

ALASKA LEGISLATURE COMMITTEE FILES 1901-1902 8072

1776 HLC HB 741 - HB 886

HOUSE

FURTHER: FINANCE

(5)

2/8/82

Date: 2-3-82

Mr. Speaker:

The Committee on LABOR & COMMERCE has had HB 741

"An Act relating to certificates of fitness."

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

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

MEMBERS SIGNING
DO PASS

Bob Calma

Terry Mastros

Dr. J. Rogers

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Don't Pass

Tommy Gaudin

Terry Mastros

CHAIRMAN

of fitness

NOTE Work Dept of C.S
has been rec'd.

CS rec'd. 7/1/82
F/N requested

Date Introduced 2-8-82

H Rec'd. 2-8-82

Referrals Finance

Comm. Hearing 3-3-82 - Passed with amendment / Sent to legal services for finalizer.

Comm Action

3/9/82 sent to chief clerk's office @ 9:25 A.M.

3-10-82 Judy Knight pending a revised F/N to Finance.

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 5, 1982

SUBJECT: Certificates of fitness
(CSHB 741)

TO: Representative Terry Martin
Chairman, House Labor and
Commerce Committee

FROM: Diane T. Colvin *DTC*
Legislative Counsel

You submitted to us a request for a Committee Substitute for HB 741, incorporating certain amendments approved by the Labor and Commerce Committee. It is not clear to me, after reviewing the draft you submitted and discussing the draft with your staff, the intent of the committee in regard to certificate renewal. It appears that you intend that a certificate be valid for a period of five years and when that period expires, to require the certificate holder to apply for a new certificate rather than simply renewing the certificate. I have drafted the CS accordingly.

*JOAN
did you
JEFF*

If this is not your intent, please contact us and we will prepare another draft for your review.

DTC:ljb

Enclosure

Colvin ✓

Original sponsor: Labor and Commerce
Committee

BY THE LABOR AND
COMMERCE COMMITTEE

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 741 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to certificates of fitness."

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

8 * Section 1. AS 18.62.010 is amended to read:

9 Sec. 13.62.010. CERTIFICATE OF FITNESS REQUIRED. A person may not
10 perform, nor may a person employ another person to perform, work [IN
11 CONNECTION WITH WORK PERFORMED] subject to the standards established in
12 AS 18.60.580 and 18.60.705 [, A PERSON MAY NOT BE EMPLOYED] without a
13 valid certificate of fitness to perform the work, except that a certifi-
14 cate of fitness may not be required of employees of an electric utility
15 which does not have within its service area any portion of a city, ^{or}
16 unified municipality having more than ^{1,000} 2,500 population.

17 * Sec. 2. AS 18.62.030 is amended to read:

18 Sec. 18.62.030. FEE. An applicant shall pay a [AN INITIAL] fee of
19 \$50 at the time of [\$15 WITH HIS] application.

20 * Sec. 3. AS 18.62.040 is amended to read:

21 Sec. 18.62.040. DURATION OF CERTIFICATE. The department may
22 cancel a certificate for cause. [^{public protection for quality} Certificates, if not cancelled for
23 cause, are ^{renewable} renewable upon payment of a [AN ANNUAL RENEWAL] fee of
24 \$15 once every ^{kind} [three] years [\$5].]

25 * Sec. 4. AS 18.62.060 is amended to read:

26 Sec. 18.62.060. POWER OF THE DEPARTMENT. The department shall
27 issue orders [, RULES] and adopt regulations necessary to carry out the
28 purposes of this chapter.

29 * Sec. 5. AS 18.62.070 is amended by adding a new section to read:

1 Sec. 18.62.075. EXEMPTION FOR WORK ON RESIDENCE. Nothing in this
2 chapter prohibits a person from performing electrical or plumbing work
3 on that person's single-family residence. if the work is performed in
4 accordance with the standards established in AS 18.60.580 and in AS 18.-
5 60.705.

6 * Sec. 6. AS 18.62.050(b) is repealed.
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STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

December 29, 1981

SUBJECT: Amendments relating to certificates of
fitness (Work Order No. 12-2186)

TO: Representative Terry Martin, Chairman
House Labor and Commerce Committee
Attn: Ray Tyson, A.A.

FROM: Diane T. Colvin
Legislative Counsel

You asked us to draft a bill incorporating certain amendments to Chapter 62, Certificates of Fitness. The draft you submitted to us was not prepared by this office. The attached draft bill which we prepared follows closely, with one exception, your draft. We have made minor changes in wording for purposes of uniformity and clarity.

The exception referred to is sec. 5 of the draft you submitted. It added a new subsection to AS 18.62.070 to exempt from Chapter 62 persons who perform plumbing work on their own homes. This is not incorporated in the attached draft bill because it is already provided by law. AS 18.60.715(c) reads as follows:

Nothing in secs. 705 - 740 of this chapter prohibits a person from performing plumbing work on his own property.

This exemption is contained in Chapter 60, Article 8, Plumbing Code. This is a more appropriate place for an exemption of this type than in Chapter 62.

If for some reason this exemption does not meet your requirements, or, if you believe AS 18.60.715(c) should be amended, please let us know.

DTC:ljb

Attachment

THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill 741

Title "An Act relating to Certificate of Fitness"

Requested by Labor and Commerce Committee

Date 3/3/82

II. FISCAL DETAIL

Agency Affected Labor

Program Category Affected Public Protection

BRU, Program, or Subprogram(s) Affected Labor Standards and Safety

(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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
Program Receipts	0	38.0*	38.0	38.0	38.0*	38.0

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME	0	0	0	0	0	0
PART TIME						
TEMPORARY						

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

The initial fee for Certificate of Fitness for plumbers and electricians will be increased by \$35. The current new applications for both plumbers and electricians average 760 per year. This average number of new applications is used for our projection.

Assumes and effective date of July 1, 1982.

*The impact of this bill is estimated to generate \$56.3 in revenues in FY '83 and FY '86. It is anticipated that the renewal fees will average out for the next five years.

IV. DATE 3/3/82

PREPARED BY Nico Bus

AGENCY Department of Labor

PHONE 465-2720

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Certificates
of Fitness
(plumbers &
electricians)

HOUSE BILL NO. 741, by the Labor & Commerce Committee.
Amends statutes governing the issuance of Certificates of Fitness for plumbers and electricians.

Clarifies language in AS 18.62.010 stating when a certificate is required. Currently reads: "In connection with work performed subject to the standards established in AS 18.60.580 [minimum electrical standards] and 18.60.705 [plumbing code], a person may not be employed without a certificate of fitness . . ." Would be amended to read: "A person may not perform, nor may a person employ another person to perform, work subject to the standards in AS 18.60.580 and 18.60.705 without a valid certificate of fitness . . ."

Would increase application fee from \$15 to \$50 (amends AS 18.62.030, Fee) and would change renewal period from once a year (\$5 fee) to once every three years (\$15 fee).

Amends the powers of the Department of Labor in AS 18.62.060 by deleting the power to issue rules necessary to carry out the purposes of chapter (Dept. may still issue orders and adopt regulations).

HB 741 (cont'd)

Repeals AS 18.62.050(b) which allows the Department to issue Certificates of Fitness without an examination for those who can prove that they were engaged in their trade in Alaska for at least one year prior to January 1, 1973.

Does not provide for an effective date.

Introduced February 8 and referred to Labor & Commerce and Finance.

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COMMITTEE REPORT

HOUSE

FURTHER: FINANCE

(5)

2/15/82

Date: _____

Mr. Speaker:

The Committee on LABOR & COMMERCE has had HB 806

"An Act relating to hazardous or toxic substances."

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

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 806 [L.C.] same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation (3)
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Eric Rose
Terry Martin

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Eric Rose

Terry Martin
 CHAIRMAN

introduced 2-15-82
 to Rept. 2-16-82
 general Finance
 mm. hearing 3-15-82
 " action

held (3/30/82) had finalized CS#B 806 (L+C) - 4/1/82 CS adopted.
 4-2-82 Terry to Clerk's Office.

2nd CS rec'd from logus office get F/N
 2F/N - HSS
 LABOR DEPT

Environmental Committee
 Judy Knight will be in
 attendance called for F/N
 News.

Notify Jeff Peterson - will be in
 St. Paul, Minn. (Economic Lodge)
 he is vacationing
 phone (612) 293-2537 (he called 3-22-82)
 Notify Bartlett (Jim Burns)
 when set for hearing
 Glen AKINS - Deputy Enviro. Counsel
 2600 - will be there.
 Jim Burns - notified
 Bartlett Memorial Hosp.
 Bev. Ward (also)

Need new fiscal note

Original sponsor: Rogers

BY THE LABOR AND
COMMERCE COMMITTEE

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 806 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to hazardous or toxic substances."

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

8 * Section 1. AS 18.60.030 is amended by adding a new paragraph to read:

9 (12) adopt regulations further defining "hazardous substance"

10 (AS 18.60.105(11)) and "toxic substance" (AS 18.60.105(12)) and excluding

11 *→ new addition* from those definitions, ^(A) substances that because of their physical state,

12 volume, or concentration do not pose a health risk upon exposure. ^(B)

13 * Sec. 2. AS 18.60 is amended by adding new sections to read:

14 Sec. AS 18.60.051. MANUFACTURER TO PROVIDE HAZARDOUS OR TOXIC
15 SUBSTANCE INFORMATION. (a) The manufacturer of a hazardous or toxic
16 substance shall prepare and provide a person who purchases the hazardous
17 or toxic substance from the manufacturer with information specified in
18 (b) of this section that, to the best of the manufacturer's knowledge,
19 is current, accurate, and complete, based on information then reasonably
20 available to the manufacturer.

21 (b) The information that a manufacturer shall provide as required
22 in (a) of this section includes

23 (1) the chemical name, common name, and the CAS number of the
24 hazardous or toxic substance;

25 (2) the hazards or other risks in the use of the hazardous or
26 toxic substance, including

27 (A) the potential for fire, explosion, or reactivity;

28 (B) the known or suspected acute and chronic health
29 effects or risks from exposure;

1 (C) the potential avenues of exposure and symptoms of
2 overexposure;

3 (3) the proper precautions, handling practices, necessary
4 personal protective equipment, and other safety precautions in the use
5 of or exposure to the substance;

6 (4) the emergency procedures for spills, fire, disposal, and
7 first aid;

8 (5) a description in lay terms, if not otherwise provided, on
9 either a separate sheet or with the body of the information specified in
10 this section, of the specific potential health risks posed by the sub-
11 stance intended to alert a person reading the information;

12 (6) the month and year that the information was compiled and
13 the name and address of the manufacturer responsible for preparing the
14 information.

15 Sec. AS 18.60.052. *Wholesaler* WHOLESALER TO PROVIDE HAZARDOUS OR TOXIC SUB-
16 STANCE INFORMATION. (a) Except as provided in (b) of this section, a
17 wholesaler who sells a hazardous or toxic substance shall provide a
18 purchaser of the hazardous or toxic substance at the time of sale with a
19 copy of the most recent information listed under AS 18.60.051 unless the
20 purchaser indicates that

21 (1) he possesses that information; or

22 (2) he does not intend to use the substance in a workplace
23 frequented by persons other than the purchaser.

24 (b) The commissioner shall adopt regulations identifying the types
25 of hazardous or toxic substances that are required by federal law to be
26 labeled in a manner equivalent to the requirements of (a) of this sec-
27 tion. Those types of hazardous or toxic substances are excepted from
28 the provisions of (a) of this section.

29 Sec. 18.60.071. EMPLOYER TO PROVIDE HAZARDOUS SUBSTANCE INFOR-

1 MATION AND TRAINING. (a) An employer shall post in the workplace of
2 his employees the information listed in AS 18.60.051 if, as a result of
3 workplace operations, there is a hazardous or toxic substance present in
4 the workplace in a manner that employees may be exposed

5 (1) under normal conditions of work; or

6 (2) in a reasonably foreseeable emergency resulting from
7 workplace operations, including but not limited to equipment failure,
8 rupture of containers, or failure of control equipment, that may or do
9 result in a release of a hazardous or toxic substance into the work-
10 place.

11 (b) An employer required to comply with (a) of this section shall
12 furnish each new employee and, on request, any other employee with

13 (1) a copy of the information posted in accordance with (a)
14 of this section; and

15 (2) training at the employer's expense calculated to candidly
16 inform the employee of

17 (A) the location, properties, and known or suspected
18 acute and chronic health effects of the hazardous or toxic sub-
19 stances to which the employee is routinely exposed in the work-
20 place;

21 (B) the nature of the operations that could result in
22 exposure to these hazardous or toxic substances as well as any
23 necessary handling or hygienic practices or precautions;

24 (C) the purpose, proper use, and limitation of personal
25 protective equipment required by another occupational safety and
26 health standard or otherwise used in the workplace; and

27 (D) information required by AS 18.60.051.

28 Sec. 18.60.072. REPORTS TO BE FILED WITH DEPARTMENT. (a) A manu-
29 facturer, wholesaler, and employer who are subject to the requirements

1 of AS 18.60.051, 18.60.052, and 18.60.071, respectively, shall file with
2 the department an annual report that includes

3 (1) the information provided to purchasers and employees in
4 accordance with AS 18.60.051, 18.60.052, or 18.60.071 for each hazardous
5 or toxic substance specified by the department under (d) of this section;

6 (2) the safety procedures and equipment actually used in the
7 workplace;

8 (3) the quantities of hazardous or toxic substances being
9 used or produced for those substances required by the department under
10 (d) of this section to be reported; and

11 (4) other information considered appropriate by the depart-
12 ment.

13 (b) A change in circumstances that would require modification of
14 the report filed under this section shall be immediately reported to the
15 department.

16 (c) The department shall comply with AS 18.60.099 to ensure pro-
17 tection of trade secrets divulged in the reports filed under this sec-
18 tion.

19 (d) The department shall adopt regulations specifying the hazar-
20 dous or toxic substances that are to be reported under this section.

21 Sec. 18.60.073. ACCESS TO RECORDS. (a) An employee, prospective
22 employee, or former employee of a manufacturer or employer subject to
23 AS 18.60.072 and physicians designated by any of these persons may
24 examine and copy a report filed with the department under AS 18.60.072
25 except for that information considered a trade secret under AS 18.60.-
26 099.

27 (b) An employee, prospective employee, former employee, a repre-
28 sentative of the commissioner, and physicians designated by any of these
29 persons may examine and copy exposure measurements taken to monitor

1 employee exposure to hazardous or toxic substances in the workplace.

2 (c) The department may require an employee or former employee of a
3 manufacturer or employer subject to AS 18.60.072 to furnish health and
4 exposure records and other information pertinent to an investigation by
5 the department of violations of AS 18.60.051, 18.60.052, or 18.60.071 -
6 18.60.073.

7 (d) The commissioner shall adopt regulations pertaining to access
8 to records and information that is required by AS 18.60.051, 18.60.052,
9 and 18.60.071 - 18.60.073. The regulations shall ensure that the depart-
10 ment, a purchaser of hazardous or toxic substances, and an employee
11 exposed to or who believes he is exposed to hazardous or toxic substances
12 have ready access to all information that is relevant to the purposes of
13 AS 18.60.051, 18.60.052, or 18.60.071 - 18.60.073 and not exempted from
14 disclosure as trade secrets.

15 Sec. 18.60.074. PUBLIC DISCLOSURE OF HAZARDOUS OR TOXIC SUBSTANCE
16 INFORMATION. The department may disclose to the public information
17 concerning hazardous or toxic substances and the circumstances under
18 which the public might be affected.

19 * Sec. 3. AS 18.60.105 is amended by adding new paragraphs to read:

20 (6) "CAS number" means the unique identification number
21 assigned by the Chemical Abstracts Service to specific chemical sub-
22 stances;

23 (7) "chemical name" means the scientific designation of a
24 substance in accordance with the nomenclature system developed by the
25 International Union of Pure and Applied Chemistry or the system developed
26 by the Chemical Abstracts Service;

27 (8) "common name" means a designation or identification such
28 as code name, code number, trade name, or brand name used to identify a
29 substance other than by its chemical name;

1 (9) "expose" or "exposure" means a situation arising from
2 work operation or usage where an employee or purchaser may ingest,
3 inhale, absorb through the skin or eyes, or otherwise come into contact
4 with a hazardous or toxic substance;

5 (10) "manufacturer" means a person who produces, synthesizes,
6 extracts, or otherwise makes a hazardous or toxic substance in the
7 state;

8 (11) "hazardous substance" means a chemical that

9 (A) is listed in the United States Department of Trans-
10 portation Hazardous Materials Table, 49 C.F.R. 172.101; and

11 (B) meets one or more of the following criteria for
12 hazard class:

13 (i) is a combustible substance;

14 (ii) is a compressed gas;

15 (iii) is an explosive;

16 (iv) is a flammable substance;

17 (v) is an organic peroxide; or

18 (vi) is an oxidizer; or

19 (C) is listed in a regulation adopted by the department
20 under AS 18.60.030(12);

21 (12) "toxic substance" means a chemical that is

22 (A) listed in the Toxic and Hazardous Substances section
23 of the regulations of the Occupational Health and Safety Act in 29
24 C.F.R. Part 1910, Subpart Z;

25 (B) listed in the most recent edition of the National
26 Institute for Occupational Safety and Health Registry of Toxic
27 Effects of Chemical Substances; or

28 (C) listed in a regulation adopted by the department
29 under AS 18.60.030(12);

1 (13) "wholesaler" means a dealer, distributor, or jobber who
2 sells a hazardous or toxic substance in the state to a person for use in
3 a workplace in a manner that subjects an employer to the requirements of
4 AS 18.60.071 or to a person who sells, or intends to sell, directly to
5 the consumer.

6 *So. 4.*

Jan 1, 1953

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Draft CS for HB 806 (L&C)

Sectional Analysis

HB 806 was drafted to conform with model "right-to-know" legislation from other states. The basis for the legislation is that Alaskan workers have the right to know about hazardous or toxic substances with which they work and that it is an employer's responsibility to supply that information.

18.60.051 requires an in-state manufacturer of a hazardous or toxic substance to make available certain information including the name of the substance, its hazards, proper handling procedures, and health risks.

18.60.052 requires a seller of a hazardous or toxic substance to provide the same information.

18.60.071 requires an employer to post in the workplace where a hazardous or toxic substance is present the same information, and to provide training at his own expense about the potential hazards and proper handling of the substances.

18.60.072 requires manufacturers, sellers, and employers to file annual reports with the Department of Labor. Trade secrets are protected.

18.60.073 allows past, present, and future employees access to reports filed with the department and to exposure measurements. The department may require employees to furnish health and exposure records pertinent to an investigation. Regulations shall be adopted to ensure that an employee has ready access to all relevant information about hazards and exposure.

18.60.074 allows for the department to disclose to the public information about hazardous and toxic substances and the circumstances under which the public might be affected.

Section 2 provides definitions.



ALASKA PUBLIC INTEREST RESEARCH GROUP

Post Office Box 1093/Anchorage, Alaska 99510/(907) 278-3661

26 . ch 1982

Representative Terry Martin
House Labor and Commerce Committee
Pouch V
Juneau, Alaska 99811

Dear Representative Martin:

The Alaska Public Interest Research Group has had a long standing interest in the issue of toxic substances and public health and we are very supportive of the efforts being made by the House Labor and Commerce Committee to pass out a worker right-to-know act. It is our understanding that the hearings to date have generally produced favorable testimony on House Bill 806 and AkPIRG would like to add its support to this bill.

More specifically, it is our hope that you will take a personal interest in seeing that this bill does not get lost as the session heads into its final days. Quite realistically, the issue of worker right-to-know may not have the charisma of some of the issues before the legislature but there can be little dispute that a worker should have the right to be appraised of toxic substances encountered on the job.

Once again, we commend the efforts of the Labor and Commerce Committee and encourage you to make the Alaska worker's health a priority for this session.

Sincerely,

Margaret Ann Kehrer, Director
Alaska Public Interest Research Group

cc: Nancy Lord

Municipality of Anchorage



POUCH 6-650
ANCHORAGE, ALASKA 99502-0650
(907) 264-4111

TONY KNOWLES,
MAYOR

DEPARTMENT OF PLANNING

March 26, 1982

The Honorable Tony Knowles
Mayor, Municipality of Anchorage
Pouch 6-650
Anchorage, AK 99502

Dear Mayor Knowles:

At the March 24, 1982 meeting, the Anchorage Municipal Health Commission voted to approve a resolution on House Bill 806 "The Worker Right To Know". The Commission wishes to forward this resolution to the Anchorage legislative delegation in Juneau. The resolution reads as follows:

"Whereas, the Municipal Health Commission has a responsibility to address issues on matters of Public Health;

Whereas, the Commission believes in the right of an individual to know if he/she is exposed to any hazardous materials in the working environment;

Whereas, H.R. 806 provides for the rights of workers and the community to know about hazardous and toxic materials to which they are exposed.

Be it resolved that the Municipal Health Commission supports the intent and objectives regarding "The Workers Right To Know" as expressed in H.R. 806."

We appreciate the opportunity to provide you with this resolution. If we may be of any assistance, please let us know.

Sincerely,

Stephen P. Lesko
Chairman
Municipal Health Commission

SPL:MR:bd

THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Committee Substitute for House Bill 806 (L&C)

Title "An Act relating to hazardous or toxic substances."

Requested by House Labor and Commerce Committee Date 4/1/82

II. FISCAL DETAIL

Agency Affected Labor

Program Category Affected Worker Protection

BRU, Program, or Subprogram(s) Affected Occupational Safety & Health

(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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	0	36.1	66.0	72.6	79.9	87.9
200 TRAVEL	0	6.9	5.2	5.7	6.3	7.0
300 CONTRACTUAL	0	12.6	24.2	26.7	29.3	32.2
400 COMMODITIES	0	1.0	1.7	1.8	2.0	2.2
500 EQUIPMENT	0	2.0	0	0	0	3.0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0	58.6	97.1	106.8	117.5	132.3

FUNDING (Thousands of Dollars)

GENERAL FUND	0	58.6	97.1	106.8	117.5	132.3
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

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

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

Assumes that the intent of the bill is to minimize harmful exposures to toxic and hazardous substances in work places in the state, and that the Department of Labor is to take a lead role in this effort.

As a result of this bill, two positions, an industrial hygienist and a seasonal (6 months) clerk typist, will be required.

This note assumes an effective date of January 1, 1983 and inflation rate of 10% per year.

IV. DATE 4/1/82

PREPARED BY Nico Bus

AGENCY Department of Labor

Original: Legislative Finance

PHONE 465-2720

cc: Budget and Management

Prime Sponsor (First Legislator Named)

1	POSITION TITLE Industrial Hygienist (Voluntary Compliance)			RANGE/STEP 50B	BARG. UNIT. LTC	LOCATION Anchorage	GOV.	APPROV.	DIG/APP.
2	TYPE OF POSITION PFT	STAFF MONTHS 6	RP No. CSHB806 AM	PCN No. NOT ASSIGNED	PRIORITY	FORM 12 PAGE/LINE N/A	LHC.		

3	TYPE OF EXPENDITURE	AMOUNT
	1	2
4	PERSONAL SERVICES: SALARY 3,146/month X 6 months	18,876
5	BENEFITS 15.9%	3,005
6	SBS	1,094
7	FIXED BENEFITS	960
8	TOTAL PERSONAL SERVICES 01	23,935
9	TRAVEL 02	6,875
10	CONTRACTUAL 03	7,850
11	COMMODITIES 04	500
12	EQUIPMENT 05	2,000
13	OTHER	
14	TOTAL COST	41,160

JUSTIFICATION:
 The Industrial Hygienist will evaluate and follow-up on the data filed with the department under the provisions of AS 18.60.072; will conduct research into which hazardous and toxic substances should be covered by the bill and develop the necessary regulations to carry out the intent of the bill; and will respond in a timely manner to the increase in requests for consultation and training services that will be experienced as a result of the focus this bill places on toxic and hazardous substances.

Included in the contractual services costs are \$1,600 for space rent and 15.97% of salary for Management Services support.

One time costs are \$4,000 for moving expenses, \$500 in travel costs for training and \$2,000 for equipment.

	RECEIPT CODE	FUNDING SOURCE
15		FED RCPTS. 1002
16		GF MATCH. 1003
17	100	GEN. FUND 1004
18		I-A RCPTS. 1005
19		PGM RCPTS 1028
20		OTHER

41,160

21	CONTINUATION	
22	ADDITION	X

FOR B&M USE ONLY

4A	KEY NUMBER	COLUMN NO.
----	------------	------------

AGENCY Labor PROGRAM Worker Protection

BRU Occupational Safety & Health

COMPONENT Occupational Safety & Health

13 REQUEST FOR NEW POSITION.

FY 83

Page 1 of 2 REVISED DATE _____

1	Clerk Typist III	BB	G	Anchorage	GOV	APPROV.	DISAP
2	Seasonal	6	CSHB806	Not Assigned	FORM 12	PAGE/LINE	GOV
					N/A		LEG.

3 TYPE OF EXPENDITURE		AMOUNT
1	2	3
PERSONAL SERVICES:		
4	SALARY 1,530/month x 6	9,180
5	BENEFITS, 15.92%	1,461
6	SBS	563
7	FIXED BENEFITS	960
8	TOTAL PERSONAL SERVICES	12,164
9	TRAVEL	
10	CONTRACTUAL	4,734
11	COMMODITIES	500
12	EQUIPMENT	
13	OTHER	
14	TOTAL COST	17,398

JUSTIFICATION:
 A seasonal clerk typist position will be needed to process the reports and other documents which will result from this bill.

 Included in the contractual services costs are \$1,600 for space rent and 15.97% of salary for Management Services support.

RECEIPT CODE	FUNDING SOURCE	AMOUNT
	FED FUNDS	
	GEN FUND	
100	GEN FUND	17,398
	LEARNERS	
	PGM ACFT	
	OTHER	

21 CONTINUATION
 22 ADDITION FOR BSM USE ONLY

4A REV NUMBER _____ COLUMN NO. _____

AGENCY Labor PROGRAM Worker Protection

13 REQUEST FOR NEW POSITION.

BRU Occupational Safety & Health
 COMPONENT Occupational Safety & Health

7:33

POSITION PAPER
CS for House Bill No. 806 (L&C)

"An Act relating to hazardous or toxic substances."

House Bill No. 806 requires the manufacturer and seller of hazardous or toxic substances to provide to the purchasers of these substances complete information as to the characteristics and precautions required when using. Any employer utilizing a substance included under this act must post a copy of the information for the employees to review plus provide training and safety gear. The employer must file with the Department of Labor annually, complete disclosures with regards to his activities and usage of the hazardous and toxic substances.

This bill imposes reasonable guidelines concerning handling of toxic and hazardous substances in manufacture and selling.

Minor recommendations include the following:

- 1) Under Section 18.60.051 consider adding "significant levels of toxic impurities if they exist in a mixture."
- 2) Under Section 18.60.071 consider change of mandatory requirements depending on size of employer e.g. less than ten.
- 3) Under Section 18.60.105 consider substances manufactured outside of the State and shipped in.
- 4) Under Section 18.60.073c the confidentiality of medical records may be breached if it is left that the Department may "require."

The Department supports the passage of this Bill.

Recommended by: E. S. Rabeau
E. S. Rabeau, M.D., Director
Division of Public Health

Date: March 15, 1982

Approved by: Helen D. Beirne
Helen D. Beirne, Commissioner
Department of Health and
Social Services

Date: 3-16-82

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. _____ Hou: Bill No. 806
Title "An Act relating to hazardous or toxic substances."
Requested by Rogers _____ Date 2-22-82

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services
Program Category Affected Health/Public Health
BRU, Program, Or Subprogram(s) Affected Communicable Disease Control/Epidemiology
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXHIBITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		0				
200 TRAVEL		3.0	3.3	3.6	4.0	4.4
300 CONTRACTUAL		3.0	3.3	3.6	4.0	4.4
400 COMMODITIES		3.0	3.3	3.6	4.0	4.4
500 EQUIPMENT		1.0	1.2	1.3	1.5	1.6
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		10.0	11.1	12.1	13.5	14.8

FUNDING (Thousands of Dollars)

		10.0	11.1	12.1	13.5	14.8
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

All inflation at 10%

This fiscal note covers the travel costs, training seminars, commodities and testing equipment that must be utilized by our Epidemiologists in investigating the effects of exposure in humans. As the petrochemical industry develops in Alaska more and more problems will develop, very little of the acute and chronic health effects will be known and when the risks are known they tend to be understated. As problems develop it will be incumbent upon the Epidemiologist to do in depth investigations.

The fiscal impact of this bill on the Department of Health and Social Services is due to the fact that the Department of Labor uses the epidemiological section of this department as a consultant on the hazards of toxic substances.

IV. DATE 2-22-82

PREPARED BY David Bruce

AGENCY Dept. of Health & Social Services

Original: Legislative Finance

PHONE 465-3090

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)

JCC

Draft CS for HB 806 (L&C)

Sectional Analysis

HB 806 was drafted to conform with model "right-to-know" legislation from other states. The basis for the legislation is that Alaskan workers have the right to know about hazardous or toxic substances with which they work and that it is an employer's responsibility to supply that information.

18.60.051 requires an in-state manufacturer of a hazardous or toxic substance to make available certain information including the name of the substance, its hazards, proper handling procedures, and health risks.

18.60.052 requires a seller of a hazardous or toxic substance to provide the same information.

18.60.071 requires an employer to post in the workplace where a hazardous or toxic substance is present the same information, and to provide training at his own expense about the potential hazards and proper handling of the substances.

18.60.072 requires manufacturers, sellers, and employers to file annual reports with the Department of Labor. Trade secrets are protected.

18.60.073 allows past, present, and future employees access to reports filed with the department and to exposure measurements. The department may require employees to furnish health and exposure records pertinent to an investigation. Regulations shall be adopted to ensure that an employee has ready access to all relevant information about hazards and exposure.

18.60.074 allows for the department to disclose to the public information about hazardous and toxic substances and the circumstances under which the public might be affected.

Section 2 provides definitions.

Bill No. Committee Substitute for House Bill 806

Date March 12, 1982

Title "An Act relating to hazardous or toxic substances."

Contact: Judy Knight
465-270

Judy Knight
Richard Arab
Richard Arab
465-4856

As part of its occupational safety and health program, the Department of Labor enforces regulations to protect employees from certain hazardous and toxic substances, and provides consultation and training services to employers and employees on the safe handling and use of these substances. The department's occupational safety and health staff can presently only cover approximately seven percent of Alaska worksites during a year. Because it has historically been difficult to identify specific workplaces in the state where toxic and hazardous substances are present, the reporting provisions of this bill would enhance the department's efforts to direct its limited occupational safety and health resources to those workplaces where hazardous exposures actually exist.

Often employers and employees are not aware of the toxic or other harmful qualities of a particular substance being used or handled in the workplace. The labeling and training requirements provided in this bill would go a long way toward filling this void. This would, in turn, effect implementation of protective measures or controls by the employer to safeguard his employees.

Many employees would, no doubt, look to the Department of Labor for assisting them in providing the required training and in implementing effective protective measures. Accordingly, if this bill is passed, we would anticipate an increase in the demand for consultative and training services. A fiscal note is attached which reflects the costs associated with providing the increased services.

THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Committee Substitute for House Bill 806

Title "An Act relating to hazardous or toxic substances."

Requested by House Labor and Commerce

Date 3/16/82

II. FISCAL DETAIL

Agency Affected Labor

Program Category Affected Worker Protection

BRU, Program, or Subprogram(s) Affected Occupational Safety and Health

(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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	0	74.4	78.1	85.9	94.5	103.9
200 TRAVEL	0	9.3	4.8	5.3	5.8	6.4
300 CONTRACTUAL	0	23.9	26.3	28.9	31.8	35.0
400 COMMODITIES	0	2.0	2.2	2.4	2.7	2.9
500 EQUIPMENT	0	2.0	0	0	0	3.0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0	111.6	111.4	122.5	134.8	151.2

FUNDING (Thousands of Dollars)

GENERAL FUND	0	111.6	111.4	122.5	134.8	151.2
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	0	2	2	2	2	2
PART TIME						
TEMPORARY						

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

Assumes that the intent of the bill is to minimize harmful exposures to toxic and hazardous substances in work places in the state, and that the Department of Labor is to take a lead role in this effort.

As a result of this bill, two positions, an industrial hygienist and a clerk typist, will be required.

This note assumes an effective date of July 1, 1982 and inflation rate of 10% per year.

IV. DATE 3/16/82

PREPARED BY Nico Bus
 AGENCY Department of Labor
 PHONE 465-2720

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

DL-

1	POSITION TITLE Industrial Hygienist (Voluntary Compliance)			RANGE/STEP 50B	BA/G. UNIT. TC	LOCATION Anchorage	BOV.	APPROV.	DISAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No. CSHB806	PCN No. NOT ASSIGNED	PRIORITY	FORM 12 PAGE/LINE N/A	LOG.		

3	TYPE OF EXPENDITURE	AMOUNT
	1	2
4	PERSONAL SERVICES: SALARY 20.44/hour	40,011
5	BENEFITS 15.92%	6,370
6	SBS	2,188
7	FIXED BENEFITS	1,574
8	TOTAL PERSONAL SERVICES 01	50,143
9	TRAVEL 02	9,250
10	CONTRACTUAL 03	16,060
11	COMMODITIES 04	1,000
12	EQUIPMENT 05	2,000
13	OTHER	
14	TOTAL COST	78,453

JUSTIFICATION:

The Industrial Hygienist will evaluate and follow-up on the data filed with the department under the provisions of AS 18.60.072, and to respond in a timely manner to the increase in requests for consultation and training services that will be experienced as a result of the focus this bill places on toxic and hazardous substances.

Included in the contractual services costs are \$3,200 for space rent and 15.97% of salary for Management Services support.

One time costs are \$4,000 for moving expenses, \$500 in travel costs for training and \$2,000 for equipment.

	RECEIPT CODE	FUNDING SOURCE	
15		FED RCPTS. 1002	
16		GF MATCH. 1003	
17	100	GEN. FUND 1004	78,453
18		I-1 RCPTS. 1005	
19		PGM RCPTS 1021	
20		OTHER	

21	CONTINUATION		FOR B&M USE ONLY
22	ADDITION	X	

4A KEY NUMBER _____ COLUMN NO. _____

AGENCY Labor PROGRAM Worker Protection

BRU Occupational Safety & Health

COMPONENT Occupational Safety & Health

13 REQUEST FOR NEW POSITION.

Page 1 of 2 REVISED DATE _____

FY 83

1	POSITION TITLE Clerk Typist III			RANGE/STEP 8B	BARG. UNIT. G	LOCATION Anchorage	GOV.	APPROV.	DIBAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No. CSHB806	PCN No. NOT ASSIGNED	PRIORITY	FORM 12 PAGE/LINE N/A	LEG.		

3 TYPE OF EXPENDITURE		AMOUNT
1	2	3
PERSONAL SERVICES:		
4 SALARY 1,530/month		18,360
5 BENEFITS .1592%		2,923
6 SBS		1,125
7 FIXED BENEFITS		1,920
8 TOTAL PERSONAL SERVICES	01	24,328
9 TRAVEL	02	
10 CONTRACTUAL	03	7,800
11 COMMODITIES	04	1,000
12 EQUIPMENT	05	
13 OTHER		
14 TOTAL COST		33,128

JUSTIFICATION:
 A clerk typist position will be needed to process the reports and other documents which will result from this bill.
 Included in the contractual services costs are \$3,200 for space rent and 15.97% of salary for Management Services support

RECEIPT CODE	FUNDING SOURCE	
15	FED RCPTS. 1002	
16	GF MATCH. 1003	
17 100	GEN. FUND 1004	33,128
18	I-A RCPTS. 1005	
19	PGM RCPTS 1028	
20	OTHER	

21 CONTINUATION
 22 ADDITION FOR R&M USE ONLY

4A KEY NUMBER _____ COLUMN NO. _____

AGENCY Labor PROGRAM Worker Protection

DRU Occupational Safety & Health

COMPONENT Occupational Safety & Health

Page 2 of 2 REVISED DATE _____

13 REQUEST FOR NEW POSITION.

FY 83

ARCO Alaska, Inc.
Post Office Box 360
Anchorage, Alaska 99510
Telephone 907 277 5637



March 24, 1982

Nancy Lord
Administrative Assistant
c/o Representative Brian Rogers
Pouch V
Juneau, Alaska 99811

Dear Ms. Lord:

To follow-up on our March 17 conversation after the public testimony on HB 806 I believe we agree on many aspects of the bill. However, there are portions of the bill that require changes which will retain the objective(s) of this bill but limit the unnecessary burden that is present in this bill. Enclosed is a copy of the testimony that has been forwarded to the committee. As my attempt to document the items we discussed, the following points are forwarded. Please realize these points have not been reviewed by ARCO and should be considered as ideas for suggested changes and not an ARCO position. These comments are submitted to address the draft dated March 15, 1982.

1. Page #1, line #15 - I support the change made to the 3/15/82 draft. The 2/15/82 draft seemed to develop another definition for "hazardous."
2. Page #2, line #9 - Recommend you add a reference to OSHA form number twenty (20) or its equivalent as an item number seven (7). OSHA form #20 is a reasonable format to follow and that guidance could be added to the bill. I stress "or its equivalent" because several manufacturers use a similar form which is equivalent and there should not be a need to rewrite that information on one standard state or federal form.
3. Page #2, line #10 - This section requires issuance of a MSDS for all wholesale and retail sales transactions. I don't believe the purpose of this bill is to require a gas station or grocery store operator to supply the customer with a MSDS. Clarification of what is desired would be valuable to the bill.
4. Page #2, line #23 - The requirement to "post" this information is burdensome, potentially expensive, and marginally effective. A reasonable alternative is to require that the information be made available to the employees, (e.g. ...employer shall supply, or make otherwise available, in the workplace ...)

Nancy Lord
March 24, 1982
Page 2

5. Page #2, line #23 - My testimony on "workplace" applies.
6. Page #3, line #5 - The requirement to "furnish" this information "on an annual basis" is unnecessary. Suggest ...shall furnish, by providing the information, training or similar method, each new...
7. Page #3, line #7 - If comment #4 above is added to the bill, a similar change will be needed here. E.g. ...the information described by section (a); and ...
8. Page #3, line #25 - What is desired by this annual report? As written the bill requires information that may have been previously submitted by the "manufacturer, seller and employer" and part of the information required may have been submitted by another manufacturer, seller or employer. I realize you want adequate reports but the bill doesn't provide intent nor direction in order to determine what is adequate.
9. Page #4, line #10 - The "prospective" employee language of the bill may authorize anyone to review the medical files of all individuals working in Alaska. Also, I believe section 073 needs to be modified to allow access only by "documented, need to know" language. The section seems to over stress "freedom of information" and inadequately addresses "confidentiality of personnel records" including employee health records.
10. Page #5, line #25 - The term "hazardous substance" is a very popular but ill-defined term. I believe the bill is designed to protect employees and should address only those items that apply to the employee work place. There are several lists available which could apply but this bill should be limited to documented occupational hazard(s). Adding the DOT regulations to this bill may be a quick answer to a definition but it is also an incorrect answer. I recommend that you delete section (11)(B) and add guidance and authorization for DOSH to develop a list that is important in Alaska.
11. Page #6, line #7 thru 13 - The first portion of this definition seems good but subsection (C), beginning on line #14, is basically a catch-all statement which distracts from rather than enhances this bill. Many chemicals induced in man or experimental animals can have an affect on either man or animal but the concentration,

Nancy Lord
March 24, 1982
Page 3

method of transfer, availability in the work place etc. aren't considered in this portion of the definition. I recommend you either delete subsection (C) or, if you believe it is necessary, expand on the idea so that it is interpretable by the employer and enforceable by DOSH.

Note on comments #10 & 11 - Words such as hazardous, toxic, environmental and subsistence are all terms that are constantly being used in Alaska. Unless meaning definitions are provided there is a good chance that misuse of these words will continue.

Sincerely,



Peter N. Hellstrom
Environmental Coordinator

PNH:jms

Enclosure

cc: Representative Terry Martin, Chairman
Representative Bernie Bylsma
Representative Terry Gardiner
Representative Dick Randolph
Representative Brian Rogers
Jeff Barry

STATEMENT OF PETE N. HELLSTROM

FOR

ARCO ALASKA, INC.

TO

HOUSE LABOR AND COMMERCE COMMITTEE

MARCH 17, 1982

This testimony is submitted to confirm the verbal testimony that was given on March 17. There are several items contained in this material that were not included in my testimony and if there is any question about my verbal comments and this material, please consider this material to be the most accurate.

House Bill 806 is apparently aimed at the regulation of hazardous or toxic substances in the work place and the safe use of these substances by customers (wholesale and retail).

The limited background information I was able to gather on this bill makes me believe it is targeted toward what many call "Employee Right-to-Know." This bill is similar to other bills that are being considered in many other states. I believe California has recently passed a similar bill and West Virginia, New York and other states are reviewing language that is very close to House Bill 806. The disappointing aspect about the flurry of activity concerning this bill is: the Federal Government through OSHA is in the process of developing regulations for this same "right-to-know-concern." In some respects, the effects of this bill are or could be minimal to both ARCO Alaska, Inc. and ARCO Exploration Company. In fact, Atlantic Richfield Company has, for the past few months, been developing a policy statement for this subject.

My reason for providing testimony is two-fold. First, is a suggestion that the committee delay action on this bill until the Federal Regulation is published. Secondly, to request modification of the language of this bill, which will limit the degree of burden and expense that is duplicative and unnecessary.

The reason I suggest that the Labor and Commerce Committee delay action on this bill is a request that the State of Alaska wait and allow the Federal Government to issue what I hope will be overview regulations for the right-to-know concern. There are several advantages to this request, such as:

1. Allows regulatory consistency for all 50 states.
2. Allows DOSH to work with OSHA rather than starting from ground zero to develop their own regulations, and;
3. DOSH, after review of the OSHA regulations, can define any weak areas that remain a concern to Alaska and develop regulations that may be missed by OSHA but important to the State of Alaska.

The only disadvantage would be the priority that should be assigned to this concern. I believe DOSH should express and define their concerns and the associated priorities. If there is a high priority, as interim recourse for the priority, this committee could support emergency regulations and allow OSHA and DOSH to establish a manageable course of action for the remaining concerns that would not be duplicative.

While many of the requirements of this bill are or will be fulfilled by ongoing programs within Atlantic Richfield Company, the scope of this legislation is much too broad.

As it presently is worded, ARCO Alaska, Inc., and ARCO Exploration Company would be affected in all activities associated with the extraction of crude oil and natural gas as well as sale of arctic heating fuel (diesel fuel), jet fuel and gasoline on the North Slope. Even California has removed gasoline from the list of substances classified as hazardous, eliminating the requirement to distribute Material Safety Data Sheets (MSDS) during sales. Because diesel and jet fuel have lower flash points, I hope these products can continue to be treated as combustible materials but not classed as "hazardous."

To help reduce the impact of this proposed legislation on oil and gas operations, it is strongly recommended that the definition of "Manufacturer" be changed to exempt oil and gas exploration and production activities since there is no change in the "product" as sold from that found in nature. Additionally, it is recommended that the definitions of hazardous substance and toxic substance include references to lists developed by the Federal Government or State of Alaska after review of the scientific literature and not rely on lists, taken out of the federal regulations from the Transportation and Labor Departments, which have not undergone a current scientific review. These issues along with others will be addressed further in the specific comment portion of this letter.

Of further concern, is the potential that the hazardous substance definition included in House Bill 806 could become the basis of future state hazardous waste legislation. We would strongly object to such use of this definition. In this regard, it should be noted that the listing of drilling muds, produced waters and associated wastes as hazardous wastes under the Resource Conservation and Recovery Act (RCRA) has been deferred by Congress in its 1980 amendments to RCRA. Further, the federal EPA has been directed by Congress to conduct an in depth study of these wastes and report its finding to Congress for a final decision.

Following are specific comments on House Bill 806 on a section by section basis.

Section AS 18.60.051 Manufacturer to Provide Hazardous or Toxic Substance Information and Section AS 18.60.052 Seller Other Than Manufacturer to Provide Hazardous or Toxic Substance Information.

We strongly recommend that crude oil and natural gas not be covered by this bill but if they are, we recommend that their MSDS be generic and not be required to list each component, associated health, safety and environmental effects, and their physical and chemical properties. If such a requirement is promulgated, hundreds of addendum sheets would be necessary for each crude oil MSDS.

As requested, I have included the list of generic products which ARCO Oil and Gas Company produces:

Crude Oil	Propane
Diesel Fuel	Propane-Butane Mix
Residuum Oil	Isobutane
Naptha	Commercial Butane
Jet Fuel	Mixed Butane
Carbon Dioxide	Normal Butane
Sulphur	De-Propanized Gasoline
Plant Residue Gas	Gasoline
Ethane	Condensate
Ethane-Propane	Drip Gasoline
Propane	Propane-Butane Mix
Scrubber	

Additionally, ARCO Oil and Gas Company, in order to operate its Prudhoe Bay installations, runs a topping plant to produce diesel fuel, jet fuel and gasoline; the excess products are sold to others. The provisions in House Bill 806 would impact our operations by requiring that each

customer be given a MSDS each time they purchased gasoline, diesel fuel or jet fuel. Further, Section AS 18.60.052 would affect our operations since we blend octane enhancers with naphtha to produce gasoline on the North Slope. While the impact on our operations as a result of the above sales might not be great, the impact of such sales statewide could have a substantial impact. Accordingly, we recommend that serious consideration be given to exempting such frequently sold fuel.

Section AS 18.60.071 Employer to Provide Hazardous Substance Information and Training.

This section would require posting in all work areas information for each hazardous substance utilized in that work area. This would impose a burden since the oil and gas industry is scattered and diversified in its daily operations with low manpower requirements. Further, operations and an oil and/or gas facility could change daily requiring different substances be used that are not always stored at a work site. Accordingly, it is recommended that this section be changed since it would be more reasonable to require that the desired information be made available at the point where employee(s) report to work.

Concerning the training of employees and disclosure of hazards that may be encountered at the work place that this section addresses, we agree with the training provisions. However, the provision in the bill that requires that employees be provided annually with handouts on the substances, which might not be read, could prove to be highly burdensome and costly due to the volume of paper that would be handled. We support the concept of training and providing the information but we think it should be provided to the employee upon request. A central file or similar requirement would be more functional.

Section AS 18.60.072 Reports to be Filed with the Division.

This section's requirements to file all information supplied to purchasers and employees, the safety procedures utilized in the work place and the quantities of hazardous substances actually used or produced are overly burdensome and costly. As ARCO Alaska, Inc. uses some 2,000 purchased stock items, supplying the required information on each would require a significant increase to manpower by ARCO Alaska, Inc. and would result in no increase in worker safety. The value of sifting through the filed reports and making effective use of the data by the State is questionable, but the cost would also be high. For these reasons this section should be either deleted or modified extensively.

Section 18.60.073 Access to Records.

These access to record requirements should be modified to allow employees and their authorized representatives to obtain the records pertaining to that employee. These exposure records should not be used to establish a violation but used only to assist the division in incident investigation. This section also fails to specify the security and confidentiality concerns associated with employer records including health records. What will be used by DOSH or the employer to insure that the employees right to privacy will be maintained.

Section 2, AS 18.60.105 Definitions.

Because of the language contained in section AS 18.60.052, House Bill 806 appears to be aimed at the regulation of hazardous or toxic substances both in the work place and the safe use of those substances by customers (wholesale or retail). Additionally, if you combine the definitions of "manufacturers", "hazardous substance" and "toxic substance" these definitions could be confused with or misused as the

foundation to define hazardous waste. I don't believe the intent of this bill is to address sales or hazardous waste but this is a possible/probable secondary effect.

The definition of "Manufacturer" should be changed to adequately address or delete oil and gas exploration and development activities. By review of the previous testimony it is clear that we recognize the need to ensure a safe work place. However, since there is no change in the "product" as sold from that found in nature, it is difficult to interpret our operations as "a person who produces... or makes a hazardous or toxic substance." We believe the definition should be modified to exempt oil and gas exploration and production activities.

The definitions for hazardous and toxic substances are a conglomeration of Department of Transportation (DOT) and Department of Labor (DOL) definitions and create "new" definitions that are not correct for the use intended by House Bill 806. The DOT table was not intended to be used as a list of substances hazardous to employees. Its purpose was to list potentially hazardous material as they relate to the transportation, not employee "exposure." We recommend that section (11) (B) be deleted from the bill and, if necessary, DOSH be authorized/required to develop hazardous and toxic substance lists based on potential hazard to employees in the occupational environment. Hopefully, any item contained in a State of Alaska list will be defined as hazardous or toxic using a reasonable degree(s) of hazard and supported by scientific research.

H P
8 3 5

COMMITTEE REPORT

HOUSE

FURTHER: FINANCE

(5)

2/16/82

Date:

3-8-82

Mr. Speaker:

The Committee on LABOR & COMMERCE has had HB 835

"An Act establishing the Alaska Safety Advisory Council."

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

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
- and recommend _____ new title
- 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:

[Signature]

[Signature]

[Signature]

[Signature]
VICE CHAIRMAN

Date Introduced 2-16-82
" Rec'd. 2-17-82
Referral: Finance
Comm. Hearing 3-8-82
" action

passed with amendment
Order to chief Clerk @ 3:10 p.m.

see
copy of W.F.N. Request
Andy Knight letter
Approved & notified 3/15/82
Position paper herein
A/N letter

Alaska State Legislature



MEMBERS:
TERRY MARTIN, CHAIRMAN
BERNARD BYLSMA, VICE CHAIRMAN
RICHARD RANDOLPH
TERRY GARDINER
BRIAN ROGERS

POUCH V
STATE CAPITOL
JUNEAU, AK 99811
PHONE (907) 465-3783

OFFICIAL BUSINESS

House of Representatives LABOR AND COMMERCE COMMITTEE

AMENDMENTS TO HB 835

Passed by the House Labor & Commerce Committee on 3/8/82.

House Bill 835

Page 2, after line 26, add new subsection:

- (5) make recommendations on methods to reduce Alaska's high rate of aircraft accidents.

Page 2, line 3, delete word "his" and insert "the commissioner's".

Bill No. House Bill No. 835

Date February 22, 1982

Title "An Act establishing the Alaska Safety Advisory Council."

Contact: *Judy Knight*
Judy Knight
465-2700

At the present time, a number of state, federal, and local government agencies have responsibilities for providing safety and health protection to Alaskans in the work place, on the highways, in the home, and in recreational pursuits. Establishment of an Alaska Safety Advisory Council as proposed in House Bill 835 would provide a needed and effective vehicle for formal coordination of the efforts of the various government agencies which administer safety and health programs.

The bill provides for the council to be comprised of a cross section of Alaska's citizens. This is an excellent approach inasmuch as it will provide the council with the diversification needed when recommendations are formulated for addressing safety and health issues which are of concern to all Alaskans. Despite vigorous attempts by government agencies to involve Alaska's public in the development and delivery of safety and health programs, it is often difficult to obtain input from all segments of the population. The council, as proposed in this bill, is a positive step towards filling this void.

In the Department of Labor, our Workers' Compensation, Occupational Safety and Health, and Mechanical Inspection programs would all be favorably impacted by this bill.

The proposed annual safety conference will also provide an excellent forum for a meaningful exchange of information among Alaska's citizens and state, federal, and local government agencies who are concerned with or have responsibilities for safety and health in the state.

This bill should do much to assist the department in meeting its goal of protecting workers from work-related safety and health hazards. The department supports this bill and urges its passage.

EP:kmb
1101:42

THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 835

Title "An Act Creating the Alaska Safety Advisory Council."

Requested by Representative Halford

Date 1/25/82

II. FISCAL DETAIL

Agency Affected Labor

Program Category Affected Worker Protection

BRU, Program, or Subprogram(s) Affected Commissioner's Office

(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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	14.2	15.3	16.5	17.8	19.2
300 CONTRACTUAL	0	16.4	17.7	19.1	20.6	22.2
400 COMMODITIES	0	.4	.4	.5	.5	.6
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
TOTAL	0	31.0	33.4	36.1	38.9	42.0

FUNDING (Thousands of Dollars)

GENERAL FUND	0	19.7	20.3	21.1	23.9	25.1
FEDERAL FUNDS	0	0	0	0	0	0
OTHER (Specify Fund Source)	0	11.3	13.1	15.0	15.0	16.9
Program Receipts						
(Conference Fees)						

POSITIONS

FULL TIME	0	0	0	0	0	0
PART TIME	0	0	0	0	0	0
TEMPORAR	0	0	0	0	0	0

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

This fiscal note is based on the following assumptions:

- Contractual Costs: Administrative Costs 3.0 (note 2)
Conference Costs 13.4 (note 5)
- The Department of Labor will provide clerical/administrative support through its word processing center and its clerical staff.

Cost 300: \$1,500 Reimbursable service agreement with Department of Labor, Word Processing Center
Code 300: \$1,500 Telephone/mailing costs
Code 400: \$ 400 Office Supplies

Total Administrative Costs \$3,400

IV. DATE February 4, 1982

PREPARED BY *Wico Bus*

AGENCY Department of Labor

PHONE (907) 465-2720

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE (Continued)

TITLE: An Act Creating the Alaska Safety Advisory Council.

Agency Affected: Department of Labor

Page 2

3. There should not be much need for the Council to request legal advice as it will not be involved, as the bill is presently drafted, in any adjudication.
4. Travel: It is anticipated that the Council will meet three times during the year. One of these meetings will be in conjunction with the annual safety conference. It is assumed that at least five of the ten members representing industry and labor will be from Anchorage and, therefore, for purpose of this fiscal note, we are assuming that five members will require transportation.

Three meetings x \$350.00/trip x five members = \$5,250.00

As far as the three members representing government agencies, we are assuming that two will be stationed in Anchorage, and, therefore, only one of these members will require transportation.

Three meetings x \$350.00/trip x one member = \$1,050.00

Industry and labor members will receive the current per diem rate. This per diem is paid all members regardless of whether travel is required to attend the meeting.

Per diem \$80.00/day x three days x three meetings x ten members = \$7,200.00

Government employees are paid per diem when on travel status.

\$80.00/day x three days x three meetings x one member = \$720.00

Travel: Transportation	\$ 6,300
Per Diem	7,920
Total	\$ 14,220

5. Cost of annual Governor's Safety Conference.

The cost of holding an annual Governor's Safety Conference can vary depending on how many topics will be included, the quality of conference speakers, the length of the conference, and the facilities provided for the conference.

In order to come up with a realistic estimate, the following assumptions are made:

- A. The conference will be held in one of the major hotels in Anchorage.
- B. It will be two days in length.
- C. Only the keynote speaker will be paid - all other speakers and trainers will volunteer their services.
- D. A banquet and two luncheons will be included in the registration fee.
- E. A reasonable registration fee will be assessed in order to encourage maximum participation.

THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE (Continued)

TITLE: An Act Creating the Alaska Safety Advisory Council.

Agency Affected: Department of Labor

Page 3

Hotel facilities (main room and 3 training rooms)	2,400
Banquet	3,000
Luncheons (two)	2,000
Cost of keynote speaker	1,000
Printing of agenda & other conference materials	3,000
Miscellaneous costs such as coffee service, etc.	2,000
Total Cost for Conference	<u>\$13,400</u>

Registration Fee \$75.00	
Anticipated participation (150 x \$75.00)	<u>(11,250)</u>
Cost to Council	2,150

6. We are assuming an inflation rate of eight percent in estimating costs after FY '83. In FY '84 we are assuming 175 conference participants, in FY '85 and FY '86, 200 participants and in FY '87, 225 participants.
7. Assumes an effective date of July 1, 1982.

THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE (Continued)

TITLE: An Act Creating the Alaska Safety Advisory Council.

Agency Affected: Department of Labor

Page 4

ALASKA SAFETY ADVISORY COUNCIL

History:

In 1977 Commissioner Edmund Orbeck asked a group of industry leaders to organize a Governor's Safety Conference. Mr. Vern Smith of 3M Company and Mr. Richard Pittenger of the Alaska Associated General Contractors were instrumental in organizing a committee of industry and labor leaders to work with the departments of Labor and Transportation and Public Facilities to hold the first conference in 1977. Conferences were also held in 1978 and 1979.

Legislation to form an Alaska Safety Advisory Council was first introduced in 1978.

OSHA - Savings and Federal Relations:

The formation of an Alaska State Advisory Council will not replace the need for a state occupational safety and health program and, therefore, no direct money savings will occur. However, such a council will do much in assisting the Department of Labor in assuring more and better public participation in the development of regulations, policies, and procedures of its occupational safety and health program. It will also assist in helping the department to make employers and employees more cognizant of the importance for safety and health on the job. This will help in improving the voluntary consultative and training services that the Department provides.

This council will not change the state-federal relationship of the occupational safety and health program. This relationship is set out in Section 23 of the Federal Occupational Safety and Health Administration (OSHA) when the latter agency recommends changes that affect the operations of the state programs.

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COMMITTEE REPORT

HOUSE

FURTHER: FINANCE

(5)

2/16/82

Date: 3-18-82

Mr. Speaker:

The Committee on LABOR & COMMERCE has had HB 862

"An Act making the repeal of AS 39.35.545 retroactive to July 1, 1968; and providing for an effective date."

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

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

MEMBERS SIGNING
DO PASS

[Signature]

[Signature]

[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

 VICE-CHAIRMAN

He Introduced 2-16-82

Rec'd. 2-17-82

errata Finance

nom. hearing 3/18/82 passed with letter of intent

" action passed with letter of intent taken chief clerks' office by
Rep. Bylanski's office 3/24/82

advise Paul Arnoldt in retirement director introduced by Korbiff introduced F.N. requested. and Revenue when scheduled

Paul Arnoldt wanted to be in attendance

Ken Humphries appeared for Retirement.

3/26/82 called for F/N on statement of Fiscal impact.



Alaska State Legislature

House of Representatives

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

March 18th, 1982

LETTER OF INTENT

Reporting HB 862 from committee the members desire that bill be limited to the specific circumstances that resulted in bill being introduced. It is not the intent passage be allowed to pyramid benefits.

Rep. B. C. Bylsma - Vice-Chrm.
HOUSE LABOR-COMMERCE COMMITTEE

(4) the adjustment was not the result of erroneous information supplied by the member or beneficiary;

(5) before the adjustment was made, the member or beneficiary received confirmation from the administrator that his records were correct; and

(6) the member or beneficiary had no reasonable grounds to believe his records were incorrect before the adjustment was made.

(b) In order to obtain consideration of a waiver under this section, the affected member or beneficiary must appeal to the board in writing within 30 days after receipt of notice that his records have been adjusted. The board shall rule on his appeal in writing within 120 days after its receipt.

(c) The board may, at its discretion, conduct a hearing on an appeal under this section. In reaching a decision on an appeal, the board may issue subpoenas, administer oaths, compel the attendance and testimony of witnesses, compel the taking of depositions and the submission of affidavits, and compel the production of documents and records.

(d) The board may impose conditions on the granting of a waiver which it considers equitable. These conditions may include requiring the member or beneficiary to make additional contributions to the system.

(e) The board may reconsider a ruling under this section upon request of the member or beneficiary or the administrator if the request is received within 30 days after the initial ruling. Any modification of the initial ruling must be made within 30 days after receipt of a request for reconsideration.

(f) Rulings and modifications of rulings under this section shall be by a majority of a quorum of the board.

(g) Rulings on appeals and requests for reconsideration under this section may be appealed by an aggrieved member or beneficiary to the superior court for abuse of discretion. (§ 9 ch 174 SLA 1978; am § 41 ch 13 SLA 1980)

Effect of amendment. — The 1980 amendment inserted "or beneficiary" following "member" wherever it appeared throughout the section; in subsection (a), inserted "or any portion of an adjustment" following "adjustment" in the introductory paragraph, inserted "or portion of the adjustment" following "the adjustment" at the beginning of paragraph (1), added "or the beneficiary was eligible to receive or was receiving benefits under this chapter before the adjustment" at the end of paragraph (2), substituted "benefits" for "retirement" following "eligibility for" near the beginning of paragraph (3), and substituted "being" for "already" following "reduction of benefits" near the end of paragraph (3).

Sec. 39.35.525. Limitation on use of credited service as peace officer or fireman. For the purpose of computing benefits for an employee enrolled as a peace officer or fireman, no more than 30 years of credited service may be considered, except for the purpose of

computing average monthly compensation and then the three consecutive years during the entire period of credited service which produced the highest total compensation shall be used. (§ 16 ch 109 SLA 1970)

Sec. 39.35.530. Limit on pension. No employee may simultaneously receive a pension under more than one section of this chapter. (§ 42 ch 143 SLA 1960)

Sec. 39.35.535. Medical benefits. Each person who is entitled to receive a monthly benefit from the retirement system shall be provided with major medical insurance coverage. Coverage shall become effective on the same date as retirement benefits commence and cease when the retired employee or survivor is no longer eligible to receive a monthly benefit. The level of coverage for persons over age 65 shall be the same as that available prior to reaching age 65 except that the benefits payable shall be supplemental to those afforded under the federal Old Age Survivor and Disability Insurance Program, if any. (§ 2 ch 200 SLA 1975)

Editor's note. — Provisions relating to insurance benefits may be found in 42 federal old-age, survivor, and disability U.S.C. § 401 et seq.

Sec. 39.35.540. Minimum benefit. The actuarial equivalent of minimum aggregate benefits payable to or on behalf of an employee may not be less than the total of the balances of his employee contribution account and voluntary savings account as of the date of the termination of his employment. (§ 4J ch 143 SLA 1960)

Sec. 39.35.545. Duplicate benefits.
Repealed by § 6 ch 81 SLA 1976.

Editor's note. — The repealed section derived from § 11, ch. 235, SLA 1968.

Sec. 39.35.546. Tax exemption. Benefits of this chapter are exempt from Alaska state and municipal income taxes. (§ 17 ch 109 SLA 1970; am § 50 ch 128 SLA 1977)

Effect of amendment. — The 1977 amendment inserted "Alaska."

Sec. 39.35.547. Effect of amendments. (a) An amendment of this chapter is not retroactive unless its retroactivity is expressly stated in the amendment.

(b) The monthly amount of a benefit payable under this chapter shall be determined in accordance with the provisions of this chapter in effect on the date of termination of the member's last segment of employment. (§ 5 ch 81 SLA 1976; am § 42 ch 13 SLA 1980)

(4) the adjustment was not the result of erroneous information supplied by the member or beneficiary;

(5) before the adjustment was made, the member or beneficiary received confirmation from the administrator that his records were correct; and

(6) the member or beneficiary had no reasonable grounds to believe his records were incorrect before the adjustment was made.

(b) In order to obtain consideration of a waiver under this section, the affected member or beneficiary must appeal to the board in writing within 30 days after receipt of notice that his records have been adjusted. The board shall rule on his appeal in writing within 120 days after its receipt.

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(d) The board may impose conditions on the granting of a waiver which it considers equitable. These conditions may include requiring the member or beneficiary to make additional contributions to the system.

(e) The board may reconsider a ruling under this section upon request of the member or beneficiary or the administrator if the request is received within 30 days after the initial ruling. Any modification of the initial ruling must be made within 30 days after receipt of a request for reconsideration.

(f) Rulings and modifications of rulings under this section shall be by a majority of a quorum of the board.

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computing average monthly compensation and then the three consecutive years during the entire period of credited service which produced the highest total compensation shall be used. (§ 16 ch 109 SLA 1970)

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Sec. 39.35.546. Tax exemption. Benefits of this chapter are exempt from Alaska state and municipal income taxes. (§ 17 ch 109 SLA 1970; am § 50 ch 128 SLA 1977)

Effect of amendment. — The 1977 amendment inserted "Alaska."

Sec. 39.35.547. Effect of amendments. (a) An amendment of this chapter is not retroactive unless its retroactivity is expressly stated in the amendment.

(b) The monthly amount of a benefit payable under this chapter shall be determined in accordance with the provisions of this chapter in effect on the date of termination of the member's last segment of employment. (§ 5 ch 81 SLA 1976; am § 42 ch 13 SLA 1980)

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COMMITTEE REPORT

HOUSE

FURTHER: FINANCE

(5)

2/15/82

Date: 3-29-82

Mr. Speaker:

The Committee on LABOR & COMMERCE has had HB 866

"An Act establishing a special investment tax credit; and providing for an effective date."

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

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____

AND attaches a "Letter of Intent" New Fiscal Note. ()

reports it back without ^{individual} recommendation

referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Terry Martin - No Pass

AC Byrd - No Pass

Terry Martin
CHAIRMAN

Date introduced 2-16-82

" Rec'd 2-17-82

Referrals Finance

Comm. hearing 3-10-82 - held - 3-29-82 - passed

active passed out with indiv. Recommendation - taken chief clubs office 3:15 p.m. by Rep. Martin

2/24/82 → 2450 ^{Legal Dept} ~~Legal Dept~~
will take care for hearing.

3/2/82 notified
Sponsor notified. Dept of Revenue requested FN - Post office

3/9/82 Stevenson pending F/N & ites.

7 Revenue
7 not & some notified
Resources

Audit Div. F/N herein
Dept of Rev. F/N herein

Kellum Powell
Cape Fox Corp. 789-9997
notified of hearing for 3-29-82

Per R.R. Kesel, Department of Revenue, during testimony given 3/29/82 at a House Labor & Commerce Committee hearing on HB 866:

Reading from the U.S. Master Tax Guide, referring to what is Section 38 property:

The investment credit is available only for expenditures on Section 38 property. Section 38 property is either recovery property or other depreciable or amortizable property having a useful life of three years or more; that is,

- 1) tangible personal property;
- 2) other tangible property used as an integral part of manufacturing extraction production.

Terry - definition you requested.

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH 5
JUNEAU, ALASKA 99811

March 9, 1982

The Honorable Terry Martin
Chairman
House Labor and Commerce Committee
Room 211 - Behrends Building
Juneau, Alaska

Dear Mr. Martin:

Re: House Bill No. 866

House Bill No. 866, an Act establishing a special investment tax credit, was introduced in the House on February 16, 1982 and was referred to the House Labor and Commerce and Finance Committees.

For the consideration of the House Labor and Commerce Committee, I am enclosing copies of Fiscal Notes prepared by Mr. Robert R. Kessel, Director, Audit Division and Mr. Vince Wright, Chief, Research Section of the Department of Revenue concerning the proposed legislation.

Sincerely,



R. D. Stevenson
Special Assistant

Enclosures

cc: The Honorable Albert P. Adams
Chairman
House Finance Committee

Joseph K. Donohue
Deputy Commissioner
Department of Revenue

Robert R. Kessel, Director
Audit Division
Department of Revenue

Vince Wright, Chief
Research Section
Department of Revenue

MEMORANDUM

State of Alaska

Department of Revenue

TO: R. D. Stevenson
Special Assistant

DATE: February 24, 1982

FILE NO:

TELEPHONE NO:

FROM: Robert R. Kessel *AK*
Director, Audit Division

SUBJECT: HB 866

The bill would substantially expand the Investment Tax Credit for certain corporations. However, the bill falls short of its intended purpose to promote the development of farming, fishing, timber and mining and, in addition, is potentially very expensive.

There are many more qualified farmers than there is farmland available. The additional investment tax credit would give the existing farmers additional tax benefits but would do little to expand ownership to a new influx of farmers.

Most timber related companies already have more tax credits and carry-over losses than they can utilize. It is markets, not tax credits, that are needed.

For fisheries, all except bottom fishing appears overly crowded. That fact is witnessed by the limited entry system controlling the harvest of fishery resources. Tax credits would not expand the market nor provide higher prices.

Mining, in general, is a highly capital intensive industry. The expanded investment tax credit would serve the purpose of providing almost permanent assurance that no tax would be due because of the fifteen year carry-over provision available for the investment tax credit.

Finally, the expanded credit could be very costly particularly in one instance. If U. S. Borax develops its Ketchikan Molybdenum mine to the extent publicly indicated, the investment tax credit to that corporation would be \$100,000,000 (based on investment cost of \$1 billion). With the fifteen year carry-over provision for the investment tax credit, the investment tax credit of \$100,000,000 could equate to the following revenue loss to Alaska:

Investment Credit applied against tax liability - per current law

\$1,000,000,000	
x 10% Investment Credit amount	
x 18% currently allowed for Alaska corporations	\$ 18,000,000

Investment Credit applied against tax liability per this bill

\$1,000,000,000	
x 10%	<u>100,000,000</u>

Net Loss in revenue	<u>\$ 82,000,000</u>
---------------------	----------------------

RRK/gb

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 866
 Title An Act establishing a special investment tax credit.
 Requested by House Labor & Commerce Date 03/09/82
and Finance Committees

II. FISCAL DETAIL

Agency Affected Department of Revenue
 Program Category Affected _____
 BRU, Program, Or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING ^{Millions} ~~(Thousands)~~ of Dollars

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUNDS	(2.5)	(11.5)	(13.0)			
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME						
PART TIME						
TEMPORARY						

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

If it is assumed that the investment tax credit cannot exceed net income tax payable, then the maximum possible loss in revenue to the state would approximate 33 percent of the Department's revenue projections. The amounts would approximate \$2.5 million in FY 82, \$11.5 million in FY 83, and \$13 million in FY 84. The FY 82 figure incorporates the retroactive provision of the proposed tax legislation which applies to only part of that year.

IV. DATE 03/08/82 PREPARED BY Vince Wright
 AGENCY Department of Revenue
 Original: Legislative Finance PHONE 465-2173
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 866
 Title An Act establishing a special investment tax credit
 Requested by Hayes Date February 24, 1982

II. FISCAL DETAIL

Agency Affected Department of Revenue
 Program Category Affected Revenue Collection and Management
 BRU, Program, Or Subprogram(s) Affected Audit Division
 (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) None

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars) None

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS None

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME						
PART TIME						
TEMPORARY						

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

See memo to R. D. Stevenson dated February 24, 1982.

Robert R. Kessel

IV. DATE February 24, 1982 PREPARED BY Robert R. Kessel
 AGENCY Audit Division

Original: Legislative Finance PHONE 465-2320
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Investment
Tax Credit
(natural
resources)

Monday - March 25

HOUSE BILL NO. 866, by Rep. Hayes. Would establish a special investment tax credit to promote the development of farming, fishing, timber, mining, wells, and other natural deposits (other than oil and gas), to provide increased employment opportunities, and provide an incentive for investment in the state. Provides a taxpayer may apply as a credit against his tax liability 100 percent of the investment credit allowed as to federal taxes under Internal Revenue Code sec. 38 (U.S.C. 38) upon the full amount of qualified investment put into use in the state for each taxable year for exploration, development, or mining of listed deposits (sec. 613(b) Internal Revenue Code) and for farming or clearing of land for farming, soil or water conservation, or for the prevention of erosion. Also would include fishing or cultivation and harvesting of timber. Provides Act is retroactive to January 1, 1982, and applies to taxable years beginning after 12/31/81. Provides Act takes effect immediately.

Introduced February 16 and referred to Labor & Commerce, then to Finance.

Date: March 18, 1982

To: Joe Hayes,
Speaker of the House

From: Steven C. Levi
Staff

With specific regard to HB 866:

1) Legislative Finance has informed me that under the proposed language (yours), investment tax credits from previous year's projects may not be included under a previous year's coverage. Investment tax credits may be carried forward and backward but only if they have been generated after January 1, 1982.

2) Legislative Finance has informed me that the unitary structure of taxation, for which the Department of Revenue is pressing, has no bearing on investment tax credits. The unitary structure simply allows the State of Alaska to examine a multi-national industry as a total entity and assess taxes appropriately. Unitary taxation basically states that the companies total income, worldwide, will be examined and a appropriate tax on their total income will be assessed.

3) Legislative Finance has informed me that the under the proposed language (yours), investment tax credits may only be taken against corporate income taxes, not against the mining license tax. Legislative Finance could not find a "minimum tax." Staff suspects that a "minimum tax" is a state tax applied to mining operations in other states but not in Alaska.

4) The Fiscal Note gives the revenue loss to the State at \$27 million for three fiscal years: \$2.5 for FY82, \$11.5 for FY83 and 13.5 for FY84. Please note that FY82 is artificially low because the proposed language only allows the investment tax credit to begin on January 1, 1982, the second half of FY82.

However, it should be stated that this amount is expected to rise simply because an investment tax credit will stimulate development which in turn will generate more investment tax credits.

5) On March 8, 1982, the Department of Revenue sent a memo to the Legislative Finance, attached. Staff response to the memo is as follows.

a) The contention that "the bill falls short of its intended purpose," is a speculative statement. The purpose of the bill is to stimulate long term taxable income. The memo, however, deals specifically with the short term economic impact of this bill as conditions are now.

The primary point missed in the first paragraph is that with each increment of advantage, the Alaskan theater of operations becomes more profitable. If, overnight, Anaconda could suddenly 'pick up' the option of an investment tax credit which would increase their aftertax revenue by several million dollars, operations in Alaska would become a higher priority. In short, the more profitable it is for the companies doing the investment, the more profitable it will be for the State of Alaska in the long run.

b) With regard to the farming industry, the memo stated that the investment tax credit would only benefit existing farmers and would not provide an incentive to new farmers. This statement is a bit premature considering that more Delta plots have been put out to bid. If HB 866, as worded, passed, it would provide an added incentive to bid on land for the purpose of farming.

c) With regard to the timber industry, the memo stated that the primary problem relating to time was a lack of markets. The economic hardships faced in the timber industry are due more to a lack of a long term supply of lumber and State and Federal regulations than to a lack of markets. The turmoil over land conveyance, coupled with the disparity of timber regulations on Federal, State and private lands, has made it difficult for the industry to negotiate for long term timber contracts. An investment tax credit would, in the long run, make an investment in Alaskan timber a better bargain.

d) With regard to fishing, the memo states that "Tax credits would not expand the market nor provide higher prices." Staff notes that an expansion of the market is achieved through the dynamic process of supply or demand. An investment tax credit is not intended to 'expand the market.' An investment tax credit is not intended to provide higher prices either. Thus, staff notes, the statement by the Department of Revenue is true, but it has no bearing on the effect of an investment tax credit on the fishing industry.

e) Finally, the statement concerning U. S. Borax is one-sided. Mathematically the numbers are correct and the total 'loss' to the state would be \$82 million over 15 years. But this does not take into account the amount of money that U. S. Borax would be pumping into the economy on the local level. Of course if U.S. Borax chooses to mine elsewhere, the State would not 'lose' \$82 million. But it would not gain the corporate income tax and subsequent dollar turnover in the economy either.

MEMORANDUM

State of Alaska

Department of Revenue

TO: R. D. Stevenson
Special Assistant

DATE: February 24, 1982

FILE NO:

TELEPHONE NO:

FROM: Robert R. Kessel *AK*
Director, Audit Division

SUBJECT: HB 866

The bill would substantially expand the Investment Tax Credit for certain corporations. However, the bill falls short of its intended purpose to promote the development of farming, fishing, timber and mining and, in addition, is potentially very expensive.

There are many more qualified farmers than there is farmland available. The additional investment tax credit would give the existing farmers additional tax benefits but would do little to expand ownership to a new influx of farmers.

Most timber related companies already have more tax credits and carry-over losses than they can utilize. It is markets, not tax credits, that are needed.

For fisheries, all except bottom fishing appears overly crowded. That fact is witnessed by the limited entry system controlling the harvest of fishery resources. Tax credits would not expand the market nor provide higher prices.

Mining, in general, is a highly capital intensive industry. The expanded investment tax credit would serve the purpose of providing almost permanent assurance that no tax would be due because of the fifteen year carry-over provision available for the investment tax credit.

Finally, the expanded credit could be very costly particularly in one instance. If U. S. Borax develops its Ketchikan Molybdenum mine to the extent publicly indicated, the investment tax credit to that corporation would be \$100,000,000 (based on investment cost of \$1 billion). With the fifteen year carry-over provision for the investment tax credit, the investment tax credit of \$100,000,000 could equate to the following revenue loss to Alaska:

Investment Credit applied against tax liability - per current law

\$1,000,000,000
x 10% Investment Credit amount
x 18% currently allowed for Alaska corporations \$ 18,000,000

Investment Credit applied against tax liability per this bill

\$1,000,000,000
x 10% 100,000,000

Net Loss in revenue \$ 82,000,000

RRK/gb

In a Time of Storm, Save the Safe Harbor

In this period of economic uncertainty, it is perhaps natural for patience to run thin and the hunt for scapegoats to intensify, and one should not be too surprised that this sometimes leads to superficial thinking and snap judgments. A case in point is the current storm over the leasing provisions of the Economic Recovery Tax Act that Congress passed and the President signed last year.

The subject is complicated and not easily explained, and this makes it liable to misleading analysis and false conclusions. But the mining industry should not throw up its hands in frustration and hope for the best, because its cause is right and its case is just. Its stake in the leasing provisions is enormous, and it must mount a vigorous defense of their retention.

The 1981 tax legislation liberalized depreciation rules for the purpose of accelerating capital investment by American industry, thereby making this nation more competitive in the marketplace of the globe, creating more and better jobs, and broadening the government's tax base in a vibrant and freshly reindustrialized economy.

A major problem with this worthy intention was that a number of highly capital-intensive industries, including mining, were earning little or no profits and consequently paying low corporate income taxes. More liberal depreciation rules would do little good for companies that couldn't afford to invest in the first place in needed new plants and equipment, and new tax breaks wouldn't mean much for those whose tax obligations were already low.

The leasing provisions were consciously devised to get around these problems by letting firms use their tax benefits through leasing that would generate the money for capital investments.

Since then, the press has carried sensationalist stories about companies "selling their tax breaks" to flourishing corporations, which reaped huge gains at the expense of the U.S. Treasury. Because the facts are complicated, these stories seldom gave an accurate account of the transactions and left some distinct and distasteful impressions.

Let's set the record straight.

- If capital-intensive enterprises with low earnings cannot gain access to financing, the incentives of the 1981 law become meaningless.

- The government itself has imposed tremendous capital requirements on many of these industries through such means

as mandated pollution controls, which seldom contribute an iota to profitability.

- No matter how the tax credit is divided, it cannot exceed what the government allows for a capital investment.

- This capital investment—the very reason for the tax change—must be made, before any benefits accrue. And this is exactly what's been happening. Money is being infused into necessary improvements in the mining industry. Jobs are being preserved. Technology is being advanced. The industry is gradually gaining the firmer footing it requires to serve the needs of American society. It is a process that must not be reversed.

- The companies that make available the cash for the investment, often when it cannot be obtained from banks or other institutions, are entitled to a return on their money and some reward for their risks.

In times of widespread economic distress, it is easy to single out so-called faceless corporations for special abuse and call upon them to bear more of the burden. But this evades the problem, instead of going to the heart of it.

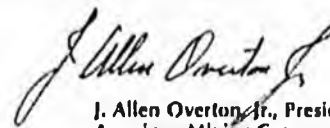
A *Wall Street Journal* survey earlier this month comparing fourth quarter 1981 earnings with those of 1980, showed a 91 percent drop for the mining and nonferrous metals industries.

As I've pointed out many times, these industries are at the bedrock of modern society. They are crucial to our national defense. All other industries and jobs ultimately depend on their vitality; they produce the stuff from which things are made. They have had the most severe proportional costs thrust upon them for environmental protection of all industries in the nation. They face increasing competition from foreign producers who labor under fewer burdens and often with governmental subsidies to yield foreign exchange.

In short, the mining industry of the United States is in serious straits and trying to ride out a rough storm. The leasing provisions of last year's tax legislation were aptly named a "safe harbor," and they now offer the chance for refuge and replenishment when these are needed most.

All members of the mining fraternity should immediately make vigorous representations to the Congress, especially where personal contacts and constituent interests obtain, on behalf of retaining the leasing provisions of the Economic Recovery Tax Act as they apply to the mining industry.

If this nation will not provide a "safe harbor" for its most basic industries in the troubled present, it may well end up scuttling its more promising future.



J. Allen Overton, Jr., President
American Mining Congress

From the American "Mining Congress Journal"

SUBSTITUTE FOR HOUSE BILL NO. 866

A BILL

For an Act entitled: "An Act establishing a special investment tax credit; and providing for an effective date."

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

*Section 1. LEGISLATIVE FINDINGS AND INTENT. The legislature finds and declares that the establishment of a special investment tax credit will assist the state by diversifying its economy, provide increased employment opportunities, and provide an incentive for investment in the state.

*Sec. 2. AS 43.20.021(d) is amended to read:

(d) Except as provided in AS 43.20.036(b), where
[WHERE] a credit allowed under the Internal Revenue Code is also allowed in computing Alaska income tax, it is limited to 18 percent for corporations of the amount of credit determined for federal income tax purposes which is attributable to Alaska.

*Sec. 3. AS 43.20.036(b) is amended to read:

(b) For purposes of calculating income tax payable under this chapter the taxpayer may apply as a credit against his tax liability 100 percent of the investment credit allowed as to federal taxes under Internal Revenue Code sec. 38 (26 U.S.C. 38) upon the full amount of qualified investment put into use in the state for each taxable year.

*Sec. 4. This Act is retroactive to January 1, 1982, and applies to tax years beginning after December 31, 1981.

*Sec. 5. This Act takes effect immediately in accordance with AS 01.10.070(c).

PHIL R. HOLDSWORTH, P.E.
CONSULTING ENGINEER & LEGISLATIVE COUNSEL
MINING — GEOLOGY — LANDS

PHONE 907-586-1383

326 FOURTH STREET, No. 1009
JUNEAU, ALASKA 99801

March 25, 1982

MEMORANDUM

TO: Steven Levi

FROM: Phil Holdsworth *PH*

SUBJECT: HB 866

Would suggest the following amendment to the subject bill to eliminate the potential problem of the "sale" of tax credits by the actual developer to others. A new Sec. 3 could be inserted between lines 17 and 18, page 2 as follows:

→ Limit to within state

* Sec. 3. The investment tax credit allowed under sec. 2 of this Act may be claimed only by the taxpaying entity actually conducting the qualifying activity, and is not transferable.

(Renumber following sections accordingly)

Stops transfer of these credits to others -

*This bill gives 100% credit of Federal
maybe delit to this? decrease in states for
investments not used
is current a % of investments.*

AMENDMENT Proposed.

Constitutional?

ALASKA STATE CHAMBER OF COMMERCE
STATEMENT IN SUPPORT OF HB 866
HOUSE LABOR & COMMERCE COMMITTEE
MARCH 10, 1982

Mr. Chairman, my name is George Krusz. I am president of the Alaska State Chamber of Commerce. The ASCC is the largest statewide federation of Alaska business, with a membership of some 500 firms and individuals. Our membership represents the spread of Alaska business from individually owned and operated firms to the largest employers in the state. Geographically, representation ranges from Alaska and the Pacific Coast to the Southwest and East Coast. For more than twenty years, the State Chamber has been representing the interest of all Alaskan business in Juneau. The chamber traditionally has been supportive of legislation fair to large and small concerns alike.

Our support of HB 866 could probably be described as conceptual. We strongly support the concept of legislation allowing investment tax credit under 43.20.036 at 100% of the tax credit allowed under federal statutes. As a matter of fact, this very idea is part of the chamber's 1982 legislative program adopted at our annual Prelegislative Conference in December 1981.

However, it escapes us as to why this credit should be discriminatory as in HB 866. Why should it be limited just to the farming, fishing, timber, and mining industries and not to construction, manufacturing, and other Alaska businesses who

wish to invest heavily in Alaska's future. And that certainly includes the oil and gas industry.

To quote liberally from Section 1, HB 866:

"The Legislature finds and declares that the establishment of a special investment tax credit . . . will assist to state by diversifying its economy to make it less dependent on oil and gas, provide increased employment opportunities and provide an incentive for investment in the state." I'm sure even the oil and gas people would agree with that statement, so why not give all Alaska businesses the same investment incentives in order that we truly can diversify our economy and increase employment.

HB 866 is certainly a step in the right direction and for that reason, the ASCC does support it, but it would be so much stronger if it allowed all Alaska businesses to participate.

Thank you for this opportunity to express our viewpoint.

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH 5
JUNEAU, ALASKA 99811

March 9, 1982

The Honorable Terry Martin
Chairman
House Labor and Commerce Committee
Room 211 - Behrends Building
Juneau, Alaska

Dear Mr. Martin:

Re: House Bill No. 866

House Bill No. 866, an Act establishing a special investment tax credit, was introduced in the House on February 16, 1982 and was referred to the House Labor and Commerce and Finance Committees.

For the consideration of the House Labor and Commerce Committee, I am enclosing copies of Fiscal Notes prepared by Mr. Robert R. Kessel, Director, Audit Division and Mr. Vince Wright, Chief, Research Section of the Department of Revenue concerning the proposed legislation.

Sincerely,



R. D. Stevenson
Special Assis

Enclosures

cc: The Honorable Albert P. Adams
Chairman
House Finance Committee

Joseph K. Donohue
Deputy Commissioner
Department of Revenue

Robert R. Kessel, Director
Audit Division
Department of Revenue

Vince Wright, Chief
Research Section
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HB 866
 Title An Act establishing a special investment tax credit
 Requested by Hayes Date February 24, 1982

II. FISCAL DETAIL
 Agency Affected Department of Revenue
 Program Category Affected Revenue Collection and Management
 BRU, Program, Or Subprogram(s) Affected Audit Division
 (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) None

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars) None

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS None

FULL TIME						
PART TIME						
TEMPORARY						

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

See memo to R. D. Stevenson dated February 24, 1982.

IV. DATE February 24, 1982 PREPARED BY Robert R. Kessel
 AGENCY Audit Division
 Original: Legislative Finance PHONE 465-2320
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

Robert R. Kessel

MEMORANDUM

State of Alaska

Department of Revenue

TO: R. D. Stevenson
Special Assistant

DATE: February 24, 1982

FILE NO:

TELEPHONE NO:

FROM: Robert R. Kessel *RR*
Director, Audit Division

SUBJECT: HB 866

The bill would substantially expand the Investment Tax Credit for certain corporations. However, the bill falls short of its intended purpose to promote the development of farming, fishing, timber and mining and, in addition, is potentially very expensive.

There are many more qualified farmers than there is farmland available. The additional investment tax credit would give the existing farmers additional tax benefits but would do little to expand ownership to a new influx of farmers.

Most timber related companies already have more tax credits and carry-over losses than they can utilize. It is markets, not tax credits, that are needed.

For fisheries, all except bottom fishing appears overly crowded. That fact is witnessed by the limited entry system controlling the harvest of fishery resources. Tax credits would not expand the market nor provide higher prices.

Mining, in general, is a highly capital intensive industry. The expanded investment tax credit would serve the purpose of providing almost permanent assurance that no tax would be due because of the fifteen year carry-over provision available for the investment tax credit.

Finally, the expanded credit could be very costly particularly in one instance. If U. S. Borax develops its Ketchikan Molybdenum mine to the extent publicly indicated, the investment tax credit to that corporation would be \$100,000,000 (based on investment cost of \$1 billion). With the fifteen year carry-over provision for the investment tax credit, the investment tax credit of \$100,000,000 could equate to the following revenue loss to Alaska:

Investment Credit applied against tax
liability - per current law

\$1,000,000,000	
x 10% Investment Credit amount	
x 18% currently allowed for Alaska corporations	\$ 18,000,000

Investment Credit applied against tax
liability per this bill

\$1,000,000,000	
x 10%	<u>100,000,000</u>

Net Loss in revenue	<u>\$ 82,000,000</u>
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RRK/gb

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 856
 Title An Act establishing a special investment tax credit.
 Requested by House Labor & Commerce Date 03/09/82
and Finance Committees

II. FISCAL DETAIL

Agency Affected Department of Revenue
 Program Category Affected _____
 BRU, Program, Or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Millions of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	(2.5)	(11.5)	(13.6)			
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME						
PART TIME						
TEMPORARY						

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

If it is assumed that the investment tax credit cannot exceed net income tax payable, then the maximum possible loss in revenue to the state would approximate 33 percent of the Department's revenue projections. The amounts would approximate \$2.5 million in FY 82, \$11.5 million in FY 83, and \$13 million in FY 84. The FY 82 figure incorporates the retroactive provision of the proposed tax legislation which applies to only part of that year.

IV. DATE 03/08/82 PREPARED BY Vince Wright
 AGENCY Department of Revenue
 Original: Legislative Finance PHONE 465-2173
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

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886

