

1968

HRLS

HB

74

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HB

146

196

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

Suppl. 26

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill #74
Title "An Act relating to the Rights of debtors and creditors"
Requested by Representative Barnes Date 2/18/82

II. FISCAL DETAIL

Agency Affected Department of Revenue
Program Category Affected Revenue Collection and Management
BRU, Program, Or Subprogram(s) Affected Child Support Enforcement 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 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						
	NONE					

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
	NONE					

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						
	NONE					

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

Statutes affecting child support enforcement AS 09.65.132(g) and AS 47.23.250(i) include references to sections of current law (AS 09.35) which section 14 of HB 74 moves to repeal. These references exempt certain child support enforcement actions from the restrictions from execution by judgment debtors under AS 09.35 and impose specific restrictions for child support actions. Language in HB 74 under AS 09.38.065 presents every indication that child support enforcement should continue to maintain this exemption.

With the reference changes from AS 09.35 to AS 09.38 in both AS 09.65.132(g) and AS 17.23.250(i), the child support agency and the obligor should experience the benefits of the procedures for execution on judgments. Without the reference changes the child support agency would experience additional legal expense in executing on judgments where two sets of requirements and restrictions are in effect.

IV. DATE 2/18/82 PREPARED BY Dan R Copeland
AGENCY Child Support Enforcement - Dept. of Revenue
Original: Legislative Finance PHONE 276-3441
cc: Budget and Management
Prime Sponsor (First Legislator Named)
33-001 (Rev. 12/81)

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 74

Title An Act relating to the rights of debtors and creditors

Requested by House Judiciary Committee

Date 2/5/82

II. FISCAL DETAIL

Agency Affected Department of Revenue

Program Category Affected Revenue Collection & Management

BRU, Program, or Subprogram(s) Affected Enforcement 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 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						

TOTAL

FUNDING (Thousands of Dollars)

NONE

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

See attached memo.

IV. DATE February 5, 1982

PREPARED BY Marilla L. Gemmer

AGENCY Department of Revenue

PHONE 465-2366

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HB-74
 Title An act relating to the rights of debtors and creditors.
 Requested by Rules Committee Date 2/11/81

II. FISCAL DETAIL
 Agency Affected Department of Commerce and Economic Development
 Program Category Affected Public Protection
 BRU, Program, or Subprogram(s) Affected Division of Insurance
 (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	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

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

POSITIONS

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

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

IV. DATE 2/11/81 PREPARED BY Kenneth C. Moore, Director
 AGENCY Division of Insurance
 PHONE 465-2515
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 74

Title "An act relating to the rights of debtors and creditors."

Requested by Repr. Barnes, House Judiciary

Date Feb. 22, 1982

II. FISCAL DETAIL

Agency Affected Department of Law

Program Category Affected General Government

BRU, Program, Or Subprogram(s) Affected Legal Services

(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	Ø	Ø	Ø	Ø	Ø	Ø

FUNDING (Thousands of Dollars)

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

POSITIONS

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

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

This bill will not have a financial impact on the department's operations.

IV. DATE February 22, 1982

PREPARED BY Richard I. Pecues, Director, Admin. Svcs.

AGENCY Department of Law

PHONE 465-3672

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)

Richard I. Pecues

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 74
 Title Relating to the rights of debtors and creditors
 Requested by House Rules Committee Date 3/22/82

II. FISCAL DETAIL

Agency Affected Department of Revenue
 Program Category Affected Revenue Collection & Management
 BRU, Program, Or Subprogram(s) Affected Enforcement 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 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	NONE					

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
POSITIONS	NONE					

FULL TIME						
PART TIME						
TEMPORARY						

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

See attached memorandum from Marilla L. Gemmer to Joseph K. Donohue.

Marilla L. Gemmer

IV. DATE 3/22/82 PREPARED BY Marilla L. Gemmer, Director
 AGENCY Department of Revenue - Enforcement Division
 Original: Legislative Finance PHONE 465-2366
 cc: Budget and Management
Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

AMENDED TITLE:

AN ACT RELATING TO THE RIGHTS OF DEBTORS AND CREDITORS

PRIME SPONSOR: HOUSE RULES COMMITTEE.

CO-SPONSORS:

CURRENT STATUS: 3/17/82 IN (H) RULES

HE 74 HOUSE ACTION

DATE SEQ PAGE

LEGISLATIVE ACTION

DATE	SEQ	PAGE	LEGISLATIVE ACTION
02/04/81	01	0151	FIRST READING -- COMMITTEE REPORTS
02/04/81	02	0151	LETTER OF INTENT
03/17/82	01	0811	JUD -- CS04, NR01
03/17/82	04	0811	ZERO F/NOTES/ANALYSIS HSE SUPPL #26
			RULES
			RULES

**** ** ** *** ** *

ALASKA CODE REVISION COMMISSION



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JUDGE (RE:) THOMAS B. STEWART

ALASKA STATE LEGISLATURE
POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-4878

EXECUTIVE SECRETARY
BILLY G. BERRIER

MEMORANDUM

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

FROM: Dickerson Regan, Consultant
Alaska Code Revision Commission *Dick Regan*

DATE: April 28, 1982

RE: CSHB 74 (Rls) am (Exemption Act)

Previously I have sent you materials on CSHB 74 (Rls) am. What I sent probably was in such detail that it could not be digested.

House committees and staff over the past two years spent a lot of time with the bill. Most of that time was spent in becoming familiar with the subject matter. With my memorandum to you dated April 15, 1982, I enclosed some analysis of House changes.

The House changes left the essential features of the bill intact. The bill does three important things.

(1) It adjusts for inflation the two most basic protections of the judgment debtor, i.e., the minimum earnings that are protected and the minimum value of a home that is protected.

(2) It provides for indexing exemptions to changes in the cost-of-living index, thereby keeping protections at the same level in terms of real value and avoiding the need for periodic adjustment by the legislature.

(3) It provides for a continuing garnishment of wages to pay off a court judgment. Both under existing law and under terms of the CSHB 74 (Rls) am, a judgment creditor may follow procedures to require the employer of a judgment debtor to withhold and pay over the unprotected part of the wages the employer owes to that judgment debtor. By existing law this costly and frictional procedure must be repeated each pay period until the judgment is satisfied. By terms of the bill

Senator Bob Mulcahy
April 28, 1982
Page 2

once the judgment holder has had the required notice (garnishment) served, it continues in effect each successive pay period until the judgment is paid. This avoids a source of much frustration to the judgment creditor and a source of expense to the judgment debtor since costs of collection are added to the judgment he must pay.

I did not work with the code revision commission on drafting of the bill. However, I have become quite familiar with it. As I became familiar with it I recognized it to be well drafted and helpful legislation. And I have seen those legislators and staff members in the House who were able to study the details of the bill become supporters of it, regardless of their political persuasion.

Time threatens to run out on the bill. I understand Senator Rodey has suggested it be waived over to Judiciary. I hope you will follow this or some other means to move the bill along.

DR:chw

ALASKA CODE REVISION COMMISSION



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ALASKA STATE LEGISLATURE
POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-4878

EXECUTIVE SECRETARY
BILLY G. BARRIER

MEMORANDUM

TO: Senator Bob Mulcahy, Chairman
Senate Labor and Commerce Committee
ATTN: Michael Thill, A.A.

FROM: Dickerson Regan, Consultant
Alaska Code Revision Commission *Jack Regan*

DATE: April 15, 1982

RE: CSHB 74 (Rls) am--Debtor and Creditor

Quite extensive committee work was done on HB 74 (debtor and creditor) in the House, and I hope the bill can be moved rapidly through the Senate.

Both Jim Baldwin, who worked as draftsman on the bill, and I will be happy to respond to your committee's questions.

Attached are (1) a statement on the general background of the bill, (2) the Baldwin commentary for the original bill, marked with the changed section numbers, (3) a review of the changes from that bill as they appear in CSHB 74 (Rls) am, and (4) the changes by page and line.

The code revision commission's office telephone is 465-4878. Jim Baldwin is now in the Department of Law, telephone 465-3600.

DR:chw

Attachments

Background on CSHB 74 (Rls) am on Debtor and Creditor

CSHB 74 (Rules) deals with the nature and extent of a judgment debtor's rights as against the rights of a judgment creditor. It is often referred to as the "exemptions" bill since it defines what minimum property of a debtor is exempt from seizure and sale to satisfy a judgment. It also contains (1) procedures designed to be relatively simple for the creditor while assuring protection of the debtor's rights, and (2) an indexing of the dollar amounts of exemptions to the fluctuation of the consumer price index, thereby avoiding the need for frequent adjustments by the legislature.

Attached is a commentary that was drawn by Jim Baldwin, the Legislative Affairs Agency draftsman who worked with the code revision commission on the bill. (Baldwin is now the executive department representative on the commission. However, when the bill was drafted in 1977 he was not in a policy position with regard to the content of the bill.)

The bill was introduced in the 1979 legislative session as HB 56. It is basically a workaday procedural and cleanup bill; it had no active constituency either pushing it or opposing it, and it was not scheduled for committee hearings in the 1979 or 1980 sessions.

The bill was reintroduced in the 1981 legislature as HB 74. It was given staff work and committee hearings in the House Judiciary Committee in 1981 and was given more work and hearings by the reconstituted Judiciary Committee in 1982, resulting in a Judiciary CS bill that included figures marked-up for inflation and changed the bill's treatment of liquor licenses and limited entry permits so as to leave the exemption of these licenses and permits just as it is in existing law. There was no significant difference between the treatment given the bill by the House Judiciary Committee as constituted in 1981 and the treatment given the bill by the reconstituted committee in 1982.

The Rules Committee passed out the Judiciary substitute, but some of the figures were challenged on the floor, the Judiciary substitute was rejected, and the bill was returned to Rules.

By this point there were a core of representatives of differing political persuasions who thought the basic bill worth saving. Since the numbers (the dollar amounts) in the bill seemed to be the sticking points, the Rules Committee got out a substitute bill, mainly adjusting the dollar amounts. In outline these adjustments were a markup for inflation of only the two basic exemption figures--the homestead exemption and the wage exemption--leaving most of the other figures unchanged.

In the file of the code revision commission and in the file of the House committees there is correspondence which follows through the processing of the bill in the House.

Changes of HB 74 appearing in CSHB 74 (Rls) am

CSHB 74 (Rls) am includes a floor amendment that was not in either the Judiciary substitute or the Rules substitute: It eliminates from the bill a provision that would have placed alimony and separate maintenance payments in a category of claim against which no exemption applies.

CSHB 74 (Rls) am includes the following amendments to the original bill that are also in the Judiciary substitute and the Rules substitute:

(1) an amendment of the original bill that would retain the exemption of liquor licenses and limited entry permits without substantive change from existing law;

(2) technical amendments to correct an error in the repealer and to reflect a change in the name of the consumer price index;

(3) adjustments for inflation of (a) the basic homestead exemption, (b) the exemption for tools of trade, and (c) the wage exemption. The adjustments are based on the 43 percent increase in the Anchorage consumer price index since the bill was originally drafted in December, 1977.

CSHB 74 (Rls) am does not include the balance of the Judiciary Committee's markup of figures in the original bill. It marks down an exemption for pets from \$3,000 to \$500, and eliminates a provision of the original bill that would have given a larger exemption when a home is owned jointly or by the entirety.

CSHB 74 (Rls) am contains the following additional changes that were not in the Judiciary substitute:

(1) eliminating a provision of the original bill lumping the exemption of child support with certain other exemptions that are treated as an aggregate, the effect being to leave child support as it is treated in existing law;

(2) extending the period in which proceeds of the voluntary sale of a homestead are exempt from three to six months;

(3) requiring that a notice of rights be served on the judgment debtor along with an order temporarily restraining him from disposing of his exempt property;

(4) requiring notice of procedures for seeking a change of venue;

The foregoing changes are made by page-and-line amendments to HB 74 shown on the attached sheet.

Amendments to HB 74 appearing in CSHB 74 (R1s) am

- Page 1, line 20: Change "\$19,000" to \$27,000"
- Page 1, lines 26 and 28: Change \$28,000" to \$27,000"
- Page 4, line 5: Change \$1,000" to "\$1,400"
- Page 4, line 9: Change \$4,300" to "\$500"
- Page 6, line 5: Delete "support,"
- Page 8, line 6: Change "\$200" to "\$275"
- Page 8, line 8: Change "\$800" to "\$1,100"
- Page 8, lines 11-13: Delete the sentence starting on
line 11
- Page 9, line 8: (A) delete "alimony,"
insert "child"
- After "support"
Delete ", or separate maintenance"
- Page 11, line 13: Delete "and"
- Page 11, line 20: Change period to comma
- Page 11, following line 20: Insert "(D) of the
information required by AS 09.38.085(a)."
- Page 14, line 9: Before "AS 09.38.080(c)" insert
"AS 09.38.075(b) and"
- Page 14, line 20: After "property" insert "changing
venue,"
- Page 16, line 13: After "for" insert "All Urban
Consumers for"
- Page 16, line 14: After "Area" delete "Consumer Price
Index"
- Page 16, line 16: Change "November" to "January"
Delete "preceding the year"
- Page 22, line 12: After "09.35.050" change the comma
to a semicolon
- Page 22, line 13: Change "AS 21.42.320--21.42.350" to
"AS 21.42.320--21.42.340, AS 21.-
42.350"

HB 52

amendment moved - Sec. 6
Sec. 3. move to delete —

HB 74

leave Judiciary changes, but cut back amounts
+ revised versions of 4 of the 6 orig. am

p. 4 l. 6 back to 1400

p. 8 l. 23 ~~5-3~~, go back to 3 mos.

moved RLS. CS, except delete 0.9+10, p. 3

child support

p. 4, l. 4 keep at 1400

p. 1 l. 26 + 28 change 40 to 27

HB

101

COMMITTEE REPORT

4/14

HOUSE

Speaker referred to

FURTHER: Finance

(5)

Date: April 8, 1982

Mr. Speaker:

The Committee on RULES has had HB 101

"An Act repealing the tax on motor fuel used in or on watercraft; and providing for an effective date."

under consideration and reports it back as follows:

- do pass [] do not pass
- [] do pass with attached amendments(s)
- [X] replace with CS for HB 101(Rules) [X] same title [X] new title
- and recommends do pass
- [] AND attaches a "Letter of Intent" [] New Fiscal Note
- [] reports it back without recommendation
- [] referred to the _____ Committee

MEMBERS SIGNING DO PASS

John G. Fuller

[Signature]

[Signature]

[Signature]

MEMBERS HAVING OTHER RECOMMENDATIONS:

[Signature]

[Signature]

John G. Fuller

CHAIRMAN

COMMITTEE REPORT
HOUSE

3/12

FURTHER: FINANCE

⁴
2/3/81
(5)

Date: 3/19/82

Mr. Speaker:

The Committee on STATE AFFAIRS has had HB 37

"An Act repealing all state taxes except the oil and gas corporate income tax (AS 43.21); and providing for an effective date."

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

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB37 (sa) same title
majority new title
and recommends DO PASS
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature] *metcalfe, Ch.*

[Signature] *Abood*

[Signature] *Fanning*

[Signature] *Miller*

[Signature] *no REC.*

[Signature] *Brown*

COMMITTEE COPY

[Signature]
CHAIRMAN

COMMITTEE REPORT

HOUSE

4/5
Riley

FURTHER:

(11)

3/12/82

Date:

4-3-82

Mr. Speaker:

The Committee on FINANCE has had HB 37

"An Act repealing all state taxes except the oil and gas corporate income tax (AS 43.21); and providing for an effective date."

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

[] do pass [] do not pass

[] do pass with attached amendments(s)

replace with CS for HB 37 (FIN) same title
and ^{may} recommends do pass new title

[] AND attaches a "Letter of Intent" [] New Fiscal Note

[] reports it back without recommendation

[] referred to the _____ Committee

MEMBERS SIGNING

DO PASS

Donald Riley
Starvoan
R. B. Bettisworth
Joseph (unclear)
Jack Fall
Albert P. Adams
Dennis Fustler

MEMBERS HAVING

OTHER RECOMMENDATIONS:

Not Rec - Montgomery

Albert P. Adams
CHAIRMAN

COMMITTEE REPORT

HOUSE

1/29
Ruler

2/24/81

FURTHER:

(11)

Date: 1/28/82

Mr. Speaker:

The Committee on FINANCE has had HB 101

"An Act repealing the tax on motor fuel used in or on watercraft; and providing for an effective date."

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

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 101 (FIN) same title
 new title
- and recommends INDIVIDUAL REC.
- AND attaches a "Letter of Intent" New Fiscal Note
(3.6) 2/9/81
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

R. Britton

MEMBERS HAVING
OTHER RECOMMENDATIONS:

② Joe Montgomery - No Rec

③ W. Anderson - no rec

~~_____~~

④ Carlton - no rec

⑤ Chrisdy - no rec

Joseph - Do Not Pass

Jack Jille - DO NOT PASS

① Alberto. Ades - No Rec

Alberto. Ades
CHAIRMAN

COMMITTEE REPORT

HOUSE

2/24

FURTHER: FINANCE

2/4/81

Date: 2-20-81

Mr. Speaker:

The Committee on RESOURCES has had HB 101

"An Act repealing the tax on motor fuel used in or on watercraft; and providing for an effective date."

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

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

MEMBERS SIGNING
DO PASS

Fred J. Zboroff

William A. ...

Joseph ...

Anthony Vaska

Eric A. ...

Don ...

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Smith Do Not Pass unless repeal on other motor fuel tax.

Thomas H. Barnes Do Not Pass unless repeal on other fuel

Rick Halpern Do NOT PASS

Robert A. B. ... No Rec.

Fred J. Zboroff
CO-CHAIRMAN

Alaska State Legislature



MEMBERS:
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TERRY GARDINER
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JUNEAU, AK 99811
PHONE (907) 465-3783
OFFICIAL BUSINESS

House of Representatives
LABOR AND COMMERCE COMMITTEE

Cherry
R. 2-84
BA

To: Representative Al Adams, Chairman
House Finance Committee
From: Representative Terry Martin, Chairman
House Labor & Commerce Committee
Date: March 30, 1982
Subject: HB 37 relating to the motor fuel tax.

On behalf of this committee, I urge you to adopt an amendment to HB 37, which is currently in your committee. We ask that you increase taxes on certain aviation fuels for a period of three years, specifically: increase the aviation gas tax to 4-1/2c, and increase the jet fuel tax to 2-1/4c. We further request that the additional tax monies be used to fund the Alaska Aviation Safety Foundation, and to encourage pilots to form group insurance plans. The Foundation feels that the tax needs to be collected for a period of only three years, after which they believe they will be self supporting.

We believe the work of the Alaska Aviation Safety Foundation to be in the interest of public safety. After extensive hearings, we also believe that the pilots of our state need a viable alternative to existing insurance programs, and would like to encourage them to form group insurance plans. Many air taxi operations and other air carriers are in danger of having to go out of business, due in large part to the high insurance rates they are forced to pay.

We appreciate your consideration of this request. If you desire further information or assistance, don't hesitate to contact my office.

Terry Martin
Terry Martin, Chairman
House Labor & Commerce Committee

jm



ALASKA AIRMEN'S ASSN., INC.

P.O. Box 4-1287

Anchorage, Alaska 99509



ALASKAN AVIATION SAFETY FOUNDATION
4790 Business Park Boulevard
Anchorage, Alaska 99503

Atten: Ms Tulinda Deegan,
Executive Director

March 23, 1982

Dear Tulinda,

Per our discussions over a period of time, please allow this letter and its attachments to once again show the unqualified support of the Alaska Airmen's Association, Inc. for the goals and programs of the Foundation. We have enjoyed participating in program development to date, and look forward to the day when the program actually produces a study/training package into which the general aviation folks can sink their teeth.

Aviation safety and the focus of public attention on it has reached critical proportion. The resultant insurance, premium inflation presents a major difficulty for this state and the public, as small operators go out of business due to the inability to pay premiums. This at once creates a situation in which the expertise in the local area is lost and where competition is reduced... .. neither of which are a benefit to the public, nor lead to increased safety.

We know that there are private aviators who can no longer afford either hull insurance, or perhaps any insurance. *Unfortunately, not all of them have stopped flying,* and this creates a terrible liability problem for the public as well. We recognize that we absolutely must get a grip on the problem, and we see the Foundation's work to date and plans for implementing the next several stages, as the only viable program even under discussion anywhere, let alone under development.

The moment we heard that you had some encouragement in Juneau for the on-going "seed" money tied to a slight increase in aviation fuel taxes, our board endorsed the concept and developed the attached resolution. We recognize that it is never popular to add or increase a tax, and we may all have a "sales job" of our own to some of our members, but we are confident that when it is understood what is coming and what it offers us all, it will be widely accepted, as it is with all of us who have been exposed to it to date.

It is unfortunate that the level of funding that you anticipate at this time is not sufficient to develop all of the programs, but that is why we made our cash donation to the Foundation two weeks ago. We anticipate helping you find private sector donations to assist with the basic grant funds.



RESOLUTION OF THE BOARD OF DIRECTORS
ALASKA AIRMEN'S ASSOCIATION, INCORPORATED

WHEREAS the Alaska Airmen's Association, Inc. is the largest general aviation organization in the State of Alaska, effectively representing the aviation interests of over 12,500 pilots in the State, and;

WHEREAS the Alaska Airmen's Association, Inc. is vitally concerned and involved with aviation safety in the State of Alaska, and;

WHEREAS it is widely recognized that a crisis of major proportions exists relating to the accident rates, liability claims and aviation insurance premium rates with the State of Alaska, and;

WHEREAS the *ALASKAN AVIATION SAFETY FOUNDATION* has become the definitive authority developing a master plan for a major and effective training program and campaign against the negative safety record, and;

WHEREAS said Foundation has completed its work under the first phase and has developed a program for implementation and requires certain grants and donations for said program implementation, therefore;

BE IT RESOLVED that the Alaska Airmen's Association, Inc. hereby fully supports the proposed increase of $\frac{1}{2}$ ¢/gallon on aviation gasoline and $\frac{1}{4}$ ¢/gallon on aviation turbine fuel, with said funds being made available to the Foundation to implement this invaluable program.

FURTHER BE IT RESOLVED, that this Association again fully endorses the goals and programs of the Alaskan Aviation Safety Foundation, and pledges again and with renewed enthusiasm, to assist at any point in the program development, and in participation of the private and general aviation aircrews, owners and maintenance personnel, in the training program so developed.

Adopted by the Board of Directors at its regular meeting in Anchorage, on Wednesday, 17 March 1982

PROPOSED AMENDMENT TO COMMITTEE BILL

* Section ___ AS 43.40.010(e) is amended to read;

(e) Sixty per cent of the proceeds of the revenue from the taxes on aviation fuel, excluding the amount determined to have been spent by the state at its collection, shall be refunded to a municipality owning and operating or leasing and operating an airport in the proportion that the revenue was collected at the municipal airport. All other proceeds of the taxes on aviation fuel shall be paid into a special aviation fuel tax account in the general fund. The legislature [may] shall appropriate funds from this account for aviation facilities [.] and programs.

RATIONALE'

The purpose of this change is to simply assure that taxes collected on aviation fuel are spent on aviation projects. The current legislation would allow some 40% of the fund to lapse or be spent on other projects. In order to receive full support from the pilots, operators and aircraft owners, who in fact provide all the funds for this tax, this logical step needs to be taken.

Additionally, the addition of "and programs" at the end would facilitate expenditure on programs such as design, studies, masterplans and the like. Present language limits such expenditures to "facilities". This is absolutely mandatory in order that the Safety Foundation receive funds from the program.

NOTE: It appears that this change at the end of the last sentence is required in order to facilitate the Foundation plan, no matter what the treatment of the "may" "shall" question.



AIRCRAFT
OWNERS
AND
PILOTS
ASSOCIATION

ALASKAN AVIATION SAFETY FOUNDATION, INC.
4790 Business Park Boulevard
Anchorage, Alaska 99503

Atten: Ms Tulinda Deegan, Executive Director

081-26

Dear Tulinda,

22 March 1982

Please allow this letter to confirm our several discussions concerning AOPA's ongoing and sincere support for the goals and programs of the Alaskan Aviation Safety Foundation.

In particular, let us congratulate you and the American Airlines Training Corporation for the excellent package you have developed in the first phase of the study and plan to turn our accident and insurance rates around! As you know, we have supported your venture from the beginning, and that our President, John Baker has given you his personal promise of assistance and coordination. As you also know, the AOPA Safety Foundation exists for almost precisely the same purposes, but on a National level.

We have been very concerned that the program would lose momentum as the first phase becomes completed, and that obtaining the broad-based support and recognition you currently enjoy, could become difficult a year from now as you attempted to develop funds for the on-going implementation phases. We are extremely pleased to hear that you have evidently been able to find support in Juneau for a partial funding plan tied to a slight increase in aviation fuel taxes.

You should know that AOPA has been working through its regional representatives in a number of locations in the U.S. recently on similar plans. Of note are efforts currently underway in Washington State where private and general aviation members have emerged unanimous in support of increases in fuel taxes even as much as 2 to 3¢/gallon, tied to dedication of those funds to airport development. A very similar program is under way currently in Michigan as well. The program in Montana was similar, but has hit a temporary hitch.

So it should come as no surprise when the largest general aviation organization in the world can readily support an increase in the fuel tax its members will pay in Alaska. Whereas we recognize that there may be some negative concern for the increase on the part of some individual pilots or aircraft owners who do not yet understand the overall program, and may not see where this increase will benefit them directly, we feel confident that once initiated, they will join the broad-based support.

pp 2
Alaskan Aviation Safety Foundation
22 March 1982

The only other comment we would add to this endorsement, is that it would be our hope that while the statute is being amended, that one small addition be made to the Commerce Committee Bill to facilitate all the aviation fuel taxes going to aviation projects. It is our understanding that the Alaska Airmen's Association has taken a strong position on this matter, and has provided you with material to facilitate this inclusion. We support their position as well.

Thank you so much for keeping us informed and keeping us included in each of the developmental steps to date. I will fly to Juneau on the first of April to assist the Commerce Committee in any way I can in the present effort. Good luck in implementing the next stages of the plan. You are free to release this letter in whole or in part in any manner that will benefit this effort.



KENT LEE WOODMAN,
Regional Representative

cy: Ms Jessie Dodson
Senator Mulcahy
Representatives Adams, Hurlburt and Fuller
Deputy Commissioner Donohue
Alaska Airmen's Association

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

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

February 9, 1982

The Honorable John G. Fuller
Chairman
House Rules Committee
Room 204 - Capitol Building
Juneau, Alaska 99801

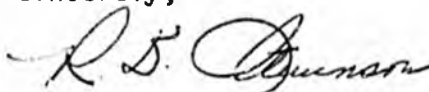
Dear Mr. Fuller:

Re: CS for House Bill No. 101 (Finance)

CS for House Bill No. 101 (Finance), an Act repealing the tax on motor fuel used in or on watercraft, was referred on January 29, 1982 by the House Finance Committee to the House Rules Committee.

For the consideration of the House Rules Committee, I am enclosing copies of Fiscal Notes prepared by Mr. Robert R. Kessel, Director, Audit Division and Mr. Robert W. Elliott, Research Analyst, Research Section of the Department of Revenue concerning the Committee Substitute.

Sincerely,



R. D. Stevenson
Special Assistant

RDS:mc

Enclosures

cc: Joseph K. Donohue
Deputy Commissioner, Taxation
Department of Revenue

Robert R. Kessel, Director
Audit Division
Department of Revenue

Vince Wright, Chief
Research Section
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 101 (Finance)

Title An Act repealing the tax on motor fuel used in or on

~~Requested by~~ watercraft Date 2-8-82

Requested by: Finance Committee

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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		22.0	23.5	25.0	27.0	29.5
200 TRAVEL		1.6	1.3	2.0	2.2	2.4
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT		.5				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		24.1	25.3	27.0	29.2	31.9

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		24.1	25.3	27.0	29.2	31.9
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME		1	1	1	1	1
PART TIME						
TEMPORARY						

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

This bill would remove fuel used in or on watercraft from the motor fuel tax. See attached copy of memo to R. D. Stevenson.

MEMORANDUM

State of Alaska Department of Revenue

TO: R. D. Stevenson
Special Assistant
Department of Revenue

DATE: February 8, 1982

FILE NO:

TELEPHONE NO:

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

SUBJECT: CSHB 101 (Finance)

CSHB 101 would restructure the motor fuel law to remove fuel used in a watercraft from the definition of motor fuel.

HB 101, along with SB 182, was introduced during the 1981 session and provided substantially the same changes as CSHB 101. Gary Jenkins, previous Audit Director, determined that there would be no fiscal impact for either HB 101 or SB 182. The Division now believes that there would be a fiscal impact.

If the motor fuel tax is removed from water craft, an enforcement problem could develop for the remaining motor fuel tax law. That is simply because the various fuels used in watercraft, i.e. diesel, kerosene and gasoline, can be used in other taxable manners. The elimination of fuel tax from watercraft would then provide another possible avenue for avoidance of the fuel tax unless the Revenue Department were able to provide stringent enforcement policies via additional manpower.

The proceeds from the revenue from the tax on motor fuel used in boats and watercraft of all descriptions are deposited in a special watercraft fuel tax account in the general fund and may be appropriated for water and harbor facilities. Therefore, there would apparently be some impact on such facilities if this bill became law. The extent of that impact cannot be ventured by the Audit Division.

RRK/gb

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 101 (Finance)

Title Act repealing marine fuel tax

Requested by House Rules Committee

Date 2/3/82

II. FISCAL DETAIL

Agency Affected _____

Program Category Affected _____

BRU, Program, Or Subprogram(s) Affected _____

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

EXPENDITURES (Thousands of Dollars)

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

FUNDING (Thousands of Dollars)

GENERAL FUND		(3,800)	(4,000)	(4,200)		
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The above figures are derived from the Department of Revenue's forecasting model, and represent the loss to the General Fund if CSHB 101 (Finance) is enacted.

REQUEST

Bill/Resolution No. House Bill #101

Title Act repealing the tax on motor fuel used in or on watercraft

Requested by House Resources Committee Date 2/9/81

FISCAL DETAIL

Agency Affected _____

Program Category Affected _____

BRU, Program, or Subprogram(s) Affected _____

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

EXPENDITURES (Thousands of Dollars)

	FY 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

Millions

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	-0-	(3.6)	(3.8)	(4.0)	(4.2)	
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)

The above estimates are based on the Department of Revenue's forecasting model.

V. DATE - 2/9/81 PREPARED BY Bill Yankee

AGENCY Revenue Research

PHONE 465-2173

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

HB

114

Office of Alcoholism & Drug Abuse, combining
Review Board on Alcoholism and Abuse
Board on Drug Abuse

HB 114
Governor
DHSS wants

Finance CS say, two members must be
recovered from debilitating use of
alcohol or drugs

fiscal note of \$ -16.2

passed unanimously out of finance

dept. budget for combined boards
for FY 83, so new fiscal
note is zero.

get fiscal note
position paper

COMMITTEE REPORT

HOUSE

3/15

Rules

FURTHER:

(11)

2/24/82

Date: Mar. 11, 1982

Mr. Speaker: (Taken from Rules 2/24/82)

The Committee on FINANCE has had HB 114

"An Act relating to the office of alcoholism and drug abuse in the Department of Health and Social Services, and combining the Review Board on Alcoholism with the Advisory Board on Drug Abuse."

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)

[X] replace with CS for HB 114 (fin) [X] same title [] new title

and recommends do pass

[] AND attached a "Letter of Intent" [] New Fiscal Note

[] reports it back without recommendation

[] referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Robert P. Adams Adams, Ch
R. B. Bittsworth Bittsworth
Shelby Shelby
John V.
Paul
Jack
Montgomery Montgomery
Jan

Robert P. Adams
CHAIRMAN

COMMITTEE REPORT

HOUSE

2/22
Rules

2/4/81

FURTHER:

(5)

Date:

2/18/82

Mr. Speaker:

The Committee on HEALTH, EDUCATION & SOCIAL SERVICES has had HB 114

"An Act relating to the office of alcoholism and drug abuse in the Department of Health and Social Services, and combining the Review Board on Alcoholism with the Advisory Board on Drug Abuse."

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

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 114 (Ness) same title
 new title
- and recommends Do Pass
- 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:

D. Smith

Terry Mastros Vice Ch

J. Malone Malone

Terry Mastros
CHAIRMAN
Vice

Rec'd 3/15/82 - After
bill R/o of House Finance

POSITION PAPER

CS FOR HOUSE BILL NO. 114

"An Act relating to the Office of Alcoholism and Drug Abuse in the Department of Health and Social Services, and combining the Review Board on Alcoholism with the Advisory Board on Drug Abuse".

Combining the two advisory boards would improve the continuity of service planning and delivery, facilitate board involvement in planning, budget allocation and oversight, and save State money at several levels.

The Office of Alcoholism and Drug Abuse were administratively combined by the Legislature in 1977. The Office has, in the five years of its existence as a single agency, gradually integrated its functions in order to provide support functions as effectively as possible. Accordingly, the Office has adopted common philosophies and procedures for planning, administration, prevention, intervention and training services. The Office has experienced no detriment to program or support services as a result of this commonality. The Office does recognize that serious abusers of alcohol and narcotics require different treatment approaches.

Recent trends however, indicate an increase in use of more than one drug, including alcohol. In 1980, 23.7% of drug treatment admissions listed alcohol as a secondary drug. In 1981, 27.1% listed alcohol. Additionally, the local programs available in fifty-three communities provide services to both alcohol and other drug abusers, referring as needed to specialized narcotic drug treatment in Anchorage or Fairbanks. If the boards are combined, the State's response to the needs of combined programs and the poly drug abusing client would be more effective. Local service providers would experience relief from the necessity of communicating with members of two boards, and in some cases, the necessity of writing, presenting, and reporting on two separate grants for essentially the same services.

Another major area of benefit would result from the bill's provisions for regional membership. The program interests in different portions of the state would have better access to the Board and better representation. It is expected that services would, as a result, better meet the area's needs. The Board members could also play a more active role in coordinating services and strategies with allied service and planning agencies in their respective regions, including Health Systems Agencies. The Department feels that this regional membership configuration, together with the Alcohol and Drug Abuse Board's designation as a subcommittee of the Statewide Health Coordinating Council, would greatly enhance the effectiveness of the entire health care system. It would provide a direct access route for local program interests into statewide health planning. Similarly a combined board would be able to relate more effectively with other state departments and divisions encountering alcohol and other drug problems.

From an administrative standpoint greater efficiency would be realized in several ways. First, substantial savings would accrue from the reduced travel: currently, the Office pays travel and per diem for both Board's and staff to attend at least eight full Board meetings per year. Under the

proposed legislation, the number would be reduced to four. Aside from travel cost savings, personnel time and administrative expenses necessary to arrange, prepare for, and otherwise support the activity of eight Board meetings would be reduced by approximately half.

While the above discussion describes cost savings at the level of the State Office, still further advantages would be realized at the grantee, or service provider level, should the proposed Board combination occur. Many of the Office's grantees budget for attendance at one or more Board meetings in order to keep abreast of policy and ensure continuity of program effort from the state to the local level. Since the great majority of these community agencies provide service to both alcohol and other drug abuses, contact with both Boards is usually maintained. If the boards are combined, the desirable level of contact with statewide policy advisors could be achieved at less cost, and the money saved could be redirected toward providing local services.

The Department strongly recommends passage of the proposed legislation.

Recommended by: Robert L. Cole
Robert L. Cole
Coordinator
Office of Alcoholism
& Drug Abuse

Date: 03/03/82

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

Date: 3-9-82

AMENDED TITLE:

AN ACT RELATING TO THE OFFICE OF ALCOHOLISM AND DRUG ABUSE
 IN THE DEPARTMENT OF HEALTH AND SOCIAL SERVICES AND
 COMBINING THE REVIEW BOARD ON ALCOHOLISM WITH THE ADVISORY
 BOARD ON DRUG ABUSE

PRIME SPONSOR: HOUSE RULES COMMITTEE.

CO-SPONSORS:

CURRENT STATUS: 3/15/82 IN (H) RULES

HB 114 HOUSE ACTION

DATE SEQ PAGE

LEGISLATIVE ACTION

DATE	SEQ	PAGE	LEGISLATIVE ACTION
02/04/81	01	0168	FIRST READING -- COMMITTEE REPORTS
02/04/81	02	0168	COV TRANSMITTAL LETTER
02/04/82	03	0168	F/NOTE HSE SUPPL #2
02/22/82	04	0567	HESS -- CS03
02/24/82	05	0598	MOVED FROM RLS TO FIN BY UNAN CONSENT
03/15/82	06	0794	FIN -- CS08 RULES RULES

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS FOR HOUSE BILL NO. 114

Title "An Act relating to the Office of Alcoholism & Drug Abuse in the Dept.

Requested by _____ Date _____

II. FISCAL DETAIL of Health & Social Services, and Combining the Review Board on Alcoholism with the Advisory Board on Drug Abuse"

Agency Affected Department of Health and Social Services

Program Category Affected Office of Alcoholism/Drug Abuse

BRU, Program, Or Subprogram(s) Affected _____

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

EXPENDITURES (Thousands of Dollars)

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

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
POSITIONS	-0-	-0-	-0-	-0-	-0-	-0-
FULL TIME						
PART TIME						
TEMPORARY						
	-0-	-0-	-0-	-0-	-0-	-0-

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

The expected savings resulting from merging the two separate boards has already been accounted for in the Administration's FY '83 budget submission.

Robert L. Cole

IV. DATE March 3, 1982

PREPARED BY Robert L. Cole

AGENCY Office of Alcoholism/Drug Abuse

PHONE 586-6201

Original: Legislative Finance
cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)

500

BRIEFLY DESCRIBE WHAT FY 82 COMPONENT ACTIVITIES HAVE BEEN DISCONTINUED.

1. Central and regional office administrative and professional staff positions will be reduced by 20%.
2. Advisory board travel and per diem will be reduced by co-scheduling meetings of the two boards. Field and non-employee travel and per diem will be reduced.
3. Proposed professional services in primary prevention, employee assistance intervention and research will be reduced.

EXPLAIN WHICH POLICY BUDGET PROGRAM OBJECTIVE IS AFFECTED AND HOW.

This reduction will limit the scope of administrative and support services available to implement provisions of 47.37 Uniform Alcoholism Intoxication and Treatment Act as well as support for the statewide alcoholism and drug abuse service delivery system including monitoring, evaluation and administrative functions.

3			GOVERNOR REQUEST
CODE	EXPENDITURES BY OBJECT	AMOUNT	
100	Personal Services	(168.3)	()
200	Travel	(68.5)	()
300	Contractual Services	(433.9)	()
400	Commodities	()	()
500	Equipment	()	()
600	Land, Buildings, etc.	()	()
700	Grants, Claims, etc.	()	()
800	Miscellaneous	()	()
	Total	(670.7)	()
	I-A Trans.(non-add)	*****	()
	Federal Receipts-Code:	()	()
	G.F. Match	()	()
	General Fund	()	()
	I-A Receipts	()	()
	Program Receipts	()	()
	Other	()	()
	Other	()	()
4. POSITIONS DISCONTINUED		PFT (5)	()
		STAFF MONTHS (60)	()
		FTE ()	()
5. IMPACT FROM/TO CAPITAL PROJECT (NAME)			
CHAPTER _____ SLA _____, PAGE/LINE _____			

AGENCY Health & Social Services

PROGRAM Mental Health

8 COMPONENT DECREASE
(BELOW CONTINUATION)

BRU Alcoholism/Drug Abuse

COMPONENT Administration

FY 83

FISCAL NOTE

I. REQUEST

HOUSE BILL NO. 114

Bill/Resolution No. _____
 Title Combining the Alcoholism and Drug Abuse Advisory Boards
 Requested by Governor Date 1-19-81

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services
 Program Category Affected Office of Alcoholism/Drug Abuse
 BRU, Program, or Subprogram(s) Affected Administration
 (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 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL			(16.2)			
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL			(16.2)			

FUNDING (Thousands of Dollars)

GENERAL FUND			(16.2)			
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

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

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

The passage of this bill would result in a negative fiscal note or \$16,200. of estimated State General Fund savings in FY 82.

- A. (2) Boards 18 members x 4 meetings annually - Transportation and Per Diem \$43.6
- B. (1) Board 12 members x 4 meetings annually - Transportation and Per Diem 32.4
- Estimated FY 82 Savings \$16.2

Original: Legislative Finance
 c: Budget and Management

George Mundell
 Prepared by: George Mundell Date: 1-19-81
 Division/Office Alcoholism/Drug Abuse Pii: 586-6201
 Prime Sponsor (First Legislator Named) Department of Health & Social Services

HB 114

February 2, 1981

Speaker of the House
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill which would combine the Review Board on Alcoholism with the Advisory Board on Drug Abuse. The combined board would save money for travel, per diem, and staff support and would afford those interested in both alcoholism and drug abuse access to the state health planning process because the combined board would be a standing committee of the Statewide Health Coordinating Council. The bill would also give the combined board regional membership which would promote cooperation with regional health systems agencies and would make it possible for communities working on both alcoholism and drug abuse to work with only one board.

This bill also would amend the powers of the Office of Alcoholism and Drug Abuse to provide authority to combat drug abuse. The legislature recently amended the name of the office to include drug abuse, however, a corresponding change was not made in the law relating to its authority to prevent drug abuse.

Sincerely,

S/SSH

Jay S. Hammond
Governor

CS FOR HOUSE BILL NO. 114

"An Act relating to the Office of Alcoholism and Drug Abuse in the Department of Health and Social Services, and combining the Review Board on Alcoholism with the Advisory Board on Drug Abuse".

Combining the two advisory boards would improve the continuity of service planning and delivery, facilitate board involvement in planning, budget allocation and oversight, and save State money at several levels.

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Recent trends however, indicate an increase in use of more than one drug, including alcohol. In 1980, 23.7% of drug treatment admissions listed alcohol as a secondary drug. In 1981, 27.1% listed alcohol. Additionally, the local programs available in fifty-three communities provide services to both alcohol and other drug abusers, referring as needed to specialized narcotic drug treatment in Anchorage or Fairbanks. If the boards are combined, the State's response to the needs of combined programs and the poly drug abusing client would be more effective. Local service providers would experience relief from the necessity of communicating with members of two boards, and in some cases, the necessity of writing, presenting, and reporting on two separate grants for essentially the same services.

Another major area of benefit would result from the bill's provisions for regional membership. The program interests in different portions of the state would have better access to the Board and better representation. It is expected that services would, as a result, better meet the area's needs. The Board members could also play a more active role in coordinating services and strategies with allied service and planning agencies in their respective regions, including Health Systems Agencies. The Department feels that this regional membership configuration, together with the Alcohol and Drug Abuse Board's designation as a subcommittee of the Statewide Health Coordinating Council, would greatly enhance the effectiveness of the entire health care system. It would provide a direct access route for local program interests into statewide health planning. Similarly a combined board would be able to relate more effectively with other state departments and divisions encountering alcohol and other drug problems.

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proposed legislation, the number would be reduced to four. Aside from travel cost savings, personnel time and administrative expenses necessary to arrange, prepare for, and otherwise support the activity of eight Board meetings would be reduced by approximately half.

While the above discussion describes cost savings at the level of the State Office, still further advantages would be realized at the grantee, or service provider level, should the proposed Board combination occur. Many of the Office's grantees budget for attendance at one or more Board meetings in order to keep abreast of policy and ensure continuity of program effort from the state to the local level. Since the great majority of these community agencies provide service to both alcohol and other drug abuses, contact with both Boards is usually maintained. If the boards are combined, the desirable level of contact with statewide policy advisors could be achieved at less cost, and the money saved could be redirected toward providing local services.

The Department strongly recommends passage of the proposed legislation.

Recommended by: Robert L. Cole
Robert L. Cole
Coordinator
Office of Alcoholism
& Drug Abuse

Date: 03/03/82

Approved by: Helen O. Beirne
Helen O. Beirne
Commissioner
Department of Health &
Social Services

Date: 3-8-82

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS FOR HOUSE BILL NO. 114

Title "An Act relating to the Office of Alcoholism & Drug Abuse in the Dept. Requested by _____ Date _____

of Health & Social Services, and Combining the Review Board on Alcoholism with the Advisory Board on Drug Abuse"

II. FISCAL DETAIL Agency Affected Department of Health and Social Services

Program Category Affected Office of Alcoholism/Drug Abuse

BRU, Program, Or Subprogram(s) Affected _____

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

EXPENDITURES (Thousands of Dollars)

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

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
POSITIONS	-0-	-0-	-0-	-0-	-0-	-0-
FULL TIME						
PART TIME						
TEMPORARY						
	-0-	-0-	-0-	-0-	-0-	-0-

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

The expected savings resulting from merging the two separate boards has already been accounted for in the Administration's FY '83 budget submission.

Robert L. Cole

IV. DATE March 3, 1982

PREPARED BY Robert L. Cole

AGENCY Office of Alcoholism/Drug Abuse

Original: Legislative Finance

PHONE 586-6201

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)

500

BRIEFLY DESCRIBE WHAT FY 82 COMPONENT ACTIVITIES HAVE BEEN DISCONTINUED.

1. Central and regional office administrative and professional staff positions will be reduced by 20%.
2. Advisory board travel and per diem will be reduced by co-scheduling meetings of the two boards. Field and non-employee travel and per diem will be reduced.
3. Proposed professional services in primary prevention, employee assistance intervention and research will be reduced.

EXPLAIN WHICH POLICY BUDGET PROGRAM OBJECTIVE IS AFFECTED AND HOW.

This reduction will limit the scope of administrative and support services available to implement provisions of 47.37 Uniform Alcoholism Intoxication and Treatment Act as well as support for the statewide alcoholism and drug abuse service delivery system including monitoring, evaluation and administrative functions.

3			GOVERNOR REQUEST
CODE	EXPENDITURES BY OBJECT	AMOUNT	
100	Personal Services	(168.3)	()
200	Travel	(68.5)	()
300	Contractual Services	(433.9)	()
400	Commodities	()	()
500	Equipment	()	()
600	Land, Buildings, etc.	()	()
700	Grants, Claims, etc.	()	()
800	Miscellaneous	()	()
	Total	(670.7)	()
	I-A Trans. (non-add)	*****	()
Federal Receipts-Code:			()
G.F. Match			()
General Fund			()
I-A Receipts			()
Program Receipts			()
Other			()
Other			()
4. POSITIONS DISCONTINUED	PFT	(5)	()
	STAFF MONTHS	(60)	()
	FTE	()	()
5. IMPACT FROM/TO CAPITAL PROJECT (NAME)			
CHAPTER _____ SLA _____, PAGE/LINE _____			

AGENCY Health & Social Services

PROGRAM Mental Health

BRU Alcoholism/Drug Abuse

COMPONENT Administration

FY 83

8 COMPONENT DECREASE
(BELOW CONTINUATION)

HB

137

1. ok on technical
2. votes:
3. amendments:
4. attendance
5. fiscal ok - negative fiscal impact
6. who wants: House Republicans
8. carrier:

COMMITTEE REPORT

HOUSE

1/20

FURTHER: FINANCE

2/10/81

(5)

Date: 1/15/82

Mr. Speaker:

The Committee on STATE AFFAIRS has had HB 137

"An Act relating to the tax credit for political ~~contributions~~ contributions; and providing for an effective date."

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

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 137 (SA) same title new title
- and recommends CS for HB 137 (SA) Do pass
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Rep Ray Metcalfe
Aboud
Fanning Fanning

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Brown
Do Not Pass
Wick Miller Do Not Pass

Ray Metcalfe
 CHAIRMAN

COMMITTEE REPORT

HOUSE

2/5 Rules

(11)

FURTHER:

1/20/82

Date: 2/4/82

Mr. Speaker:

The Committee on FINANCE has had HB 137

"An Act relating to the tax credit for political contributions; and providing for an effective date."

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 137 (fin) same title
 new title
- and recommends individual recommendations
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without ^{independent} recommendations
- referred to the _____ Committee

MEMBERS SIGNING DO PASS

MEMBERS HAVING OTHER RECOMMENDATIONS:

[Signature]
[Signature]
[Signature]
[Signature]

[Signature] ^{called} NO REC
David Puddy any of re to Jan 1, 1982
[Signature] ^{checked} NO REC
[Signature] - NO REC
[Signature]
Montgomery - not recommend unless R.D. amended

[Signature]
 CHAIRMAN

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for HB 137
 Title An Act repealing the tax credit for political contributions
 Requested by Finance Date February 10, 1982

II. FISCAL DETAIL

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

EXPENDITURES (Thousands of Dollars) None

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

FUNDING (Thousands of Dollars) None

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS None

FULL TIME						
PART TIME						
TEMPORARY						

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

See attached memo dated February 11, 1982, to R. D. Stevenson.

IV. DATE February 11, 1982 PREPARED BY Robert R. Kessel
 AGENCY Department of Revenue

Original: Legislative Finance PHONE 465-2320

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

33-001 (Rev. 12/81)

MEMORANDUM

State of Alaska
Department of Revenue

TO: R. D. Stevenson
Special Assistant

DATE: February 10, 1982

FILE NO:

TELEPHONE NO:

FROM: Robert R. Kessel
Director, Audit Division

SUBJECT: CSHB 137

This bill repeals the refundable tax credit for political contributions made by resident taxpayers to qualified persons, organizations and groups.

Since the effective date of the bill is January 1, 1983, and since there is a three year period in which to claim the refund, there would be no fiscal impact for FY 83 and limited impact thereafter.

RRK/gb

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST CSHB 137
 Bill/Resolution No. _____
 Title An Act repealing the tax credit for political contributions.
 Requested by Finance Date 2/8/82

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

EXPENDITURES (Thousands of Dollars)

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

FUNDING (THOUSANDS of Dollars)
Millions

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
Savings to the State			1.014			
(Political credit)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The figure indicates the savings to the State as a result of repeal of AS 43.20.013 (a). The effective date of January 1, 1983 results in 100% of the credit being retained by the State commencing in FY 84.

IV. DATE 2/8/82 PREPARED BY Vincent Wright
 AGENCY Department of Revenue
 Original: Legislative Finance PHONE 465-2173
 cc: Budget and Management
Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

Original sponsors: Hayes, Abood,
Anderson, et al

Offered: 2/5/82
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

CS FOR HOUSE BILL N . 137 (Finance)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act repealing the tax credit for political contri-

7

butions; and providing for an effective date."

8

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

9

* Section 1. AS 43.20.013(a) is repealed.

10

* Sec. 2. This Act ~~takes effect~~ January 1, 1983.

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HEADED TITLE & SPONSOR SUMMARY

15:49 2/06/82 PAGE 1 OF 2

AN ACT RELATING TO THE TAX CREDIT FOR POLITICAL CONTRIBUTIONS;
AND PROVIDING FOR AN EFFECTIVE DATE

PRIME SPONSOR: HAYES.

CO-SPONSORS: ABOOD, ANDERSON, BARNES, BEIRNE, BETTISWORTH, BYLSMA, CUDDY,
HALFORD, HAUGEN, MARTIN, METCALFE, MONTGOMERY, O'CONNELL, SUTCLIFFE, RANDOLPH,
FANNING.

CURRENT STATUS: 2/05/82 IN (H) RULES

HB 137 HOUSE ACTION

15:50 2/06/82 PAGE 2 OF 2

DATE SEQ PAGE

LEGISLATIVE ACTION

02/10/81 01 0218
01/20/82 02 0098
02/05/82 03 0246

FIRST READING -- COMMITTEE REPORTS
S.A. -- DNF02, CS03
FIN -- CS04, NR03, OTHER02
RULES
RULES

**** ** ** *** ** *

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for House Bill #137

Title An Act Repealing Refundable Individual Income Tax Credits

Requested by State Affairs Committee Date 1/27/82

II. FISCAL DETAIL

Agency Affected _____

Program Category Affected _____

BRU, Program, Or Subprogram(s) Affected _____

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

EXPENDITURES (Thousands of Dollars)

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

FUNDING (Millions of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
Savings to the State		1.86	2.8			
(Political - Child Care)						
POSITIONS						

FULL TIME						
PART TIME						
TEMPORARY						

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

The figures indicate the savings to the State as a result of repeal of the refundable credit portion of AS 43.20.013. The assumption is made that the effective date of April 15, 1982 results in two-thirds of the credit portion being retained by the State in FY83. The savings amount to 100% thereafter.

See attached memo, dated January 13, 1982, to Joseph K. Donohue for a breakdown of what would have been used for political contribution credits and child care credits.

IV. DATE 1/27/82

PREPARED BY Vincent Wright

AGENCY Revenue

Original: Legislative Finance

PHONE 465-2173

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)

MEMORANDUM

State of Alaska
Department of Revenue

TO: Joseph K. Donohue
Deputy Commissioner, Taxation

DATE: January 13, 1982

FILE NO:

TELEPHONE NO:

FROM: Denna L. Cline.
Special Assistant
to the Commissioner

SUBJECT: PCCs and CCCs

In FY 81 Department received an appropriation of \$112,042,000 which included \$1,042,000 for political contribution and child care credits. We can reallocate from the \$112,042,000 if more is needed for credit refunds.

In FY 82 we received \$149,961,800 which includes \$1,632,000 for the credit refunds. If the credit refunds are larger the Department can again reallocate from the \$149,961,800.

The Department has requested \$2,791,000 for credit refunds for FY 83. In our budget that total is broken down into \$1,758,000 for political contribution credits and \$1,033,000 for child care credits.

Attached is a table showing actual refund statistics as of January 12, 1982 and the 1981 Refund form.

DLC:m11
Attachment

	<u>Budget Appropriation</u>	<u>Total Appropriation</u>	<u>01/12/82 Refund Amounts</u>	<u>Number of Refunds</u>
FY 1981 1979 & 1980 Refunds	\$1,042,000	\$112,042,000	1979 PCC \$307,269 1980 PCC 692,390 Sub Total <u>\$999,659</u>	6,907 15,503
			1979 CCC 264,199 1980 CCC 391,297 Sub Total <u>655,496</u>	5,789 8,216
		Total 1979 & 1980	<u>\$1,755,155</u>	
FY 1982 1981 Refunds	\$1,632,000	\$149,961,800		
	PCC = 780,000 CCC = 852,000			
FY 1983 Request 1982 Refunds	\$2,791,000			
	PCC = 1,758,000 CCC = 1,033,000			

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for HB 137
 Title An Act repealing refundable individual income tax credits
 Requested by State Affairs Committee Date January 27, 1982

II. FISCAL DETAIL

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

EXPENDITURES (Thousands of Dollars) None

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

FUNDING (Thousands of Dollars) None

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS None

FULL TIME						
PART TIME						
TEMPORARY						

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

See attached memo dated January 25, 1982, to R. D. Stevenson.

IV. DATE January 27, 1982 PREPARED BY Robert R. Kessel
 AGENCY Department of Revenue
 Original: Legislative Finance PHONE 465-2320
 cc: Budget and Management
Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

MEMORANDUM

State of Alaska

Department of Revenue

TO: R. D. Stevenson
Special Assistant

DATE: January 25, 1982

FILE NO:

TELEPHONE NO:

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

SUBJECT: CS for HB 137

This bill repeals the refundable tax credits for resident individuals. The refundable tax credits currently include a) political contributions and b) household and dependent care services necessary for gainful employment.

CS for HB 137 would apparently be effective for political contributions and household and dependent care services made or incurred after April 15, 1982.

Determining the exact date of the political contributions might be difficult. Individuals would possibly attempt to ante-date post-April 1982 contributions. Also, since the refundable credit computation for household and dependent care services is based on the amount of the federal credit, the refundable credit computation for the expenses incurred prior to April 15, 1982, might be a bit difficult to compute for the individual. Minor administration problems would be prevalent for the Revenue Department.

Since the effective date of the bill is April 15, 1982, and since there is a three year period in which to claim the refund, there would be no fiscal impact for FY 83 and limited impact thereafter.

RRK/gb

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

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

February 16, 1982

The Honorable John G. Fuller
Chairman
House Rules Committee
Room 204 - Capitol Building
Juneau, Alaska

Dear Mr. Fuller:

Re: CS for House Bill No. 137 (Finance)

CS for House Bill No. 137 (Finance), an Act repealing the tax credit for political contributions, was referred on February 5, 1982 by the House Finance Committee to the House Rules Committee.

For the consideration of the House Rules Committee, I am enclosing copies of Fiscal Notes prepared by Mr. Robert R. Kessel, Director, Audit Division and Mr. Vincent Wright, Chief, Research Section of the Department of Revenue concerning the Committee Substitute.

Sincerely,



R.D. Stevenson
Special Assistant

Enclosure

cc: Joseph K. Donohue
Deputy Commissioner
Department of Revenue

Robert R. Kessel, Director
Audit Division
Department of Revenue

Vincent Wright, Chief
Research Section
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for HB 137

Title An Act repealing the tax credit for political contributions

Requested by Finance Date February 10, 1982

II. FISCAL DETAIL

Agency Affected Department of Revenue

Program Category Affected Revenue Collection and Management

BRU, Program, Or Subprogram(s) Affected Audit Division

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

EXPENDITURES (Thousands of Dollars) None

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

FUNDING (Thousands of Dollars) None

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS None

FULL TIME						
PART TIME						
TEMPORARY						

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

See attached memo dated February 11, 1982, to R. D. Stevenson.

IV. DATE February 11, 1982 PREPARED BY Robert R. Kessel

AGENCY Department of Revenue

Original: Legislative Finance PHONE 465-2320

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)

MEMORANDUM

State of Alaska

Department of Revenue

TO: R. D. Stevenson
Special Assistant

DATE: February 10, 1982

FILE NO:

TELEPHONE NO:

FROM: Robert R. Kessel
Director, Audit Division

SUBJECT: CSHB 137

This bill repeals the refundable tax credit for political contributions made by resident taxpayers to qualified persons, organizations and groups.

Since the effective date of the bill is January 1, 1983, and since there is a three year period in which to claim the refund, there would be no fiscal impact for FY 83 and limited impact thereafter.

RRK/gb

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST CSHB 137
 Bill/Resolution No. _____
 Title An Act repealing the tax credit for political contributions.
 Requested by Finance Date 2/8/82

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

EXPENDITURES (Thousands of Dollars)

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

FUNDING (Millions of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
Savings to the State			1.014			
(Political credit)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The figure indicates the savings to the State as a result of repeal of AS 43.20.013 (a). The effective date of January 1, 1983 results in 100% of the credit being retained by the State commencing in FY 84.

IV. DATE 2/8/82 PREPARED BY Vincent Wright
 AGENCY Department of Revenue
 Original: Legislative Finance PHONE 465-2173
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

credit under AS 43.20.013. (§ 2 ch 1 SSSLA 1980; § 2 ch 2 SSSLA 1980)

Effective dates. — Section 12 of ch. 1 provides that this section is retroactive to January 1, 1980, and § 10 of ch. 2, provides that this section is retroactive to January 1, 1979.

Editor's notes. — For legislative findings and purpose of the enacting legislation, see § 1, ch. 1, SSSLA 1980, and § 1, ch. 2, SSSLA 1980, in the 1980 Temporary and Special Acts and Resolves.

Sec. 43.20.013. Individual tax credits. (a) A resident individual is entitled to a tax credit not to exceed \$100 for

(1) a contribution made in a calendar year to a person or organization for use exclusively

(A) for a political campaign for a candidate for

(i) President or Vice President of the United States, whether or not the candidate will be voted on in a primary election in Alaska;

(ii) United States senator from Alaska;

(iii) United States representative from Alaska;

(iv) governor or lieutenant governor of Alaska;

(v) the Alaska legislature;

(vi) delegate to an Alaska constitutional convention;

(vii) electoral confirmation as a judge or justice of a court in Alaska;

or

(viii) municipal office in Alaska; or

(B) by a group seeking to influence the outcome of a ballot proposition or question in Alaska; and

(2) dues paid in a calendar year to a nonprofit organization organized primarily for the purpose of influencing elections in Alaska.

[1,758,000] for
political
contribution
credits

AMENDED TITLE:

AN ACT RELATING TO THE TAX CREDIT FOR POLITICAL CONTRIBUTIONS;
AND PROVIDING FOR AN EFFECTIVE DATE

GENERAL DOLLARS:

\$0 (F. NOTE)

PRIME SPONSOR: HAYES.

OTHER DOLLARS:

\$0

CO-SPONSORS: ABUOD ANDERSON, BARNES, BEIRNE, BETTISWORTH, BYLSMA, CUDDY,
HALFORD, HAUGEN, MARTIN, METCALFE, MONTGOMERY, O'CONNELL, SUTCLIFFE, RANDOLPH,
FARNING.

CURRENT STATUS: 2/05/82 IN (H) RULES

HB 137 HOUSE ACTION

LEGISLATIVE ACTION

DATE	SEQ	PAGE	LEGISLATIVE ACTION
02/10/81	01	0218	FIRST READING -- COMMITTEE REPORTS
01/20/82	02	0098	S.A. -- DNP02, CS03
02/05/82	03	0246	FIN -- CS04, NR03, OTHER02
			RULES
			RULES

*** ** ** *** ** **

H B
1, 46

originally by Brown - he had wanted the 20%
part, ~~but~~ to solve a particular problem, but
that's now taken care of.

revised fiscal note from finance - 135.0
but finance disallowed the
fiscal note

0
carrier:

COMMITTEE REPORT

HOUSE

2/3
Ruler

3/11/81

FURTHER:

(5)

Date: _____

Mr. Speaker:

The Committee on LABOR & COMMERCE has had SSHB 146

"An Act relating to payment procedures on certain public contracts."

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for SSHB 146 (L&C) same title
 new title
- and recommends it do pass
- 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:

Bob Byrnes

Rogers No Rec

Terry Martin, ch.

David Randolph Raleigh

Terry Martin
CHAIRMAN

Sofo

took out the state paying 20% to contractor at his request when contract is signed

Original sponsor: Brown by request

Offered: 3/12/82
Referred: Rules

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 146 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to payment procedures on certain public
7 contracts."

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

9 * Section 1. AS 36 is amended by adding a new chapter to read:

10 CHAPTER 90. MISCELLANEOUS PROVISIONS.

11 Sec. 36.90.001. PUBLIC CONSTRUCTION CONTRACT PAYMENTS. (a) The
12 state shall initiate payment to the contractor for the amount due under
13 a public construction or public work contract within 15 days after the
14 contractor submits to the state a bill for materials or services and a
15 sworn statement that all employees employed on the project by the con-
16 tractor and all subcontractors have been paid not less than the estab-
17 lished prevailing rate of pay as determined and published by the Depart-
18 ment of Labor. *(b) in the CS*

19 (b) If the state fails to make a payment due under this section,
20 it shall pay interest to the contractor under AS 45.45.010(a) on the
21 amount due. If a failure to make a payment due under this section
22 continues for 60 days or more, the state shall pay the contractor a
23 penalty of 10 percent of the amount due plus interest.

24 (c) The state or a political subdivision of the state is liable to
25 a contractor registered under AS 08.18 for interest at the rate provided
26 in AS 45.45.010(a) on retainage on a contract for public works or public
27 construction. Interest on retainage accrues from the date of approval
28 of a pay estimate until the date of payment to the contractor or applica-
29 tion toward the obligation of the contractor under the contract. A

1 contract provision purporting to waive the interest provisions of this
2 subsection is void as contrary to public policy.

3 * Sec. 2. AS 36.95.010 is amended to read:

4 Sec. 36.95.010. DEFINITIONS. In this title [AS 36.05 - 36.25]
5 unless the context requires otherwise

6 (1) "contractor" means the contractor including subcontractors
7 performing work necessary to facilitate public construction;

8 (2) "laborer, mechanic, or field surveyor" means a person who
9 engages in work which is basically physical or unskilled in nature; or
10 who engages in work, requiring the use of tools or machines, which
11 basically consists of the shaping and working of materials into some
12 type of structure, machine or other object; or who engages in outdoor
13 tasks related to the operation of finding and delineating contour,
14 dimensions, position, topography, as of any part of the earth's surface,
15 by preparation of measured plan or description of any area or other
16 portion of country or of road or line through any area or other portion
17 of country;

18 (3) "public construction" or "public works" means the on-site
19 field surveying, erection, rehabilitation, alteration, extension or
20 repair, including painting or redecorating of buildings, highways or
21 other improvements to real property under contract for the state, a
22 political subdivision of the state, or a regional school board with
23 respect to an educational facility under AS 14.08.161;

24 (4) "qualified" means one who, except for apprentices, is a
25 journeyman mechanic in his particular trade;

26 (5) "resident" means a person who maintains his domicile in
27 the state; domicile is the true and permanent home of a person from
28 which he has no present intention of removing and to which he intends to
29 return whenever he is away;

1 (6) "state or a political subdivision of the state" means any
2 state department, state agency, state university, borough, city, village,
3 school district or other state subdivision;

4 (7) "wages" includes fringe benefits;

5 (8) "retention" means money withheld from a contractor until
6 completion of a contract or other contingency which the contractor has
7 earned as evidenced by approval of the applicable pay estimate.
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Original sponsor: Brown by request

Offered: 2/3/82
Referred: Rules

1 IN THE HOUSE

BY THE LABOR AND
COMMERCE COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 146 (L&C)

3 J, THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to payment procedures on certain
7 public contracts."

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

9 * Section 1. AS 36 is amended by adding a new chapter to read:

10 CHAPTER 90. MISCELLANEOUS PROVISIONS.

11 *added from orig. version*
12 the request of a contractor the state shall pay the contractor 20 percent
13 of the amount of the contract on or before the date the state gives the
14 contractor notice to proceed with the public construction or public work
15 covered by the contract.

16 (b) The state shall initiate payment to the contractor for the
17 amount due under the public construction or public work contract within
18 15 days after the contractor submits to the state a bill for materials
19 or services and a sworn statement that all employees employed on the
20 project by the contractor and all subcontractors have been paid not less
21 than the established prevailing rate of pay as determined and published
22 by the Department of Labor. *not in original version*

23 (c) If the state fails to make a payment due under this section,
24 *same as original*
25 it shall pay interest to the contractor under AS 45.45.010(a) on the
26 amount due. If a failure to make a payment due under this section
27 continues for 60 days or more, the state shall pay the contractor a
28 penalty of 10 percent of the amount due plus interest.

29 (d) The state or a political subdivision of the state is liable to
a contractor registered under AS 08.18 for interest at the rate provided

rewritten from HB 510 (L&C-1)

CSSSHL 146(L&C)

1 in AS 45.45.010(a) on retainage on a contract for public works or public
2 construction. Interest on retainage accrues from the date of approval
3 of a pay estimate until the date of payment to the contractor or applica-
4 tion toward the obligation of the contractor under the contract. A
5 contract provision purporting to waive the interest provisions of this
6 subsection is void as contrary to public policy.

7 * Sec. 2. AS 36.95.010 is amended to read:

8 *From CSHB 518 (L&C)*
9 Sec. 36.95.010. DEFINITIONS. In this title [AS 36.05 - 36.25]
10 unless the context requires otherwise

11 (1) "contractor" means the contractor including subcontractors
12 performing work necessary to facilitate public construction;

13 (2) "laborer, mechanic, or field surveyor" means a person who
14 engages in work which is basically physical or unskilled in nature; or
15 who engages in work, requiring the use of tools or machines, which
16 basically consists of the shaping and working of materials into some
17 type of structure, machine or other object; or who engages in outdoor
18 tasks related to the operation of finding and delineating contour,
19 dimensions, position, topography, as of any part of the earth's surface,
20 by preparation of measured plan or description of any area or other
21 portion of country or of road or line through any area or other portion
22 of country;

23 (3) "public construction" or "public works" means the onsite
24 field surveying, erection, rehabilitation, alteration, extension or
25 repair, including painting or redecorating of buildings, highways or
26 other improvements to real property under contract for the state, a
27 political subdivision of the state, or a regional school board with
28 respect to an educational facility under AS 14.08.161;

29 (4) "qualified" means one who, except for apprentices, is a
journeyman mechanic in his particular trade;

1 (5) "resident" means a person who maintains his domicile in
2 the state: domicile is the true and permanent home of a person from
3 which he has no present intention of removing and to which he intends to
4 return whenever he is away;

5 (6) "state or a political subdivision of the state" means any
6 state department, state agency, state university, borough, city, village,
7 school district or other state subdivision;

8 (7) "wages" includes fringe benefits;

9 (8) "retainage" means money withheld from a contractor until
10 completion of a contract or other contingency which the contractor has
11 earned as evidenced by approval of the applicable pay estimate.
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TO: Jack Fuller

FROM: Sharon Macklin

CSSSHB 146 - An act relating to payment
procedures on certain public contracts

This bill provides procedures for payment to contractors for
certain state contracts:

Includes:

(a) 20% payment to contractors on request, on or before
notice to proceed.

(b) 15 day payment clause for materials and supplies

(c) 10% interest penalty payment to contractor by the
state if failure to make payments within 60 days.

(d) interest payment to contractors on the portion of
the contract considered retainage, from date of approval
of a pay estimate.

definition of retainage added to definitions in
title 36.

Retainage - means money withheld from a contractor until
completion of a contract or other contingency
which the contractor has earned as evidenced
by approval of the applicable pay estimate.

HB 146: "An Act relating to payment procedures on certain public contracts."

Portions of HB 518 were added to this bill, which require the state to pay interest on retainage portions of contracts. The bill carried with it a fiscal note of about \$65,000, which is the amount DOT estimated it would have to pay out on money it held. DOT's assumption was that they would rather pay interest than hire more inspectors to go out to projects so that payments could be made on time. DOT prepared a new fiscal note in the case the bill were amended to say that interest need be paid only on contracts made after the effective date of the bill: they said it would be impossible to estimate the fiscal impact.

I asked legal services if the bill should go to finance, and Billy Berrier believes it should. Finance can choose to tell the department to comply with the intent of the legislation, that they won't give them the money to pay out interest, but Rules can't. Or, they could adopt an effective date amendment, and get DOT to come up with some estimate of cost estimate on the kind of work they would envision doing, how often they would fail to make payments in time, and what that would cost.

So, the bill should go to finance to be straightened out.

Alaska State Legislature



Speaker of the House of Representatives

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-3720

Official Business

MEMORANDUM

TO: Representative Bob Bettisworth
Representative Al Adams

FROM: Speaker Joe Hayes *JAH*

DATE: February 23, 1982

RE: CSSSHB 146

CSSSHB 146 relating to payment procedures on certain public contracts was returned to the Finance Committee last week and is now in the Transportation and Public Facilities Sub-Committee. I would appreciate it if you would analyze this bill and pass it quickly out of committee so that we may calendar it as soon as possible. I feel it is an important piece of legislation and one which we should work to see passed.



Box 1710 602 Railroad Avenue
Cordova, Alaska 99574
Phone: (907) 424-3237
or 424-3238

"The Friendly City"

March 3, 1982

James A. Poor
Mayor

Perry D. Lovett,
Manager

Donna M. Sherby,
Clerk / Treasurer

Council Members
Don Narranco
Jay Bynum
Richard Groff
R.J. Kopchak
Garry Purvis
Joe Gunderson

Representative Sally Smith, Chairperson
House Rules Committee
Pouch V
Juneau, AK 99811

RE: CS for Sponsor Substitute for
HB 146 (L&C)

Dear Representative Smith:

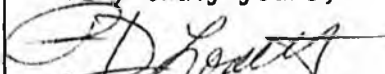
The proposed bill is unacceptable to the City of Cordova and should be unacceptable for the State of Alaska. This bill proposes to pre-pay the low-bidder 20% prior or at the time of the "Notice to Proceed," pay interest on pay estimates and on top of that, a 10% penalty. Then, we talk in the same breath about the high rate of inflation!!

Every contractor we deal with receives their money due within the 30 day period specified in the contract documents, and I am quite sure that they build into the cost of the project interim financing and other costs of "doing business." I do not believe that the contractors we do business with had suddenly lost their ability to conduct their affairs to the point that they require the Alaska State Legislature to pass laws to force their clients to front-end 20% of the contract plus interest plus penalties!!

I trust the legislature in its wisdom will discharge their duty by either rejecting or tabling this bill into oblivion.

The cost of projects are expensive enough without forcing us into the legal fees that would surely go with pre-payment which will encourage a proliferation of would-be contractors. Let's stay with and support the contractors who have proven themselves here in our state.

Very truly yours,


Perry D. Lovett
City Manager

cc: Senator J. Kerttula
Representative B. Cato

ALASKA STATE LEGISLATURE



HOUSE OF REPRESENTATIVES

REPRESENTATIVE SALLY SMITH • 321 CHURCH STREET • FAIRBANKS, ALASKA 99701 • II. JUNEAU; POUCH V • JUNEAU, ALASKA 99811

March 8, 1982

Perry D. Lovett
City Manager
Box 1210
Cordova, Alaska 99574

Dear Mr. Lovett:

I have received your letter regarding HB 146. It appears that it should be directed to Representative Jack Fuller, who is currently the chair of the Rules Committee, so I have forwarded it to him.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Sally Smith".

Sally Smith
Alaska State Legislature

AMENDED TITLE: SS HB 146

AN ACT RELATING TO PAYMENT PROCEDURES ON CERTAIN PUBLIC CONTRACTS

PRIME SPONSOR: BROWN.

CO-SPONSORS:

CURRENT STATUS: 2/15/82 IN (H) FINANCE

HB 146 HOUSE ACTION

- LEGISLATIVE ACTION

DATE	SEQ	PAGE
03/11/81	01	0512
02/03/82	02	0236
02/15/82	03	0508

 FIRST READING -- COMMITTEE REP RTS
 L&C -- CS03, NR01
 MOVED FROM RLS TO FIN BY UNAN CONSENT
 FINANCE
 RULES

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

P.O. BOX 3-1000
JUNEAU, ALASKA 99811
(TELEX 099-45 337)

February 18, 1982

Re: CS SS HB 146(L&C)
Relating to Payment Procedures
on Certain Public Contracts

Honorable John Fuller, Chairman
House Rules Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representative Fuller:

We have reviewed the referenced version of House Bill 146(L&C) and believe that this proposed legislation is both unnecessary, as it applies to this Department, and not in the best interest of the State, in general. Should it be determined, however, that it should be pursued, the following comments and recommendations are hereby offered for your consideration.

It is recommended that subsection 36.90.001(a) be deleted. The payment, to the contractor, of 20% of the contract amount prior to beginning work is not only fiscally unsound but also would increase the risk of contractors not performing the work in a timely manner.

This Department already operates under policies which minimize the requirements of interim financing by Contractors without increasing the risk to the bondsmen or increasing the premium. In most contracts, a mobilization pay item allows the contractor to recover move-in and set-up costs very early in the job. Contractor payments are made monthly or semi-monthly at the Contractor's request. Retainage is held to a bare minimum on lump sum contracts and is not held at all on most highways, airports and harbors contracts. Provisions are made which pay for stockpiled materials on the job site prior to incorporation into the project and on buildings contracts bonding, insurance and bidding expenses are paid immediately after the notice to proceed is issued. These policies were developed through cooperative efforts with the contracting industry in an effort to minimize financial problems while still maintaining a competitive bidding atmosphere.

Regarding subsection (b), the language "Initiate Payment" is unclear. The initiation of the payment process may be interpreted to mean anything from the approval of a Contractor's invoice or the signing of a monthly pay estimate to the actual mailing of the warrant to the Contractor, a process which could entail from three to ten days (or more), depending on the remoteness of the project site or its distance from the finance office.

It is suggested that the term "Initiate payment" be replaced with "Issue Payment", in which case the period of time allowed should be changed to 30 days in order to allow for the time necessary to transmit pay estimates or bills from a remote project site and to allow for the review and approval of complex pay estimates such as those involving multi-million dollar contracts with a multitude of pay items which must all be verified and approved prior to issuing a warrant.

It should also be pointed out that where subsection (b) uses the language "... the contractor submits... a bill for materials or services...", this terminology is not applicable to most all of the construction contracts administered by DOT/PF. Firstly, payment for public works contracts is not made directly for materials or services but for items of work for which unit prices are bid. Secondly, in most cases the contractor does not submit a bill. Instead, a pay estimate is prepared by the State and approved by the Contractor.

It is also unclear whether the Contractor under (b) would be paid on the regular basis as set up in the contract (monthly or semi-monthly), or whether he/she could submit weekly or even daily bills.

Subsection (b) is silent concerning the consequences of the Contractor's failure to submit the sworn statement regarding prevailing wages.

The following language is suggested for subsection (b) in order to clarify the above points:

(b) The State shall issue payment to the Contractor, for the amount due under the public construction or public works contract, within 30 days following the end of the pay period for which payment is being made. The Contractor shall submit a sworn statement, to the State at the end of the pay period, certifying that all employees employed on the project during the pay period by the Contractor and all subcontractors have been paid not less than the established prevailing rate of pay as determined and published by the Department of Labor. Failure, by the Contractor, to submit the above sworn statement shall be cause for the State to delay payment, without interest or penalty, until such a sworn statement is submitted.

In reference to subsection (c), it must be stated that this Department strongly opposes the principle of a penalty, other than interest on late payments. This Department has, we believe, an excellent record for making timely payments to Contractors and it is not anticipated that such a penalty provision would ever

be used, were it inacted. Our general contract provisions, in every construction contract, contain an administrative claims clause which provides the vehicle to remedy inequities or disputes whenever they may occur. Such an avenue has always been available to our Contractors and is believed to be much more equitable than an automatic penalty for an event, regardless of its causation or circumstance.

It is recommended that the interest payment provision in (c) be retained, but that the 10 percent penalty provision be deleted.

Regarding subsection (d), interest on retainage, the following language is suggested for the second sentence in order to clarify the beginning of accrual of interest:

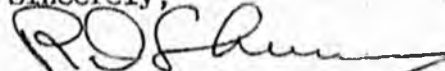
Interest on retainage accrues from the thirtieth day following the end of the pay period from which the retainage is withheld until the date of payment to the Contractor.

Under definitions, Section 36.95.010, the term Contractor must apply only to the prime Contractor as the contract is only between the prime Contractor and the State. The term "unskilled" in (2) should not be used to describe a mechanic or a surveyor but could apply to a laborer. In (3), "Public Construction" or "Public Works", the terms "onsite" and "real property" would not apply to State ferries constructed under contract with this Department. It is suggested that "on-site" be deleted and the term "real Property" be changed to "public Property". (Reference Blacks Law Dictionary for these terms.) The definition of "retainage", (6), would be improved by re-wording as follows:

(6) "Retainage" means money, or other contingency which the Contractor has earned as evidenced by approval of the applicable pay estimate, which is withheld from the Contractor until the completion of the contract.

The above comments are made in the interest of making the proposed legislation a more meaningful and concise document, as it would apply to the Department of Transportation and Public Facilities, which will hopefully accomplish its intended purpose without unduly increasing the cost or adversely affecting the quality of construction projects built with public funds.

Sincerely,



R.D. Shumway, P.E.
Deputy Commissioner

Enclosure: Copy of CS SS HB 146(L&C)

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

P.O. BOX 3-1000
JUNEAU, ALASKA 99811
(TELEX 099-45 337)

February 18, 1982

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Relating to Payment Procedures
on Certain Public Contracts

Honorable John Fuller, Chairman
House Rules Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

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