensive and time consuming for all. Second, its penalties are not harsh fines or jail sentences, but pre-distribution review of solicitation materials and/or voiding of proxies where there is a finding of false or misleading statements.

Bristol Bay Native Corporation believes that the new proxy regulations need to be enforced promptly for the protection of Native shareholders. We believe that House Bill No. 325 creates the opportunity for such prompt enforcement. Therefore, we support the passage of House Bill No. 325.



STATE OF ALASKA  
OFFICE OF THE GOVERNOR

BILL ANALYSIS

Department Commerce and Economic Development	Sponsor (Principal) Adams	Bill Number HB 325
Department Position Approve with amendments as noted.		
Division Director <i>William F. Koehpato</i>	Date 3/18/81	Commissioner Date

GOVERNOR'S OFFICE USE

Comments:

Position Noted      By: \_\_\_\_\_      Date: \_\_\_\_\_

SUMMARY

1. a) Related Bills (Similar or Conflicting) None	1. b) Other Agencies Affected by Bill None
2. a) Organizational Support for Bill Alaska Federation of Natives Various regional corporations	2. b) Organizational Opposition to Bill None known

3. Program Effects of Bill  
Provides Administrator of Securities with proper authority to enforce deceptive and fraudulent practices in proxy solicitations. This bill corrects the lack of administrative remedies in AS 45.55.139, enacted in 1977.

4. Fiscal Impact:  None      *B 812* Fiscal Note Attached

5. Amendments Proposed:  
Addition of the words "in filings under Section 139" immediately after Section 45.55.200(a)(1)(B) and immediately after Section 45.55.200(a)(1)(C)

6. Comments:  
See attached.

*Bill Analysis*

HB 325

The intention of adding the two new sections, B and C, to AS 45.55.200(a) is to provide proper enforcement for violations of Section 160 by companies described in Section 139 only. The legislation, as introduced, does not limit the Administrator's authority to proxy solicitations by ANCSA corporations. In fact, it would permit the Administrator to take action against the GM's and IBM's even though the Alaska Securities Act does not otherwise provide such authority as their proxy solicitations are already fully regulated under the Federal Securities Act of 1934.

With the proposed language added, the Division of Banking and Securities would be in support of this legislation to clarify and provide adequate authority over misleading and fraudulent proxy solicitations by Native corporations.

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. House Bill 325  
 Title An Act Relating to Orders Under the Alaska Securities Act of 1959  
 Requested by Adams Date 3/21/81

II. FISCAL DETAIL  
 Agency Affected Commerce and Economic Development  
 Program Category Affected Consumer Protection  
 BRU, Program, or Subprogram(s) Affected Banking and Securities  
 (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		22.1	23.4	24.8	26.3	27.9
200 TRAVEL		10.0	10.5	11.0	11.5	12.0
300 CONTRACTUAL		2.7	2.7	2.7	2.7	2.7
400 COMMODITIES		1.0	1.0	0	0	0
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0	35.8	37.6	38.5	40.5	42.6

FUNDING (Thousands of Dollars)

GENERAL FUND	0	35.8	37.6	38.5	40.5	42.6
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		1	1	1	1	1
PART TIME		0	0	0	0	0
TEMPORARY		0	0	0	0	0

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

See attached.

IV. DATE 3/16/81 PREPARED BY James J. Thompson, J. Blundell  
 AGENCY Dept. of Commerce & Econ. Dev.  
 PHONE 465 2571  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

# FISCAL NOTE

HB 325

When AS 45.55.139 was enacted in 1977, the Division of Banking and Securities had no prior history or other documentation to show the potential impact of administering proxy laws and regulations relative to the Alaska Native Claims Settlement Act. Based on investigative time and costs incurred in this area since 1977 and on the fact that 31 regional and village corporations currently come under the provisions of AS 45.55.139 and this proposed legislation, the projected costs are reasonable.

Travel costs include investigative travel of securities staff for hearings and witness travel costs. Contractual cost is for additional persons as required by the Department of Administration pursuant to the memorandum of February 5, 1981.

Any questions on this Fiscal  
Note please call L.P. Carroll 2521.

1	POSITION TITLE Administrative Support Tech II			RANGE/STEP 8A	BARG. UNIT. G	LOCATION Juneau	GOV.	APPROV.	DISAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No. 1186	PRIORITY	FORM 12	PAGE/LINE	LEG.	

3	TYPE OF EXPENDITURE	AMOUNT
	1	2
4	PERSONAL SERVICES: SALARY \$1,393/month	16.7
5	BENEFITS	2.6
6	FICA	1.0
7	HEALTH INS.	1.8
8	TOTAL PERSONAL SERVICES 01	
9	TRAVEL 02	22.1
10	CONTRACTUAL 03	0
11	COMMODITIES 04	1.0
12	EQUIPMENT 05	0
13	OTHER space costs	2.7
14	TOTAL COST	25.8

JUSTIFICATION:

See Bill Analysis and Fiscal Note to House Bill 325.

	CODE	FUNDING SOURCE
15		FED RCPTS. 1002
16		GF MATCH. 1003
17		GEN. FUND 1004
18		I-A RCPTS. 1005
19		PGM RCPTS 1028
20		OTHER

21	CONTINUATION		FOR B&M USE ONLY
22	ADDITION	X	

AA KEY NUMBER \_\_\_\_\_ COLUMN NO. \_\_\_\_\_

AGENCY Commerce and Economic Development PROGRAM Consumer Protection

BRU Banking and Securities

COMPONENT Financial Institutions

**FY 82**

**13 REQUEST FOR NEW POSITION.**

Page \_\_\_\_\_ of \_\_\_\_\_

REVISED DATE \_\_\_\_\_

FISCAL NOTE

HB 325

When AS 45.55.139 was enacted in 1977, the Division of Banking and Securities had no prior history or other documentation to show the potential impact of administering proxy laws and regulations relative to the Alaska Native Claims Settlement Act. Based on investigative time and costs incurred in this area since 1977 and on the fact that 31 regional and village corporations currently come under the provisions of AS 45.55.139 and this proposed legislation, the projected costs are reasonable.

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1	2	3
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7	HEALTH INS.	1.8
8	TOTAL PERSONAL SERVICES 01	
9	TRAVEL 02	22.1
10	CONTRACTUAL 03	0
11	COMMODITIES 04	1.0
12	EQUIPMENT 05	0
13	OTHER space costs	2.7
14	TOTAL COST	25.8

JUSTIFICATION:  
  
See Bill Analysis and Fiscal Note to House Bill 325.

CODE	FUNDING SOURCE	
15	FED RCPTS. 1002	
16	CF MATCH. 1003	
17	GEN. FUND 1004	25.8
18	I-A RCPTS. 1005	
19	PGM RCPTS 1028	
20	OTHER	

21	CONTINUATION	
22	ADDITION	X

FOR B&M USE ONLY

4A KEY NUMBER \_\_\_\_\_ COLUMN NO. \_\_\_\_\_

AGENCY Commerce and Economic Development PROGRAM Consumer Protection

BRU Banking and Securities

COMPONENT Financial Institutions

**13** REQUEST FOR NEW POSITION.

**FY 82**

Page \_\_\_\_\_ of \_\_\_\_\_

REVISED DATE \_\_\_\_\_

report to its stockholders containing substantially all the information contained in annual reports of corporations subject to the 1934 Act. Such reports by Native corporations would not be filed with or reviewed by the SEC, but the Committee believes that the Native leadership will comply fully with the intent of this provision and will submit annual reports to their stockholders which are as effective in disclosing corporate activities as those prepared by companies regulated under the 1934 Act by the SEC. Finally, the Committee understands that the general provisions of Alaska law provide protection for Native stockholders from any corporate mismanagement and misrepresentations or omissions to represent in connection with sales of securities, and that Alaska courts would look to precedents under federal securities laws for appropriate standards of conduct by management and other persons connected with securities transactions. Native corporations have assured the Committee that they do not intend to seek an exemption from state securities laws on the basis of this exemption from federal laws and intend to pursue the passage of State legislation to the extent necessary to provide any appropriate additional protection. Therefore, it is not necessary at this time to impose additional federal requirements.

It should be noted that these corporations are being exempted from the federal securities laws on the understanding that federal regulation of Settlement Act corporations is not necessary to protect Native stockholders or the public during the twenty-year period when Native-owned stock cannot be sold. However, if this assumption proves invalid in light of experience, the Committee is prepared to re-impose such provisions of the federal laws as may be necessary. In short, the twenty-year exemption should be viewed by the Natives as an experiment which will be stopped if it is abused.

#### SECTION 4

Subsection (a) merely makes clear the congressional intent that payments and grants under the Settlement Act are not to be deemed a substitute for any governmental program or benefit which is otherwise available to Alaska Natives as citizens of the United States and Alaska.

Subsection (b) makes clear that benefits under the Settlement Act shall not be considered as income or other resources for purposes of the Food Stamp program. The background to subsection (b) is provided in an August 6, 1974, memorandum prepared by the Congressional Research Service of the Library of Congress:

THE LIBRARY OF CONGRESS, WASHINGTON, D.C. 20540

THE COUNTING OF INCOME FROM PAYMENTS UNDER THE ALASKA NATIVE CLAIMS SETTLEMENT ACT IN DETERMINING ELIGIBILITY FOR AND THE AMOUNT OF FOOD STAMP AND CASH WELFARE BENEFITS

#### *Food Stamps*

In March 1974, the State of Alaska notified the Federal offices of the Food Stamp Program (in the USDA's Food and Nutrition Service) that it was Alaska's interpretation that

H B  
3 36

# COMMITTEE REPORT

## HOUSE

FURTHER: FINANCE

3/13/81

(5)

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

Mr. Speaker:

The Committee on LABOR & COMMERCE has had HB 336

"An Act making supplemental appropriations to the Alaska Housing Finance Corporation and to the Alaska Power Authority; making an amendment to ch. 120 SLA 1980; and providing for an effective date."

under consideration and reports it back as follows:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for HB 336 (LIC)  same title  
 new title
- and recommends W NC
- 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:

\_\_\_\_\_

\_\_\_\_\_

Larry Martin " "

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

CHAIRMAN

Richard

500913

March 26, 1981 465-2300

Honorable Sam Cotten  
Chairman, House Finance Committee  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

SUBJECT: Supplemental Appropriation Request

Amendment to HB 336  
Department of Revenue  
Amendment Requests: \$4,534 GF  
To Pay Shared Taxes Owed to City of Houston

Dear Representative Cotten:

Please revised HB 336 to appropriate \$4,534 GF to the Department of Revenue to pay Shared Taxes owed to the City of Houston for the years 1975 - 1978.

At the time the Legislature created the Municipal Assistance Fund in 1978, the City of Houston had not been receiving shared taxes under the Gross Business Receipts Tax Law because businesses within the Houston City limits were reporting taxes to be shared to another municipality. The City of Houston requested an audit in FY 81 which disclosed that \$4,534 should have been shared with Houston for the years 1975 - 1978. Under the previous law, Revenue would have simply adjusted future payments to the overpaid municipality. However, since that law was repealed and a substantial amount of time has elapsed, a supplemental appropriation is requested.

Please add a new section to HB 336 to read as follows:

The sum of \$4,534 is appropriated from the general fund to the Department of Revenue for the purpose of paying shared taxes owed to the City of Houston for the years 1975 - 1978.

Sincerely,

Dr. Ronald D. Lehr  
Director

Attachments

cc: Senators Ed Dankworth and Don Bennett, Senate Finance Chairmen  
Representative Hurlbert, House Labor and Commerce Chairman  
Jay Hogan  
Keith Specking

RDL/RA/k1

Office of Budget & Management

March 22, 1981  
FILE NO. 20308  
27/1281

FROM: Eric P. Yould  
Executive Director  
Alaska Power Authority

March 24, 1981

Honorable Sam Cotten  
Chairman, House Finance Committee  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Amendment to HB 336  
Department of Commerce and Economic Development  
Alaska Power Authority  
Supplemental Request for \$50,000 GF for  
Takatz Hydro Study

Dear Representative Cotten:

Please revise HB 336 to amend Chapter 120/SLA 1980 and appropriate \$50,000 general funds to enable the Alaska Power Authority to conduct a reconnaissance study of the electrical power needs of Sitka beyond Green Lake and to review potential power supply options including the Takatz project.

Please add a new section to HB 336 to read as follows:

Section 53, Chapter 120, SLA 1980, page 81, line 12 is amended to read as follows:

	<u>Appropriation Items</u>	<u>General Fund</u>
Discretionary Study Funds	125,000(75,000)	125,000(75,000)

Sincerely,

Dr. Ronald D. Lehr  
Director

CC: Senate Finance Chairman  
House Labor & Commerce Chairman  
The Honorable Richard Elfason  
Jay Hogan  
Keith Specking  
Eric Yould

RDL/HA/K1

*Richard*

TELEPHONE NO.

March 17, 1981

Richard Ales  
Program Budget Analyst  
Budget and Management  
Office of the Governor

Development Category  
Department of Revenue (ARRC)  
Request for  
Funds

The Honorable Sam Cotten  
Chairman, House Finance Committee  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Re: Amendment to H.B.336  
Amendment Request: \$21,547 GF  
Department of Revenue, ARRC.  
Purpose: To fund outstanding  
prior year obligation.

Dear Representative Cotten:

Please revise H.B.336 to appropriate \$21,547 in general funds to fund a prior year obligation of the Alaska Renewable Resources Corporation.

During FY 80, ARRC contracted for technical assistance on a fisheries development project. In the middle of FY 80, the Legislature expressed a desire to reappropriate a portion of ARRC's funds to establish new development projects. When ARRC provided the Legislature with a listing of unobligated funds available for reappropriation, the amount estimated for the fisheries project did not include the technical assistance contract. The Legislature acted on the reappropriation in Chapter 93/SLA 1980 and sufficient funds were not available to pay the bill. ARRC did not lapse sufficient funds at the end of FY 80 to allow payment of the obligation from FY 81 funds.

Please add a new section to H.B. 336 to read as follows:

The sum of \$21,547 is appropriated from the general fund to the Department of Revenue, Alaska Renewable Resource Corporation, to pay a prior year obligation in the Fisheries Project.

Sincerely,

*Ronald D. Lehr*

Dr. Ronald D. Lehr  
Director

RL/RA/tl

cc: The Honorable Don Bennett and M. E. Dankworth, Senate Finance Committee  
The Honorable Vernon Hurlbert, House Labor and Commerce Committee  
Keith Specking  
Jay Hogan

# STATE OF ALASKA

## OFFICE OF THE GOVERNOR

BUDGET & MANAGEMENT

POUCH AM — JUNEAU 99811  
PHONE 465-2213

JAY S. HAMMOND, GOVERNOR

H.B. 336

March 18, 1981

The Honorable Sam Cotten  
Chairman, House Finance Committee  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Amendment to H.R. 336  
Request for Net Zero Supplemental  
Department of Commerce and Economic  
Developer  
Delete/Add Supplemental for Lime Village  
Wind Power System

Dear Representative Cotten:

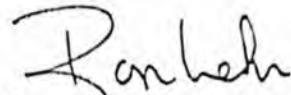
Please amend H.B. 336 to add a new section that would change the intent language for \$90,000 appropriated in Chapter 50/SLA 80, page 66, line 7 from "Lime Village Wind Power System" to "Lime Village Alternative Energy System." This adjustment is necessary because the Division of Energy and Power Development has expended \$1,500 of the available funds and determined that wind power is not feasible at Lime Village. The Division proposes to use the remaining funds for an alternative energy system combining solar power and biomass.

Please add a new section to H.B. 336 to read as follows:

Section 286, Chapter 50, SLA 1980, page 66, line 7 is repealed and re-enacted to read:

	Appropriation Item	Other Funds
Lime Village Alternative Energy System	\$90,000	90,000

Sincerely,



Dr. Ronald D. Lehr  
Director

Sam Cotten, Chairman  
House Finance Committee

--2--

March 18, 1981

CC: The Honorable Vern Hurlbert, Chairman  
House Labor and Commerce Committee  
The Honorable Don Bennet and Ed Dankworth, Co-Chairmen  
Senate Finance Committee  
Jay Hogan, Legislative Finance  
Keith Specking, Governor's Office

MEMORANDUM

State of Alaska <sup>GENERAL</sup> DIVISION  
MAR 05 1981

BUDGET AND MANAGEMENT

TO: Ron Lehr  
Budget Review Committee  
Office of the Governor

DATE: March 2, 1981

FILE NO:

5080810

Thru: Lois Cook *LC*  
Director  
Division of Administrative Service

TELEPHONE NO:

SUBJECT: Lime Village Wind  
Appropriation

From: *CLQ* Clarissa Quinlan  
Director  
Division of Energy and Power Development

During the last legislative session the Division of Energy and Power Development received an appropriation of \$90,000 to study wind potential at Lime Village, Alaska.

After installation of an anemometer and subsequent wind recording, the potential for wind electric use in this remote village appears minimal. (See attached)

The Division hereby requests that a Delete/Add supplemental appropriation be considered changing the mandate of the legislative intent for the Lime Village appropriation to include solar and biomass. Several options appear to be viable and will be explored once the mandate has been changed. The major emphasis will be focused on subsistence electrical needs and its use in refrigeration. These items were identified by Representative Hurlbert and the villagers themselves as being priorities.

The consensus that solar and/or biomass should be explored is the result of cursory exploration of alternatives by staff and consultants. Attached you will find some of the options explored to date.

The Division will need approximately 3 months for procurement and installation of materials after the Delete/Add action has taken place.

Attachments

*photo of anemometer*  
*10/2/81*  
*10/2/81*  
*10/2/81*  
*10/2/81*

Lewis Research Center  
Cleveland, Ohio  
44135

*all of this*

4 10 10 10 10

Dly to Attn of: 4212

January 27, 1981

Mr. Don Markle  
Dept. of Commerce and  
Economic Development  
Division of Energy  
7th Floor Markay Bldg.  
338 Denali  
Anchorage, AK 99501

RECEIVED

JAN 28 1981

ALASKA ENERGY OFFICE

Dear Don:

Enclosed per our telecon of 26 January is information on terrestrial photovoltaic systems we have installed at remote sites for DOE and AID. I'll send you a copy of our procurement package in a few weeks. Please call if you have any further questions.

Sincerely,

*Bill*

William J. Bifano  
Manager, Development and  
Support Project Office

Enclosures

SERIO 

December 8, 1980

RECEIVED  
DEC 11 1980

Mr. Don Markle  
Division of Energy  
7th Floor, MacKay Bldg.  
338 Denali  
Anchorage, AK 99501

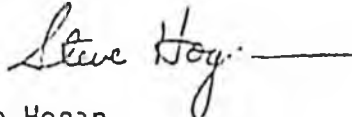
ALASKA ENERGY OFFICE

Dear Don:

I am enclosing a recent report which should give you some ideas as to the present state of the photovoltaics (PV) technology, as well as some ideas as to projects which have been done that might be of interest. This report also contains a list of PV manufacturers.

As I mentioned on the phone, I am very interested in this project and am looking into the possibility of formally establishing myself and a colleague, Ms. Kay Firor, as consultants to this potential project. Please let me know if this is acceptable to you and I will inform you of our managements' feelings.

Sincerely,



Steve Hogan

SH:ba

ALASKA ENERGY RESEARCH GROUP

P.O. BOX 1846, PALMER, ALASKA 99645

(907) 745-4586

Don Markle

Mat Sui Community College  
Refrigeration

DOEPD

Here's a handful of info. on Solar refrigeration. Was fairly comprehensive last year when compiled, however I suspect there are newer systems available. Some of the best are made overseas.

still believe that thermal pile - eutectic salt storage is much simpler & cheaper despite initial failures statewide (would like to find reports on those attempts for analysis).

I Must have these back, so make copies and return to above address.

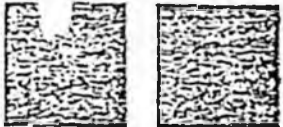
later

Ralph Hulbert



*WSE Contract*  
WIND SYSTEMS ENGINEERING, INC.

Renewable Energy Engineers



1551 EAST TUDOR ROAD  
ANCHORAGE, AK 99507

(907) 274-2627

January 21, 1981

Don Markle  
State of Alaska  
Dept. of Commerce &  
Economic Development  
338 Denali Street  
Anchorage, AK 99501

Re: Lime Village

Dear Don,

Attached please find some information on photovoltaic systems. The system I would recommend looking at strongly is the model H812 which will give you about 264 watts according to their rated power output or basically enough power in the summer time to operate a refrigerator and some other appliances. The type of refrigerator we should be looking at would be one similar to the Arco Solar, which is a very efficient model, and is designed to be operated with a photovoltaic system. This is in contrast to the Instamatic 1E-12 which is designed to be operated on an RV for occasional use. So with the photovoltaic system and a refrigerator, in the summer time you could have enough power for refrigerating foods. In the winter time you wouldn't have as much power for refrigeration because of lack of sunlight. But with a system of that size you certainly would have enough for at least a CB radio and since you can store food outside in the arctic entryway, you no longer need the cold storage. I've scribbled the prices for the systems which doesn't include some accessories that we might consider like the ground-mounting hardware (\$160) and the meter panels (\$165), and certainly battery enclosures (\$11) and possibly extra batteries (\$150 ea) would be worth while looking at.

The data logging sheets for the anemometer have been sent to Lime Village as per your request.

Sincerely,

Mark A. Newell  
President

MN/js

Enclosures as stated

Golden, Colorado 80401  
303-231-1000

354-1-C



RECEIVED  
JAN 29 1981

January 28, 1981

ALASKA ENERGY OFFICE

Mr. Don Markle  
State of Alaska  
Dept. of Commerce and Economic Development  
Division of Energy & Power  
7th Floor Mackay Bldg.  
338 Denali Street  
Anchorage, AK 99501

Dear Don:

I'm enclosing the information we discussed on the telephone; I hope it is of use. I feel that unless weather conditions are drastically different at Lime Village (such as heavy cloud cover due to nearby mountains) than at Bethel, the insolation data for Bethel may be used, and the installation of monitoring equipment is not necessary.

The process of deciding on system sizing is highly dependent on the loads. Hence, it is very important that you define precisely what loads are anticipated, the energy required (a function of the instantaneous power and time), and the required storage which depends on the back-up supply time needed. When these figures are decided upon, the minimum necessary array size may be determined using the worst-case winter insolation data. You can then determine what excess would be available for summer usage.

As always, please feel free to get in touch should there be any way I can help.

Sincerely,

A handwritten signature in cursive script that reads "Steve Hogan".

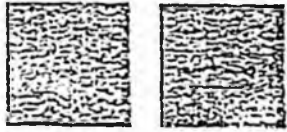
Steve Hogan

SH:ba

Enclosure



355-3110 WSEI Contract L-1  
 WIND SYSTEMS ENGINEERING, INC.  
 Renewable Energy Engineers



1551 EAST TUDOR ROAD  
 ANCHORAGE, AK 99507  
 (907) 274-2627

January 19, 1981

Don Markle  
 State of Alaska  
 Dept. of Commerce and  
 Economic Development  
 338 Denali Street  
 Anchorage, AK 99501

Re: Lime Village Wind Project

Dear Don,

After over three months of data collection from the anemometer located at Lime Village the average wind speed looks dismal. With a 4 mph average it looks doubtful a wind system is practical. The winter winds may prove to be substantially higher than the summer and fall recorded, however a battery storage system would not be practical for the expected period of calm. In brief my recommendation is that a wind system in Lime Village would be a disappointment and should not be attempted. If the legislative intent could be reinterpreted, a photovoltaic system may hold some promise. It would be prudent to install a pyronometer as soon as possible to get some baseline data for design purposes. We would be happy to explore this possibility with you at your convenience.

Sincerely,

*Mark A. Newell*

Mark A. Newell  
 President

January 28, 1981

Mr. Don Markle  
 State of Alaska  
 Dept. of Commerce and  
 Division of Energy &  
 7th Floor Mackay Bldg  
 338 Denali Street  
 Anchorage, AK 99501

Dear Don:

I'm enclosing the info I feel that unless we (such as heavy cloud data for Bethel) may be necessary.

The process of deciding it is very important the energy required (a fun storage which depends decided upon, the mini winter insolation data summer usage.

As always, please feel

Sincerely,

*Steve Hogan*

Steve Hogan

March 17, 1981

The Honorable Sam Cotten  
Chairman, House Finance Committee  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Re: Amendment to H.B.336  
Amendment Request: \$21,547 GF  
Department of Revenue, ARRC.  
Purpose: To fund outstanding  
prior year obligation.

Dear Representative Cotten:

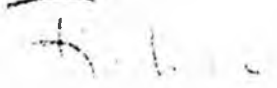
Please revise H.B.336 to appropriate \$21,547 in general funds to fund a prior year obligation of the Alaska Renewable Resources Corporation.

During FY 80, ARRC contracted for technical assistance on a fisheries development project. In the middle of FY 80, the Legislature expressed a desire to reappropriate a portion of ARRC's funds to establish new development projects. When ARRC provided the Legislature with a listing of unobligated funds available for reappropriation, the amount estimated for the fisheries project did not include the technical assistance contract. The Legislature acted on the reappropriation in Chapter 93/SLA 1980 and sufficient funds were not available to pay the bill. ARRC did not lapse sufficient funds at the end of FY 80 to allow payment of the obligation from FY 81 funds.

Please add a new section to H.B. 336 to read as follows:

The sum of \$21,547 is appropriated from the general fund to the Department of Revenue, Alaska Renewable Resource Corporation, to pay a prior year obligation to the Fisheries Project.

Sincerely,

  
Dr. Ronald D. Lehr  
Director

RL/RA/t1

cc: The Honorable Don Bennett and M. E. Dankworth, Senate Finance Committee  
The Honorable Vernon Hurlbert, House Labor and Commerce Committee  
Keith Specking  
Jay Hogan

# MEMORANDUM

State of Alaska

TO Ron Lehr, Director  
Division of Budget & Management  
Office of the Governor

DATE: March 3, 1981

FILE NO.

5080409 RECEIVED  
MAR 6 1981

TELEPHONE NO: 465-2336

FROM <sup>20</sup> Norene Hirsh, Finance Officer  
Administrative Service Division  
Department of Revenue

BUDGET AND MANAGEMENT  
SUBJECT: Supplemental Appropriation  
for Alaska Renewable Resources  
Fisheries Capital Account

The Alaska Renewable Resources Corporation requests a supplemental appropriation to fund a prior year obligation for \$21,546.86 (copy of invoice attached).

Under Ch 80 SLA79 (copy attached) ARRC was authorized \$11,149,800 appropriated from the Development Fund for specific projects. These projects and their appropriations were:

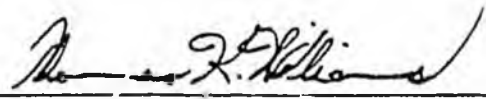
Fisheries Project	\$4,817,900
Timber Project	\$2,753,000
Agriculture Project	\$2,753,000
Renewable Energy Project	\$825,000

During the last legislative session, new legislation was introduced under Ch 93 SLA80 (copy attached) to reappropriate \$5.6 million of the unobligated portions of these appropriations to establish funding for the Forest Products Producers Assistance Fund and the Commercial Fish Processors Assistance Fund.

When residuals from the appropriations authorized in Ch 80 SLA79 were ear-marked for the reappropriation, ARRC alloted too great a portion from the Fisheries Project account, not recognizing that there was still an outstanding obligation against that project. What should have occurred was \$1,440.00 should have been transferred from the Fisheries Project account instead of \$1,469.00, thus leaving an excess to pay the outstanding obligation.

As the appropriation lapsed June 30, 1980 and was not sufficient to pay this bill, advice was solicited from the Attorney General's Office.

By copy of their attached response the Alaska Renewable Resources Corporation hereby requests a supplemental appropriation to meet a fiscal year 1980 Capital obligation.

APPROVED: 

Thomas K. Williams, Commissioner

# MEMORANDUM

# State of Alaska

TO: Hon. T.K. Williams, Commissioner  
Department of Revenue

DATE: December 29, 1980

FILE NO: (Rev.) 4768/4767

ATTN: Norene Hirsh, Fiscal Officer

Division of Admin. Services TELEPHONE NO: 465-3666

FROM: WILSON L. CONDON  
ATTORNEY GENERAL

SUBJECT: Payment of Perkins,  
Coie bill to ARRC

By:

Rodger W. Pegues  
Assistant Attorney General

This responds to your request for advice on this matter.

There is no question that the billing for technical assistance was payable out of the appropriation to ARRC for capital projects for fiscal year 1980. However, to the extent that it exceeds the amount which was lapsed from that appropriation (or if not lapsed, available to pay it), it can only be paid by a supplemental appropriation to ARRC.

The state law on the subject is quite explicit:

An indebtedness arising from a prior year for which the appropriation has lapsed shall be paid from the current year's appropriations, if this expenditure does not exceed the balance lapsed . . . .

AS 37.25.010(b). This statute has consistently been applied to mean just what it says: A prior year's bill cannot be paid from a current appropriation unless an amount sufficient to have paid it was left over from the prior year's appropriation. The purpose of the statute, to prevent agencies from incurring obligations in any year in excess of their appropriations for that year, can only be achieved by applying the statute in precisely this way, and Director of Finance Mullin informs us that it has always been so applied.

Accordingly, if -- as it appears -- there was an over-expenditure and no way to re-allocate money in the appropriation for fiscal year 1980 to cover it, the Perkins Coie billing cannot be paid from the appropriation for fiscal year 1981.

RWP/pjg

cc: Joseph K. Donohue  
Deputy Commissioner  
Department of Revenue

DIST. MADE  
TO: *W.C. L. [Signature]*

March 26, 1981

Honorable Sam Cotten  
Chairman, House Finance Committee  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Amendment to HB 336  
Department of Revenue  
Amendment Requests: \$4,534 GF  
To Pay Shared Taxes Owed to City of Houston

Dear Representative Cotten:

Please revised HB 336 to appropriate \$4,534 GF to the Department of Revenue to pay Shared Taxes owed to the City of Houston for the years 1975 - 1978.

At the time the Legislature created the Municipal Assistance Fund in 1978, the City of Houston had not been receiving shared taxes under the Cross Business Receipts Tax Law because businesses within the Houston City limits were reporting taxes to be shared to another municipality. The City of Houston requested an audit in FY 81 which disclosed that \$4,534 should have been shared with Houston for the years 1975 - 1978. Under the previous law, Revenue would have simply adjusted future payments to the overpaid municipality. However, since that law was repealed and a substantial amount of time has elapsed, a supplemental appropriation is requested.

Please add a new section to HB 336 to read as follows:

The sum of \$4,534 is appropriated from the general fund to the Department of Revenue for the purpose of paying shared taxes owed to the City of Houston for the years 1975 - 1978.

Sincerely,

Dr. Ronald D. Lehr  
Director

Attachments

cc: Senators Ed Dankworth and Don Bennett, Senate Finance Chairmen  
Representative Hurlbert, House Labor and Commerce Chairman  
Jay Hogan  
Keith Specking

RDL/RA/k1

# MEMORANDUM

# State of Alaska

TO: Ronald D. Lehr, Director  
Division of Budget and Management  
Office of the Governor

DATE: March 20, 1981

FILE NO:

5080413

TELEPHONE NO: 465-2300

FROM: Thomas K. Williams *Joseph Williams*  
Commissioner of Revenue

SUBJECT: Supplemental Appropriation  
Request

At the time the legislature created the Municipal Assistance Fund (AS 43.20.016), the City of Houston had not been receiving shared taxes under the previous gross receipts tax law (AS 43.70.080). This was due to the businesses within the Houston city limits reporting taxes to be shared to another Municipality. The City of Houston requested an audit in FY 81 which disclosed that \$4,534 should have been shared with Houston for the years 1975-1978.

Under the sharing provisions of the previous law (AS 43.70.080), our practice was to adjust future payments to the overpaid municipality. However, since the law was repealed, we are requesting supplemental funds to reimburse Houston, and since there is no appropriation available we propose that no adjustment be made against the overpaid municipality.

RECEIVED  
MAR 20 1981  
BUDGET AND MANAGEMENT

March 24, 1981

Honorable Sam Cotten  
Chairman, House Finance Committee  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Amendment to HB 336  
Department of Commerce and Economic Development  
Alaska Power Authority  
Supplemental Request for \$50,000 GF for  
Takatz Hydro Study

Dear Representative Cotten:

Please revise HB 336 to amend Chapter 120/SLA 1980 and appropriate \$50,000 general funds to enable the Alaska Power Authority to conduct a reconnaissance study of the electrical power needs of Sitka beyond Green Lake and to review potential power supply options including the Takatz project.

Please add a new section to HB 336 to read as follows:

Section 53, Chapter 120, SLA 1980, page 81, line 12 is amended to read as follows:

	<u>Appropriation Items</u>	<u>General Fund</u>
Discretionary Study Funds	125,000(75,000)	125,000(75,000)

Sincerely,

Dr. Ronald D. Lehr  
Director

CC: Senate Finance Chairman  
House Labor & Commerce Chairman  
The Honorable Richard Eliason  
Jay Hogan  
Keith Specking  
Eric Yould

RDL/RA/k1

# MEMORANDUM

# State of Alaska

RECEIVED  
MAR 20 1981

TO: Ron Lehr  
Director  
Div. of Budget & Management

BUDGET AND MANAGEMENT

DATE: March 12, 1981

FILE NO:

50808<sup>1</sup>

TELEPHONE NO: 277-7641

FROM: Eric P. Yould <sup>EPY</sup>  
Executive Director  
Alaska Power Authority

SUBJECT: Takatz Study

The Power Authority requests that \$50,000 in funding for the Takatz Study be requested for supplemental FY 81 funding if it can be accomplished in this Legislative session. If not, please reinstate funding for the study in FY 82. The City of Sitka strongly desires to accomplish preliminary analysis of the future power needs beyond Green Lake, and to identify if Takatz is the best project to satisfy those needs. The project development process is very time consuming, and it would require at least 5 to 6 years from completion of this initial study before the project would be completed. Your timely consideration of this request would be appreciated.

Alaska  
Renewable  
Resources  
Corporation

May 22, 1981

526 Main Street  
Juneau, Alaska  
99801  
(907) 465-4616

Honorable Vernon L. Hurlbert  
Chairman  
House Labor and Commerce Committee  
Alaska State House of Representatives  
Pouch Y  
Juneau, Alaska 99811

P.O. Box 828  
Anchorage, Alaska  
99510  
(907) 279-5602  
or (907) 272-2508

Dear Mr. Chairman:

Enclosed is documentation regarding the necessity for covering legal expenses on behalf of applicants and investees in FY 80. Although the attachments explain the predicament in detail, the essence may be summarized as follows:

The 1980 Legislature, through FCCSHB 1023 (CH 93 SLA80), transferred \$5.6 million from the ARRC FY 80 Capital Appropriation (CH 80, SLA 1979) to the Forest Products Producers Assistance Fund (\$5.2) and Commercial Fish Processors Assistance Fund (\$.4).

RESULT: Legal expenses incurred on behalf of clients for TECHNICAL SERVICES (LS 37.12.115) could not be paid to provider because the Capital Account had been depleted by the above action.

REQUIREMENT: The sum of \$21,547 be appropriated from the general fund to pay the prior year (FY 80) obligation.

Again, I want to thank you for your interest in this matter and appreciate your efforts to see that the our obligations are appropriately met.

Sincerely,



William E. Spear  
Chairman

Enclosures



*Richard*

4938  
3711

March 17, 1981

The Honorable Sam Cotten  
Chairman, House Finance Committee  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Re: Amendment to H.B.336  
Amendment Request: \$21,547 GF  
Department of Revenue, ARRC.  
Purpose: To fund outstanding  
prior year obligation.

Dear Representative Cotten:

Please revise H.B.336 to appropriate \$21,547 in general funds to fund a prior year obligation of the Alaska Renewable Resources Corporation.

During FY 80, ARRC contracted for technical assistance on a fisheries development project. In the middle of FY 80, the Legislature expressed a desire to reappropriate a portion of ARRC's funds to establish new development projects. When ARRC provided the Legislature with a listing of unobligated funds available for reappropriation, the amount estimated for the fisheries project did not include the technical assistance contract. The Legislature acted on the reappropriation in Chapter 93/SLA 1980 and sufficient funds were not available to pay the bill. ARRC did not lapse sufficient funds at the end of FY 80 to allow payment of the obligation from FY 81 funds.

Please add a new section to H.B 336 to read as follows:

The sum of \$21,547 is appropriated from the general fund to the Department of Revenue, Alaska Renewable Resource Corporation, to pay a prior year obligation in the Fisheries Project.

Sincerely,

*Ronald D. Lehr*

Dr. Ronald D. Lehr  
Director

RL/RA/t1

cc: The Honorable Don Bennett and M. E. Dankworth, Senate Finance Committee  
The Honorable Vernon Hurlbert, House Labor and Commerce Committee  
Keith Specking  
Jay Hogan

# MEMORANDUM

State of Alaska *K. Williams*

TO: Ron Lehr, Director  
Division of Budget & Management  
Office of the Governor

DATE: March 3, 1981

FILE NO:

5080409 RECEIVED  
MAR 6 1981

TELEPHONE NO: 465-2336

FROM: *no*  
Norene Hirsh, Finance Officer  
Administrative Service Division  
Department of Revenue

SUBJECT: Supplemental Appropriation  
for Alaska Renewable Resources  
Fisheries Capital Account  
BUDGET AND MANAGEMENT

The Alaska Renewable Resources Corporation requests a supplemental appropriation to fund a prior year obligation for \$21,546.86 (copy of invoice attached).

Under Ch 80 SLA79 (copy attached) ARRC was authorized \$11,149,800 appropriated from the Development Fund for specific projects. These projects and their appropriations were:

Fisheries Project	\$4,817,900
Timber Project	\$2,753,000
Agriculture Project	\$2,753,000
Renewable Energy Project	\$825,000

During the last legislative session, new legislation was introduced under Ch 93 SLA80 (copy attached) to reappropriate \$5.6 million of the unobligated portions of these appropriations to establish funding for the Forest Products Producers Assistance Fund and the Commercial Fish Processors Assistance Fund.

When residuals from the appropriations authorized in Ch 80 SLA79 were ear-marked for the reappropriation, ARRC allotted too great a portion from the Fisheries Project account, not recognizing that there was still an outstanding obligation against that project. What should have occurred was \$1,440.00 should have been transferred from the Fisheries Project account instead of \$1,469.00, thus leaving an excess to pay the outstanding obligation.

As the appropriation lapsed June 30, 1980 and was not sufficient to pay this bill, advice was solicited from the Attorney General's Office.

By copy of their attached response the Alaska Renewable Resources Corporation hereby requests a supplemental appropriation to meet a fiscal year 1980 Capital obligation.

APPROVED:

*Thomas K. Williams*  
Thomas K. Williams, Commissioner

# MEMORANDUM

# State of Alaska

TO: Norene Hirsh  
Administrative Services

DATE: August 18, 1980

FILE NO:

TELEPHONE NO:

FROM:

Phil Hubbard

SUBJECT: General Warrant  
Voucher

Please originate general warrant voucher made payable as indicated and charged against the appropriate capital account as authorized by AS 37.12.115 - TECHNICAL ASSISTANCE:

Payee: Perkins, Coie, Stone, Olsen & Williams  
420 "L" Street, Suite 301  
Anchorage, Alaska 99501

Amount: \$21,546.86  
Collation Code: 04-71-7-401 (700) Fisheries

Investors: Stoknavik - \$ 4,706.60

Trinity  
(Nick Delaney) - \$11,229.05

SeaFisher - \$ 161.21

Martin Seafood -\$ 5,450.00

Please "alpha" for immediate processing and flag for no mailing. Call X-4616 when warrants are available for ARRC.

Thank you.

Attachment: Invoice

*(Appld Invoice)  
4/F4-80 Capital  
Accts.)*

\* 5,450.00  
+ 5,450.00  
+ 11,900.00  
+ 11,900.00

G

\* 0.00

\* 3,291.90  
+ 12.00  
+ 3.00  
+ 120.40  
+ 12.00  
+ 104.00  
+ 425.00  
+ 850.00  
+ 410.00  
+ 185.00  
+ 775.00  
+ 375.00  
+ 225.00

Gen. Corp. MATHEW

\* 0.00

\* 0.00

\* 0.00

\* 4,470.00  
+ 775.00  
+ 775.00  
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+ 775.00  
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+ 375.00  
+ 225.00

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\* 16,005.00  
+ 161.21  
+ 104.00  
+ 11,125.00  
+ 6.60  
+ 4,700.00

1.2

\* 0.00

\* 21,546.86  
+ 5,450.00  
+ 161.21  
+ 11,229.65  
+ 4,700.60

CA

IN ACCOUNT WITH  
PERKINS, COLE, STONE, OLSEN & WILLIAMS  
420 "L" STREET - SUITE 301  
ANCHORAGE, ALASKA 99501

AREA CODE 907 - 278 - 8881

PLEASE REFER TO NO. 2654

(IDENTIFICATION NO. 51 - 0591208)

Alaska Renewable Resources Corporation  
P.O. Box 1647  
Juneau, Alaska 99802

June 16, 1980

WCB/jwg

Professional services for the month of April 1980 with respect to the following matters:

STOKNAVIK VESSEL FINANCING

Conferences with Messrs. Olson and Littleton to discuss status of matter; review of documents; correspondence and telephone conferences with Mr. Godfrey; telephone conference with Alaska Native Foundation; conferences regarding review of promissory notes for usury, issues on formation of corporation, loan agreement and agreement with Icicle; preparation of Fish Purchase Agreement and other loan documents; research regarding loans by corporation to directors and officers under Alaska law; filing of Articles of Incorporation; telephone conference and correspondence with Alaska Department of Commerce regarding correction of Articles of Incorporation; revision of organizational meeting documents; telephone conferences with Mr. Price; review of documents; conferences with Olson, Godfrey, McConnell and Koweluk regarding closing procedures.

TOTAL-----\$ 4,280 T.A. P

KEN JOHNSON FINANCING (PACIFIC BARGE)

Preparation of Note, Security Agreement, Corporate Resolution and Financing Statement.

TOTAL-----\$ 1,225 COP

TEPA STOCK PURCHASE

Telephone conference with Mr. Olson regarding investigation by Attorney General; conference regarding privilege; file review; telephone conferences and interview with Attorney General's office.

TOTAL-----\$ 363 <sup>corp</sup>

SEAWARD SHIPYARD

Telephone conferences with Messrs. Hubbard, Littleton and Shrum regarding closing; preparation and review of closing documents; correspondence with Messrs. Brown and Littleton; telephone conferences and meeting with Mr. Olson regarding document execution; conferences with Mr. Courtage regarding Macdonald deed of trust consent; telephone conferences with Messrs. Brown and Hubbard regarding funding; preparation of Financing Statements and Supplemental Security Agreement; filing of Financing Statements in Juneau and Ketchikan; telephone conferences with Messrs. Brown and Hubbard regarding final disbursement.

TOTAL-----\$ 725 <sup>corp</sup>

SEA FISHERY

Correspondence with UCC Division of Department of Commerce and Economic Development; review of closing documents.

TOTAL-----\$ 185 <sup>corp</sup>

ANCHOR RENEWABLE FARMS

Conferences with Messrs. Olson and Littleton to discuss Construction Loan Agreement; revision of Construction Loan Agreement, Licensing Agreement and Promissory Note.

TOTAL-----\$ 410 <sup>corp</sup>

IKE WHITECROW LOAN

Telephone conference with Mr. Spear; research regarding security interests in patents; preparation of License and Grant

Agreement; preparation of loan documents; conferences with Messrs. Olson and Littleton.

TOTAL-----\$ 850 <sup>conf</sup>

NICK DELANEY

Review of proposal; meetings and telephone conferences with Mr. Price regarding documentation requirements, redocumentation of vessel and loan closing; research and telephone conferences with Alaska Department of Commerce regarding name availability; telephone conferences with Mr. Goldade regarding marine survey; telephone conferences, correspondence and meetings with client and Mr. and Mrs. Delaney regarding procedure and corporate requirements, name of company, registered agent, and documents; research regarding licensing; agreements and warranty questions; telephone conference with Alaska Department of Commerce regarding filing of Articles of Incorporation; review of status of outstanding amounts with Alaska Pacific Seafoods; telephone conferences with Mr. Van Leuven; telephone conference with Mr. Parpenetti in Juneau regarding Certificate of Incorporation and certification of vessel; review of correspondence regarding insurance; telephone conference with insurance broker; telephone conference and correspondence with Ms. Traylor; review of ship construction contract; forwarding of documents to Mr. Price; preparation of Subscription Agreement, Articles of Incorporation, Bylaws, incorporation documents, Pre-Incorporation Agreement, Loan Agreement, Subordinated Note, Bill of Sale, Preferred Mortgage, stock certificates, Affidavits, directors' resolution for consent in lieu of organizational meeting, resolution regarding assumption of obligation, Consent to Mortgage, Closing Memorandum, officer's certificate, suppliers' certificates, and affidavits of suppliers; filing of documents; staff conferences regarding meeting with client, formation of corporation, Articles of Incorporation and Bylaws, legends on stock, filing of Articles of Incorporation, organizational meeting, preparation of documents, execution of documents, bank resolutions; execution of Pre-Incorporation Agreement and Articles of Incorporation.

TOTAL-----\$11,125 <sup>7.6.</sup>

PINE'S SAWMILL FINANCING

Client conferences regarding loan terms; preparation of Note, Security Agreement and Financing Statements; telephone

conference with Mr. Littleton regarding title to vehicles;  
correspondence with client regarding Financing Statements.

TOTAL-----\$ 425 <sup>corp</sup>

MARTIN'S SEAFOOD FINANCING

Conference with Mr. Littleton to discuss terms; research regarding permissibility of prepayment penalties under Alaska law; review of documents; telephone conferences with Alaska Title Guaranty Company regarding title report; order preliminary commitment report; preparation of Loan Agreement, Deed of Trust, Convertible Note Agreement, and Security Agreement; telephone conference with client regarding loan documents; telephone conference with Mr. Holland's office; research regarding consequences to lender of exercising control over borrower's operations; conference regarding research; telephone conferences with Messrs. Littleton and Thurlow.

TOTAL-----\$ 5,450 <sup>T.P.</sup>

*Approved: [Signature]*  
*Contract: General Corporate matters* 3,497.80  
*Technical Assistance* 21,546.86  
~~16,516.10~~  
\$ 25,044.6

Total Services-----	\$24,520.00
Disbursements (per attached statement)-----	<u>524.66</u>
TOTAL SERVICES AND DISBURSEMENTS-----	\$25,044.66

Note balance due from previous statements-----	-- <u>\$11,714.75</u>
TOTAL DUE-----	<u><u>\$36,759.41</u></u>

Disbursements recorded in the month of April as follows:

GENERAL

Filing fee with Department of Commerce----\$ 82.00  
Xerox----- 22.60 / \$104.60 *T.P.*

STOKNAVIK

Xerox----- / 6.60 *T.P.*

KEN JOHNSON FINANCING

Filing of financing statements - Juneau---\$ 6.00  
Filing of financing statements - Anchorage 6.00 / \$ 12.00 *T.P.*

SEAWARD SHIPYARD FINANCING

Air freight to Ketchikan-----\$ 46.00  
Filing of financing statements - Ketchikan 6.00  
Filing of financing statements - Juneau--- 6.00  
Xerox----- 62.40 / \$120.40 *T.P.*

SEA FISHER LOAN

Phone-----\$ 4.05  
Landweer Co. mortgage exp.----- 156.16  
Xerox----- 1.00 / \$161.21 *T.P.*

STEIK ENTERPRISES LOAN

Xerox----- / \$ 3.80 *T.P.*

NICK DELANEY

Application for reservation of name-----\$ 10.00  
Messenger service----- 7.00  
Filing of Articles of Incorporation,  
franchise tax----- 82.00  
Phone----- 5.05 / \$104.05 *T.P.*

PINE'S SAWMILL FINANCING

Filing of Financing Statements-Fairbanks--\$ 6.00  
Filing of Financing Statements-Juneau----- 6.00 / \$ 12.00 *T.P.*  
TOTAL DISBURSEMENTS-----\$524.66

THE FOLLOWING DOCUMENT(S) MAY NOT FILM  
LEGIBLY BECAUSE OF POOR QUALITY OF THE  
ORIGINAL.

	ALLOCATIONS	APPROPRIATION ITEMS	APPROPRIATION FUND SOURCES	
			FUND	
			FINAL	OTHER
			FUND	FUNDS
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THE PRECEDING DOCUMENT(S) MAY NOT FILM  
LEGIBLY BECAUSE OF POOR QUALITY OF THE  
ORIGINAL.

# MEMORANDUM

State of Alaska

TO: Hon. T.K. Williams, Commissioner  
Department of Revenue

DATE: December 29, 1980

ATTN: Norene Hirsh, Fiscal Officer  
Division of Admin. Services

FILE NO: (Rev.) 4768/4767

TELEPHONE NO: 465-3666

FROM: WILSON L. CONDON  
ATTORNEY GENERAL

SUBJECT: Payment of Perkins,  
Coie bill to ARRC

By:

Rodger W. Pegues  
Assistant Attorney General

This responds to your request for advice on this matter.

There is no question that the billing for technical assistance was payable out of the appropriation to ARRC for capital projects for fiscal year 1980. However, to the extent that it exceeds the amount which was lapsed from that appropriation (or if not lapsed, available to pay it), it can only be paid by a supplemental appropriation to ARRC.

The state law on the subject is quite explicit:

An indebtedness arising from a prior year for which the appropriation has lapsed shall be paid from the current year's appropriations, if this expenditure does not exceed the balance lapsed . . . .

AS 37.25.010(b). This statute has consistently been applied to mean just what it says: A prior year's bill cannot be paid from a current appropriation unless an amount sufficient to have paid it was left over from the prior year's appropriation. The purpose of the statute, to prevent agencies from incurring obligations in any year in excess of their appropriations for that year, can only be achieved by applying the statute in precisely this way, and Director of Finance Mullin informs us that it has always been so applied.

Accordingly, if -- as it appears -- there was an over-expenditure and no way to reallocate money in the appropriation for fiscal year 1980 to cover it, the Perkins Coie billing cannot be paid from the appropriation for fiscal year 1981.

RWP/pjg

cc: Joseph K. Donohue  
Deputy Commissioner  
Department of Revenue

DIST. MADE 12/31

TO: *Mr. Williams*

# STATE OF ALASKA

## OFFICE OF THE GOVERNOR

BUDGET & MANAGEMENT

POUCH AM — JUNEAU 99811  
PHONE 465-2213

JAY S. HAMMOND, GOVERNOR

March 18, 1981

The Honorable Sam Cotten  
Chairman, House Finance Committee  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Re: Amendment to H.B.336  
Department of Commerce  
& Economic Development  
Supplemental request for  
\$1,661,100 general funds  
for the Energy Audits and  
Refunds and Grants.

Dear Representative Cotten:

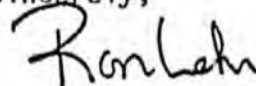
Please amend H.B.336 to appropriate \$1,661,100 in general funds to the Department of Commerce & Economic Development for the Energy Audits and Energy Grants and Refunds programs. This appropriation adjustment is necessary because program funds have been depleted and demand for the program continues at an extremely high level.

This supplemental appropriation will fund about 3500 audits for the period from April 1 to June 30, 1981.

Please add a new section to H.B.336 to read as follows:

The sum of \$1,661,100 is appropriated from the general fund to the Department of Commerce & Economic Development for the energy audits program under AS.46.11.030 and energy refunds and grants under AS.45.89.020.

Sincerely,



Dr. Ronald D. Lehr  
Director

cc: The Honorable Don Cannett and Ed Dankworth  
The Honorable Vern Hurlbert  
Keith Specking  
Jay Hogan

# MEMORANDUM

State of Alaska

MAR 03 1981

RECEIVED

BUDGET AND MANAGEMENT

TO: Ron Lehr, Deputy Director  
Division of Management and Budget  
Office of the Governor

DATE: February 20, 1981

FILE NO: 5-080808

GOVERNORS OFFICE  
TELEPHONE NO:

Thru: Charles Webber  
Commissioner  
Department of Commerce and Economic  
Development

SUBJECT: Request for \$1,621.1  
Supplemental Funds for the  
Residential Energy Conservation  
Program

From: Clarissa Quinlan, Director  
Division of Energy and Power Development  
Department of Commerce and Economic  
Development

## BACKGROUND

The Residential Energy Audit Program was mandated by the 1980 Legislature in SB 438. The legislation was quite comprehensive and provided for a great many new and innovative programs in the energy field. A new program providing for the subsidized performance of residential energy audits by State trained and certified auditors was a part of Legislation. Additionally grants or refunds were to be made available to homeowners for up to \$300 for single-family residences and \$200 for each multi-family residence for those energy conservation measures having a seven year pay back or less as substantiated by a residential energy audit.

There were numerous problems in implementing the three interrelated phases of this program. The program was completely implemented by December 1, 1980. Prior to that in October the program was initiated with provisional procedures in those communities where commercial energy audits were already available. The Division, in the original fiscal note accompanying the Bill, had projected that approximately \$1.28 million would be required to subsidize approximately 10,000 audits at a cost of \$128 per audit.

It was found, when we began actual implementation of the program, that the costs of the audits have justifiably varied from community to community with \$128 being the lowest cost. In order for the higher cost (rural) areas of Alaska to participate in this statewide program, less than 10,000 audits could be accomplished.

Demand for participation in the State sponsored energy auditor training has been overwhelming. Classes in the urban centers were filled within one day after open registration and waiting lists have been long. The Division was also recruiting and training instructors as well as establishing new curricula for Residential Energy Auditing course work. The public's response to this program has far exceeded the financial resource allocations in the original legislation.

Memo to Ron Lehr, Deputy Director  
Request for \$1,621.1 Supplemental Funds for the  
Residential Energy Conservation Program  
Page Two

Since the implementation of the program and with only four months remaining in FY 81, we will have expended \$1.0 million in contracts (either completed or in process) and obligated the remaining balance by the end of March for the performance of approximately 7,700 audits.

A new occupation has been developed through this program and many individuals have been provided with employment since December, 1980. The Division has been inundated with calls demanding energy audit training and requesting information about residential energy audit contracting procedures. The existing contractors are approximately three to four weeks backlogged with requests from residents for energy audits. The demand for more State auditors is clearly present.

At this time, the program has momentum, good public acceptance and high participation from the audit contractors and the general public. It would be detrimental to the program to be forced to terminate the training and contracting due to lack of funds, especially since the contractors in all except some very rural areas will have performed the maximum allowed under their contracts on or before March 31, 1981. Without supplemental funding the energy audit program will be in limbo until FY 82 funding becomes available in July 1981.

BENEFIT GAINED BY CONTINUED OPERATION

1. Energy audits alone can (if stated energy conservation "practices" shown in the energy audit are implemented) save the average homeowner approximately 25% in annual energy costs. The 25% savings is verified by the Department of Energy in their brochure entitled "Low Cost No Cost". They state that:

By following all the suggestions, or whichever ones apply to you, we think you can save 25% of your fuel oil, gas and electricity bills. At current energy prices, these suggestions will put from \$100 to \$500 a year back into your pocket in a typical home ... Due to higher fuel costs this year, your energy bill will probably go up--however, if you follow low cost/no cost your bill could be reduced by 25%. Savings in this brochure are based on costs of 5¢ per kwh for electricity, 37¢ per therm for gas and 80¢ per gallon for oil. If your costs are higher your savings will be too.

2. A homeowner's "awareness" of possible energy conservation practices and measures is considerably heightened and a great deal of energy education occurs during the course of the home audit.
3. Newly obtained employment will be continued.
4. Energy conservation measures will continue to be installed in homes statewide thus saving the individual homeowner dollars expended for energy often decreasing the use of fossil fuel.

Due to the above, we request the supplemental appropriation in order to maintain continued operation of this highly valuable energy conservation program. Supplemental request is based on inclusion of staffing requested in previously submitted revised program request.

REQUEST FOR SUPPLEMENTAL FUNDING FOR REMAINDER OF FY 81 (MARCH THROUGH JUNE)

<u>Audit Development</u>	<i>P.D. for Travel</i>	<i>14.0 7.6</i>	<u>Account Code</u>
Technical review and upgrading of Residential Energy Audit		\$ 15.0	
Professional Services for Commercial and Institutional Energy Audit Standards		25.0	
Total		<u>40.0</u>	300
<u>Training</u>			
Professional Services for Revision of training materials		5.0	300
Instructors fees for four additional intensive workshops (Sitka, Unalaska, Dillingham, Nome)		12.0	
Travel and Per Diem		5.0	200
Instructors fees for approximately 10 Residential Energy Auditor recertification and proficiency upgrading workshops (2 Fairbanks, 3 Anchorage, 1 Juneau, 1 Ketchikan, 1 Bethel, 1 Kodiak, 1 Barrow)		26.4	300
Travel and per diem		10.2	200
Training materials and supplies (Residential Energy Audit classes, Recertification workshops, Professional Commercial Auditor Seminars)		10.0	300
Total		<u>\$ 68.6</u>	
<u>Energy Audits</u> (approximately 3,500 Statewide)		<del>2000.0</del> 500.0	300
Required forms and manuals		<del>80.0</del> 20.0	300
<u>Energy Refund/Grants</u>			
An additional 3,500 audits Statewide calculated at approximately \$275 per audit		<del>2000.0</del> <del>502.5</del>	700
<u>Monitoring of Energy Audits</u>			
These funds will be used to insure that the audit quality is maintained by all energy auditors performing the State Energy Audit. These funds will provide quality control checks on all audits completed. On-site checks will be made on auditors.		<del>170.0</del> <del>530.0</del>	300
<u>Homeowner Workshops</u>			
"How-to-do-it" homeowner workshops to be sponsored in 5 Alaska communities under the auspices of a local community organization.		<del>40.0</del> <del>20.0</del>	300
<u>Statistical Analysis &amp; Information Retrieval</u>		<del>50.0</del> <del>20.0</del>	300

TOTAL

\$ 1,661.1

Can you...  
 auditing...

*On-site  
checks*

Are you using too much fuel to heat your home?

Home Energy Audits are now available in the Nome area.

Having your home checked out can mean:

1. That you can find out where your house is losing heat and ways to cut your fuel consumption;
2. That you may be eligible for up to \$300.00 in grants from the State of Alaska to make repairs, insulate and cut heat loss;
3. That you may be eligible to borrow up to \$5000. at 5% interest from the State to make major weatherization repairs on your home.

For more information contact Frank DiCostanzo, State certified home energy auditor at 2739.



25  
Energy Audits  
Funds Low

ANCHORAGE (AP) — The \$1.2 million appropriated by the 1980 Legislature for residential energy audits in fiscal 1981 will be obligated by mid-March, the Division of Energy and Power Development says.

Director Clarissa Quinlan said during the last eight weeks alone the division has contracted for some 6,300 residential energy audits at a cost of \$1 million.

The program provides for state-financed energy audits of homes, with grants, refunds and low-interest loans available for energy conservation measures recommended by the audits.

Gov. Jay Hammond has asked the Legislature to continue the program at a similar level of funding for fiscal 1982.

SERVICE

Fairbanks  
News Miner  
Fairbanks, AK  
FEB 3 1981

ate roundup 25

# Energy audit funds committee

By The Associated Press

ANCHORAGE—The \$1.2 million appropriated by the 1980 Legislature for residential energy audits in fiscal 1981 will be obligated by mid-March, the Division of Energy and Power Development says.

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The state... end of the year Mitchell said reorganization

70  
25

# Popular state energy audits draw huge response from homeowners

By JEANNE ABBOTT  
Daily News homes editor

**T**he biggest bargain in town has homeowners beating a path to the doors of a new collection of businesses

called energy auditors. For only \$10, a homeowner (or renter) can have his home analyzed for energy efficiency. Although the audit costs an average of \$125 to perform, the state picks up most of the cost. Most auditors are swamped with requests for the service.

"We've had an overwhelming response," says Dana Hedden of Heat Loss Analysis, one of 20 firms in Anchorage certified to perform the state-subsidized audits. "There are more requests for audits than money allocated for them."

The legislature appropriated \$2.2 million for the residential audits for fiscal year 1981. According to Steve Vaden of the Alaska Energy and Power Development office, the money for the audits has already been contracted out.

"When the auditors complete their contract, we won't be able to renew unless the legislature appropriates more money," Vaden said this week.

"But because we've committed the money doesn't mean a homeowner can't get an audit. The quota hasn't been filled, an auditor can provide the

6 The grants are going faster than the loans, because it's upfront money.

service until his money runs out."

Based on the strong response, it is expected that most quotas will be filled by mid-March. The audits only began eight weeks ago.

Says Vaden: "Some contracts will run out faster than others."

When a homeowner or renter calls a company to request an audit, the appointment will generally be arranged for a two- to three hour period.

During the appointment, an auditor will make an on-site inspection of the heating system, insulation, caulking and weatherstripping plus looking at the history of energy bills.

Vaden says all of the auditors were trained in November and passed an examination to be certified.

"An auditor will write up a report indicating how much energy a home is losing, and what can be done to improve the situation," he says.

The state legislature also appropriated money for outright grants and loans to undertake measures recommended by the audit.

Some \$2.2 million was allo-

cated for the grants which provide \$300 per housing unit (\$200 for a duplex) to fund the simpler measures — insulation, caulking, weatherstripping.

For major projects, like heat conversion, there are loans of up to \$5,000 available at low interest. The loans are administered through the state Division of Business Loans. They are part of a \$1.6 million program.

Vaden said 79 grants had been awarded through the energy office, and 42 of those were dedicated in January. The total amount awarded is \$22,000.

"The grants are going faster than the loans, because it's upfront money," says Vaden. With the grants, an audit must show that the money can be recouped in energy savings within seven years.

"Out of the \$22,000 we can already project a \$16,000 savings within the first year alone," he says. "That's pretty encouraging."

There are a total of 68 auditors certified statewide in Anchorage, Fairbanks, the Mat-Su Valley, Kodiak, Kenai, Juneau and Ketchikan. Training programs are yet to be held in Valdez, Bethel and Barrow.

Vaden said Gov. Jay Hammond has asked the legislature to continue the program, with an 8 percent increase in funding.

Numbers to call for an audit are:

- Alaska Energy Audits — 277-9342.
- Alaska Home Evaluators — 276-9254.
- Anchorage Community Development Corp. — 276-1625.
- Garnet-Adams — 349-4729.
- Bilderbach Enterprises — 344-5736.
- Chugach Electric Association — 276-3500.
- Arctic Energy Management — 266-1511.
- Heat Loss Analysis — 277-1601.
- Kyle Green — 376-5920.
- Charles Johnson — 688-2036.
- John Matus — 349-5087.
- C. Howdy Smith — 333-0769.
- Fred Thoman — 337-5609.
- Alaska Weatherbeaters — 243-5029.
- Pat Meyer — 344-5163.
- Charles Richner — 333-6272.
- Jean Currey — 344-8543.
- D. C. S. Energy Audits — 264-4870.
- Relches Services — 276-3760.
- John Werner — 276-6379

# State takes conservation lead with residential energy audits

By Empire Staff

Alaska took the lead in residential energy conservation last spring when the Legislature created a comprehensive energy act.

Part of the legislation provides for state-financed energy audits of residences with grants, rebates and low-interest loans available to the homeowner who wants to implement the improvements recommended by the audit. There is no obligation to make any of the improvements suggested by the audit.

For \$10 a resident can have his home inspected by a specially contracted auditor—not a state employee—to find out where heat losses are occurring and receive recommendations on how to make the home more energy efficient.

The two to three hour audit costs about \$128, but the state pays for all but \$10 of the audit.

People interested in having an energy audit of their home should contact Steve Shannon, an energy specialist with the Division of Energy and Power Development at 465-2591 or write to him at Pouch "D", Juneau, Alaska 99811.

An auditor will make a variety of recommendations ranging from no-cost energy-saving projects a homeowner can do himself to massive retrofits.

News Miner

Fairbanks AK

JAN 28 1981

undertakings such as installing insulation, weatherstripping windows and doors, and upgrading the heating system, the heating system, and weatherstripping the window and doors, said Shannon. An auditor will take a look at the insulation levels of the home, the heating system, the heating system, and weatherstripping the window and doors, said Shannon. An auditor will also take a "thumbnail" look at the solar potential of the home, he said.

There are no income requirements for a person to qualify for an energy audit. Once an audit is completed the state will provide grants or funds of up to \$300 for the purchase and installation of energy saving items that are recommended by an approved auditor. A homeowner shown to have a payback of seven years or less, said Steve Baden, public information officer for the Division of Energy and Power Development.

People who have received an approved energy audit of their home may also qualify for a low-interest loan up to \$5,000 for energy saving improvements that the energy audit recommended. The energy audit will have a payback of less than 10 years.

Audits in Juneau are just beginning. The office is located on the second floor of the State Office Building.

ALASKA CLIPPING SERVICE

Anchorage Times  
Anchorage, AK

FEB 3 1981

## Energy audits now hot item

Associated Press

Anchorage — The \$1.2 million appropriated by the 1980 Legislature for residential energy audits in fiscal 1981 will be obligated by mid-March, the Division of Energy and Power Development says.

Director Clarissa Quinlan said during the last eight weeks alone the division has contracted for some 6,300 residential energy audits at a cost of \$1 million.

The program provides for state-financed energy audits of homes, with grants, refunds and low-interest loans available for energy conservation measures recommended by the audits.

Gov. Jay Hammond has asked the Legislature to continue the program at a similar level of funding for fiscal 1982, but that money, if approved, will not become available until July 1.



### ALASKA RESIDENTIAL ENERGY CONSERVATION

The Division of Energy and Power Development will make grants/refunds up to \$300 for the purchase and installation of energy saving improvements recommended by an approved audit. You may also qualify for a 15% loan up to \$5,000. There is a \$10 charge per audit.

For more information and a list of contracted auditors call the Fairbanks audit information number

479-4383

H B

366



BAulett Act  
not good - Histg

Auto-rural  
Housing Program  
constructed 100's  
of houses -

- Design inspection -  
Poorly constructed  
Poor Insulation

Alaska Legal Services  
on behalf of residents  
1965 - of litigation  
most settled 3 yrs  
ago -

Alaska Legal Services -  
Tillery - Judge Conzantile  
State program -

Craig Tillery

HB 366

ALSC

NAME

Bill No.

Representing

LAW OFFICES OF  
ALASKA LEGAL SERVICES CORPORATION  
615 "H" STREET, SUITE 100  
ANCHORAGE, ALASKA 99501  
TELEPHONE (907) 272-9431

MEMORANDUM

TO: Dian Bergstran  
FROM: Cooper Geraty  
RE: Mathew; Legislative Refund  
DATE: March 3, 1981

The rationale for refunding the money paid to ASHA by class members is quite simple:

- (a) Class members contracted with ASHA for a safe, sanitary, habitable house. They did not receive the benefit of their bargains. They were forced to live in substandard housing and had major out-of-pocket costs (especially extremely high heating bills due to substandard insulation, materials, design, and construction);
- (b) Refunding the money is good public policy. A refund will encourage these residents and other residents of government-subsidized housing to pay their bills. If no refund is provided, then those persons who did not make their payments will be rewarded, and those persons who did make their payments will be penalized;
- (c) Class members will receive new mutual-help housing pursuant to the companion case, Erik v. HUD. However, the class members will have to pay for the new houses. In addition, due to inflation the new houses will be very much more expensive than the old ASHA houses. (Note: In making this argument remember that no person will have to pay more than approximately 25% of their income in house payments.)

Memorandum  
Page 2  
March 3, 1981

- (d) Finally, a repayment will restore the State's proper reputation for dealing ethically, morally, and justly with its Bush residents.

CG/csn

# Natives win another round in home fight

BY CARR  
Times reporter

Hundreds of Alaska Natives in five years ago accused federal and state authorities of building substandard houses for them are in line to receive title to the homes under the terms of an out-of-court settlement reached this week.

The settlement — concluded between Alaska Legal Services Corporation, which represented the Natives, and Alaska State Housing Authority — also provides the opportunity for the natives to get back more than \$2,000 they have spent for the homes.

The settlement was filed yesterday in Superior Court in Anchorage and, if approved by Superior Court judge, would end the state court portion of the lawsuit's complicated legal

journey that began in federal court in 1976.

Representatives of both sides were pleased with the agreement.

"We think it is a just settlement," said Cooper Gerety, a legal services lawyer.

ASHA director John Curtis said the settlement, which follows the U.S. Department of Housing and Urban Development's pledge last week to pay \$31 million to replace or refurbish the homes, is good for the state.

"Our interest is in providing housing in the state. If we decided it's a good idea to build \$30 million worth of homes in the bush, that's the business HUD is in. We see it as a good thing for Alaska," Curtis said.

The lawsuit filed five years

See Back Page, NATIVES

## Natives win another round in court battle over homes

Continued from Page A-1

ago in federal court, claimed hundreds of remote homes financed by HUD and built by ASHA in 1969 and 1970 were defective and substandard. About \$2 million was spent on the homes in 18 villages.

Hastily constructed homes built during the life of the program almost immediately began developing problems including leaking roofs, inad-

quate plumbing and poor insulation.

"It was not a successful program," Curtis said Wednesday.

The construction program — called the Bartlett program after former Sen. Eeb Bartlett, who led the drive for funding, originally envisioned 10 years of assistance to Native Alaskans to upgrade homes. The program, however, was dropped after two years.

A federal court judge in 1978 dismissed the case against ASHA but lawyers refiled the lawsuit against the state agency in state court. ASHA has consistently denied the allegations in the suit.

Under the terms of last week's federal court settlement, HUD agreed to begin a three-year, \$31 million program to build or repair 347 homes.

The settlement of the state court suit against ASHA

pledges ASHA to cancel all the debts incurred by the Natives in buying the houses and to turn over title to the homes.

In return, the Natives represented in the suit agree to waive all legal claims arising from the housing program.

The settlement also permits Alaska Legal Services lawyers to ask the state legislature to give back the money Natives have already paid on the homes.

TOTALS - ALL Villages

TOTAL  
PAYMENTS

1	AKIACHAK	1658246
2		
3	CHEFORNAK	1418914
4		
5	EMMONAK	1738886
6		
7	KIANA	1674332
8		
9	KIVALINA	500015
10		
11	KOTLIK	1906139
12		
13	MINTO	78757
14		
15	NOORUICK	3223267
16		
17	QUINHAGAK	318235
18		
19	SHISHMAREF	2392945
20		
21		
22	BUCKLAND	0
23		
24	CHEVAK	2038822
25		
26	HOOPEr BAY	1500411
27		
28	Mt. Village	1619015
29		
30	Pilot Station	773018
31		
32	POINT HOPE	1847592
33		
34	SCAMMON BAY	1255596
35		
36	Selawik	0
37		
38	TOTAL ALL VILLAGES;	<u>23938190</u>
39		
40		

VILLAGE: AKIACHAK

TOTAL  
 PAYMENTS

1461.24
847.64
689.05
1953.18
751.20
2145.17
2685.28
540.00
677.06
1132.85
733.06
799.88
814.00
596.20
756.65

TOTAL:

16582.46  
 1658