

ALASKA LEGISLATURE COMMITTEES DO NOT DO 2  
1787 SLC BOARD CONFIRMATIONS - SB 31 1287

Lecturing and  
Teaching Exp.

Peat, Marwick, Mitchell & Co.  
National Instructor: Governmental Auditing

Alaska Municipal League  
Instructed: Elected Official Role in Financial  
Planning and Control

Municipal Finance Officers Association of Alaska  
Lectured on various subjects one or two times  
each year for the last six years

Alaska School Business Officials  
Lectured on various subjects once each year for  
the last four years

OTHER QUALIFICATIONS FOR  
REAPPOINTMENT TO BOARD  
OF ACCOUNTANCY:

My normal professional activities requires that I travel over most of Alaska. I regularly work with clients in Nome, St. Mary's, Bethel, Dillingham, Kodiak, Juneau, Whittier, Anchorage, Glenn Allen, and Fairbanks. I regularly consult with others with whom I work regarding problems in other areas of Alaska and/or nationwide. This exposure to all areas of Alaska and U.S.A. provides a broad perspective of the problems encountered in various geographical locations and economic situations. This wide range of knowledge permits me to more fairly evaluate the impact of any legislation or regulation affecting the accounting profession and the skills an individual needs to be licensed as a CPA in Alaska.



Official Business

# Alaska State Legislature

## Senate

### Committee on Labor & Commerce

Pouch V  
State Capitol  
Juneau, Alaska 99811

#### M E M O R A N D U M

TO: Senator Hohman, Vice Chairman  
Senator Ziegler  
Senator Fahrenkamp  
Senator Rodey

FROM: Senator Mulcahy, Chairman  
Senate Labor & Commerce Committee

DATE: February 11, 1981

SUBJECT: Board Confirmations

The attached resume has been forwarded for your review.

#### BOARD OF MARINE PILOTS

William Barrington, Alaska Maritime Agency, Anchorage



# Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V  
State Capitol  
Juneau, Alaska 99811

Official Business

March 2nd, 1981

President Jalmar Kertulla  
Alaska State Senate  
Pouch V  
Juneau, Alaska 99811

Dear Mr. President:

Pursuant to your instructions, and in accordance with AS 39.05.080, the Senate Committee on Labor and Commerce has reviewed the following named individual who was appointed by the Governor to the Collection Agency Board:

COLLECTION AGENCY BOARD

Allen D. Shepard, Anchorage, term expiring 1/3/83

There were no stated objections to confirmation of the named individual by committee members. This does not necessarily indicate an intention to vote for or against the individual named at the time of the Joint Session on confirmations.

Sincerely,

Bob Mulcahy  
Chairman



Official Business

# Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V  
State Capitol  
Juneau, Alaska 99811

2 March, 1981

President Jalmar Kertulla  
Alaska State Senate  
Pouch V  
Juneau, Alaska 99811

Dear Mr. President:

Pursuant to your instructions, and in accordance with AS 39.05.080, the Senate Committee on Labor and Commerce has reviewed the following named individuals who were appointed by the Governor to the Board of Marine Pilots:

BOARD OF MARINE PILOTS

William Barrington, Anchorage, term expires 1/3/83  
David George, Juneau, term expires 6/1/84

There were no stated objections to confirmation of the named individuals by committee members. This does not necessarily indicate an intention to vote for or against any of the individuals named at the time of the Joint Session on confirmations.

Sincerely,

Bob Mulcahy  
Chairman



Official Business

# Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V  
State Capitol  
Juneau, Alaska 99811

March 2nd, 1981

President Jalmar Kertulla  
Alaska State Senate  
Pouch V  
Juneau, Alaska 99811

Dear Mr. President:

Pursuant to your instructions, and in accordance with AS 39.05.080, the Senate Committee on Labor and Commerce has reviewed the following named individuals who were appointed by the Governor to the State Board of Public Accountancy:

STATE BOARD OF PUBLIC ACCOUNTANCY

L. Pete Hogan, Ketchikan, term expiring 4/25/83  
Kaye, May, Juneau, term expiring 4/25/81

There were no stated objections to confirmation of the named individuals by committee members. This does not necessarily indicate an intention to vote for or against any of the individuals named at the time of the Joint Session on confirmations.

Sincerely,

Bob Mulcahy  
Chairman



Official Business

# Alaska State Legislature

## Senate

### Committee on Labor & Commerce

Pouch V  
State Capitol  
Juneau, Alaska 99811

March 2nd, 1981

President Jalmar Kertulla  
Alaska State Senate  
Pouch V  
Juneau, Alaska 99811

Dear Mr. President:

Pursuant to your instructions, and in accordance with AS 39.05.080, the Senate Committee on Labor and Commerce has reviewed the following named individuals who were appointed by the Governor to the Alaska Workmen's Compensation Board:

#### ALASKA WORKMEN'S COMPENSATION BOARD

David Richards, Juneau, term expiring 7/1/83  
Jan Baughman, Fairbanks, term expiring 7/1/83

There were no stated objections to confirmation of the named individuals by committee members. This does not necessarily indicate an intention to vote for or against any of the individuals named at the time of the Joint Session on confirmations.

Sincerely,

Bob Mulcahy  
Chairman



Alaska State Legislature  
Senate

JUNEAU, ALASKA

March 2nd, 1981

President Jalmar Kertulla  
Alaska State Senate  
Pouch V  
Juneau, Alaska 99811

Dear Mr. President:

Pursuant to your instructions, and in accordance with AS 39.05.080, the Senate Committee on Labor and Commerce has reviewed the following named individuals who were appointed by the Governor to the Board of Welding Examiners:

BOARD OF WELDING EXAMINERS

Kenneth Lomax, Anchorage, term expiring 12/16/83

Don Delk, Anchorage, term expiring 12/16/85

There were no stated objections to confirmation of the named individuals by committee members. This does not necessarily indicate an intention to vote for or against any of the individuals named at the time of the Joint Session on confirmations.

Sincerely,

Bob Mulcahy  
Chairman



Official Business

# Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V  
State Capitol  
Juneau, Alaska 99811

March 2nd, 1981

President Jalmar Kertulla  
Alaska State Senate  
Pouch V  
Juneau Alaska, 99811

Dear Mr. President:

Pursuant to your instructions, and in accordance with AS 39.05. 080, the Senate Committee on Labor and Commerce has reviewed the following named individuals who were appointed by the Governor to the Alcoholic Beverage Control Board:

ALCOHOLIC BEVERAGE CONTROL BOARD

Jeff Smith, Kotzebue, term expiring 1/31/84  
William Smith, Anchorage, term expiring 1/31/84  
Bill Gordon, Fairbanks, term expiring 1/31/82

There were no stated objections to confirmation of the named individuals by committee members. This does not necessarily indicate an intention to vote for or against any of the individuals named at the time of the Joint Session on confirmations.

Sincerely,

Bob Mulcahy  
Chairman



Alaska State Legislature  
Senate

JUNEAU, ALASKA

March 2nd, 1981

President Jalmar Kertulla  
Alaska State Senate  
Pouch V  
Juneau, Alaska 99811

Dear Mr. President:

Pursuant to your instructions, and in accordance with AS 39.05.080, the Senate Committee on Labor and Commerce has reviewed the following named individuals who were appointed by the Governor to the Real Estate Commission:

REAL ESTATE COMMISSION

Lance Youngquist, Juneau, term expiring 1/31/85  
Karen Morris, Fairbanks, term expiring 1/31/85

There were no stated objections to confirmations of the named individuals by committee members. This does not necessarily indicate an intention to vote for or against any of the individuals named at the time of the Joint Session or confirmations.

Sincerely,

Bob Mulcahy  
Chairman

# MEMORANDUM

State of Alaska

TO: The Honorable Bob Mulcahy  
Senator  
Alaska State Legislature

DATE: February 9, 1981

FILE NO:

TELEPHONE NO: 465-3500

FROM: Vicki A. Clayman  
Special Assistant  
to the Governor

SUBJECT: Résumé for  
Legislative  
Confirmation

Per my memo of February 2, 1981, attached is the résumé for Mr. William Barrington, Board of Marine Pilots.

Attachment

# ALASKA MARITIME AGENCIES

2101 FOURTH AVENUE—SUITE 1410  
SEATTLE, WASHINGTON 98121  
TELEPHONE 206 623-0520  
TELEX 32-8793

P.O. BOX 6224  
ANCHORAGE, ALASKA 99502  
TELEPHONE 907 243-0714  
TELEX 090-25468

P.O. BOX 8075  
KETCHIKAN, ALASKA 99901  
TELEPHONE 907 225-6156  
TELEX 099-55295

P.O. BOX 1170  
VALDEZ, ALASKA 99686  
TELEPHONE 907 835-2800  
TELEX 090-26391

PLEASE REPLY TO: Anchorage

## RESUME

William H. Barrington

April 1, 1919:

Born at San de Fuca, Washington

1924:

Accompanied parents to Wrangell, Alaska where my father opened the Barrington Transportation Company on the Stikine River.

We lived in Wrangell each year from April until October from 1925 until 1943, spending the winter months in Washington.

I attended public schools in Wrangell and Oak Harbor, Washington, graduating in May 1936.

I attended the University of Washington and Griffin-Murphy Business College in Seattle during the winters and was employed by the Diamond K. Packing Company, Sinclair's Store, Barrington Transportation Company and Wrangell Lumber Mill until my marriage on January 23, 1944.

February 1, 1944:

Appointed to U.S. Customs Service in Skagway, Alaska and served during the summer of 1945 as deputy collector in charge of the port of Eagle.

October 1945:

Was transferred to the Customs headquarters in Juneau serving as marine, vessel admeasurement, and vessel documentation officer, appraiser and assistant collector of Customs until retiring in February 1964.

March 1964:

Moved to Anchorage, Alaska and was engaged in private enterprise. I was employed by Alaska Maritime Agencies as vessel agent in 1967 and presently am the Western Alaska Manager with offices in ERA Aviation Center Anchorage, Kenai and Dutch Harbor.

  
William H. Barrington





Official Business

# Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V  
State Capitol  
Juneau, Alaska 99811

MEMORANDUM

15 April, 1981

TO: Senator Hohman, Vice Chairman  
Senator Fahrenkamp  
Senator Rodey  
Senator Ziegler

FROM: Senator Mulcahy, Chairman  
Senate Committee on Labor and Commerce

The following Governor's appointees for Legislative confirmation have been referred to the Senate Labor and Commerce Committee:

#### BOARD OF PUBLIC ACCOUNTANCY

- \*Ms. Kaye May, Juneau, term expiring 4/25/84
- \*Mr. Vernon Johnson, Anchorage, term expiring 4/25/84

Resumes are attached for the above listed individuals, and I would appreciate hearing from you by the 24th of April if you have objections to their confirmation. Thank you.

\*Reappointed



# Alaska State Legislature

Senate

Office of the Secretary

Pouch V  
State Capitol  
Juneau, Alaska 99811

Official Business

M E M O R A N D U M

April 14, 1981

TO: Senator Mulcahy,  
Chairman  
Labor and Commerce Committee

FROM: *PM* Peggy Mulligan  
Secretary of the Senate

The following Governor's appointees for legislative confirmation have been referred to your committee:

## BOARD OF PUBLIC ACCOUNTANCY

- \*Ms. Kaye May, Juneau, term expiring 4/25/84
- \*Mr. Vernon Johnson, Anchorage, term expiring 4/25/84

Resumes are attached for the above listed individuals.

\*Reappointed

w/attch.

Kaye A. May  
1220 Glacier Ave. #312  
Juneau, Alaska 99801

Résumé

BIRTHPLACE:

Devils Lake, North Dakota

MARITAL STATUS:

Married to Bruce E. May, S. E. Alaska Manager of  
Cochran Electric Company, Inc.

DEPENDENTS:

None.

EDUCATION:

Graduate of St. James Academy  
Grand Forks, North Dakota

EMPLOYMENT:

Self-employed at Channel Bowl, Inc. for the last five  
years as bookkeeper and office manager. Bookkeeping  
for Cochran Electric Company, Inc., Juneau Branch, from  
1972 to present.

AFFILIATIONS:

Member of:  
Soroptimist International of Juneau  
Alaska Visitor Association  
Juneau Chamber of Commerce  
Bowling Proprietor's Association of America  
National Independent Businessman's Association of America  
Office held at present time:  
Sgt. at Arms, Alaska State Women's Bowling Association

Mrs. Kaye A. May  
1220 Glacier Ave. #312  
Juneau, Alaska 99801

June 30, 1980

Honorable Jay S. Hammond  
Office of the Governor  
Pouch A  
Juneau Alaska, 99811

Dear Governor Hammond:

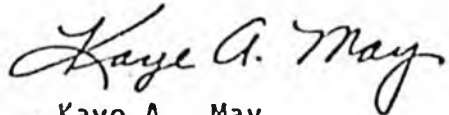
I would appreciate your consideration of my appointment as a public member to the board of Public Accountancy. Although I have no connection with this profession, I am interested in the opportunity to serve the citizens of Alaska as a member.

I am a registered voter in the State of Alaska and have resided in Juneau for the past nine years. I am co-owner of Channel Bowl, Inc. in Juneau and because of my duties there as bookkeeper and office manager, I do have some knowledge and interest in the accounting field.

I am available to attend all board meetings as required.

Thank you for your consideration.

Sincerely,



Kaye A. May

RESUME

VERNON R. JOHNSON  
5310 North Star  
Anchorage, Alaska 99502  
Tel. (907) 279-8129 (H)

Office: 601 W. 5th Ave., Suite 700  
Tel. (907) 276-7401

Date and Place  
of Birth:

October 26, 1932  
Bartlesville, Oklahoma

EDUCATION:

Elementary/High School

Public School System  
Bartlesville, Oklahoma

College

University of San Francisco  
San Francisco, California  
Bachelor of Science Degree  
as Accounting Specialist

MILITARY:

U.S. Navy 1952-1956  
Electronic Technician  
Honorable discharge

PROFESSIONAL  
LICENSES:

Alaska, P.A. No. 77  
Alaska, C.P.A. No. 167  
California, C.P.A. No. 9159E

EMPLOYMENT HISTORY:

August 1970 to Present

Peat, Marwick, Mitcehl & Co.  
601 W. 5th Ave., Suite 700  
Anchorage, AK 99501

Position:

Audit Manager

June 1966 to August 1970

Peat, Marwick, Mitchell & Co.  
543 W. 3rd Street  
Fairbanks, Alaska 99701

Position:

Audit Supervisor

Vernon R. Johnson

October 1965 to June 1966

Peat, Marwick, Mitchell & Co.  
736 "G" St.  
Anchorage, AK 99501  
Senior Accountant

Position:

July 1959 to October 1965

Peat, Marwick, Mitchell & Co.  
San Francisco, California  
Accountant

Position:

WORK EXPERIENCE:

Twenty years of professional accounting covering a wide range of industries, including:

Retailing  
Cattle ranching  
Citrus farming  
Truck farming  
Printing  
Oil and gas  
Electronic manufacturing  
Wholesaling  
Banking  
Local government  
School districts  
Not-for-profit organizations

The organizational structures of these clients encompassed proprietorships, partnerships, joint ventures and corporations and ranged in size from very small to national corporations.

Services provided to these clients were auditing and accounting, taxation, and various types of management consultation.

PROFESSIONAL  
ORGANIZATIONS:

American Institute of Certified Public Accountants  
Alaska representative on Farwest Region Legislative  
Sub-committee

Past President, Alaska Society of CPA's

California Society of CPA's

LECTURE AND TEACHING  
EXPERIENCE:

University of Alaska, Fairbanks, Div. of Evening  
School and Correspondence  
Instructed: Principals of Accounting

• University of Alaska, Anchorage, Sch. of Business  
& Public Administration  
Instructed: Governmental Accounting/Auditing

Lecturing and  
Teaching Exp.

Peat, Marwick, Mitchell & Co.  
National Instructor: Governmental Auditing

Alaska Municipal League  
Instructed: Elected Official Role in Financial  
Planning and Control

Municipal Finance Officers Association of Alaska  
Lectured on various subjects one or two times  
each year for the last six years

Alaska School Business Officials  
Lectured on various subjects once each year for  
the last four years

OTHER QUALIFICATIONS FOR  
REAPPOINTMENT TO BOARD  
OF ACCOUNTANCY:

My normal professional activities requires that I travel over most of Alaska. I regularly work with clients in Nome, St. Mary's, Bethel, Dillingham, Kodiak, Juneau, Whittier, Anchorage, Glenn Allen, and Fairbanks. I regularly consult with others with whom I work regarding problems in other areas of Alaska and/or nationwide. This exposure to all areas of Alaska and U.S.A. provides a broad perspective of the problems encountered in various geographical locations and economic situations. This wide range of knowledge permits me to more fairly evaluate the impact of any legislation or regulation affecting the accounting profession and the skills an individual needs to be licensed as a CPA in Alaska.



# Alaska State Legislature

## Senate

### Committee on Labor & Commerce

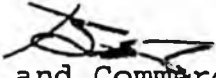
Official Business

Pouch V  
State Capitol  
Juneau, Alaska 99811

#### MEMORANDUM

TO: Senator Rodey  
Senate Majority Leader

1 May, 1981

FROM: Senator Mulcahy, Chairman   
Senate Committee on Labor and Commerce

We have received no stated objections from any of the members of the Senate Committee on Labor and Commerce regarding the review of Governor's appointees for Legislative confirmation.



# Alaska State Legislature

Senate

Office of the Secretary

Pouch V  
State Capitol  
Juneau, Alaska 99811

Official Business

M E M O R A N D U M

April 24, 1981

TO: Senator Mulcahy  
Chairman  
Labor and Commerce  
Committee

FROM: Peggy Mulligan *Peggy*

The following Governor's appointees for legislative confirmation of appointment to the position noted have been referred to your committee:

#### BOARD OF PUBLIC ACCOUNTANCY

Mr. Michael Cook, Fairbanks, term expiring 4/25/83  
Mr. Shelby Stastny, Anchorage, term expiring 5/25/82

Resumes are attached for the above listed individuals.

Enclosures



Official Business

# Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V  
State Capitol  
Juneau, Alaska 99811

MEMORANDUM

24 April, 1981

TO: Senator Hohman, Vice Chairman  
Senator Fahrenkamp  
Senator Rodey  
Senator Ziegler

FROM: Senator Mulcahy, Chairman  
Senate Committee on Labor and Commerce

The following Governor's appointees for Legislative confirmation have been referred to the Senate Labor and Commerce Committee:

BOARD OF PUBLIC ACCOUNTANCY

Mr. Michael Cook, Fairbanks, term expiring 4/25/83

Mr. Shelby Stastny, Anchorage, term expiring 5/25/82

Resumes are attached for the above named individuals, and I would appreciate hearing from you by the 4th of May, if you have objections to their confirmation. Thank you.

Personal and Professional Qualifications of

J. Shelby Stastny, CPA

Personal:

Age 42  
Married - Five children  
Resident of Alaska since January 1971

Education:

University of Utah

- B.S. Accounting
- Cum Laude

Professional:

Arthur Young & Company

- 18 years
- Partner in Charge of Anchorage Tax Department

University of Alaska and Anchorage  
Community College

- Accounting Instructor 1973 to present

Alaska Society of CPA's

- Instructor in various subjects

Professional  
Organizations:

Alaska Society of CPA's

- President 1978-1979
- Board of Directors 1976-1980
- Chairman, Taxation Committee 1975-1977
- Chairman, Public Relations Committee 1979-1981
- Distinguished Service Award 1979-1980

American Institute of CPA's

- Member of Council 1978-1979

California Society of CPA's

Anchorage Estate Planning Council

Other  
Organizations:

Church of Jesus Christ of Latter Day  
Saints

- Stake High Council
- Bishop 1972-1976

Commonwealth North

- Member, Oil Pipeline Study Committee

Common Sense for Alaska

- President

MICHAEL T. COOK, CPA

Mr. Cook was born in Fairbanks, Alaska in 1938 and attended Fairbanks elementary and secondary schools. He attended Lehigh University in Bethlehem, Pennsylvania and graduated with honors in accounting. While at Lehigh University, he was president of his social fraternity and was elected as a member and president of Beta Alpha Psi, the accounting honorary, and a member of Beta Gamma Sigma, the business honorary.

In conjunction with receiving his degree from Lehigh University, Mr. Cook was commissioned an officer in the U. S. Air Force. He served as a medical administrator at Paine AFB, Washington and in Pakistan until August, 1965, and attained the rank of captain.

He began his professional career in 1960 with Price Waterhouse & Co. prior to his service in the U. S. Air Force. In September, 1965, he returned to Fairbanks to resume his accounting career with the predecessor firm of Main Hurdman & Cranstoun, and was made a partner in that firm in 1968. He became partner in Main Hurdman & Cranstoun in 1969 and is in charge of the Fairbanks office's audit practice.

He served six years as a member of the Board of Directors of the Alaska Society of Certified Public Accountants, is a past president and has been chairman of the Society's Legislative Committee. He was General Chairman of the 1977 Pacific Northwest Conference of Certified Public Accountants held in Fairbanks. He has been a member of the Council of the American Institute of Certified Public Accountants.

Among other activities, he is a past president of the Greater Fairbanks Chamber of Commerce, the president-elect of the Executive Committee of the Midnight Sun Boy Scout Council, is in the Rotary Club of Fairbanks, is a member of the Board of Directors of Alaska Crippled Children & Adults, a past president of the Fairbanks Estate Planning Council, is currently the president of the Midnight Sun Chapter of the Air Force Association and is in the Pioneers of Alaska. He has taught accounting courses for the University of Alaska. He and his wife, Sharon, and their children, Lance, Amy and Sarah, live in Fairbanks, where they are members of Fairbanks Lutheran Church.



Official Business

# Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V  
State Capitol  
Juneau, Alaska 99811

## M E M O R A I D U M

TO: Senator Hohman, Vice Chairman  
Senator Ziegler  
Senator Fahrenkamp  
Senator Rodey

FROM: Senator Mulcahy, Chairman  
Senate Labor & Commerce Committee

DATE: February 5, 1981

SUBJECT: Board Confirmations

The attached resume has been forwarded for your review.

### BOARD OF WELDING EXAMINERS

Don Delk, Anchorage, term expiring 12/16/85

Brief Resume of Experience of Don H. Deik  
in order to apply for a position on the  
State Board of Welding Examiners

June 1961 - September 1961 - Machinist's Apprentice

Palm Harbor Garage & Hrdw., Palm Harbor, FL

Engaged in the manufacture and repair of agricultural and fishing industries' machinery and equipment. Operated lathes, milling machines, drills, saws, etc.

September 1961 - July 1966 - Metals Processing Specialist

U.S. Air Force

Engaged in the repair and manufacture of aircraft, missile and support equipment components. Primarily performed shielded metal arc welding, gas tungsten arc welding, oxy-acetylene welding, brazing and soldering. Performed heat treating, chemical treatments and electroplating. Certified under Mil-T-5021D in stainless steels, aluminum alloy and magnesium alloys.

April 1968 - August 1970 - Heliarc Welder

Civil Service, U.S. Army, Fort Richardson, AK

Engaged in the repair of and the manufacturing of components for combat vehicles, weapon systems and support equipment. Performed shielded metal arc welding, gas metal arc welding, gas tungsten arc welding and oxy-acetylene welding, cutting, brazing and soldering.

August 1970 - September 1973 - Aircraft and Missile Welder

U.S. Air Force, Civil Service, Elmendorf AFB, AK

Engaged in aircraft and missile welding and electroplating. Certified under Mil-T-5021D in alloy steels in the shielded metal arc welding, gas tungsten arc welding and oxy-acetylene welding. Certified under Mil-T-5021D in the following alloy groups using gas tungsten arc welding: Stainless steel alloys, nickel based alloys, aluminum alloys, magnesium alloys and titanium alloys.

September 1973 - July 1974 - Industrial Radiographer

Civil Service, U.S. Air Force, Elmendorf AFB, AK

Performed optical, visual, fluorescent penetrant, magnetic particle, eddy current, ultrasonic, and radiographic inspections on aircraft and support equipment.

July 1974 - To present - Industrial Radiographer Foreman

Civil Service, U.S. Air Force, Elmendorf AFB, AK

Plan, coordinate and direct the work of approximately six personnel assigned to the Non-Destructive Inspection Laboratory and three personnel assigned to the Spectrometric Oil Analysis Laboratory.

January 1974 - To present - Gas Tungsten Arc Welding Instructor

Anchorage Comm. College, Anchorage, AK

Developed, set up and instruct Gas Tungsten Arc Welding. Instruct students in the theory of GTAW and teach the properties and welding of non-ferrous metals. Bring students proficiency up to the certification level in the laboratory in any alloy group the student desires.

### Specialized Education

1961 - Machinist Practices Laboratory, 534 hours,  
Dixie Hollins High School, St. Petersburg, Florida

1961 - Metals Processing Specialist, 15 weeks  
U.S. Air Force, Chanute AFB, IL

1975 - Non Destructive Inspection Technician, 4 weeks  
Chanute AFB, IL

15 credit hours - St. Petersburg Junior College  
St. Petersburg, Florida

44 credit hours - Welding Technology  
Anchorage Comm. College, Anchorage, AK  
Grade Point Average of 3.95

### Specialized Experience

July 1972 to Present - Weld Qualifying Official for the Alaskan  
Air Command - Certify approx. 15 welders  
per year in six alloy groups under Mil-T-5021D  
- Perform visual, bend, tensile and radiographic  
inspections.

### Technical Societies

Chairman - Alaska Section of the American Society of Non-Destructive Testing  
Treasurer - Alaska Section of the American Welding Society

#### Weld Qualifier

Certified as a State Welding Qualifier on March 7, 1975 by the State  
Welding Board.



# Alaska State Legislature

Senate

Committee on Labor & Commerce

Official Business

Room V  
State Capitol  
Juneau, Alaska 99811

## M E M O R A N D U M

TO: Senator Hohman, Vice Chairman  
Senator Ziegler  
Senator Fahrenkamp  
Senator Rodey

FROM: Senator Mulcahy, Chairman  
Senate Labor & Commerce Committee

DATE: February 11, 1981

SUBJECT: Board Confirmations

The attached resume has been forwarded for your review.

### BOARD OF MARINE PILOTS

William Barrington, Alaska Maritime Agency, Anchorage

OK -  $\Sigma$ , based upon  
what I read, not what I know -

# MEMORANDUM

State of Alaska

TO The Honorable Bob Mulcahy  
Senator  
Alaska State Legislature

DATE: February 9, 1981

FILE NO.

TELEPHONE NO 465-3500

FROM Vicki A. Clayman  
Special Assistant  
to the Governor

SUBJECT: Résumé for  
Legislative  
Confirmation

Per my memo of February 2, 1981, attached is the résumé for  
Mr. William Barrington, Board of Marine Pilots.

Attachment

# ALASKA MARITIME AGENCIES

2101 FOURTH AVENUE—SUITE 1410  
SEATTLE, WASHINGTON 98121  
TELEPHONE 206 623-0520  
TELEX 32-8793

P.O. BOX 6224  
ANCHORAGE, ALASKA 99502  
TELEPHONE 907 243-0714  
TELEX 090-25468

P.O. BOX 8075  
KETCHIKAN, ALASKA 99901  
TELEPHONE 907 225-6156  
TELEX 099-55295

P.O. BOX 1170  
VALDEZ, ALASKA 99686  
TELEPHONE 907 835-2800  
TELEX 090-26391

PLEASE REPLY TO: Anchorage

## RESUME

William H. Barrington

April 1, 1919:

Born at San de Fuca, Washington

1924:

Accompanied parents to Wrangell, Alaska where my father opened the Barrington Transportation Company on the Stikine River.

We lived in Wrangell each year from April until October from 1925 until 1943, spending the winter months in Washington.

I attended public schools in Wrangell and Oak Harbor, Washington, graduating in May 1936.

I attended the University of Washington and Griffin-Murphy Business College in Seattle during the winters and was employed by the Diamond K. Packing Company, Sinclair's Store, Barrington Transportation Company and Wrangell Lumber Mill until my marriage on January 23, 1944.

February 1, 1944:

Appointed to U.S. Customs Service in Skagway, Alaska and served during the summer of 1945 as deputy collector in charge of the port of Eagle.

October 1945:

Was transferred to the Customs headquarters in Juneau serving as marine, vessel admeasurement, and vessel documentation officer, appraiser and assistant collector of Customs until retiring in February 1964.

March 1964:

Moved to Anchorage, Alaska and was engaged in private enterprise. I was employed by Alaska Maritime Agencies as vessel agent in 1967 and presently am the Western Alaska Manager with offices in ERA Aviation Center Anchorage, Kenai and Dutch Harbor.

  
William H. Barrington



# STATE OF ALASKA

AUDIT DIVISION  
POUCH W—ALASKA OFFICE BUILDING

## THE LEGISLATURE

FINANCE DIVISION  
POUCH WF—STATE CAPITOL

BUDGET AND AUDIT COMMITTEE

JUNEAU, ALASKA 99811

February 25, 1981

To: Senator Bob Mulcahy  
Chairman  
Senate Labor and Commerce  
Committee

From: Gerald L. Wilkerson, CPA *GLW*  
Legislative Auditor  
Division of Legislative Audit

Subject: Sunset Termination of Alaska Boards  
and Commissions

Per your request, I am enclosing the status and termination dates of Alaska activities that have been terminated by law.

The following agencies had a June 30, 1980 termination date and will discontinue at June 30, 1981 unless revived this session:

- ✓ Collection Agency Board (AS 08.24.011)
- Guide Licensing and Control Board (AS 08.08.040)
- Board of Governors of the Alaska Bar Association  
(AS 08.08.040)
- State Board of Parole (AS 33.15.010)

The following agencies have a June 30, 1981 termination date and unless continued by law will have until June 30, 1982 to wind up their affairs:

- ✓ Board of Welding Examiners (AS 08.99.010)
- Alcoholic Beverage Control Board (AS 04.06.010)
- Alaska Pipeline Commission (AS 42.06.010)

The following agencies have a June 30, 1982 termination date and unless continued by law will have until June 30, 1983 to wind up their affairs:

- Board of Dental Examiners (AS 08.36.010)
- Board of Psychologist and Psychological Associate  
Examiners (AS 08.86.010)

Board of Electrical Examiners (AS 08.40.010)  
Real Estate Commission (AS 08.88.011)  
Alaska Renewable Resource Corporation (AS 37.12.010)  
Alaska Code Revision Commission (AS 24.20.075)

The following agencies have a June 30, 1983 termination date and unless continued by law will have until June 30, 1984 to wind up their affairs:

State Medical Board (AS 08.64.010)  
Board of Nursing (AS 08.68.010)  
Board of Marine Pilots (AS 08.62.010)  
Alaska Transportation Commission (AS 42.07.011)  
Alaska Council on Science and Technology (AS 44.19.181)

The following agencies have a June 30, 1984 termination date and unless continued by law will have until June 30, 1985 to wind up their affairs:

Board of Chiropractic Examiners (AS 08.20.010)  
Board of Examiners in Optometry (AS 08.72.010)  
Board of Pharmacy (AS 08.80.010)  
Board of Public Accountancy (AS 08.04.010)  
Board of Barbers and Hairdressers (AS 08.13.010)  
State Board of Registration for Architects, Engineers,  
and Land Surveyors (AS 08.48.011)

The following agencies have a June 30, 1985 termination date and unless continued by law will have until June 30, 1985 to wind up their affairs:

Board of Veterinary Examiners (AS 08.98.010)  
Alaska Public Utilities Commission (AS 42.05.010)  
Board of Dispensing Opticians (AS 08.71.010)

The following agencies have a June 30, 1986 termination date and unless continued by law will have until June 30, 1987 to wind up their affairs:

Board of Nursing Home Administrators (AS 08.70.010)  
State Physical Therapy Board (AS 08.84.010)

The Rural Development Council (AS 44.47.160-44.47.190) has a June 30, 1987 termination date and unless continued by law will have until June 30, 1988 to wind up its affairs.

Senator Bob Mulcahy  
February 25, 1981  
Page 3

If you need additional information on the "sunset" process,  
please contact me.

cc: Senator Arliss Sturgulewski  
Chairman  
Legislative Budget and Audit Committee



Official Business

# Alaska State Legislature

## Senate

### Office of the Majority Leader

Pouch V  
State Capitol  
Juneau, Alaska 99811

#### M E M O R A N D U M

DATE: April 30, 1981

TO: Senator Mulcahy, Chairman  
Labor and Commerce Committee

FROM: Senator Rodey *PMR*  
Majority Leader

RE: Looking forward to a joint session

As you know, executive appointments are required to be approved by the legislature sitting in joint session. In an attempt to speed up the calendar, I would like to segregate the boards or commissions which may have an appointee who is objectionable to one or more legislators.

Since your committee has been assigned jurisdiction over reviewing certain appointments to boards and commissions, I would appreciate your forwarding the names and positions of any individuals your committee has found objectionable, or not qualified for appointment.

Thank you.

cc: Senate President Kerttula  
House Speaker Duncan

PMR/ds

MEMORANDUM

TO: Senator Bob Mulcahy  
FROM: Senator Robert H. Ziegler, Sr.  
DATE: April 18, 1981

I have no problems with the May and Johnson appointments.

RHZ:1k



E.O. 52

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

The Honorable Jalmar Kerttula  
President of the Senate  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Dear Mr. President:

Under the authority of art. III, sec. 23, of the Alaska Constitution, I am transmitting an executive order consolidating two existing divisions of the Department of Labor into the new Division of Labor Standards and Safety.

The divisions to be combined are the Division of Wage and Hour and the Division of Occupational Safety and Health. A large portion of the budget of the Division of Occupational Safety and Health was deleted in the last session, necessitating personnel cutbacks. The consolidation will allow program functions to continue by merging various inspection and investigative functions assigned to the Department of Labor.

Sincerely,

Jay S. Hammond  
Governor

I. REQUEST  
 Bill/Resolution No. Executive Order #52  
 Title Division of Labor Standards & Safety  
 Requested by Governor Date 12.15.81

II. FISCAL DETAIL  
 Agency Affected Labor  
 Program Category Affected Public Protection  
 BRU, Program, or Subprogram(s) Affected Occupational Safety & Health/Wage & Hour  
 (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)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	0	0	0	0	0	0
PART TIME						
TEMPORARY						

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

No fiscal impact

NOTE: The FCC budget cuts for Occupational Safety & Health required a significant change in the operation of this program.

IV. DATE 12/15/81 PREPARED BY Judy Knight, Special Assistant  
 AGENCY Labor  
 PHONE 465-2700  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

S

B

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9

Sec. 45.45.010. Legal rate of interest.

(a) The rate of interest in the state is 10.5 percent a year and no more on money after it is due except as provided in (b) of this section.

(b) No interest may be charged by express agreement of the parties in a contract or loan commitment dated after June 4, 1976 which is more than five percentage points above the annual rate charged member banks for advances by the 12th Federal Reserve District that prevailed on the 25th day of the month preceding the commencement of the calendar quarter during which the contract or loan commitment is made. A contract or loan commitment in which the principal amount exceeds \$100,000 is exempt from the limitation of this subsection.

(c) Repealed by § 3 ch 84 SLA 1973.

(d) Notice of the annual rate charged member banks for advances by the 12th Federal Reserve District prevailing on the 25th day of the month preceding the commencement of each calendar quarter required for the maximum interest rate computation under (b) of this section shall be provided by the Department of Commerce and Economic Development.

(e) Repealed by § 4 ch 146 SLA 1974.

(f) No bank, savings and loan institution, pension fund, insurance company or mortgage company may require or accept any per cent of ownership or profits above its interest rate.

(g) Loan contracts and commitments covering one- to four-family dwellings may be prepaid without penalty, except federally insured loans that require a prepayment penalty.

(h) If the limitations on interest rates provided for in this section are inconsistent with the provisions of any other statute covering maximum interest, service charges or discount rates then the provisions of the other statute prevail. (§ 25-1-1 ACLA 1949; am § 20 ch 143 SLA 1968; am § 2 ch 69 SLA 1969; am §§ 1, 2 ch 94 SLA 1969; am §§ 1, 2 ch 239 SLA 1970; am §§ 1 — 3 ch 84 SLA 1973; am §§ 1 — 4 ch 146 SLA 1974; am § 1 ch 110 SLA 1976; am § 1 ch 159 SLA 1976; am § 2 ch 107 SLA 1980)

Cross references. — As to rate of interest under Alaska Small Loans Act, see AS 06.20. As to premium finance act, see AS 06.40.120. As to credit union loans, see AS 06.45.060. As to judgments, see AS 09.30.070. As to commercial fishing loans, see AS 16.10.320(a). As to housing development revolving loan fund, see AS 18.54.060. As to Alaska housing finance, see AS 18.56.098. As to insurance policy loans, see AS 21.45.052. As to veterans' loans, see AS 26.15.040. As to residential care facility loans, see AS 44.33.350(b). As to temperate social activities facilities loans, see AS 44.47.340 e). As to retail installment sales, see AS 45.10.120. As to collection of advance interest, see AS 45.45.080. As to Alternative Technology

and Power Resource loans, see AS 88.030(e). As to tourism loans, see AS 45.90.030(c). As to small business loans, see AS 45.95.020. As to historic district loans, see AS 45.98.040(4).

Effect of amendments. — The first 1976 amendment substituted "five percentage points" for "four percentage points" in the first sentence of subsection (b).

The second 1976 amendment rewrote subsection (a).

The 1980 amendment substituted "10.5" for "eight" near the beginning of subsection (a), and deleted the former second sentence of subsection (a), which read: "The rate of interest in the state is six per cent a year and no more on (1)

By SB 19

Amended

Repealed

Title 45

Title of Chapter

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Official Business

# Alaska State Legislature

## Senate

### Committee on Labor & Commerce

Pouch V  
State Capitol  
Juneau, Alaska 99811

February 9, 1981

#### Senate Labor & Commerce Committee Meeting

The meeting was called to order at 3:10 P.M. by Chairman Mulcahy. Those present were: Senators Hohman, Ciegler, Fahrenkamp and Rodey.

First on the agenda was SB 19 "An Act relating to the legal rate of interest; and providing for an effective date."

Chairman Mulcahy mentioned that a line of credit funds should be a matter of separate legislation.

Mr. Don Rhoades, President of Peoples Bank in Anchorage, testified on SB 19, citing the Belt & Daniels report, 1980 Federal Deregulation Act, as to impact on banks (tape reading 035 to 150).

Mr. Rhoades stated that Federal regulations pre-empt state usury laws at \$25,000.

Senator Rodey stated that pre-emption for \$25,000 will apply April 1, 1983; we are taking ourselves from within a Federal scheme and developing our own usury statute. Banking deregulation allows us to do it. We are exempting the State of Alaska from the Federal Act and wish to set our own usury rate. Senator Rodey moved to amend SB 19 by deleting the figure \$100,000 in line 17, page 1 of SB 19 to read \$25,000. There were no objections.

SB 19 was passed out of Committee with "Do Pass" recommendations.

Next on the agenda was SB 43 "An Act relating to filing insurance policy forms."

page 2  
Senate L & C Committee Meeting  
February 9, 1981

Mr. Don Koch, Alaska Division of Insurance testified on SB 43. He stated that the Division of Insurance ask through the Governor to respond to Federal legislation which will put the Federal Government in a position to regulate medicare supplement insurance, unless the State of Alaska takes certain actions:

- 1.) Adopt minimum standards for medicare supplemental policies.
- 2.) Implement loss ratio regulation to examine relationships of benefits to cost - Public Law 96-265 effective July 1, 1982. (tape reading 322 to 546)

Mike Thomas, lobbyist for the American Council of Life Insurance testified on SB 43. He felt that the Federal regulations are not necessarily reflective in SB 43. He also felt there were two problems with the bill:

- 1.) It gives the Division the authority to set and approve regulations in all phases of insurance.
- 2.) This bill may not give enough authority to meet requirements. Present statutes do not give authorities. (tape reading 550 to 640)

Chairman Mulcahy felt that further staff research is needed.

The meeting was adjourned by Mulcahy at 3:40 P.M.

# COMMITTEE REPORT

## SENATE

1/13/81

FURTHER: None

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

Mr. President:

The Committee on FINANCE & COMMERCE has had SS 19  
Legal rate of interest

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)  same title
- replace with CS for \_\_\_\_\_  new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

\_\_\_\_\_  
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\_\_\_\_\_  
CHAIRMAN

A M E N D M E N T

OFFERED IN THE SENATE:

BY: SENATE LABOR and COMMERCE

To: LABOR and COMMERCE SENATE BILL No. 19

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

PAGE: 1

LINE: 17

In line 17, delete the figure \$100,000 and replace with the figure \$25,000.

# FOSTER & MARSHALL INC.

INVESTMENT BANKERS AND BROKERS

114 SOUTH FRANKLIN STREET  
JUNEAU, ALASKA 99801

(907) 586-6000

## MEMBERS

NEW YORK STOCK EXCHANGE INC  
AMERICAN STOCK EXCHANGE INC  
PACIFIC STOCK EXCHANGE INC  
MIDWEST STOCK EXCHANGE INC  
CHICAGO BOARD OPTIONS EXCHANGE

## OFFICES

IN THE PRINCIPAL CITIES OF THE  
PACIFIC NORTHWEST AND ALASKA

February 9, 1981

Written Testimony: SENATE BILL NO. 19

Submitted By: Fred K. Koken  
First Vice President  
Foster & Marshall, Inc.

In the testimony I submitted to you a week ago and in the discussion which followed it was mentioned that the particular problem our industry faces might be best addressed in separate legislation or a separate section of current legislation. Attached is a copy of legislation currently under consideration in the State of Washington which addresses my industry's particular problem.

State of Washington  
47th Legislature  
1981 Regular Session

by Representatives Martins, Lasson,  
Dickie, Scott, McJannet, Rowland,  
King (R), Struthers

Read first time January 21, 1981, and referred to Committee on FINANCIAL  
INSTITUTIONS & INSURANCE.

1 AN ACT Relating to commercial lending; and adding a new section  
2 to chapter 19.52 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. Section 1. There is added to chapter 19.52  
5 RCW a new section to read as follows:

6 The interest charged by any broker-dealer registered  
7 under chapter 21.20 RCW and under the federal securities and  
8 exchange act of 1934, as amended, shall not be subject to the  
9 limitations imposed by this chapter if the underlying loans (1)  
10 may be paid in full at the option of the borrower and (2) are  
11 subject to the credit regulations of the board of governors of  
12 the federal reserve system, or its successor. Regarding any  
13 such loan, a borrower may not plead the defense of usury nor  
14 maintain any action thereon or therefor.

# FOSTER & MARSHALL INC.

MEMBERS  
NEW YORK STOCK EXCHANGE, INC.  
AMERICAN STOCK EXCHANGE, INC.  
PACIFIC STOCK EXCHANGE, INC.  
MIDWEST STOCK EXCHANGE, INC.  
CHICAGO BOARD OPTIONS EXCHANGE

INVESTMENT BANKERS AND BROKERS

114 SOUTH FRANKLIN STREET  
JUNEAU, ALASKA 99801

(907) 588-6000

OFFICES  
IN THE PRINCIPAL CITIES OF THE  
PACIFIC NORTHWEST AND ALASKA

February 2, 1981

Written Testimony: SENATE BILL NO. 19

Submitted By: Fred K. Koken  
First Vice President  
Foster & Marshall, Inc.

Security brokerage firms and other businesses that extend open lines of credit to their customers finance these loans through borrowings from major banks. The rate that is paid (the broker call rate/prime lending rate) moves up and down or "floats" with money market rates and the policy of the Federal Reserve Bank. In years past these rates have moved in a fairly narrow range and in an orderly manner. However, in the past eighteen months we have seen the broker call rate/prime lending rate make wide swings in very short periods of time. The current Alaska State usury law does not allow the necessary flexibility to keep pace with these interest rate changes and in fact can cause substantial losses to firms that extend open lines of credit.

EXAMPLE: Foster & Marshall is currently extending approximately \$2,700,000 in credit to Alaska residents. Under current law the maximum that can be charged is 18%. This is 5% above the 13% rate as set by the 12th Federal Reserve District on the 25th day of the month preceding the commencement of the calendar quarter. Our cost of money (the broker call rate) is now 20%. This means we are losing money at an annual rate of \$54,000. Since we normally charge 1% above our cost of money for accepting the risk of these loans and administering them we are actually losing money at an annual rate of \$81,000.

It is not the desire of any legitimate lender to take advantage of the borrower; however neither should the law allow the borrower to take advantage of the lender. In this situation the lender has two alternatives: 1) to continue to carry the loans and incur the loss, or 2) to call the loans and drive Alaska residents outside to do their business.

To correct the current situation two suggestions are offered:

1. Change the existing percentage point spread between the Federal Reserve rate and the usury limit to an eight percentage point spread.
2. Change the language in the existing law that now allows the rate to change only once a quarter and allow the rate to "float". This would mean that when the Federal rate went up so would the usury rate and when the Federal rate goes down so would the usury rate and that the maximum allowed by law would never be more than eight points above the effective annual Federal Reserve rate.

Page 2  
Written Testimony  
Fred Koken

Such a change would allow the usury limit to move or "float" in a constant relationship to the rate charged member banks by the 12th Federal Reserve District.

For suggestions as to specific language changes to SENATE BILL NO. 19 please review the attachment.

1. On line 12 delete the word [FIVE] and insert the word eight.
2. On line 12 insert the word effective between the words "the" and "annual".
3. On line 13 insert a period (.) after the word District.
4. At the end of line 13, through lines 14 and 15 and ending on line 16, delete the words [ON THE DAY ON WHICH THE CONTRACT OR LOAN COMMITMENT IS MADE.]

Note: The objective of suggestions 2, 3, and 4 is to eliminate the possible tying of the usury limit on open lines of credit to some contract date that might have established the open line of credit months or even years earlier.



Official Business

# Alaska State Legislature

## Senate

### Committee on Labor & Commerce

Pouch V  
State Capitol  
Juneau, Alaska 99811

February 3, 1981

Senate Labor & Commerce Committee Meeting

The meeting was called to order at 3:05 P.M. by Chairman Mulcahy. Those present were: Senators Rodey, Ziegler & Fahrenkamp. Vice Chairman Hohman was in another meeting and arrived late.

Chairman Mulcahy mentioned that we had received a Sponsor Substitute for SB 20.

First on the agenda was SB 19 "An Act relating to the legal rate of interest; and providing for an effective date."

Senator Rodey addressed SB 19, explaining the intent of the legislation of changing quarterly calculations of interest rates to daily calculations.

Mr. Fred Koken, ~~Director of the~~ <sup>Footer + Marshall</sup> Division of Banking testified on SB 19. He offered written testimony re: SB 19 and is in favor of changing the usuary law to allow rate to fluctuate with changes of the Federal Reserve Discount Rate. Would also recommend the rate be raised to 8% rather than five percent (tape reading 100 to 399).

Senator Rodey stated that the bill (SB 19) does not really deal with the area of the 'open line of credit'. He also suggested that the limit be lowered to \$25,000.

Next on the agenda was SB 20 & SB 35, which are very similar and dealing with Corporate Income Tax.

Senator Ziegler requested more background in the area of corporate income tax relief due to a position paper from the Department of Revenue and the bill's possible effect on the present law suit involving the oil companies and the State for liability of income tax.

page two  
Senate Labor & Commerce Committee Meeting  
February 3, 1981

Commissioner of Revenue, Tom Williams, testified on SB 20 & 35. He spoke in opposition to both bills and listed five (5) policy considerations to be studied by the Committee (tape reading 446 to 702).

Senator Ziegler said he still sees the necessity of some relief to small corporations throughout the State.

Senator Rodey felt small corporations' costs are much higher percentage-wise than that of larger corporations, thus the need for the tax relief. He brought up the legal question as to the impact of the present state lawsuit of the corporate income tax to multi-state corporations in connection with this legislation.

Next on the agenda was SB 85 "An Act permitting a minor under the age of 18 to be employed in an occupation in which a strike or lockout is in progress."

Senator Dankworth addressed this bill, explaining that a labor incident of this summer where minors lost jobs because of a strike. Work orders had to be pulled because of existing regulations that were adopted by the Department of Labor in connection with the Federal Fair Labor Standards Act. However, minors were still permitted to work picket lines.

Dale Cheek, Director of Wage and Hour Division, Department of Labor testified in favor of this legislation. He said the bill would clarify the law (tape reading 704 to 840).

Senator Rodey questioned as to whether or not it was really necessary for a bill, when possibly repealing a regulation would be all that is necessary.

Earl Deater, Local 302 : State opposition to SB 85 (tape reading 842 to 854).

Scott Edgar from Anchorage, age 15 years, testified in regards to SB 85 and how he was affected by the legal decision by the A.G.'s office to not allow minors to work during a strike (tape reading 000 to 062).

page three  
Senate Labor & Commerce Committee Meeting  
February 3, 1981

Paul Edgar from Anchorage, and father to Scott Edger testified on the effect of the strike on his son and thirty-six other minors who were prevented from working or collecting unemployment because of the incident (tape reading 064 to 158).

Mr. Dwayne Carlson, President AFL-CIO testified that the proposed legislation would violate the Child Labor Laws. It would set a precedent for hiring youngsters as strike breakers. He offered a compromise amendment as to not allowing youngsters (minors) to work behind pickets as well as businesses involved in disputes (tape reading 263 to 320).

The meeting was adjourned by Chairman Mulcahy at 4:03 P.M.

# STATE OF ALASKA THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99801  
907-465-3800

## LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 2, 1981

SUBJECT: Legal rate of interest -- SB 19  
(Work Order Number 12-0492)

TO: Senator Bob Mulcahy, Chairman  
Senate Labor and Commerce Committee  
Attn: Linda Otey

FROM: Thomas A. Sofo  
Legislative Counsel

You have asked whether SB 19, an act relating to the legal rate of interest in the state, satisfies requirements under the federal usury law enacted April 1, 1980. One of the few things that this memo may be able to accomplish is to more specifically define the question which needs to be considered by the Committee. On March 31, 1980, the United States Congress passed the Depository Institutions Deregulation and Monetary Control Act of 1980, P.L. 96-221, 94 Stat. 132. [Hereafter Monetary Control Act of 1980.] That rather lengthy law involves amendments to more than 100 sections of the United States Code. Various sections of P.L. 96-221 are known as or amended the following statutes:

- Bankholding Company Act of 1956;
- Banking Act of 1935;
- Consumer Checking Equity Act of 1980;
- Depository Institutions Deregulation Act of 1980;
- Equal Credit Opportunity Act;
- Federal Credit Union Act;
- Federal Deposit Insurance Act;
- Federal Home Loan Bank Act;
- Federal Reserve Act;
- Federal Trade Commission Act;
- Financial Regulation Simplification Act of 1980;
- Truth in Lending Act; and
- Truth in Lending Simplification and Reform Act.

As can be seen from the above, the scope of the Monetary Control Act of 1980 was extensive. However, from a review of the pertinent provisions of the act, it does not seem that the state must take any specific action with regard to our own usury laws.

One of the subjects covered by the Monetary Control Act of 1980 is the maximum permissible rate of interest which may be charged on certain transactions by certain institutions. The relevance to the state of those scattered provisions is necessarily tied to the nature of the loan and the institution at which it is made. SB 19 is an attempt to amend the general usury law which applies to loan transactions in the state in which the principal amount is \$100,000 or less. It should be pointed out that AS 45.45.010(h) and the note immediately following AS 45.45.010 make it clear that many types of transactions and institutions are subject to more specific regulation of maximum interest charges and that those more specific statutes prevail over the language contained in AS 45.45.010(b) which SB 19 is concerned with. The Monetary Control Act of 1980 is an example of federal legislation which more specifically addresses certain types of loan transactions and has the effect of preempting usury laws of this state for those transactions. The following is a list of transactions or institutions which are covered by the Monetary Control Act of 1980:

Federally insured residential mortgage transactions  
(12 U.S.C. 1735f-7nt);

Business and agricultural loans of \$25,000 or more  
(12 U.S.C. 86a);

State-chartered insured banks (12 U.S.C. 1831(d));

Federally insured savings and loan associations  
(12 U.S.C. 1730(g));

Federally insured credit unions (12 U.S.C. 1785); and

Small business investment companies (15 U.S.C. 687).

As to each of the entries in the list above, the Monetary Control Act of 1980 has provided for the maximum interest which may be charged and has specifically stated that any state law to the contrary is preempted. The interest rates

which apply since April 1, 1980, except on those loan transactions for which a commitment was made prior to April 1, 1980, are as follows:

Federally insured residential mortgages -- no maximum rate;

Business and agricultural loans of \$25,000 or more -- 5 percent above discount rate on 90 day commercial paper at federal reserve;

State-chartered insured banks -- 1 percent above discount rate on 90 day commercial paper at federal reserve;

Federally insured savings and loan associations -- 1 percent above discount rate on 90 day commercial paper at federal reserve;

Federally insured credit unions -- 1 percent above discount rate on 90 day commercial paper at federal reserve; and

Small business investment companies -- as prescribed by regulation by the small business administration or other alternatives which will require further research.

\* As to each of the preempted areas identified above, the Monetary Control Act of 1980 allows a state to specifically adopt a statute after April 1, 1980, ~~which states explicitly that the state does not want the particular provision of the Monetary Control Act of 1980 which preempts the state laws~~ ~~that apply to that state.~~ The only exception to this mechanism to avoid federal preemption is in the federally insured residential mortgage transactions. In that area there is a "window" within which any state action to avoid federal preemption must occur. For federally insured residential mortgages, the state must adopt a law explicitly avoiding the preemptive effect of the Monetary Control Act of 1980 on or after April 1, 1980 and before April 1, 1983.

It is beyond the scope of this memo to address the wisdom in pursuing any state legislation which can avoid the preemptive effect of the Monetary Control Act of 1980. In-depth economic analysis would seem to be warranted before taking any action. However, the timing of such a decision is particularly important in the area of federally insured residential mortgages since

Senator Bob Mulcahy  
Page 4  
February 2, 1981

the "window" only remains open until April 1, 1983. The short answer to the question originally posed is that SB 19 does not require further amendment to comport with the federal usury statutes which became effective April 1, 1980. However, as I am sure can appreciate, the issues raised by the Monetary Control Act of 1980 are certainly likely subjects of legislation which could be included in a bill similar to SB 19.

TAS:ljb

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

POUCH D

JUNEAU, ALASKA 99811

February 19, 1981 Phone: 465-2500

Honorable Bob Mulcahy, Chairman  
Senate Labor & Commerce Committee  
Pouch V  
Juneau, Alaska 99811

Dear Senator Mulcahy:


RE: Deregulation of Interest Rates

Last year, Congress passed the Depository Institutions Deregulation Act of 1980. The purpose of the act was to do away with limitations on interest rates, which were payable on deposits and accounts, and which discouraged persons from saving money. The act is administered by a committee, including members of the Federal Reserve, FDIC, the Federal Home Loan Bank and others. The committee is called the Depository Institutions Deregulation Committee.

The committee was given the charge of doing away with interest rate limitations on deposits in financial institutions. This limitation is known as "Regulation Q." The committee, in doing away with the interest rate limits, will be raising the limitations a certain percentage for the first two 18-month periods, then a half of a percent a year thereafter until the end of the sixth year. During this period of time, the rates cannot exceed the money market rate. After the six-year period, the Regulation Q limitations will no longer exist. During the six-year phase-out period, the committee is to prescribe rules governing the payments of interest and dividends and the establishment of classes of deposits on accounts.

The concerns you mentioned regarding usury rates and the effect that it may cause upon the free-floating interest rates paid on deposits are valid concerns. The usury rate, after a six-year period, may have the effect of limiting the amount of interest that a financial institution could pay on deposits. That is, if the usury rate on loans was set at a level of 17 percent, a financial institution could not pay interest on deposits in the amount equal to 17 percent and stay in business. Therefore, the usury rate may have the effect of limiting what financial institutions could pay their depositors if the rates on deposits were to float free.

Sincerely,

  
Charles R. Webber  
Commissioner

08-H2LH

CRW/jarL



Official Business

# Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V  
State Capitol  
Juneau, Alaska 99811

Summary SB 19 - by Senator Rodey

"An Act relating to the legal rate of interest; and providing for an effective date."

Changes to 45.45.010(b):

1. Removes quarterly calculations of interest rates and replaces it with daily calculations of interest rates based on day of contract or committmant.
2. Repeals (d) - requirement for government notice of quarterly rate of interest to all banks and loan institutions.



STATE OF ALASKA  
OFFICE OF THE GOVERNOR

BILL ANALYSIS

Department Commerce & Economic Development	Sponsor (Principal) Labor & Commerce	Bill Number SB-19
Department Position Not opposed		
Division Director Willis [Signature]	Date 1/19/81	Commissioner Charles R. Webber [Signature] Date 1/19/81

GOVERNOR'S OFFICE USE

Comments:

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

SUMMARY

1. a) Related Bills (Similar or Conflicting) None of which I am aware	1. b) Other Agencies Affected by Bill None of which I am aware
2. a) Organizational Support for Bill All Alaska Financial Institution	2. b) Organizational Opposition to Bill None of which I am aware

3. Program Effects of Bill  
None if passes as proposed.

4. Fiscal Impact:     None                       Fiscal Note Attached

5. Amendments Proposed:  
Consideration could be given for the removal of all interest rate ceilings. This would let each financial institution compete based on their costs and other competitive factors.

6. Comments:  
The present quarterly adjustments do not allow for sudden changes in money market conditions. The daily calculation of the legal rate of interest will allow lenders to quickly adjust their charges as changes in the discount rate occur. AS 45.45.010(d) as stated in the bill must be repealed in order that the lender may quickly calculate the applicable interest rate without the delay of an intervening level of authority. Of necessity, AS 45.45.010 must be self-regulating. X

Div. of Banking

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF BANKING, SECURITIES, SMALL LOANS & CORPORATIONS

POUCH D  
JUNEAU, ALASKA 99811

### NOTICE OF MAXIMUM LEGAL RATE OF INTEREST EFFECTIVE JANUARY 1, 1981 THROUGH MARCH 31, 1981

In compliance with AS 45.45.010(d), the Commissioner of the department gives public notice that the Federal Reserve discount rate prevailing in the 12th Federal Reserve District on the 25th day of the month preceding the commencement of the calendar quarter beginning January 1, 1980 was 13 percent.

AS 45.45.010(b) provides that:

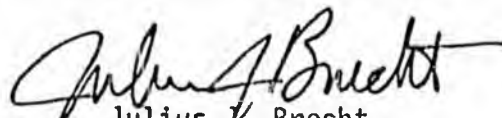
(b) No interest may be charged by express agreement of the parties in contract or loan commitment dated after June 24, 1976 which is more than five percentage points above the annual rate charged member banks for advances by the 12th Federal Reserve District that prevailed on the 25th day of the month preceding the commencement of the calendar quarter during which the contract or loan commitment is made. A contract or loan commitment in which the principal amount exceeds \$100,000 is exempt from the limitation of this subsection.

THEREFORE, effective January 1, 1981, the maximum legal rate of interest which may be charged by express agreement of the parties in a contract or loan commitment of \$100,000 or less is 18 percent.

On March 31, 1980, President Carter signed into law H.R. 4986, a bill which makes a number of changes affecting banks and financial institutions and state usury laws. In particular, that bill affects the provision of the Alaska usury statute, AS 45.45.010(b) as follows:

1. The ceiling on interest rates allowable on certain home mortgage loans including mobile homes loans, is preempted starting April 1, 1980, and there is no ceiling set by federal law.
2. The ceiling on interest rates allowable on business and agriculture loans over \$1,000 is preempted if that ceiling falls below the ceiling established by the federal law (this provision applies for a period of three years ending at the close of April 1, 1983). Consult the current discount rate from the Federal Reserve Bank in Seattle to determine if preemption has occurred.

Regulations for federally-related mortgage loans have been adopted. See 12 Code Federal Regulations Part 590. For further information relating to the federal legislation, please contact the Alaska Congressional Delegation and refer to Public Laws 96-221 and 96-399.

  
Julius W. Brecht  
Director

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 19

Title An Act relating to the legal rate of interest; and providing effective date

Requested by S. Labor & Commerce Date 1/16/81

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development

Program Category Affected Consumer Protection

BRU, Program, or Subprogram(s) Affected Financial Institutions

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

EXPENDITURES (Thousands of Dollars)

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

FUNDING (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER (Specify Fund Source)	0	0	0	0	0	0

POSITIONS

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

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

IV. DATE 1/19/81

PREPARED BY Willis F. Kirkpatrick, Dir. of Banking  
 AGENCY Dept. of Commerce & Economic Development  
 PHONE 465-2521

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

# FOSTER & MARSHALL INC.

INVESTMENT BANKERS AND BROKERS

205 COLUMBIA STREET  
SEATTLE, WASHINGTON 98104  
(206) 544-3300

OFFICES  
IN THE PRINCIPAL CITIES OF THE  
PACIFIC NORTHWEST AND ALASKA

MEMBERS  
NEW YORK STOCK EXCHANGE, INC.  
AMERICAN STOCK EXCHANGE, INC.  
PACIFIC STOCK EXCHANGE, INC.  
MIDWEST STOCK EXCHANGE, INC.  
CHICAGO BOARD OPTIONS EXCHANGE

November 19, 1980

Mr. Jim Kelly  
State of Alaska Banking Committee  
Pouch V  
Juneau, AK 99811

Dear Jim:

It was a real pleasure speaking with you this morning, particularly since you left me with a sense of optimism toward an eventual solution of the usury burden. As we discussed on the telephone, this letter serves as an addendum to my November 12 letter. It is written because of the one percent increase in the discount rate and a 1 3/4 percent increase in our cost of funds since the last letter.

Based upon the new interest rates we are now losing \$60,750 a year, with an additional \$27,000 lost from our normal spread. When reviewing this \$87,750 loss from our normal income, Foster & Marshall must make one of two decisions: 1) continue carrying the loans and incurring the loss, or 2) calling the loans and discontinue extending credit until the rates are more favorable. The unfortunate part of the latter alternative is that we're in a highly competitive business and it would be relatively easy for Alaskan residents to redirect their business outside the state of Alaska, and therefore be unencumbered by a usury law. It is these same competitive forces that do not allow us to maintain a high interest rate, based upon a previously stated discount rate, during a period of declining rates.

Because our rate of interest charged clients is based upon our cost of money as opposed to the discount rate, we recommend that the wording in AS 45.45.010(b) be amended to read, "... more than eight percentage points above the annual rate charged member banks for advances by the 12th Federal Reserve District.", and that the eight percentage points be allowed to fluctuate with the discount rate. The state of Alaska is the only state that I know of that formally notifies interested parties of the discount rate; it is generally the responsibility of the financial institution to be aware of this rate.

I have detailed a list of discount rates that were in force from October 2, 1978 to November 17, 1980; these dates aren't necessarily the dates that the rate changed, but are the applicable rates on the days indicated.

-2-

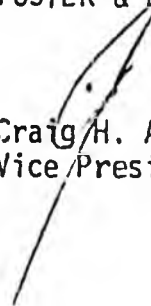
November 19, 1980  
Mr. Jim Kelly

October 2, 1978	8%
October 16, 1978	8 1/2%
November 1, 1978	9 1/2%
August 7, 1979	10%
August 31, 1979	10 1/2%
September 19, 1979	11%
October 8, 1979	12%
February 15, 1980	13%
May 29, 1980	12%
June 12, 1980	11%
July 21, 1980	10%
September 26, 1980	11%
November 17, 1980	12%

If I can be of any further assistance please don't hesitate to contact me.

Sincerely,

FOSTER & MARSHALL INC.

  
Craig H. Abramson  
Vice President & Controller

CHA:jb

cc: Mr. Fred Koken

November 12, 1980

Mr. Jim Kelly  
State of Alaska Banking Committee  
Pouch V  
Juneau, AK 99811

3718  
Brokers Call  
Rate

Dear Mr. Kelly:

This letter is written at the request of Mr. Fred Koken, manager of our Juneau office, concerning the impact of the Alaska state usury law upon Foster & Marshall's profitability and our recommendations for possible change. This opportunity for voicing our concerns and opinions is very much appreciated.

At this writing our average cost of money is (15 1/2%) and the maximum amount that we can charge our customers to whom we have extended credit in the State of Alaska is 15%. With \$2,700,000 in credit extended to Alaskan residents, this equates to a \$1,125 loss on a monthly basis (\$13,500/annual). Since we normally earn approximately 1% on credit extended, this is really a \$3,375/month (\$40,500/annual) loss from our normal operations, and the disparity between our average cost of money and the state usury is sometimes greater than this 1/2%.

I understand you are considering some alternatives to the present usury policy. The alternative of reducing loans exempt from the usury law from \$100,000 to \$50,000 does not benefit us since most of our loans are in the \$5,000-25,000 range. The ideas of eliminating the usury law or increasing the amount that may be charged in excess of the discount rate are very attractive to us (if that increase is 8% or more). Another alternative worth considering is allowing the usury rate to fluctuate with the discount rate; at least for us this is very practical, since all we have to do is call the local Federal Reserve Bank and ask what the current discount rate is every time our cost of money changes.

If I can be of any assistance in this matter or if you would like to pursue anything that has been discussed in this letter, please don't hesitate to contact me. I can be reached at 206/344-8530.

Sincerely,

FOSTER & MARSHALL INC.

Craig H. Abramson  
Vice President & Controller

CHA:jb

cc: Mr. Fred Koken

The Depository Institutions Deregulation & Monetary Control Act of 1980 - has an override clause which allows for States to stop intervention of usury laws by the Federal Government if dealt with by April 1, 1983.

For an effective override, States must amend usury laws by specifically including terminology referring to the title of the Act and also ~~clearly~~ clearly stating that the state is overriding the preemption.

#### TITLE V—STATE USURY LAWS

The Senate amendment contains various amendments providing for Federal overrides of state usury ceilings on business, agricultural and mortgage loans. Similar provisions were enacted as part of Public Law 96-101.

The House receded with an amendment which contains the following provisions:

State usury ceilings on first mortgage loans made by banks, savings and loans, credit unions, mutual savings banks, mortgage bankers and HUD-approved lenders under the National Housing Act will be permanently preempted, subject to a right of affected states to override the preemption if they act within 3 years.

State usury ceilings on business and agricultural loans above \$25,000 made by any person will be preempted for 3 years, subject to a right of affected states to override the preemption. A ceiling of 5 percentage points above the discount rate (including any surcharge) in the Federal Reserve district where the institution is located will apply to such loans. The surcharge is to be included in computing the ceiling as long as it is prescribed by the Federal Reserve, regardless of whether or not it is actually collected against any institution.

State usury ceilings on all loans made by Federally insured depository institutions (except national banks) and small business investment companies will be permanently preempted subject to the right of affected states to override at any time and a ceiling of 1 percentage point above the appropriate Federal Reserve discount rate will apply, except to transactions subject to the preemptions of

usury ceilings on mortgage loans and on business and agricultural loans above \$25,000. Separate usury limits, administered by the Small Business Administration, will apply to small business investment companies.

In order for a state to override a federal preemption of state usury laws provided for in this title the override proposal must explicitly and by its terms indicate that the state is overriding the preemption. Under this requirement the state law, constitutional provision, or other override proposal must specifically refer to this Act and indicate that the state intends to override the federal preemption this Act provides. Since each of the bill's federal preemptions provides for a separate right of state override, the state's override proposal would be required to refer to the specific preemption, such as that on mortgage loans, on business and agricultural loans over \$25,000, or that which permits federally-insured depository institutions to charge 1 percent over the Federal Reserve's discount rate on any loan.

Requirements  
for states'  
override →

*Business & Agricultural loans:  
Intervention of  
Fed. law will lock  
usury ceiling of  
loans only after  
\$25,000. Rate will  
be 5% above discount  
rate including any  
surcharge.*

S

B

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**Part 2. Taxes.**

**Chapter**

- 21. Oil and Gas Corporate Income Tax (§§ 43.21.010 — 43.21.120)
- 23. Permanent Fund Dividends (§§ 43.23.010 — 43.23.100)
- 45. School tax (Repealed)
- 75. Fisheries Taxes (§§ 43.75.010 — 43.75.140)
- 76. Salmon Enhancement Tax (§§ 43.76.010 — 43.76.030)

**Chapter 20. Alaska Net Income Tax Act.**

**Article**

- 1. Persons Subject to Tax (§§ 43.20.010 — 43.20.045)

**Article 1. Persons Subject to Tax.**

Section	Section
11. Tax on individuals, fiduciaries, and corporations	31. Taxable income of residents; deductions; exemptions
12. Limitation on application of chapter; credits	33. [Repealed]
13. Individual tax credits	35. [Repealed]
15. [Repealed]	36. Federal tax deductions and credits
16. Sharing of corporate income tax revenue with municipalities	37. Trade or business energy conservation credit
17. [Repealed]	38. [Repealed.]
21. Internal Revenue Code adopted by reference	39. [Repealed.]
30. Returns and payment of taxes	40. Income from sources in the state
	45. [Repealed]

**Sec. 43.20.011. Tax on individuals, fiduciaries, and corporations.** (a) Repealed by § 10 ch 1 SSSLA 1980 and § 9 ch 2 SSSLA 1980.

(b) Repealed by § 10 ch 1 SSSLA 1980 and § 9 ch 2 SSSLA 1980.

(c) Repealed by § 10 ch 1 SSSLA 1980 and § 9 ch 2 SSSLA 1980.

(d) Repealed by § 10 ch 1 SSSLA 1980 and § 9 ch 2 SSSLA 1980.

(e) There is imposed for each taxable year upon the entire taxable income of every corporation derived from sources within the state a tax consisting of a normal tax equal to 5.4 percent of taxable income, and a surtax which is equal to 4.0 percent of taxable income, except that the tax on a corporation engaged in the production or transportation of crude oil or natural gas shall be determined and paid in accordance with AS 43.21. For tax years beginning after December 31, 1979, the surtax exemption is \$50,000. For controlled corporations described in secs. 1561 — 1563 of the Internal Revenue Code only one surtax exemption may be allowed for the controlled group.

(f) Repealed by ch 70 SLA 1975; 1980; am § 10 ch

Effect of amendm  
amendment added a fo  
of subsection (e).

Section 8, ch. 113, 1980 amendment, effective and retroactive to Jan former subsection (c) changes in the tax co Sections 9 and 10 of ch. subsection (d) and sub 11 of ch. 113, effective retroactive to Januar former subsection (f).

The second 1980 am September 25, 1980 and uary 1, 1980, repealed and (f), concerning individuals and fiducia

The third 1980 am September 25, 1980, January 1, 1979, made

**Sec. 43.20.012.**

The tax imposed b fiduciaries. However ter in order to recei 1980; § 2 ch 2 SSS

Effective date. — § SSSLA 1980, and § 11, c provide that this sec September 25, in acc 01.10.070(c). Section 12 that this section is retro 1, 1980, and § 10 of ch

**Sec. 43.20.013.** 1 uary 1, 1981] A re exceed \$50 for

(1) A contributio organizatio for use

(A) for a political

(i) President or V the candidate will b

(ii) United States

(iii) United State

(iv) governor or li

(v) the Alaska leg

(vi) delegate to ar

(vii) electoral conf

or

fact. Where the state, to its detriment, relying on that lack of notice, as it reasonably could, failed to institute the statutory mechanism for collection of additional taxes, the taxpayers are

estopped from asserting the protection of the statute of limitations embodied in AS 43.20.200(b). *Stevenson v. Burgess*, Sup. Ct. Op. No. 1514 (File No. 2791), 570 P.2d 728 (1977).

Sec. 43.20.033

Repealed by effective Sept

Editor's note derived from § 11. For legislative repealing acts, see and § 1, ch. 2, S Temporary and S

Sec. 43.20.031 residents.

Repealed by effective Sept

Editor's note. derived from § 6, 8, SLA 1978; § 1, ch. 113, SLA 1980

Sec. 43.20.031

(d) Repealed

(e) Repealed

(f) Repealed

(g) Repealed

(h) Repealed

(i) Repealed (am § 3 ch 22 S 1980)

Effect of am. 1980 amendment (i).

The second 1980 September 25, 1980, January 1, 1980, (i).

The third 1980 September 25, 1979, made the second 1980 amendm

Sec. 43.20.031 [Effective Jan business is allowed percent of the

*Repealed*

**Sec. 43.20.031. Taxable income of residents; deductions; exemptions.** (a) Repealed by § 10 ch 1 SSSLA 1980 and § 9 ch 2 SSSLA 1980.

(b) Repealed by § 10 ch 1 SSSLA 1980 and § 9 ch 2 SSSLA 1980.

(c) An affiliated group of corporations may make or the commissioner may require them to make a consolidated return for the taxable year in place of separate returns. For purposes of calculating the amount of tax payable by the group under a consolidated filing, Internal Revenue Code secs. 1501 — 1552, as amended, apply.

(d) Repealed by § 10 ch 1 SSSLA 1980 and § 9 ch 2 SSSLA 1980.

(e) Repealed by § 10 ch 1 SSSLA 1980 and § 9 ch 2 SSSLA 1980.

(f) Repealed by § 10 ch 1 SSSLA 1980 and § 9 ch 2 SSSLA 1980.

(g) A corporation which is a member of a group of unitary corporations which collectively has income from business activity taxable both inside and outside the state, or income from other sources both inside and outside the state, shall determine its income from sources in this state by use of the combined method of accounting.

(am § 1 ch 8 SLA 1978; am § 235 ch 100 SLA 1980; am §§ 14 — 17 ch 113 SLA 1980; am § 10 ch 1 SSSLA 1980; am § 9 ch 2 SSSLA 1980)

**Revisor's note.** — For the specific provisions detailing the handling of the minimum deduction and refund procedures for 1977, see secs. 3 — 5, ch. 8, SLA 1977 in the 1978 Temporary and Special Acts and Resolves.

**Cross reference.** — As to tax exemption for permanent fund dividends, see AS 43.23.090.

**Effect of amendments.**

The 1978 amendment added paragraph (d) of former subsection (a).

Section 235, ch. 100, SLA 1980, the first 1980 amendment, effective January 1, 1981, in former subsection (f), inserted "who is a resident of the state" and substituted "\$100" for "\$50" near the beginning of the subsection.

Sections 14, 15, and 17, ch. 113, SLA 1980, the second 1980 amendment, effective June 21, 1980, and retroactive to January 1, 1980, rewrote paragraph (3) of former subsection (a), in subsection (e), deleted "or combined" following "make a consolidated" in the first sentence, and

added subsection (i). Section 16 of ch. 113, effective June 21, 1980, and retroactive to January 1, 1977, added the second sentence in former subsection (h).

The third 1980 amendment, effective September 25, 1980, and retroactive to January 1, 1980, repealed subsections (a), (b), (f), (g), and (h).

The fourth 1980 amendment, effective September 25, 1980, and retroactive to January 1, 1979, made the same changes as the second 1980 amendment.

As the rest of the section was not affected by the amendments, it is not set out.

**Editor's note.** — Section 52, of this Act, effective June 21, 1980, makes sections 14, 15, and 17 of the Act applicable to tax years beginning after December 31, 1979.

For legislative findings and purpose of the third and fourth 1980 amendments, see § 1, ch. 1, SSSLA 1980, and § 1, ch. 2, SSSLA 1980, in the 1980 Temporary and Special Acts and Resolves.

from asserting the protection of  
of limitations embodied in AS  
Stevenson v. Burgess, Sup.  
1514 File No. 2791, 570 P.2d

residents; deductions;  
SSLA 1980 and § 9 ch 2

and § 9 ch 2 SSSLA 1980.

may make or the commis-  
sioned return for the taxable  
purposes of calculating the  
under a consolidated filing,  
as amended, apply.

and § 9 ch 2 SSSLA 1980.

and § 9 ch 2 SSSLA 1980.

and § 9 ch 2 SSSLA 1980.

of a group of unitary  
income from business activity  
income from other sources  
determine its income from  
method of accounting.

1980; am §§ 14 — 17 ch  
am § 9 ch 2 SSSLA 1980)

section (i). Section 16 of ch. 113,  
June 21, 1980, and retroactive to  
1977, added the second sen-  
former subsection (h).  
and 1980 amendment, effective  
September 25, 1980, and retroactive to  
1980, repealed subsections (a),  
and (h).

with 1980 amendment, effective  
September 25, 1980, and retroactive to  
1979, made the same changes  
and 1980 amendment.

rest of the section was not  
by the amendments, it is not set

Note. — Section 52, of this Act,  
June 21, 1980, makes sections 14,  
of the Act applicable to tax years  
after December 31, 1979.

Legislative findings and purpose of  
second and fourth 1980 amendments, see  
SSSLA 1980, and § 1, ch. 2,  
1980, in the 1980 Temporary and  
Special Acts and Resolves.

Add new  
section

Sec. 43.20.033. Taxable income of fiduciary.

Repealed by § 10 ch 1 SSSLA 1980 and § 9 ch 2 SSSLA 1980,  
effective September 25, 1980.

Editor's note. The repealed section  
derived from § 18, ch. 113, SLA 1980.  
For legislative findings and purpose of  
repealing acts, see § 1, ch. 1, SSSLA 1980,  
and § 1, ch. 2, SSSLA 1980, in the 1980  
Temporary and Special Acts and Resolves.

Legislative history report. — For  
report on ch. 8, SLA 1978 (HB 662), see  
1978 House Journal pp. 110, 173; Senate  
Journal, p. 243.

Sec. 43.20.035. Taxable income of nonresidents and part-year  
residents.

Repealed by § 10 ch 1 SSSLA 1980 and § 9 ch 2 SSSLA 1980,  
effective September 25, 1980.

Editor's note. — The repealed section  
derived from § 6, ch. 70, SLA 1975; § 2, ch.  
8, SLA 1978; § 1, ch. 64, SLA 1980; § 19,  
ch. 113, SLA 1980.

For legislative findings and purpose of  
repealing acts, see § 1, ch. 1, SSSLA 1980,  
and § 1, ch. 2, SSSLA 1980, in the 1980

Sec. 43.20.036. Federal tax deductions and credits.

- (d) Repealed by § 10 ch 1 SSSLA 1980 and § 9 ch 2 SSSLA 1980.
- (e) Repealed by § 10 ch 1 SSSLA 1980 and § 9 ch 2 SSSLA 1980.
- (f) Repealed by § 10 ch 1 SSSLA 1980 and § 9 ch 2 SSSLA 1980.
- (g) Repealed by § 10 ch 1 SSSLA 1980 and § 9 ch 2 SSSLA 1980.
- (h) Repealed by § 10 ch 1 SSSLA 1980 and § 9 ch 2 SSSLA 1980.
- (i) Repealed by § 10 ch 1 SSSLA 1980 and § 9 ch 2 SSSLA 1980.  
(am § 3 ch 22 SLA 1980; am § 10 ch 1 SSSLA 1980; am § 9 ch 2 SSSLA  
1980)

Effect of amendments. — The first  
1980 amendment added former subsection  
(i).

The second 1980 amendment, effective  
September 25, 1980, and retroactive to  
January 1, 1980, repealed subsections (d)  
— (i).

The third 1980 amendment, effective  
September 25, and retroactive to January  
1, 1979, made the same changes as the sec-  
ond 1980 amendment.

As the rest of the section was not  
affected by the amendment, it is not set  
out.

Editor's note. — For legislative  
findings and purpose of the second and  
third 1980 amendments, see § 1, ch. 1,  
SSSLA 1980, and § 1, ch. 2, SSSLA 1980,  
in the 1980 Temporary and Special Acts  
and Resolves.

Sec. 43.20.037. Trade or business energy conservation credit  
[Effective January 1, 1981]. (a) A person engaged in a trade or busi-  
ness is allowed as a credit against the tax due under this chapter 35  
percent of the cost of



**VECO, INC.**

5151 FAIRBANKS STREET • ANCHORAGE, ALASKA 99503 • PHONE (907) 276-2010

March 4, 1981

Senator Bob Mulcahy  
Pouch V  
Juneau, Alaska 99811

Dear Senator Mulcahy:

VECO, Inc. is an oil field services company and employs some 1400 people in the State of Alaska. We support the "Alaska Support Industry Alliance" in the repeal of corporate income taxes, A.S.43, Chapter 20, including the special oil and gas income tax A.S.43, Chapter 21.

Sincerely,

  
R. V. Christ  
President

RVC:VJM:lh



# Alaska State Legislature

## Senate

### Committee on Labor & Commerce

Official Business

Pouch V  
State Capitol  
Juneau, Alaska 99811

Summary - SB 20 by Senator Rodey

"An Act relating to corporate income taxes: exempting a portion of the income of a corporation from taxation under the Alaska Net Income Tax Act and repealing the surtax exemption under that Act; and providing for an effective date."

- SB 35 by Senator Ziegler & Bradley

"An Act relating to corporation income taxes under the Alaska Net Income Tax Act and exempting a portion of the income of a corporation from taxation under that Act; and providing for an effective date."

Figures based on returns filed in 1979 with assumption that 1980 figures will be relatively the same. Total estimated amount collected from corporate income taxes for 1981 = 35 million and 1982 = 36 million dollars.

SB 20

SB 35

Exemption for corporations  
from income tax \$150,000.00

Exemption for corporations  
from income tax \$250,000.00

Repeals Surtax Exemption

Retains Surtax Exemption

Repeals sec. 43.20.031 -  
Duplicate language covered under  
43.20.033 (b) & (c)

Repeals sec. 43.20.031 -  
same as SB 20

Retroactive clause to Jan. 1, 1981  
on corporate exemption

Retroactive clause to Jan. 1, 1981  
on corporate exemption

43.20.031 (repealed above) is  
retroactive to Jan. 1, 1981

43.20.031 (repealed above) is  
retroactive to Jan. 1, 1981

Effective Date Clause - immediately

Effective Date Clause - immediately

Returns exempt from income tax 90.23%  
equal to 4,935 returns

Returns exempt from income tax 93.17%  
equal to 5,096 returns

Repeal surtax exemption=34% eliminated

Retain surtax exemption=45% eliminated

FY 82 revenue losses 12.2 M  
FY 83 " 14.6 M  
FY 84 " 17.3 M

FY 82 Revenue losses 16.1 M  
FY 83 " 19.4 M  
FY 84 " 22.9 M

Approx. 94% corporate returns exempt

Approx. 96% corporate returns exempt

FIGURES BASED ON ANNUAL AMOUNT OF 5,470

RETURNS.....

SB 20

Sec 1, AS 43.20.011(e) amends percentage of taxes from 5.4 to 9.4. and repeals surtax of 4.0%. Tax on a corporation engaged in transportation of crude oil or natural gas shall be determined and paid in accordance with A.S. 43.21.

SB 20

Section 43.20.033<sup>(a)</sup> provides for \$150,000 exemption.

SB 35

Section 43.20.033<sup>(a)</sup> provides for \$250,000 exemption.

SB 20

Section 43.20.033 (b) is the same as SB 35

SB 20

43.20.033 (c) is the same as SB 35.

SB 20

43.20.033 (d) is the same as SB 35.

43.20.031 is repealed in both SB 35 and SB 20.

SB 20

Sections 1-3 retroactive 1/1/81 and apply to tax years beginning 12/31/80

SB 35

Sections 1-2 retroactive 1/1/81 and apply to tax years beginning 12/31/80.

Immediate effective date same in both bills.

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-2300

January 31, 1981

The Honorable Bob Mulcahy  
Chairman  
Senate Labor & Commerce Committee  
Room 119 - Capitol Building  
Juneau, Alaska

Re: Senate Bill No. 20

Dear Senator Mulcahy:

Senate Bill No. 20, an Act relating to corporate income taxes; exempting a portion of the income of a corporation from taxation under the Alaska Net Income Tax Act and repealing the surtax exemption under that Act, was introduced in the Senate on January 13, 1981 and was referred to the Senate Labor & Commerce and Finance Committees.

For the consideration of the Senate Labor & Commerce Committee, I am enclosing copies of Fiscal Notes prepared by Mr. Gary Jenkins, Director, Audit Division and Mr. Lance Rovig, Economist, Research Section of the Department of Revenue concerning the proposed legislation.

Sincerely,



R. D. Stevenson  
Special Assistant

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

Joseph K. Donohue  
Deputy Commissioner  
Department of Revenue

Gary Jenkins, Director  
Audit Division  
Department of Revenue

Lance Rovig, Economist  
Research Section  
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill No. 20  
 Title An Act relating to corporate income taxes  
 Requested by R. D. Stevenson Date 1/30/81

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

FUNDING (Thousands of Dollars) - None

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

POSITIONS - None

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

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

See attached memorandum dated 1/30/81 to Mr. R.D. Stevenson

IV. DATE January 1, 1981 PREPARED BY Gary L. Jenkins, Director  
 AGENCY Revenue  
 PHONE 465-2320  
 Original: Legislative Finance  
 cc. Budget and Management  
 Prime Sponsor (First Legislator Named)

# MEMORANDUM

# State of Alaska

TO: R. D. Stevenson  
Special Assistant

DATE: January 30, 1981

FILE NO:

TELEPHONE NO:

FROM: Gary L Jenkins  
Director  
Audit Division

SUBJECT: SB 20

This bill would provide for an exemption for corporations subject to the income tax imposed by AS 43.20 of \$150,000. This proposed total exemption from tax would replace the current surtax exemption which is currently in the law. The surtax exemption served to reduce the rate on the first \$50,000 of taxable income to 5.4% while all taxable income over \$50,000 is subject to the full rate of 9.4%.

In attempting to ascertain the effect of this exemption I have reviewed the filing information for the returns filed in 1979. The information for 1980 is not yet available, however, the data related to the number of returns which are filed in the various taxable income levels should remain relatively constant. If this exemption were enacted into law, 90.23% of the returns which reported taxable income would be exempt from any tax. The actual effect of this exemption would be tantamount to a repeal of the tax except for the very large domestic corporations and the multistate corporations which do business in Alaska.

Any legislation of this nature could cause serious problems for the State in it's defense of AS 43.21 because of the fact that nearly 100% of domestic corporations will be exempt from tax, thus the only taxpayers would be the multistate corporations who are doing business in Alaska.

It is recommended that very careful review be given to any legislation providing exemptions from the imposition of the corporate income tax.

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill No. 20  
 Title \_\_\_\_\_  
 Requested by Senate Labor and Commerce Date January 22, 1981

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)

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

FUNDING (Millions of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND		(12.2)	(14.6)	(17.3)		
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

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

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

This analysis is based on limited data which is not necessarily a representative sample of the data which we do not have. Although incomplete, the data is the best that we have to date. For lack of more complete data, it was assumed that the data is a representative sample. Preliminary analysis indicates that, when repealing the surtax exemption and exempting the first \$150,000 of taxable income, approximately 34 percent of net corporate income taxes would be eliminated. The revenue losses would be about \$12.2 million in FY82, \$14.6 million in FY83 and \$17.3 million in FY84. Approximately 94 percent of corporate returns would be totally exempt from the Alaska income tax. However, other taxes such as personal holding company taxes, taxes from recomputing prior year investment tax credits and minimum taxes on tax preference items would be payable.

IV. DATE January 22, 1981 PREPARED BY Lance Rovig, Economist  
 AGENCY Revenue  
 PHONE 465-2390  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

S

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# MEMORANDUM

# State of Alaska

TO: Michael Thill  
Committee Aide  
Senate Labor & Commerce Committee

DATE: March 18, 1981

FILE NO:

THRU: Pete Jeans, Deputy Commissioner  
Department of Commerce & Economic  
Development

PHONE NO:

FROM: Harry Treager, Director  
Division of Occupational Licensing

SUBJECT: CSSB 31

The Department of Commerce and Economic Development has reviewed your requested changes to SB 31, and the proposal of the Southeast Alaska Marine Pilots' Association proposed pension plan proposal.

This department's position remains unchanged, as outlined in Commissioner Webber's letter of January 20, 1981 to the Honorable Bob Mulcahy.

Additionally, CSSB 31 would increase the State's liability and spending if a proposal, as submitted by the Southeast Alaska Marine Pilots' Association, was enacted or suggested as a foundation of a pension plan.

The State's liability remains since the selection of the Pilot Fiduciary Agent Committee and its related activities would be made by the Marine Pilots Board as proposed.

Attached for your perusal is a copy of the position paper and Fiscal Note as previously submitted by this department.

This department cannot support Senate Bill 31 as presently proposed.

HDT/va124H16

Attachments



Official Business

# Alaska State Legislature

## Senate

### Committee on Labor & Commerce

Pouch V  
State Capitol  
Juneau, Alaska 99811

MEMORANDUM:

9 March, 1981

TO: Mr. Harry Treager  
Director, Division of Occupational Licensing  
Department of Commerce and Economic Development

FROM: Michael Thill, Committe Aide  
Senate Committee on Labor and Commerce

Enclosed you will find a proposed committee substitute for SB 31, which your division had examined for the preparation of a Bill Analysis and Fiscal Note. I have included some additional information provided by the S.E. Alaska Pilots Association for the implementation of their proposed pension plan. A position paper and revised fiscal note from you would be appreciated.

Secondly, I would like to request some information from you pertaining to HB 55 (temporary licensing of Veterinarians) which we have recently received in our committee. I would like to request a fiscal note and a position paper from your division, and would like to know the frequency of scheduled examinations, the number of required exams, and the duration of time before the results of those examinations are released. Could you also tell me approximately how many prospective candidates for temporary licensing we are impacting? Thank you for your attention to this matter.

*Memo  
Approved  
3-12-81*

Original sponsors: Ziegler, Bradley, Colletta  
et al by request

BY THE LABOR AND  
COMMERCE COMMITTEE

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 31 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to a pension plan for Alaska pilots;  
7 and providing for an effective date."

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

9 \* Section 1. AS 08.62.040 is amended by adding a new subsection to read:

0 (c) The board may, by regulation, establish a pension plan to  
1 provide pension benefits to retired or disabled pilots and to the  
2 surviving spouses of deceased pilots. If a pension plan is established,  
3 it shall be financed from pilotage fees imposed under this chapter.

4 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.10-  
5 070(c).

PROPOSED PILOT PENSION PLAN  
Alaska Board of Marine Pilots

Section I. TITLE

There is hereby established an Alaska Marine Pilot Pension Plan.

Section II. PURPOSE

All amounts generated by the pension plan may only be used to pay pensions to retired pilots, disabled pilots and widows of pilots.

Section III. ADMINISTRATION

(a) The pension plan will be administered and all benefit payments will be made by a fiduciary agent selected by the Pilgrage Fiduciary Agent Committee. The committee shall establish the agent's compensation for services rendered, make appropriate determinations with regard to allowable expenses to the agent, establish and require appropriate fiduciary bond coverage for the agent, and make annual audit reviews of the agent's performances under his hire for their use in determining the continuation of the hire and the agent's compliance with the requirements of this plan together with an appropriate report thereon to the Board of Marine Pilots in connection with the annual review of the plan required under Section VIII. All such services of the committee will be without compensation, save that the committee shall be entitled to be reimbursed for its out-of-pocket expenses incurred in the performances thereof, which payment will be covered out of the revenues collected pursuant to the plan.

(b) Except for the collection of revenues in accordance with Section VI, the pilots will not be permitted to exercise any control of whatsoever kind or nature over the operation, administration or management of the plan.

(c) All revenues pursuant to the plan will be collected by the pilots at no cost to the State, Board of Marine Pilots or Pilgrage Fiduciary Agent Committee and will be transmitted monthly to the fiduciary agent. Pilots who are members of an established pilot association shall be entitled to have their association collect such revenues for the account of the pilot and disburse the same over to the fiduciary agent. Such revenue will not be considered income to the pilots and will not be considered as part of the tariffs and charges otherwise collected by them as established from

time to time by the Board of Marine Pilots.

(d) The Pilotage Fiduciary Agent Committee will consist of three (3) pilots licensed under the Alaska Marine Pilotage Act (AS 08.62.010, et seq.) who are actively engaged in the pilotage of vessels subject to said Act and three (3) agents or managers of vessels subject to said Act. Not more than one (1) pilot and one (1) agent or manager may be selected from the same judicial district, and all members of the committee shall be residents of the State. The Marine Pilot Board shall appoint the committee members, and the first members will be initially appointed for terms of one (1), two (2) and three (3) years as selected and designated by the Board.

(e) The fiduciary agent shall see to the collection of the revenues authorized under this plan, verification of the correctness of the charges exacted, computations required under Section VI of this plan, presentation of same to the Board of Marine Pilots, and to the disbursement of benefits authorized by the plan. The agent shall also be empowered and obligated to impress the lien for uncollected revenues provided for under AS 08.62.170.

#### Section IV.

#### PENSION TERMS

(a) (1) Each retired or disabled pilot shall be entitled to receive, as a monthly pension, an amount equal to \$ \_\_\_\_\_ multiplied by the number of full years of service credit he performed as a pilot licensed under the Alaska Marine Pilotage Act. This base rate is to be adjusted annually according to the average U. S. Government cost of living index for Southeastern Alaska.

(2) A pilot who retires or becomes disabled may not begin to receive a pension until the benefit year next following the date on which he retires or becomes disabled.

(3) A retired pilot may not receive benefits pursuant to the pension plan in any benefit year unless his resignation as an active pilot was submitted in writing to the Board of Marine Pilots prior to December of the immediately preceding calendar year. His resignation will become effective no later than the last day of the month preceding the start of such benefit year.

(4) If a retired or disabled pilot who is receiving a pension dies without a wife surviving him, his heirs at law or his designated successors in

interest, as the case may be, shall be entitled to receive the proceeds of the pension for the remainder of the benefit year, after which time benefit payments and eligibility therefor will automatically cease and expire.

(b) (1) The widow of a deceased pilot who would be eligible for a pension pursuant to Subdivision (c) of Section V shall be entitled to receive as a monthly pension an amount equal to \$ \_\_\_\_\_ multiplied by the number of full years of service credit her deceased husband performed as a pilot licensed under the Alaska Marine Pilotage Act. This base rate is to be adjusted annually according to the average U. S. Government cost of living index for Southeastern Alaska.

(2) If a retired or disabled pilot receiving a pension dies, his widow shall be entitled to continue to receive the full pension to which her deceased husband was entitled for the balance of the benefit year, after which she shall be entitled to receive the amount specified in Paragraph (1) of this subdivision.

(3) When a widow receiving a pensions dies, her heirs at law or her successors in interest, as the case may be, shall be entitled to receive the proceeds of the pension for the remainder of the benefit year, after which time benefit payments and eligibility therefor will cease and expire.

(c) For the purpose of the computations described in Paragraph (1) of Subdivision (a) of this section, the total months of service worked each year under the Alaska Marine Pilotage Act are to be added together and divided by twelve to obtain the number of full years credit. A minimum of fifteen (15) days in a work status in any month is required for one (1) month credit.

#### Section V.

#### ELIGIBILITY

(a) A pilot shall be eligible for the pension provided in Section IV if he meets all of the following requirements:

(1) Held an Alaska Marine Pilot's license after the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, and served at least 120 days out of each year for five (5) years in that capacity.

(2) Retired after December 31, 19\_\_\_\_.

(3) Is at least 22 years of age.

(b) A disabled pilot who has served at least five (5) years as a pilot as outlined in Paragraph (1) of Subdivision (a) in this section shall be eligible for the pension provided in Section IV if it has been determined by the Board of Marine Pilots, based upon competent medical evidence, that such pilot is unable to perform the duties of a pilot.

(c) A widow of a deceased pilot shall be eligible for the pension provided in Subdivision (b) of Section IV if her deceased pilot husband died after January 1, 19\_\_ and if he had held a license as a pilot and served at least five (5) years as outlined in Paragraph (a) of Subdivision (a) in this section.

#### Section VI. REVENUES & BENEFIT COMPUTATIONS

(a) In addition to and concurrently with the basic pilotage rates established by the Board of Marine Pilots from time to time, a charge will be levied for pilotage services at a rate necessary to provide the benefits to be paid out pursuant to the pension plan. The additional rate will be determined as follows:

(1) On December 1 of each year, the number of persons eligible to receive benefits under the plan, their identities, the amount each will be entitled to receive, and the total amount to be paid out to all such persons during each month of the next benefit year, together with the monthly costs of administering the plan for the ensuing year, will be determined by the fiduciary agent.

(2) After the total benefit amounts to be paid out monthly under the plan have been determined, together with the monthly operating costs, the rate necessary to provide that amount each month shall be calculated. The rate will be based upon the volume of shipping handled by pilots under the Alaska Marine Pilotage Act, in or out of each port or in each cruise area, in gross registered tons or advertised tons, whichever is greater, for the fiscal year ending the previous September 30. The rate will be expressed as mills per gross registered or advertised ton, whichever is greater, and will be calculated to the nearest one-hundredth of a mill.

(3) If the total amount to be paid out yearly will exceed three-fourth (3/4) mills per ton per eligible person, inclusive of operating costs of the agent, the rate will be set at such amount as

will limit the pay-out to three-fourth (3/4) mills per ton per eligible person, inclusive of operating costs of the agent, and the benefits to eligible persons reduced accordingly.

(b) The rate determined pursuant to Paragraphs (1) and (2) of Subdivision (a) above will become effective the first day of the following calendar year and will be in effect throughout the year.

(c) Revenues for any month or year are the amounts to be received pursuant to the pension plan for pilotage during that month or year.

(d) Benefits pursuant to the new rate will be paid commencing in February of each year and continue through and include January of the following year. The period during which the benefits are paid is the benefit year.

#### Section VII.

#### PAYMENT OF BENEFITS

The benefits actually paid out each month to all retired and disabled pilots, and to widows of deceased pilots, together with costs of administration, will be equal to the revenue during the preceding month. The net revenue after administration expense, whether greater or lesser than the aggregate pensions to which such persons are entitled, will be paid to them in proportion to the relative amounts to which they are entitled.

#### VIII.

#### PENSION PLAN REVIEW

The Pilotage Fiduciary Agent Committee shall annually review the pension plan and make any recommendations to the Board of Marine Pilots it deems necessary for changes in the plan.

#### Section IX.

#### MISCELLANEOUS

For the operation of the plan during the calendar year 19\_\_ and each year thereafter, the following will apply:

(a) The fiduciary agent will be selected on or before August 31, 19\_\_.

(b) The calculations described in Section VI shall be completed no later than and the rate imposed on January 1, 19\_\_, if applicable.

(c) The first payment of benefits pursuant to the pension plan will be made in February 19\_\_, if appli-

cable.

(d) Letters of resignation of those pilots seeking to receive benefits commencing January 19\_\_ shall be submitted to the Board of Marine Pilots prior to December 1, 19\_\_.

(e) The fiduciary agent shall provide for appropriate written designation of a successor in interest for each pilot and widow of deceased pilot. If a pilot or pilot's widow dies without such a designation having been made and received by the fiduciary agent, the agent shall withhold payments to the decedent's heirs at law until he has received a certified copy of a determination of heirship from a court of competent jurisdiction. If no such proof is received by the agent within \_\_\_\_\_ of the date of decedent's death, all post-death benefit payment eligibility will automatically terminate retroactive to the date of death of the decedent.

Section X.

ENACTMENT DATE

This plan is to begin the \_\_\_\_\_ day of \_\_\_\_\_,  
19\_\_.