

ALASKA LEGISLATURE COMMITTEE FILES 1981-1982 8672

2057 SSA SB 54 - SB 82 2057

FACT SHEET

PROPOSED 1981 LEGISLATION

SB 54

The Department of Military Affairs has asked the Governor to introduce one bill in the 1981 Legislation.

The bill has three parts; in nine sections and is now known as SB 54.

The first three sections are designed to protect the families of lower rank enlisted members from a dramatic financial loss in the event of an extended State Duty period. It also ensures that members called to State Active Duty are covered by the Workman's Compensation Act. The fiscal impact of this proposal would be felt only in the event of a major disaster. The funding would come from the Governor's Emergency Fund.

Section 5 is identical to a bill submitted by the Governor last year and proposes a restructuring of the reenlistment bonus. A reenlistment bonus in the amount of \$3,000 will be paid for the first 6 year reenlistment only. The payments will be \$1,000 each, payable every two years. At the end of the initial reenlistment, the bonus stops. Payments would be made to the Guard members during their 6th through 12th year of total military service. This period has been determined as the "decision making" time for Guard members as to whether to stay until retirement or quit. We feel that paying this bonus during the decision years is the best possible use of a reenlistment bonus and conforms very closely to the bonus offered by the Federal Government for the active component personnel. Those members currently receiving a reenlistment bonus under AS 26.05.265 would continue to receive those bonus payments.

Section 6 proposes that the reimbursement of tuition and fees for members who attend an educational, vocational or training school in Alaska be extended to retired members. This proposal is designed to provide an additional incentive to stay in the Guard until retirement and reward, in a small way, those retired members who would like to continue their education. We anticipate that no more than 15 members would take advantage of this proposal each year. The average reimbursement is \$125.00 per year per person, making the total cost of this proposal between 2 and 3 thousand dollars annually.

Sections 7 through 9 are administrative in nature.

*140 retirees
8% factoring apply*

Analysis of state funded benefits the Alaska National Guard and Naval Militia now enjoy:

RETIREMENT SYSTEM

Current law passed in the last session of the legislature provides for a retirement payment of \$100.00 for every month served in the Alaska National Guard or Naval Militia provided the retiree has a total of 20 years of service a minimum of five of which as a member of the guard

TUITION REIMBURSEMENT

The State of Alaska will pay an amount equal to 50% of all tuition and required fees paid by the member to schools in Alaska. The schools include all technical vocational or educational institutions. Eligibility requirements are, that the guard member attend 90% of all scheduled drills and 15 days of annual training each year. This eligibility is certified by the unit commander.

REENLISTMENT BONUS

Current statute provides that the state will pay the equivalent of 10 days base pay at the rank held upon satisfactory completion of a members initial enlistment who reenlists or extends that enlistment for any period of time. Average reenlistment bonus payment is approximately \$350.00. Our proposal in SB 54 changes this to a \$3,000 payment for the initial six year reenlistment after the completion of the initial contract.

VETERANS BENEFITS

Members of the Alaska National Guard and Naval Militia who have served five or more years with the Alaska National Guard or Naval Militia obtain veterans status for procurement of state loans.

NATIONAL GUARD LOSSES 1980

TOTAL LOSSES 110

DROP OUTS AT ETS 76

Of 76 lost, 52 dropped out during "Decision Making" period, or 68.4% could be saved by a larger reenlistment payment that can be used by the family group. In most cases the family makes the decision to leave or stay in the Guard.

SB-54

3-10-81

Col Compton

① Pay
now #65/day -

- none during last 5 ~~days~~ yrs
over 13 days

- in past - up to 3 weeks - impact
on family

~~Now~~

Replacement drug - #8K

Recruit > #1,300 to replace.

S

B

5

9



Official Business

Alaska State Legislature

Senate

Committee on State Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

M E M O R A N D U M

DATE: 1/19/81
TO: Sen. Ray
FROM: Sen. Vic Fischer *Vic*
RE: SB 59, "An Act relating to collective bargaining
and providing for an effective date."

Senate Bill 59 has been referred to Senate State Affairs
Committee. Please forward any information and statements of
intent that would be helpful in committee analysis of the
bill. My office is Room 205, Behrends Building; phone 465-
4954.

Thank you.

SYNOPSIS OF SB NO. 59

Section 1: This section provides that once a collective bargaining agreement is negotiated with the administration, the agreement must be submitted to the legislature within thirty (30) days after it convenes. The monetary terms of the agreement may not take effect until approved by the legislature and the legislature may not adjourn until it either accepts or rejects the monetary terms of the agreement.

Section 2: This section provides that when a collective bargaining agreement is for more than one year, and does not provide for a wage reopener during the life of the agreement, the appropriation shall be for the entire cost of the contract during the life of the agreement. Thus the monetary package would only have to be funded once on a three-year agreement, rather than three times.

BACKGROUND INFORMATION

In 1977 the General Government Unit, represented by APEA, negotiated a three-year agreement. The first year of the agreement (1977) was funded by a supplemental appropriation, during the 1978 legislative session.

The second year of the contract (1978) provided for a five percent (5%) increase effective January 1, 1978 and the

following clause:

- Should the Consumer Price Index for Anchorage rise more than 5% during calendar year 1978, the Employer agrees that the salary schedule for year 1978, as adjusted effective January 1, 1978, shall be increased one percent for each full percentage point above five that the Consumer Price Index rises effective February 16, 1979, and shall be retroactive to the beginning of the calendar quarter in which the rise in the Anchorage Consumer Price Index exceeded five percent by a full percentage point.

- The salary schedule for calendar year 1979 shall be the salary schedule for year 1978, as adjusted on February 16, 1979, with the addition of 5% prepayment on the cost-of-living effective January 1, 1979. However, if the Anchorage Consumer Price Index fails to exceed 5% during calendar year 1978, the 1979 prepayment shall be reduced by each full percentage point the Consumer Price Index falls short of 5%.

During 1978 the Consumer Price Index for 1978 exceeded ten percent (10%). Thus the members of the General Government Unit were entitled to an additional five percent (5%) increase retroactive to July 1, 1978.

During the 1979 Legislative Session, a supplemental appropriation for the retroactive payment was introduced. Due to the controversy surrounding the payment and the contract, the Alaska State Senate adjourned the regular session without ever rejecting or accepting the supplemental appropriation. Also, the third year of the negotiated contract was not funded in the FY 79-80 operating budget. As a result of these events, there was a special session of the legislature in August 1979 to address the issue of negotiated salary increases.

The proposed legislation would assist in preventing situations which occurred in reference to the 1977-1979 General Government Agreement. Contracts would either be accepted or rejected by the legislature and multi-year agreements would be funded with one appropriation.

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

DIVISION OF ADMINISTRATIVE SERVICES

March 2, 1981

POUCH C - JUNEAU 19811
465-2277


JAY S. HAMMOND, GOVERNOR

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

Dear Senator Fischer:

Re: SB59

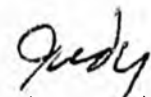
In response to a request from your office, the following are the expiration dates of contracts with the various bargaining units:

General Government Unit	12-31-82
Supervisory Unit	12-31-82
Labor Trades & Crafts	12-31-82
Public Safety Unit	12-31-81
Confidential Employees Unit	12-31-82
Non-Licensed Ferry System Employees (IBU)	3-31-83
Masters, Mates & Pilots	3-31-83
Marine Engineers	6-30-80

Although the contract for Marine Engineers has expired, there is a letter of agreement which extends the contract on a day to day basis.

If I can answer any other questions, please call.

Sincerely,


Judy Crondahl
Director

JC/bc

cc: Sandra Withers
Director
Division of Labor Relations
Department of Administration

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K-STATE CAPITOL
JUNEAU, ALASKA 99811
465-3600

March 5, 1981

Hon. Vic Fischer
Alaska State Legislature
Pouch V
Juneau, AK 99811

Re: SB 59, collective bargaining
Our file: J-66-529-81

Dear Senator Fischer:

Reference is made to your letter dated February 2, 1981, inquiring about the constitutionality of SB 59. A copy of the bill is attached. Because of the novel approach taken by that bill to the problem of multi-year public sector collective bargaining agreements, we cannot opine with any great certainty the outcome of a legal confrontation. We attempt only to point out a number of serious questions.

Section 1 of SB 59 would forbid adjournment until the legislature has voted to accept or reject the monetary terms of a collective bargaining agreement; the matter could not be left unresolved.

We believe that section 1 of SB 59 may violate the separation of powers doctrine as well as sections 1, 10, and 12 of article II of the Alaska Constitution. These breaches might occur because the section cedes to the governor a larger measure of control over adjournment than the constitution otherwise provides. Should the legislature later decide to repeal this bill and adjourn without voting on a pay raise, the governor might block or delay adjournment by vetoing the bill or declining to sign it. This measure of executive control over legislative procedure is constitutionally suspect. See Bradner v. Hammond, 553 P.2d 1, 5, n. 8 (Alaska 1976).

We also note the very substantial problem of enforcement. It would be difficult indeed for the executive or judicial branches to force the legislature to vote on a particular bill. What if the houses could not agree on a resolution? Theoretically, there might be a remedy, but at what cost to the governmental fabric?

Section 2 of the bill appears to do two things:

March 5, 1981

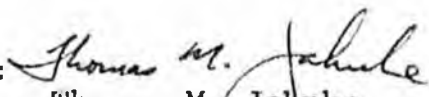
first, it purports to command the legislature to appropriate money to fund all years of a multi-year collective bargaining agreement; second, it attempts to forbid repeal or reduction of that appropriation in the successive years of the agreement. We believe that these features run afoul of a well-established rule that a legislature cannot bind its successor legislatures. This rule has been applied in the appropriation context. In Re Advisory Opinion to the Senate, 275 A.2d 256, 257-258 (R.I. 1971); Baczensky v. Hose, 253 N.Y.S.2d 32, 35-36 (Sp. Term. 1964); Opinion of the Justices, 32 N.E.2d 298, 306 (Mass. 1941); Commonwealth v. Barker, 61 A. 253, 254 (Pa. 1905); McQuillan on Municipal Corporations § 39.66. See Orbison v. Welsh, 179 N.E.2d 727, 736 (Ind. 1962). Cf., State v. Lewis, 559 P.2d 630, 643 (Alaska 1977); Morris v. Williams, 433 P.2d 697, 708 (Cal. 1967). One court has declared that an appropriation may be repealed even if its recipient has entered into contracts in reliance thereon; the aggrieved contractor is left to sue or seek legislative relief. State v. Donald, 157 N.W. 782, 783 (Wis. 1916).

These cases may not be dispositive of the question, for they present a chicken and egg dilemma: does SB 59 undercut the rule of these cases, or do the cases condition the binding force of SB 59? We believe that the serious shadows cast by the cases should incline you to view section 2 of SB 59 with much suspicion.

If we may be of further assistance, please let us know.

Sincerely yours,

WILSON L. CONDON
ATTORNEY GENERAL

By: 
Thomas M. Jahnke
Assistant Attorney General

TMJ/pjg

Enc.

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

DIVISION OF ADMINISTRATIVE SERVICES

March 2, 1981

Ham
JAY S. HAMMOND, GOVERNOR

POUCH C - JUNEAU 99811
465-2277

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DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

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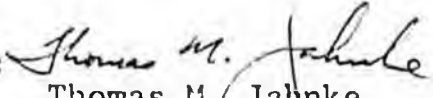
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ATTORNEY GENERAL

By: 
Thomas M. Jahnke
Assistant Attorney General

TMJ/pjg

Enc.

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QUICK REVIEW OF OTHER STATES BENEFIT FORMULAS.

STATE	PERCENTAGE OR OTHER	SALARY BASIS	YEARS OF SERVICE
CALIFORNIA	2% X	FINAL COMPENSATION X	YEARS CREDITED SERVICE
OREGON	1% X	✓ ✓ X	FIRST 10 YRS
✓	1.1% X	✓ ✓ X	SECOND 10 YRS
✓	1.3% X	✓ ✓ X	THIRD 10 YRS
ALABAMA	2.0125% X	✓ ✓ X	YEARS OF SERVICE
KANSAS	2.0% X	✓ ✓ X	YEARS OF SERVICE
NEW YORK STATE	EITHER 50% X ↓ OR 1/50 (2%) X	✓ ✓ ✓ ✓	BASED ON 30 YRS SERVICE YEARS OF SERVICE.
UTAH	2.0% X	✓ ✓	YEARS OF SERVICE.

PRESENTLY There are 2 Retirement Adjustment systems enacted by Statute.

1. COST OF LIVING ALLOWANCE A retired Teacher whose permanent residence is in Alaska subsequent to retirement, or whose absence does not exceed 60 days, is entitled to receive a cost of living allowance of 10% of his retirement benefit. (in addition to this retirement)

A retired public employee who remains in Alaska is eligible for a cost of living allowance equal to 10% of his retirement benefit, or \$50 a month, whichever is greater.

2. POST RETIREMENT PENSION ADJUSTMENT The commissioner of Administration may recommend post-retirement increases, on account of increasing cost of living up to 4% per year. This Pension adjustment covers both TRS and PERS.

The commissioner of Administration recommended these increases for the years 1969-1977:

1969- 1½%	} 10%
1970- 1½%	
1971- 1½%	
1972- none	
1973- 2½%	
1974- 3%	
1975- none	
1976- none	
1977- none	

In 1978 the commissioner retroactively granted a 4% increase for each year since 1969. This was off-set by any previously granted pension adjustments. 4% increases were also granted for 1979 and 1980. The increase in benefits over this 12 year period was 48% while the total increase in the Anchorage CPI was 131.20%

PRESENT CONTRIBUTION RATES TO THE TRS:

The cost of the retirement system TRS is represented by a percentage of pay; presently

7% is contributed by employee from his pay

8.42% is contributed by the school district

8.42% is contributed by the State

Total: 23.84%



Official Business

Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V
State Capitol
Juneau, Alaska 99811

SUMMARY SB 60

Upon determination by the administrator of TRS or PERS that there has been an increase in the cost of living (Anch CPI), then the administrators shall increase retirement benefits. TRS and PERS retirement increase will be the same as the Anchorage CPI percentage increase.

By aligning TRS and PERS retirement systems with the Anch CPI the following Fiscal Impacts would occur:

FISCAL IMPACTS:

<u>PERS</u> Increases:	FY 82:	\$89,340,100.00
	FY 83:	\$98,274,200.00
	FY 84:	\$108,101,600.00
	FY 85:	\$118,911,700.00
	FY 86:	\$130,802,900.00

<u>TRS</u> Increases:	FY 82:	\$75,452,300.00
	FY 83:	\$82,997,500.00
	FY 84:	\$91,297,200.00
	FY 85:	\$100,426,900.00
	FY 86:	\$110,469,600.00

TOTAL PERS Payroll: FY 82: \$296,614,000.00

TOTAL TRS Payroll : FY 82: \$261,775,000.00

The assumed 10% annual increase reflected in the Fiscal Note relates to salary increases through union negotiations, annual merit increases, and longevity and promotional increases.

ATTACHMENT

Bill/Resolution No. SB 60ASSUMPTIONS:

1. Estimated FY 82 Payroll (Total System)	=	\$261,775,000
2. State Contribution Rate to Fund Bill	=	24.41%
3. State TRS Matching Rate to Fund Bill	=	24.41%
4. School District Rate to Fund Bill	=	24.41%

COST ANALYSIS:

<u>Employer</u>	<u>Payroll</u>		<u>Rate</u>	<u>Cost</u>	<u>Appropriation</u>
1. Department of Education	\$ 4,712,000	X	24.41%	\$ 1,150.2	To Their Budget
2. University of Alaska	\$ 42,617,000	X	24.41%	\$10,402.8	To Their Budget
				<u>\$11,553.0</u>	
3. State TRS Matching	\$261,775,000	X	24.41%	\$63,899.3	To TPS Match
4. State TRS Regular Budget:					
Personal Services				\$ -0-	To Personal
Travel				\$ -0-	To Travel
Contractual				\$ -0-	To Contractual
Commodities				\$ -0-	To Commodities
Equipment				\$ -0-	To Equipment
				<u>\$75,452.3</u>	
5. All School Districts	\$214,446,000	X	24.41%	\$ 52,346.3	
				<u>\$127,798.6</u>	

REMARKS:

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement and Benefits

Program Category Affected Labor Services

BRU, Program, or Subprogram(s) Affected 02-96-8-01-01 (PERS)

(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 STATE TRS MATCHING						
100 BENEFITS		89,340.1	98,274.2	108,101.6	118,911.7	130,802.
TOTAL		89,340.1	98,274.2	108,101.6	118,911.7	130,802.

FUNDING (Thousands of Dollars)

GENERAL FUND	73,169.6	80,486.6	88,535.3	97,388.7	107,227.
FEDERAL FUNDS	4,109.6	4,520.6	4,972.7	5,469.9	6,016.
VETERAN'S FUND	178.7	196.5	216.2	237.8	261.
FISH & GAME FUND	536.0	589.6	648.6	713.5	734.
HIGHWAY FUND	1,161.4	1,277.6	1,405.3	1,545.9	1,700.
AIRPORT FUND	2,590.9	2,850.0	3,134.9	3,448.4	3,793.
CAPITAL FUND	7,593.9	8,353.3	9,188.6	10,107.5	11,118.
PERS					
TRS					

POSITIONS NONE

FULL TIME					
PART TIME					
TEMPORARY					

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

1. Estimate FY 82 covered State PERS payroll to be \$296,614,000.
2. Increase in State contribution rate would be 30.12% of covered State PERS payroll
3. Estimate future State PERS payroll to increase 10% annually.
4. Estimate long-term inflation rate of 7.5%.
5. The cost to political subdivision is estimated to be \$76.7 million in FY 82 increasing at 10% each year thereafter.

IV. DATE 2/23/81

PREPARED BY

Paul B. Arnoldt
Paul B. Arnoldt, Director

AGENCY

Division of Retirement & Benefits

PHONE

465-4460

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named) Senator Ray
Office of the Governor (Keith Specking)

SYNOPSIS OF SENATE BILL NO. 60

SECTIONS 1 and 3

Upon determination by either the administrator of the Teachers Retirement System or the Public Employees Retirement System, that there has been an increase in the cost-of-living, based upon the Anchorage CPI, then the administrators shall accordingly increase retirement benefit payments.

SECTIONS 2 and 4

The TRS and PERS retirement benefit increase will be the same as the Anchorage CPI percentage increase.

Background Information

Under the current Alaska Statute, when the Commissioner of Administration determines that the cost-of-living has increased and he also determines that there is adequate money in the retirement fund - then he may recommend an increase in the pension payments to the Retirement Board. That increase, if recommended, cannot exceed 4 percent per year and would be effective on the first of January.

Obviously, the methodology to obtain cost-of-living retirement benefit increases for public employees is discretionary and ill-defined. The proposed legislation would tie retirement benefit increases to the Anchorage

CPI increases. These increases would be mandatory and predictable, rather than permissive and desultory.

The following information clearly underscores the need for mandatory increases:

The Commissioner of Administration recommended these increases for the years 1969-1977.

1969 - 1½ percent

1970 - 1½ percent

1971 - 1½ percent

1972 - none

1973 - 2½ percent

1974 - 3 percent

1975 - none

1976 - none

1977 - none

Total increase from 1969 - 1977 was only 10 percent.

In the 1978 election year, the Commissioner retroactively granted a 4 percent increase, for each year since 1969. This was offset by any previously granted pension adjustment. 4 percent adjustments were also granted in 1979 and 1980. Although it would appear benevolent and that the forgotten years were remembered and recompensed - the facts belie the inference because:

The total increase in benefits over this 12-year period was 48 percent. The total increase in the Anchorage CPI over this 12-year period was 131.20 percent.

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill No. 60

Title An Act Requiring Annual Adjustments Under The TRS And PERS

Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement and Benefits

Program Category Affected Labor Services

BRU, Program, or Subprogram(s) Affected 02-96-8-01-01 (PERS)

(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 STATE TRS MATCHING						
100 BENEFITS		89,340.1	98,274.2	108,101.6	118,911.7	130,802.9
TOTAL		89,340.1	98,274.2	108,101.6	118,911.7	130,802.9

FUNDING (Thousands of Dollars)

GENERAL FUND		73,169.6	80,486.6	88,535.3	97,388.7	107,127.7
FEDERAL FUNDS		4,109.6	4,520.6	4,972.7	5,469.9	6,016.9
VETERAN'S FUND		178.7	196.5	216.2	237.8	261.6
FISH & GAME FUND		536.0	589.6	648.6	713.5	784.9
HIGHWAY FUND		1,161.4	1,277.6	1,405.3	1,545.9	1,700.4
AIRPORT FUND		2,590.9	2,850.0	3,134.9	3,448.4	3,793.3
CAPITAL FUND		7,593.9	8,353.3	9,188.6	10,107.5	11,118.2
PERS						
TRS						

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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IV. DATE 2/23/81 PREPARED BY Paul B. Arnoldt, Director

AGENCY Division of Retirement & Benefits

PHONE 465-4460

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named) Senator Ray
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Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits

Program Category Affected Labor Services and Elementary & Secondary Education

BRU, Program, or Subprogram(s) Affected 02-96-8-01-01-02 (TRS) 02-11-8-02-01-00 (TRS MATCH)

(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 STATE TRS MATCHING		63,899.3	70,289.2	77,318.1	85,049.9	93,554.9
100 BENEFITS		11,553.0	12,708.3	13,979.1	15,377.0	16,914.7
TOTAL		75,452.3	82,997.5	91,297.2	100,426.9	110,469.6

FUNDING (Thousands of Dollars)

GENERAL FUND		75,452.3	82,997.5	91,297.2	100,426.9	110,469.6
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS						
TRS						

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

1. Estimate long-term inflation rate of 7.5%.
2. An automatic PRPA with no ceiling will increase the contribution rate by 48.82% of covered TRS payroll (the TRS contribution rate is split 50/50 between the State matching contribution and the district contribution).
3. Estimate FY 82 TRS covered payroll @ \$261,775,000.
4. Estimate the TRS covered payroll will increase at 10% annually.

Paul B. Arnoldt 9/81

IV. DATE 2/23/81

PREPARED BY _____

Paul B. Arnoldt, Director

AGENCY _____

Division of Retirement & Benefits

PHONE _____

465-4460

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named) Senator Ray

Office of the Governor (Keith Specking)

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1

Synopsis Senate Bill No. 61

Section 1

This would increase the retirement benefit calculation formula from 2 percent to 2.5 percent in the Peace Officers Retirement system, for the first ten years of service. For service over ten years, it would increase from 2.5 percent to 3 percent. In the Public Employee Retirement System, the retirement benefit calculation formula would be increased from 2 percent to 2.5 percent.

Section 2

The retirement benefit formula is:

Percentage X years of service X average final salary for highest 3 years = retirement benefit.

This applies the increase percentages to the retirement benefit calculation formula.

Background Material

Cost-of-living in Alaska is the highest in the nation, yet some states, such as Colorado, Louisiana, Massachusetts and Nevada are using the 2.5 percent retirement benefit calculation formula in the public employment retirement systems. The 1/2 percent increase, will, of course, only partially negate the cost-of-living increase. However, it could prove to be an incentive for employees to view their

jobs as long-term careers and thus decrease the rapid employee turnover that has historically been a state administration problem. In addition, those retired employees who are forced to leave the state for economic reasons, could remain in Alaska after retirement. This would be in keeping with the state's consistent concern and provision for its Alaskan senior citizens.



Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V
State Capitol
Juneau, Alaska 99801

Official Business

SUMMARY SB 61 by Ray

SEC. 1: Increase in retirement benefit calculation for the Peace Officers Retirement System. Increase from 2 to 2½ percent for first 10 years service; Increase from 2½ to 3 percent for service over 10 years. In the PERS, benefit calculation would increase from 2 to 2½ percent.

SEC. 2: Retirement benefit formula: Percentage X years of service X average final salary for highest 3 years = benefit amount.

RESEARCH: SB 61 would require 3 additional staff for 6 months to re-calculate benefits for 2,650 persons who are receiving benefits under PERS.

The cost to the State will be \$15.8 million (FY82), and it will cost our political sub-divisions \$13.5 million. Dept of Administration projects the cost to increase by at least 10% per year thereafter.

FISCAL IMPACTS

FY 82: \$15,814,800.00
FY 83: \$17,357,900.00
FY 84: \$19,093,600.00
FY85: \$21,003,000.00
FY 86: \$23,103,300.00

FISCAL IMPACTS ON POLITICAL SUB-DIVISIONS:

FY 82: \$13,500,000.00
FY 83: \$14,850,000.00
FY 84: \$15,335,000.00
FY 85: \$15,868,500.00
FY 86: \$17,445,000.00

RETIREMENT BENEFIT CALCULATION FORMULA:

(%)X (years of service)X(Avg. final salary-3highest years)= Benefit Amount

PROPOSED INCREASES:

Peace Officer Retirement System:

First 10 Years Service: Presently 2%; Increase to 2½%

Service over 10 Years: Presently 2½%; Increase to 3%

Public Employees Retirement System:

Presently 2%; Increase to 2½%

Additional Fiscal Impact:

SB 61 Requires 3 additional Staff for 6 months to recalculate retirement benefits for the 2,650 people receiving benefits under PERS. Each of the 3 benefit technicians would be paid \$11,648.00 for their 6 month contract. Total of Labor \$34,941.00.

I. REQUEST
 Bill/Resolution No. Senate Bill 61
 Title An Act Adjusting Retirement Benefits For Public Employees
 Requested by _____ Date _____

II. FISCAL DETAIL
 Agency Affected Administration - Division of Retirement and Benefits
 Program Category Affected Labor Services
 BRU, Program, or Subprogram(s) Affected 02-96-8-01-01 (PERS)
 (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		34.3				
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES		0.6				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 STATE TRS MATCHING						
100 BENEFITS		15,779.9	17,357.9	19,093.6	21,003.0	23,103.7
TOTAL	-0-	15,914.8	17,357.9	19,093.6	21,003.0	23,103.7

FUNDING (Thousands of Dollars)

GENERAL FUND		12,923.7	14,216.1	15,637.6	17,201.5	18,921.9
FEDERAL FUNDS		725.9	798.5	878.3	966.1	1,062.3
VETERAN'S FUND		31.6	34.7	38.2	42.0	46.1
FISH & GAME FUND		94.7	104.1	114.6	126.0	138.1
HIGHWAY FUND		205.1	225.7	248.2	273.0	300.1
AIRPORT FUND		457.6	503.4	553.7	609.1	670.1
CAPITAL FUND		1,341.3	1,475.4	1,623.0	1,785.3	1,963.1
PERS		34.9				
TRS						

POSITIONS 3 employees for 6 months

FULL TIME						
PART TIME						
TEMPORARY		18 mos				

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

1. This bill provides increased benefits to active and retired PERS members. It does not provide increases for existing deferred (inactive) PERS members.
2. It is estimated that 70% of the existing deferred PERS members will return to covered PERS employment and qualify for the increased benefits.
3. The increased benefit formulas affect both future and past credited service.
4. The increase in State contribution rate would be 5.32% of covered State payroll (FY82 = \$296,614,000) increasing at 10% annually.
5. The cost to political subdivisions is estimated to be \$13.5 million in FY82 increasing at 10% each year thereafter.

IV. DATE 2/20/81 PREPARED BY Paul B. Arnoldt, Director
 AGENCY Division of Retirement & Benefits
 PHONE 465-4460
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Senator Ray

1	POSITION TITLE Retirement & Benefits Technician			RANGE/STEP 12A	BARG. UNIT. 6	LOCATION Juneau	APPROV.
2	TYPE OF POSITION Project	STAFF MONTHS. 6	PR No.	PCN No.	PRIORITY	FORM 12 PAGE/LINE	FILE

3	TYPE OF EXPENDITURE		AMOUNT
	1	2	3
4	PERSONAL SERVICES:		
	SALARY	\$1,761/Month	\$10,566
6	BENEFITS	2.21%	234
8	V&A SBS	6.13%	648
7	HEALTH INS.		
8	TOTAL PERSONAL SERVICES	01	\$11,448
9	TRAVEL	02	
10	CONTRACTUAL	03	
11	COMMODITIES	04	\$ 200
12	EQUIPMENT	05	
13	OTHER		
14	TOTAL COST		\$11,648

JUSTIFICATION:

Three (3) Project employees for six (6) months to recalculate the benefits for approximately 2,650 people who are receiving benefits from the PERS. (This estimate is based upon the actual time required to calculate the \$25 minimum benefit for approximately 1,016 individuals-- Chapter 146 SLA 1980.)

	CODE	FUNDING SOURCE	
16		FED RCPTS. 1002	
18		GF MATCH. 1003	
17		GEN. FUND 1004	
19		I-A RCPTS 1005	
		POM RCPTS 1020	
20		OTHER PERS	\$11,648
21	CONTINUATION		
22	ADDITION		

FOR B&M USE ONLY

4A KEY NUMBER:

AGENCY Administration PROGRAM Labor Services

ORU Retirement & Benefits

COMPONENT PERS

13 REQUEST FOR NEW POSITION.

FY 82

1 POSITION TITLE
Retirement & Benefits Technician

2 TYPE OF POSITION STAFF MONTHS. RP No. PCN No.
Project 6

RANGE/STEP **12A** BARG. UNIT. **G** LOCATION **Juneau**

PRIORITY FORM 12 PAGE/LINE

3	TYPE OF EXPENDITURE		AMOUNT
	1	2	3
4	PERSONAL SERVICES:		
	SALARY	\$1,761/Month	\$10,566
5	BENEFITS	2.21%	234
6	VAX SRS	6.13%	648
	HEALTH INS.		
8	TOTAL PERSONAL SERVICES 01		\$11,448
9	TRAVEL 02		
10	CONTRACTUAL 03		
11	COMMODITIES 04		\$ 200
12	EQUIPMENT 05		
13	OTHER		
14	TOTAL COST		\$11,648

JUSTIFICATION:

Three (3) Project employees for six (6) months to recalculate the benefits for approximately 2,650 people who are receiving benefits from the PERS. (This estimate is based upon the actual time required to calculate the \$25 minimum benefit for approximately 1,016 individuals-- Chapter 146 SLA 1980.)

	CODE	FUNDING SOURCE	
15		FED RCPTS. 1002	
16		GF MATCH. 1003	
17		GEN. FUND 1004	
18		I-A RCPTS. 1005	
19		PGM RCPTS 1020	
20		OTHER PERS	\$11,648

21 CONTINUATION

22 ADDITION

FOR B&M USE ONLY

AA KEY NUMBER

COLUMN NO.

AGENCY Administration PROGRAM Labor Services

ORU Retirement & Benefits

13 REQUEST FOR NEW POSITION.

COMPONENT PERS

FY 82

1	POSITION TITLE Retirement & Benefits Technician		
2	TYPE OF POSITION Project	STAFF MONTHS 6	RP No. PCN No.

RANGE/STEP 12A	BARG. UNIT. G	LOCATION Jineau	FORM 12	PAGE/LINE
--------------------------	-------------------------	---------------------------	---------	-----------

3	TYPE OF EXPENDITURE	AMOUNT
	1	2
4	PERSONAL SERVICES: SALARY \$1,761/Month	\$10,566
5	BENEFITS 2.21%	234
6	VICA SDS 6.13%	648
7	HEALTH INS.	
8	TOTAL PERSONAL SERVICES 01	\$11,448
9	TRAVEL 02	
10	CONTRACTUAL 03	
11	COMMODITIES 04	\$ 200
12	EQUIPMENT 05	
13	OTHER	
14	TOTAL COST	\$11,648

JUSTIFICATION:

Three (3) Project employees for six (6) months to recalculate the benefits for approximately 2,650 people who are receiving benefits from the PERS. (This estimate is based upon the actual time required to calculate the \$25 minimum benefit for approximately 1,016 individuals-- Chapter 146 SLA 1980.)

	CODE	FUNDING SOURCE
16		FED RCPTS 1002
16		GF MATCH. 1003
17		GEN. FUND 1004
19		I-A RCPTS 1005
J		PDM RCPTS 1020
20		OTHER PERS \$11,648

21 CONTINUATION

22 ADDITION

FOR B&M USE ONLY

1A KEY NUMBER

COUNT NO.

AGENCY Administration PROGRAM Labor Services

BRU Retirement & Benefits

COMPONENT PERS

13 REQUEST FOR NEW POSITION

FY 82

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2

SYNOPSIS OF SENATE BILL NO. 62

SECTION 1

A terminated employee who is re-employed within three years of termination, would be allowed to reinstate his/her banked medical leave.

SECTION 2

Section (a) An employee, upon retirement, shall receive retirement service credit for all accrued medical leave, at the same rate of pay as his salary upon retirement.

Section (b) A vested employee (5 years of service), upon termination for reasons other than retirement, shall receive retirement service credit for all accrued medical leave.

SECTION 3

An employee, upon retirement, may elect to receive retirement service credit for accrued medical leave.

BACKGROUND MATERIAL

SECTION 1 applies only to those employees not represented by a collective bargaining agreement. A personal leave system covers these employees. At the time of conversion from the annual leave system to the personal leave system 60 percent of the employee's accrued medical leave was banked for his/her use in the event of a serious illness. Banked medical leave can only be used if the employee does not have accrued personal leave and he/she has a medical disability exceeding 10

consecutive working days or a medical disability exceeding 30 consecutive working days.

SECTION 2 is a non-negotiable item as the AG's office maintains that retirement is a non-negotiable item and may only be addressed by the legislature.

APEA's interest in this bill is a two-fold one that would prove beneficial to the state, as well as the employee:

1. Many employees retire with hundreds of hours of accrued medical leave left on the books to their credit. It is manifest then that the employee has been conscientious in the usage of medical leave. When this type of employee retires, he/she has garnered a working record of high productivity. It follows that productivity would increase and absenteeism would decrease if all employees received retirement service credit for accrued medical leave. Additionally, it would certainly serve as a retirement incentive goal to accrue as many medical leave hours as possible.
2. Under the present system, there exists a real temptation for some employees close to retirement, to abuse the use of medical leave. Passage of this bill would eliminate all possibility of this eventuality.

I: REQUEST
 Bill/Resolution No. Senate Bill No. 62
 Title An Act Relating to Medical and Personal Leave
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement and Benefits
 Program Category Affected Labor Services
 BRU, Program, or Subprogram(s) Affected 02-96-8-01-01 (PERS)

(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		28.3	30.0	31.8	33.8	35.9
200 TRAVEL						
300 CONTRACTUAL		22.7				
400 COMMODITIES		0.2	0.2	0.2	0.2	0.2
500 EQUIPMENT		1.8				
600 LAND & STRUCTURES						
700 STATE TRS MATCHING						
100 BENEFITS		796.4	876.0	963.6	1,060.0	1,166.0
TOTAL	-0-	849.4	906.2	995.6	1,094.0	1,202.0

FUNDING (Thousands of Dollars)

GENERAL FUND	652.2	717.3	789.3	868.1	955.0
FEDERAL FUNDS	36.6	40.3	44.3	48.8	53.6
VETERAN'S FUND	1.6	1.8	1.9	2.1	2.3
FISH & GAME FUND	4.8	5.3	5.8	6.4	7.0
HIGHWAY FUND	10.4	11.4	12.5	13.8	15.2
AIRPORT FUND	23.1	25.4	27.9	30.7	33.8
CAPITAL FUND	67.7	74.5	81.9	90.1	99.1
PERS	53.0	30.2	32.0	34.0	36.0
TRS					

POSITIONS

FULL TIME	1	1	1	1	1
PART TIME					
TEMPORARY					

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

1. Assumes current retirees will not be affected by this bill.
2. Estimate that the average State employee will receive an additional 4.7 days (unused medical leave) of service credit for each year of employment under PERS.
3. Estimate that 82% of State employees are covered under medical/annual leave and the remaining 18% are covered under personal leave.
4. Estimate FY 82 State covered payroll to be \$296,614,000; increasing 10% annually.
5. Increase in State contribution rate would be .2685% of covered payroll.
6. Estimate Personal Services to increase at 6% per year.
7. Estimate costs for data processing system modifications (one time only) to be \$20.0.
8. The costs to political subdivisions is estimated to be \$683.8 in FY 82 increasing at 10% each year thereafter.

IV. DATE 2/25/81 PREPARED BY Paul R. Arnoldt, Director
 AGENCY Division of Retirement & Benefits
 PHONE 465-4460

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Senator Ray
 Office of the Governor (Keith Specking)

1	POSITION TITLE Retirement & Benefits Technician				RANGE/STEP 12/B	BARG. UNIT. G	LOCATION Juneau	GOV.	APPROV.	DISAP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY		FORM 12 PAGE/LINE	LEG.		

3	TYPE OF EXPENDITURE		AMOUNT
	1	2	3
4	PERSONAL SERVICES: SALARY \$1,814/month		\$21,768
5	BENEFITS 15.79%		3,437
6	SBS 6.13%		1,334
7	HEALTH INS \$150/month		1,800
8	TOTAL PERSONAL SERVICES		\$28,339
9	TRAVEL		
10	CONTRACTUAL Lease Space Costs		2,700
11	COMMODITIES		200
12	EQUIPMENT		1,800
13	OTHER		
14	TOTAL COST		\$33,039

JUSTIFICATION:

This employee will be responsible for verifying and recording the additional credited service granted for unused sick leave, for calculating the additional benefit, and for handling correspondence.

It is estimated that approximately 30% or 9,600 member of the entire current PERS membership will ultimately retire and will require crediting of unused sick leave under this bill.

	CODE	FUNDING SOURCE	
15		FED RCPTS	
16		GF MATCH	
17		GEN. FUND	
18		I-A RCPTS	
19		PGM RCPTS	
20		OTHER PERS	\$33,039

21	CONTINUATION	
22	ADDITION	FOR B&M USE ONLY

4A KEY NUMBER _____ COLUMN NO. _____

AGENCY Administration PROGRAM Labor Services

BRU Retirement & Benefits

COMPONENT PERS

13 REQUEST FOR NEW POSITION.

FY 82

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3

Synopsis Senate Bill No. 63

Section 1

(3) A terminated employee is eligible for a normal retirement benefit with at least 20 years of special credited service.

Section 2

An employee may contribute to his/her employee contribution account a percentage of his/her compensation towards a 20-year special credited service retirement plan. The administrator will determine the compensation percentage to be contributed by the employee. The employee may terminate his participation in special credit service at any time and the amount contributed will be treated as a voluntary contribution.

Background Material

This provides the 30-year employee with an option of 20-year retirement, under a special credited service plan, whereby he/she, in addition to regular retirement contributions, may contribute to the special account, an amount determined by the administrator.

I. REQUEST

Bill/Resolution No. Senate Bill No. 63

Title An Act creating a 20-year retirement option for Public Employees

Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement and Benefits

Program Category Affected Labor Services

BRU, Program, or Subprogram(s) Affected 02-96-8-01-01 (PERS)

(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		39.8	30.0	31.8	33.8	35.8
200 TRAVEL						
300 CONTRACTUAL		52.7				
400 COMMODITIES		0.4	0.2	0.2	0.2	0.2
500 EQUIPMENT		1.8				
600 LAND & STRUCTURES						
700 STATE TRS MATCHING						
800 BENEFITS						
TOTAL	-0-	94.7	30.2	32.0	34.0	36.0

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS		94.7	30.2	32.0	34.0	36.0
TRS						

POSITIONS

FULL TIME		1	1	1	1	1
PART TIME						
TEMPORARY		6 mo.				

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

1. Estimate that approximately 10,000 members could potentially qualify for benefits under this bill.
2. The cost to modify our new Data Processing System to provide for contributions and indebtedness payments for the Special Credited Service is estimated to be approximately \$50,000.
3. The cost of the benefits provided under this bill would be paid by the members' contributions to the Special Credited Service Account.
4. One project employee (6 months) to initialize the program and one full-time employee to maintain the program will be required.
5. Personal Services for the full-time employee increase at 6% per annum.

IV. DATE 2/24/81

PREPARED BY Paul B. Arnoldt, Director

AGENCY Division of Retirement & Benefits

PHONE 465-4460

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named) Senator Ray
Office of the Governor (Keith Specking)

1	POSITION TITLE Retirement & Benefits Technician				RANGE/STEP 12/B	BARG. UNIT. G	LOCATION Juneau	GOV	APPROV.	DISAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY	FORM 12	PAGE/LINE	LEG		

3	TYPE OF EXPENDITURE		AMOUNT
	1	2	3
4	PERSONAL SERVICES:		
5	SALARY	\$1,814/month	\$21,768
6	BENEFITS	15.79%	3,437
6	SBS	6.13%	1,334
7	HEALTH INS.	\$150/month	1,800
8	TOTAL PERSONAL SERVICES	01	\$28,339
9	TRAVEL	02	
10	CONTRACTUAL LEASE SPACE COSTS		2,700
11	COMMODITIES	04	200
12	EQUIPMENT	05	1,800
13	OTHER		
14	TOTAL COST		\$33,039

JUSTIFICATION:
 This employee will be responsible for implementing the Special Credited Service program. This will involve ensuring that the data processing programs are established for record keeping, that past service indebtednesses are calculated, that future service contribution rates for individuals are established, and that members are informed and counseled regarding the Special Credited Service program.

	CODE	FUNDING SOURCE	
15		FED RCPTS. 1002	
16		GF MATCH. 1003	
17		GEN. FUND 1004	
18		I-A RCPTS. 1005	
19		PGM RCPTS 1008	
20		OTHER PERS	\$33,039

21 CONTINUATION
 22 ADDITION

FOR B&M USE ONLY

4A KEY NUMBER _____ COLUMN NO. _____

AGENCY Administration PROGRAM Labor Services

BRU Retirement and Benefits

13 REQUEST FOR NEW POSITION.

COMPONENT PERS

Page 2 of 3

REVISED DATE _____

FY 82

1	POSITION TITLE Retirement & Benefits Technician			RANGE/STEP 12/A	BARG. UNIT. G	LOCATION Juneau	GOV	APPROV	DISAPP					
2	TYPE OF POSITION Project	STAFF MONTHS 6	RP No.	PCN No.	PRIORITY	FORM 12 PAGE/LINE	LEG							
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION:								
	1	2	3											
4	PERSONAL SERVICES: SALARY \$1,761/month		\$10,566		<p>This employee will assist the full-time Retirement and Benefit Technician during the initial 6 months while this program is being implemented.</p> <p>The employee will assist in answering questions regarding the Special Credited Services benefit, will calculate indebtednesses for past service eligible for credit under the Special Credited Services Account, and will establish the contribution rate for future service for individual members.</p>									
5	BENEFITS 2.10%		222											
6	SBS 6.13%		648											
7	HEALTH INS.													
8	TOTAL PERSONAL SERVICES 01		\$11,436											
9	TRAVEL 02													
10	CONTRACTUAL 03													
11	COMMODITIES 04		200											
12	EQUIPMENT 05													
13	OTHER													
14	TOTAL COST		\$11,636											
15	CODE	FUNDING SOURCE												
16		FED RCPTS. 1002												
17		GF MATCH. 1003												
18		GEN. FUND 1001												
19		I-A RCPTS. 1005												
20		PGM RCPTS 1028												
21		OTHER PERS		\$11,636										
22	CONTINUATION ADDITION			FOR B&M USE ONLY										
4A KEY NUMBER				COLUMN NO.										

AGENCY Administration PROGRAM Labor Services

BRID Retirement & Benefits

COMPONENT PERS

13 REQUEST FOR NEW POSITION.

Page 3 of 3

REVISED DATE _____

FY 82

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6

Box 203
Petersburg, Ak 99833
April 23, 1981

The Honorable Jay Hammond
Governor, State of Alaska
Juneau, Ak 99801

Dear Governor Hammond:

As a voter registrar for the past several years, it is with regret that I will no longer be able to perform this service. I just get too upset and frustrated! If you politicians could see the abuses that go along with voter registration so that people are eligible for the "free stuff" that you are proposing, perhaps you would think before devising more ways to give cash, permanent fund dividends, etc. away. I must stress that the Election Office is doing an excellent job and all they are empowered to do under the present laws.

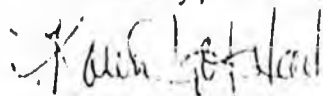
There is no way that proof of residency can be enforced! I see many summer people coming up here from the Lower 48 and the first stop is to register to vote - not to vote, but to get in line for the cash gifts that are proposed and that are read about in the media. I see many people that make their living here and go back to their homes down south after the season, but feel they are entitled to the cash ... if the State wants to give the money away. This money will not be spent in Alaska. Perhaps being in a small town knowing most of the people puts us in a unique position of seeing what is happening. In larger cities the registrar would not be aware of this.

Think of our image in the lower 48! Other states feel that we are so wealthy that we can reduce and/or eliminate taxes, while raising the oil tax; they feel we are increasing the cost of fuel at the expense of the users South. There are many capital projects needed in all our towns. Why can't the State go along with more revenue sharing for the communities and leave it up to the local people if they want to improve their streets, libraries, etc or reduce local taxes.

We should use the oil money in a wise way and leave a legacy for our children - hydro projects, capital improvements, developing renewable resources.

After talking with many people on how they feel about permanent fund dividends, you are underestimating the real residents that love Alaska. We don't want cash gifts, but to improve the quality of life in our communities for the benefit of all - permanent residents, seasonal residents and tourists.

Sincerely,



Karen Hofstad
Petersburg


CC: Legislators

MEMORANDUM

TO: Joseph K. Donohue
Deputy Commissioner
Department of Revenue

DATE: January 13, 1981

FILE NO:

FROM: Fred P. Boetsch 
Director
Enforcement Division

TELEPHONE NO:

SUBJECT: Fiscal Note Regarding
Royalty Premium Payments

This bill provides for a one time payment to all residents of the state of \$193 which derives from the sale of the state's royalty share of oil held on December 19, 1980. The only requirement is that they have been a resident for a minimum of 30 days and intend to remain a resident of the state as of the date of filing and application. Aside from the difference in residency requirement and the fact that the distribution applies to all residents of the state including minors, the rest of this distribution parallels in many respects the Permanent Fund Dividend Act, AS 43.23. The list of allowable absences is identical.

We anticipate that some 400 thousand applications would be filed under this bill. Phil Wall is preparing a fiscal note on the impact of such a filing on the Administrative Services Division which includes all of the paperwork processing, the computer processing, program development, etc. The Enforcement Division would be charged with conducting investigations of eligibility for applicants under this program.

Based on our experience with the investigations of the Permanent Fund Dividend program, we believe that, for the most part, the eligibility of applicants under this program could be investigated in the same way. The exception would be with respect to residents who only claim 30 day residency. I anticipate that fewer than 3% of the entire number of applicants would fall into this category. We could have a substantial problem with respect to military applicants who may be presently in the state for a brief period of time who could meet the thirty day residency requirement and claim, for purposes of this act, an intention to remain in the state even though they might not subsequently do so upon completion of their tour of duty here. Again, that would be a relatively small percentage of the total number of applicants and we could address a specific program to those applicants should a preliminary investigation indicate a substantial problem.

Accordingly, we believe that the addition of four Tax Collection Specialists supervised by a Tax Examiner III for a period of about 12 months would be adequate to conduct any investigations necessary under this program. In addition to the personal service costs of those individuals, we would need \$20,000 in travel to assist people in rural areas. We would expect an increase in our phone bill due to both answering questions through the zenith phone number with regard to this program and using the telephone by the TCS's as a means of conducting the investigation. I estimate the additional telephone costs would be about \$25,000. We would also have an increase in postage and printing costs for letters to be sent to applicants of about \$2,500. Commodities would cost \$2,000. Additional desks, chairs, typewriters, calculators, etc. would come to about \$5,000. The total cost of the program would be \$201,621 which would be distributed between fiscal years 1981 and 1982 in the following manner assuming an April 1, 1981 start-up date.

Fiscal Year 1981	3 months	\$ 53,247
Fiscal Year 1982	9 months	148,374

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 66
 Title An Act providing for royalty oil premium payments
 Requested by Governor Date 01/13/81

II. FISCAL DETAIL

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

EXPENDITURES (Thousands of Dollars)

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

TOTAL

FUNDING ^{Millions}
(Thousands of Dollars)

GENERAL FUND	77.0	→	φ			
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

According to the Department of Natural Resources \$77 million is the premium earned by the state in taking its oil in kind and selling at public auction rather than taking in value. The premium was figured by multiplying the average premium -- \$2.57/barrel -- by the number of barrels available per day -- 84,375 b/d -- times 365 days. As the total amount of oil is not decontrolled until October 1981, a certain percentage is deducted to take that into account.

IV. DATE 01/13/81 PREPARED BY Joseph K. Donohue
 AGENCY Revenue
 PHONE 465-2302
 Original: Legislative Finance
 cc. Budget and Management
 Prime Sponsor (First Legislator Named)

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 66

Title Providing for Royalty Oil Premium payments to State residents.

Requested by Governor Jay S. Hammond

Date 1/12/81

II. FISCAL DETAIL

Agency Affected _____ Revenue _____

Program Category Affected _____ General Government _____

BRU, Program, or Subprogram(s) Affected Administration and Support, Management 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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	237.2	→	0			
200 TRAVEL	3.6	→	0			
300 CONTRACTUAL	332.4	→	0			
400 COMMODITIES	9.0	→	0			
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	582.2	→	0			

FUNDING (Thousands of Dollars)

GENERAL FUND	582.2	→	0			
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME	26/113mm					
TEMPORARY						

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

The providing of Royalty Oil Premium payments is considered a one-time project which will begin in FY81 and end in FY82. The fiscal detail described, above, should be authorized through 6/30/82. It is assumed that supervisory, space and related needs will be available from existing resources. This funding will allow the design and operations required to print, distribute and process Royalty Premium Payment application forms. 400,000 residents are assumed.

Positions:

Design & Program: (1) Data Capture, 1 1/2 mm; (2) Edit and Error Correction, 1 1/2 mm; (3) Files and Storage, 1 mm; (4) Reports, 1 mm; (5) Enforcement Requirements, 1 mm; (6) Payments, 1 mm; and (7) Attachment Procedures, 1 mm.

IV. DATE January 13, 1981

PREPARED BY Philip A. Wall, Director

AGENCY Administrative Services, Dept. of Revenue

Original: Legislative Finance

PHONE (907) 465-2313

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. SB 66
 Title Royalty Oil Premium Payment
 Requested by Governor Date January 13, 1981

II. FISCAL DETAIL

Agency Affected Revenue
 Program Category Affected Revenue Collections and 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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	36.7	110.4	Ø	Ø	Ø	Ø
200 TRAVEL	5.0	15.0	Ø	Ø	Ø	Ø
300 CONTRACTUAL	6.0	21.5	Ø	Ø	Ø	Ø
400 COMMODITIES	0.5	1.5	Ø	Ø	Ø	Ø
500 EQUIPMENT	5.0	Ø	Ø	Ø	Ø	Ø
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	53.2	148.4	Ø	Ø	Ø	Ø

FUNDING (Thousands of Dollars)

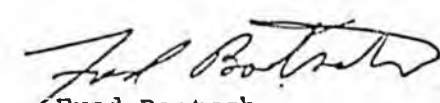
GENERAL FUND	53.2	148.4	Ø	Ø	Ø	Ø
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	5	5	Ø	Ø	Ø	Ø
PART TIME						
TEMPORARY						

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

See memo from Fred Boetsch, Director of Enforcement to Joseph K. Donohue, Deputy Commissioner for Taxation, dated January 13, 1981, attached.

IV. DATE January 13, 1981 PREPARED BY  Fred Boetsch
 AGENCY Revenue
 Original: Legislative Finance PHONE 465-2366
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Positions: (cont.)

3 PPT @ 3, 2, & 2 mm = 8 mm @ 2640 (R18) plus 25%: 26.4

Data Capture: 400,000 applications. 10 PPT. 5 @ 5 mm and
5 @ 4 mm = 45 mm @ 1392 plus 25%: 78.4

Document Processing: (Mail Room, Pre-Edit, Batching and Warrant
Control) 11 PPT. 6 @ 5 mm and 5 @ 4 mm = 50 mm @ 1392 plus 25%: 87.1

Inquiry Response: 1 PPT, 5 mm @ 1393 plus 25%: 8.7

Attachment Processing: 1 PPT, 5 mm @ 1393 plus 25%: 8.7

Overtime: 18.9

Shift Differential: 9.0

Travel: 3.6

Contractual:

Forms: 1. 400,000 base distribution, 1 part @ \$45M 18.0
2. 250,000 supplemental distribution, 1 part @ \$45M 16.0
3. 400,000 warrants @ \$25M 10.0

Postage: 1. Forms distribution, 6500,000 @ .15 each 97.5
2. 400,000 warrant payments @ .15 each 60.0
3. If postage increase to .20 each,
.05 additional for 2,050,000 items 52.5
4. Inquiry response, 6 JCC letters @ .15 each 1.0

DP Chargeback: Disk storage: 200 million bytes
@ \$4/mo/million bytes X 12 4.6
Processing charge @ 4 mos. 40.0
Terminal processing and long line
@ 391 X 15 X 4 mos. 23.5

Storage of Forms: @ \$170/Mo X 3 mos. 0.5

Machine Rental: 15 CRT @ 80/mo X 4 mos. 4.8
1 Controller @ 705/mo X 4 mos. 2.8
1 Printer @ 286/mo X 4 mos. 1.2

Commodities: 9.0

*File
Ch 6*

January 12, 1981

President of the Senate
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill to distribute to residents of the state the premium earned from the sale of the state's royalty oil held December 19, 1980. The purposes of this distribution are twofold: one relates to the reasons for having held the royalty oil sale, and the other relates to the delays we have encountered in distributing permanent fund dividends as a result of the pending litigation over that program.

A primary motivation for disposing of the uncommitted royalty oil by cash bid was to insure that the benefits of selling the state's oil would go to the largest possible number of Alaska residents. Had this oil been sold under a negotiated contract, benefits would certainly have accrued to some state residents. However, all residents would not necessarily have been benefited, and certainly not in equal measure. By distributing the premium obtained over current in-value prices directly to the residents of the state, residents will gain an increased awareness that the state's natural resources do in fact belong to them as residents of the state. Although I do not as a rule favor distributing revenues received directly from oil production (as opposed to earnings from the Permanent Fund), in this limited instance I believe distribution is appropriate and in the public interest.

A second purpose of the distribution is to fulfill to some degree the expectations raised by the enactment of the permanent fund dividend program, implementation of which continues to be delayed by litigation. A per capita distribution does not, of course, achieve the important goals that are furthered by a distribution plan tied to length of residency. But because it is important to provide for some immediate distribution, the distribution method in this bill is intended to avoid raising the legal issues raised by the dividend plan.

The bill provides for a single payment of \$193 to each state resident, including those under 18 years of age. The amount of the payment is roughly equal to the \$77 million premium from the oil sale divided by the current estimated state population of 400,000. A residency requirement of 30 days has been included as this is the shortest period we have determined is necessary to assure that all applicants are bona fide residents. The other eligibility requirements, as well as the provision for forfeiture of the payment for fraudulent applications, are patterned after similar provisions in the permanent fund dividend statute.

Establishing an application deadline has been left flexible, to be determined and extended if necessary by the Department of Revenue, to insure that all residents have sufficient time to submit applications.

Sincerely,

S/SSH

Jay S. Hammond
Governor

SB66

Editorial Opinion and Comment of



Daily News - Miner

"Independent in All Things . . . Neutral in None"

Other opinions expressed on this page do not necessarily reflect those of the Daily News-Miner.

... this per capita distribution," it says, "does not provide an incentive for long-term residence in the state; it does not help to assure that the state will benefit in the future from a stable population; it does not encourage a long-term interest in prudent management of the Alaska Permanent Fund and the state's natural resources; and it does not recognize the many contributions, both tangible and intangible, that individuals have made to the Alaska community during their previous periods of residence in the state.

"Thus, the method of distribution provided in the Act is not the method preferred by the Legislature."

The only saving grace, again according to the text of the bill, is that it would help to assuage disappointed expectations over the indefinitely delayed Permanent Fund distribution plan. It seems to us unlikely that the Legislature would pass a bill that recognized all those deficiencies within itself.

So, while you're savoring the anticipation of your \$193 royalty bonus, savor this, too:

If that royalty oil had been offered at a substantially reduced price to in-state refineries for making products to be used only in Alaska, by mid-year you would have some of that money in your pocket through a sharply reduced price for fuel.

And you'd have it all over again next year, and the year after that and on into the foreseeable future.

This missed opportunity is worth recalling now only because the state has another chance coming up soon and appears to be heading down more or less the same road. Another royalty sale is anticipated this spring. The oil will go to whomever negotiates the best deal with Mr. LeResche's department for in-state use, but the price will still be high—the in-value price—and it will continue escalating.

Persistent reports that one oil firm has the inside track in this negotiated sale don't enhance the prospects for real benefits for Alaskans. Fortunately, the Legislature is in session now and has time to act to bring about the stable and low fuel prices we Alaskans could be enjoying from our royalty oil.

The next royalty sale

Are you enjoying the \$193 Gov. Hammond promised you last fall when his administration decided to sell some of our royalty oil to the highest bidder? Is the money helping you pay for heating fuel that has increased in price 15 cents a gallon or more since then? Is it helping you pay for gasoline that has gone up by a comparable amount?

No Alaskan is getting that promised benefit and every indication is that none will for quite some time, if at all.

A brief history of the issue: Last fall state Natural Resources Commissioner Robert LeResche announced that some of our state's Prudhoe Bay royalty oil would be sold to the highest bidder in an attempt to get the most money possible for the state. Assuredly, the price would be somewhat over the in-value price of the oil—the average of the wellhead prices.

The problem with a sale of that sort is that none of the oil would be used in Alaska. In-state refineries were getting oil from the state at the cheaper in-value price under long-term contracts. The amount being offered could have been enough to prompt construction of one or more additional refineries, a move that would have reduced consumer prices a bit by bringing in some competition.

Several voices, including that of this newspaper, criticized Mr. LeResche's decision, and the governor agreed to take that criticism under consideration. The result was no change in the terms of the sale, but he did promise that whatever extra money the state got above the in-value price—which was then about \$21 a barrel—would be divided among Alaskans.

The governor introduced the necessary legislation on Feb. 4, appropriating the resulting \$193 for each Alaskan and setting up the distribution scheme. The bills got two committee referrals in each house and there they sit.

We can't predict what, if anything, the Legislature will do with Mr. Hammond's one-shot cash distribution proposal, but a look at the text of the distribution bill itself may be instructive. It's about as begrudging as any we've seen.

Today's Thought . . .

Some time ago the British Weekly conducted a questionnaire among its readers and asked, "What things have made you happy or unhappy?" Thousands of replies ascribed happiness to spiritual qualities such as love, friendship, trust, honor and service. Yes, happiness comes from the qualities of the spirit.



By Rev. Paul Osuni

Editorial Opinion and Comment of

FAIRBANKS

Daily News - Miner

"Independent in All Things . . . Neutral in None"

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Money in your pocket

not happened yet, some will be spent on public works projects, some will be used to increase aid to local governments and perhaps reduce local taxes, and some will go to fuel the growth of state government.

It's our view that the oil benefits could be made available to Alaskans in a much more direct and meaningful way if the state were to sell this royalty oil at a substantially reduced price for refining into products for use only in Alaska. The proposed negotiated sale requires that the oil be processed here but there is no requirement that the products actually be sold in Alaska.

If cheap royalty oil were made available for in-state refining and use, we almost certainly would see at least one more refinery and perhaps more than one. Contracts with the existing refiners could be renegotiated to lower the price of that portion of the royalty crude they process for in-state use.

Because the crude oil would be relatively cheap, the resulting prices would be relatively low, too. Competition and public pressure would see to that.

Such a sale would bring about substantial savings in the price of fuel, a savings that could not help but touch every Alaskan. But we believe there also would be other benefits. The state certainly could sell the oil in such a way as to produce long-term stable prices. Alaskans' fuel budgets no longer would be at the unpredictable mercy of the OPEC countries.

Those electric utilities that depend on fuel oil, such as our own Golden Valley Electric Association and numerous small electricity plants in rural areas, could produce substantially cheaper power. Rates, which are ruinously high in some instances, could come down and become fairly stable.

A major source of state income—money that almost certainly would otherwise be taken for the growth of government—would wind up directly in the hands of individual Alaskans instead.

And, unlike most of the share-the-wealth proposals we've seen from the state administration and members of the Legislature, the benefits from this one would not be taxed away by the federal government. Alaskans would get the full benefit of whatever savings resulted and we would partially stop the drain of our state's wealth to the federal treasury.

A group of Fairbanksans has scheduled a series of meetings over coming weeks to discuss the idea of providing some of our state's royalty oil at substantially reduced prices to Alaskan refiners who would make products for in-state use.

It's an idea we believe would be a wise use of some of our oil because it would result in sharply lower fuel prices for Alaskans. This use would provide a direct benefit to individuals from our oil wealth and could not be taxed away by the federal government. We hope you'll turn out for the next meeting, which is at 7 p.m. Wednesday at the Travelers Inn, to let the group know what you think of the idea.

Their goal is to put together a basic plan, then present it to the Legislature through a teleconference hearing.

In the past, our state's administration has balked at the idea of letting any of the royalty oil go for less than the market price. Their view is that doing so would treat some Alaskans differently from others. The amount of benefit each of us received would vary, depending on the amount of fuel each of us used.

State officials would rather sell the oil for the highest price possible, then try to distribute the money to the people in one form or another.

We can understand the desire to be fair, to try to treat all Alaskans equitably. After all, the royalty oil does belong to all the people of this state. Unfortunately, however, our state leaders have not yet found a way to treat all of us equally—nor are they likely to.

Only 5 more days left to file for your 1979 Alaska Tax Return refund.

1803 Marika (off Aurora)
April Special
ENGINE STEAM CLEANING
I see birds... \$12.95
Get it washed inside and out, and waxed, too!
AS7-8036 FOR AN APPOINTMENT
to your motorless ready for summer yet!

Editorial Opinion and Comment of

FAIRBANKS

Daily News - Miner

"Independent in All Things . . . Neutral in None"

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Such a sale would bring about substantial savings in the price of fuel, a savings that could not help but touch every Alaskan. But we believe there also would be other benefits. The state certainly could sell the oil in such a way as to produce long-term stable prices. Alaskans' fuel budgets no longer would be at the unpredictable mercy of the OPEC countries.

Those electric utilities that depend on fuel oil, such as our own Golden Valley Electric Association and numerous small electricity plants in rural areas, could produce substantially cheaper power. Rates, which are ruinously high in some instances, could come down and become fairly stable.

A major source of state income—money that almost certainly would otherwise be taken for the growth of government—would wind up directly in the hands of individual Alaskans instead.

And, unlike most of the share-the-wealth proposals we've seen from the state administration and members of the Legislature, the benefits from this one would not be taxed away by the federal government. Alaskans would get the full benefit of whatever savings resulted and we would partially stop the drain of our state's wealth to the federal treasury.

The next royalty sale

Once again state officials are preparing to sell some of our Prudhoe Bay royalty oil and once again it appears they're going to do it in a way that guarantees Alaskans will continue to pay escalating prices for fuel.

The state Department of Natural Resources will be seeking proposals until April 1 to negotiate the sale of varying amounts of royalty oil, beginning a year from next July. About 84,000 barrels a day is expected to be available until 1986. Then the amount will be cut by the 25,000 barrels a day that is pledged to the Alaska Oil Co.

Whoever buys the oil must refine it in the state and the negotiated price will not be below the in-value price of the oil—that is it will be sold at no less than the average of the Prudhoe Bay wellhead values.

At the most recent royalty sale, last December, the state took bids on about this same amount of oil, and the resulting prices came in higher than the in-value price, thus assuring that the oil would not be used to start an additional refinery or two in Alaska to provide competition and perhaps bring down prices a bit.

While the contemplated sale this time probably will not result in prices higher than existing Alaskan refiners are paying for state royalty oil, and may lead the start of another refinery or two, it will not bring about the sort of relief Alaskans could be getting. The price for the oil will rise as world prices rise and so will the fuel prices Alaskans pay.

Basically what our present set of state officials seem bent on is selling our oil for the most money possible, then spending the money. Some of it may be given directly to individual Alaskans although that has

SB 66/67 VF file

metro/state

House oil committee endorses idea of bonus payments

By JEAN KIZER
The Associated Press

JUNEAU — Legislation to hand every Alaskan \$193 this year as a bonus from the December sale of state royalty oil won a unanimous endorsement from the House's special oil and gas committee Tuesday night.

The panel also took the first step toward creating a long-term royalty oil trust that would provide Alaskans a steady stream of income — possibly several hundred dollars per year —

from the state's one-eighth royalty share of oil.

Committee members approved \$500,000 for the Department of Revenue to study creation and implementation of a royalty trust. The department would be required to report to lawmakers in January on how a royalty trust should be set up to distribute a portion of the state's royalty oil income to residents each year.

The state takes in more than \$1 billion per year in oil and gas royal-

ties, not counting additional royalties that flow into the permanent fund.

Some lawmakers see the \$193 per-person royalty payment proposed for this year as the forerunner of a permanent royalty trust program.

Gov. Jay Hammond first proposed the \$193-per-head payments in December, when the state reaped a bonus of \$77 million by selling 84,000 barrels per day of Prudhoe Bay royalty oil at auction, rather than selling it to North Slope producers at a set price.

Under Hammond's proposal, the state would hand out \$193 payments — a total of \$77 million — to every man, woman and child who has been a resident of the state for 30 days at the time of application and who intends to remain in Alaska.

If lawmakers approve the legislation (HB67, HB68), the Department of Revenue would be required to establish an application period, with payments to go out this year. The bill would allow parents to apply for

payments on half of their children.

All members of the committee indicated support for the bill, which now goes to the Finance Committee. The only debate centered on a section stating the purpose of the distribution. At the urging of Rep. Hugh Malone, D-Kenai, the section was deleted.

It stated, in part, that the \$193 per-capita distribution "provided in this act is not the method preferred by the legislature."

S

B

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7



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

511-01
01-67

January 12, 1981

President of the Senate
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill to distribute to residents of the state the premium earned from the sale of the state's royalty oil held December 19, 1980. The purposes of this distribution are twofold: one relates to the reasons for having held the royalty oil sale, and the other relates to the delays we have encountered in distributing permanent fund dividends as a result of the pending litigation over that program.

A primary motivation for disposing of the uncommitted royalty oil by cash bid was to insure that the benefits of selling the state's oil would go to the largest possible number of Alaska residents. Had this oil been sold under a negotiated contract, benefits would certainly have accrued to some state residents. However, all residents would not necessarily have been benefited, and certainly not in equal measure. By distributing the premium obtained over current in-value prices directly to the residents of the state, residents will gain an increased awareness that the state's natural resources do in fact belong to them as residents of the state. Although I do not as a rule favor distributing revenues received directly from oil production (as opposed to earnings from the Permanent Fund), in this limited instance I believe distribution is appropriate and in the public interest.

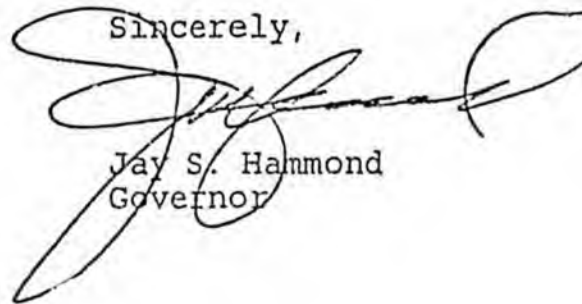
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66-11

The bill provides for a single payment of \$193 to each state resident, including those under 18 years of age. The amount of the payment is roughly equal to the \$77 million premium from the oil sale divided by the current estimated state population of 400,000. A residency requirement of 30 days has been included as this is the shortest period we have determined is necessary to assure that all applicants are bona fide residents. The other eligibility requirements, as well as the provision for forfeiture of the payment for fraudulent applications, are patterned after similar provisions in the permanent fund dividend statute.

Establishing an application deadline has been left flexible, to be determined and extended if necessary by the Department of Revenue, to insure that all residents have sufficient time to submit applications.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Jay S. Hammond".

Jay S. Hammond
Governor


MEMORANDUM

TO: Joseph K. Donohue
Deputy Commissioner
Department of Revenue

DATE: January 13, 1981

FILE NO:

TELEPHONE NO:

FROM: Fred P. Boetsch 
Director
Enforcement Division

SUBJECT: Fiscal Note Regarding
Royalty Premium Payments

This bill provides for a one time payment to all residents of the state of \$193 which derives from the sale of the state's royalty share of oil held on December 19, 1980. The only requirement is that they have been a resident for a minimum of 30 days and intend to remain a resident of the state as of the date of filing and application. Aside from the difference in residency requirement and the fact that the distribution applies to all residents of the state including minors, the rest of this distribution parallels in many respects the Permanent Fund Dividend Act, AS 43.23. The list of allowable absences is identical.

We anticipate that some 400 thousand applications would be filed under this bill. Phil Wall is preparing a fiscal note on the impact of such a filing on the Administrative Services Division which includes all of the paperwork processing, the computer processing, program development, etc. The Enforcement Division would be charged with conducting investigations of eligibility for applicants under this program.

Based on our experience with the investigations of the Permanent Fund Dividend program, we believe that, for the most part, the eligibility of applicants under this program could be investigated in the same way. The exception would be with respect to residents who only claim 30 day residency. I anticipate that fewer than 3% of the entire number of applicants would fall into this category. We could have a substantial problem with respect to military applicants who may be presently in the state for a brief period of time who could meet the thirty day residency requirement and claim, for purposes of this act, an intention to remain in the state even though they might not subsequently do so upon completion of their tour of duty here. Again, that would be a relatively small percentage of the total number of applicants and we could address a specific program to those applicants should a preliminary investigation indicate a substantial problem.

Accordingly, we believe that the addition of four Tax Collection Specialists supervised by a Tax Examiner III for a period of about 12 months would be adequate to conduct any investigations necessary under this program. In addition to the personal service costs of those individuals, we would need \$20,000 in travel to assist people in rural areas. We would expect an increase in our phone bill due to both answering questions through the zenith phone number with regard to this program and using the telephone by the TCS's as a means of conducting the investigation. I estimate the additional telephone costs would be about \$25,000. We would also have an increase in postage and printing costs for letters to be sent to applicants of about \$2,500. Commodities would cost \$2,000. Additional desks, chairs, typewriters, calculators, etc. would come to about \$5,000. The total cost of the program would be \$201,621 which would be distributed between fiscal years 1981 and 1982 in the following manner assuming an April 1, 1981 start-up date.

Fiscal Year 1981	3 months	\$ 53,247
Fiscal Year 1982	9 months	148,374

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 66

Title An Act providing for royalty oil premium payments

Requested by Governor

Date 01/13/81

II. FISCAL DETAIL

Agency Affected Revenue

Program Category Affected _____

BRU, Program, or Subprogram(s) Affected _____

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

EXPENDITURES (Thousands of Dollars)

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

FUNDING ^{Millions}
(Thousands of Dollars)

GENERAL FUND	77.0	→	φ			
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

According to the Department of Natural Resources \$77 million is the premium earned by the state in taking its oil in kind and selling at public auction rather than taking in value. The premium was figured by multiplying the average premium -- \$2.57/barrel -- by the number of barrels available per day -- 84,375 b/d -- times 365 days. As the total amount of oil is not decontrolled until October 1981, a certain percentage is deducted to take that into account.

IV. DATE 01/13/81

PREPARED BY Joseph K. Donohue

AGENCY Revenue

PHONE 465-2302

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 66

Title Providing for Royalty Oil Premium payments to State residents.

Requested by Governor Jav S. Hammond Date 1/12/81

II. FISCAL DETAIL

Agency Affected _____ Revenue _____

Program Category Affected _____ General Government _____

BRU, Program, or Subprogram(s) Affected Administration and Support, Management 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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	237.2	→	0			
200 TRAVEL	3.6	→	0			
300 CONTRACTUAL	332.4	→	0			
400 COMMODITIES	9.0	→	0			
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	582.2	→	0			

FUNDING (Thousands of Dollars)

GENERAL FUND	582.2	→	0			
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME	26/113mm					
TEMPORARY						

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

The providing of Royalty Oil Premium payments is considered a one-time project which will begin in FY81 and end in FY82. The fiscal detail described, above, should be authorized through 6/30/82. It is assumed that supervisory, space and related needs will be available from existing resources. This funding will allow the design and operations required to print, distribute and process Royalty Premium Payment application forms. 400,000 residents are assumed.

Positions:

Design & Program: (1) Data Capture, 1 1/2 mm; (2) Edit and Error Correction, 1 1/2 mm; (3) Files and Storage, 1 mm; (4) Reports, 1 mm; (5) Enforcement Requirements, 1 mm; (6) Payments, 1 mm; and (7) Attachment Procedures, 1 mm.

IV. DATE January 13, 1981

PREPARED BY Philip A. Wall, Director

AGENCY Administrative Services, Dept. of Revenue

Original: Legislative Finance

PHONE (907) 465-2313

cc: Budget and Management

Prime Sponsor (First Legislator Named)

FISCAL NOTE

I. REQUEST

Bill/Resolution No. S5 66
 Title Royalty Oil Premium Payment
 Requested by Governor Date January 13, 1981

II. FISCAL DETAIL

Agency Affected Revenue
 Program Category Affected Revenue Collections and 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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	36.7	110.4	0	0	0	0
200 TRAVEL	5.0	15.0	0	0	0	0
300 CONTRACTUAL	6.0	21.5	0	0	0	0
400 COMMODITIES	0.5	1.5	0	0	0	0
500 EQUIPMENT	5.0	0	0	0	0	0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	53.2	148.4	0	0	0	-0

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	53.2	148.4	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	5	5	0	0	0	0
PART TIME						
TEMPORARY						

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

See memo from Fred Boetsch, Director of Enforcement to Joseph K. Donohue, Deputy Commissioner for Taxation, dated January 13, 1981, attached.

IV. DATE January 13, 1981 PREPARED BY Fred Boetsch

Original: Legislative Finance AGENCY Revenue
 cc: Budget and Management PHONE 465-2366
 Prime Sponsor (First Legislator Named)

3 PPT @ 3, 2, & 2 mm = 8 mm @ 2640 (R18) plus 25%:	26.4
<u>Data Capture:</u> 400,000 applications. 10 PPT. 5 @ 5 mm and 5 @ 4 mm = 45 mm @ 1392 plus 25%:	78.4
<u>Document Processing:</u> (Mail Room, Pre-Edit, Batching and Warrant Control) 11 PPT. 6 @ 5 mm and 5 @ 4 mm = 50 mm @ 1392 plus 25%:	87.1
<u>Inquiry Response:</u> 1 PPT, 5 mm @ 1393 plus 25%:	8.7
<u>Attachment Processing:</u> 1 PPT, 5 mm @ 1393 plus 25%:	8.7
<u>Overtime:</u>	18.9
<u>Shift Differential:</u>	9.0
<u>Travel:</u>	3.6
<u>Contractual:</u>	
<u>Forms:</u> 1. 400,000 base distribution, 1 part @ \$45M	18.0
2. 250,000 supplemental distribution, 1 part @ \$45M	16.0
3. 400,000 warrants @ \$25M	10.0
<u>Postage:</u> 1. Forms distribution, 6500,000 @ .15 each	97.5
2. 400,000 warrant payments @ .15 each	60.0
3. If postage increase to .20 each, .05 additional for 2,050,000 items	52.5
4. Inquiry response, 6,000 letters @ .15 each	1.0
<u>DP Chargeback:</u> Disk storage: 200 million bytes @ \$4/mo/million bytes X 12	4.6
Processing charge @ 4 mos.	40.0
Terminal processing and long line @ 391 X 15 X 4 mos.	23.5
<u>Storage of Forms:</u> @ \$170/Mo X 3 mos.	0.5
<u>Machine Rental:</u> 15 CRT @ 80/mo X 4 mos.	4.8
1 Controller @ 705/mo X 4 mos.	2.8
1 Printer @ 286/mo X 4 mos.	1.2
<u>Commodities:</u>	9.0

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A M E N D M E N T

OFFERED IN THE SENATE:

BY: Bradley

To: _____ SENATE BILL No. 72

HOUSE BILL No. _____

PAGE: 1

LINE: _____

- Line 21 Delete [WORLD WAR I] and add UNITED STATES MILITARY SERVICE.
- Line 22 Delete [were] and add are
- Line 24 Delete [or Marine Corps] and add , Marine Corps, Air Force, Coast Guard or Alaska National Guard

FISCAL NOTE

I. REQUEST

Bill/Resolution No. _____ Senate Bill No. _____
 Title "An Act relating to veterans and public records"
 Requested by _____ Date _____

II. FISCAL DETAIL

Department of Health and Social Services
 Agency Affected _____
 Program Category Affected Administrative Services
 BRU, Program, or Subprogram(s) Affected Vital Statistics
 (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						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT			.6			
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

\$1600

FUNDING (Thousands of Dollars)

GENERAL FUND			.6			
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

Two or three filing cabinets for record storage.

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

Prepared by: [Signature] Date: Jan 30, 1981
 Division/Office: _____ /PH: _____
 Department of Health & Social Services

Introduced: 1/14/81
Referred: State Affairs

1 IN THE SENATE

BY BRADLEY

2 SENATE BILL NO. 72

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to veterans and public records."

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

8 * Section 1. AS 09.25 is amended by adding a new section to read:

9 Sec. 09.25.123. COPIES OF PUBLIC RECORDS FOR VETERANS. When a
10 copy of a public record is required by the Department of Commerce and
11 Economic Development division of veterans' affairs or by the United
12 States Veterans' Administration to be used in determining the eligi-
13 bility of a person to participate in benefits made available by the
14 division of veterans' affairs or by the United States Veterans' Admin-
15 istration, the official custodian of the public record shall, without
16 charge, provide the applicant for the benefits, a person acting on his
17 behalf, or an authorized representative of the division of veterans'
18 affairs or the United States Veterans' Administration with a certified
19 copy of the record.

20 * Sec. 2. AS 26.10.070 is amended to read:

21 Sec. 26.10.070. RECORD OF VETERANS OF ~~WORLD WAR I~~. *US Military*
22 Vital Statistics shall compile a record of all persons who ^{are} ~~were~~ bona
23 fide residents of [THE TERRITORY OF] Alaska and who actively served in
24 the United States Army, Navy, *or Air Force, Coast Guard & Alaska National Guard* or Marine Corps since [BETWEEN] April 6,
25 1917 [, AND NOVEMBER 11, 1918]. The record shall be kept on file at
26 the office of the bureau and shall be available and open to the inspec-
27 tion of anyone desiring to inspect it. The record shall contain the
28 name, age and place of residence at the time of entering service, place
29 and date of commission, enlistment or induction, branch of service,

1 record of service and the date, place and nature of discharge.
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Introduced: 2/27/81
Referred: State Affairs

1 TO THE SENATE

BY BRADLEY

2 SPONSOR SUBSTITUTE FOR SENATE BILL NO. 72
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to veterans and public records."

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

8 * Section 1. AS 09.25 is amended by adding a new section to read:

9 Sec. 09.25.123. COPIES OF PUBLIC RECORDS FOR VETERANS. When a
10 copy of a public record is required by the division of veterans'
11 affairs, Department of Commerce and Economic Development or by the
12 United States Veterans' Administration to be used in determining the
13 eligibility of a person to participate in benefits, the official
14 custodian of the public record shall, without charge, provide the
15 applicant for the benefits, a person acting on his behalf, or an
16 authorized representative of the division of veterans' affairs or the
17 United States Veterans' Administration with a certified copy of the
18 record.

19 * Sec. 2. AS 26.10.070 is amended to read:

20 Sec. 26.10.070. RECORD OF VETERANS OF THE ARMED FORCES OF THE
21 UNITED STATES [WORLD WAR I]. (a) A veteran may record without fee
22 his armed forces report of separation at a recorder's office of the
23 Department of Natural Resources. Each recorder's office shall periodi-
24 cally submit to the Bureau of Vital Statistics copies of the reports of
25 separation which it records.

26 (b) The Bureau of Vital Statistics shall keep [COMPILE] a record
27 from copies of reports received under (a) of this section and from
28 information voluntarily submitted to the bureau by veterans of all
29 persons who are [WERE] bona fide residents of [THE TERRITORY OF] Alaska

UNOFFICIAL COPY

or Coast Guard

1 and who actively served in the organized state militia as described
2 under AS 26.05.010 or the United States Army, Navy, ~~or~~ Marine Corps
3 since [BETWEEN] April 6, 1917 [, AND NOVEMBER 11, 1918]. [THE RECORD
4 SHALL BE KEPT ON FILE AT THE OFFICE OF THE BUREAU AND SHALL BE AVAIL-
5 ABLE AND OPEN TO THE INSPECTION OF ANYONE DESIRING TO INSPECT IT.] The
6 record shall contain the name, age and place of residence at the time
7 of entering service, place and date of commission, enlistment or induc-
8 tion, branch of service, record of service and the date, place and
9 nature of discharge.

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POSITION PAPER

SENATE BILL NO. 72

"An Act relating to veterans and public records."

The Bureau of Vital Statistics currently is custodian of two bound volumes of records of 2,088 members of the armed forces. The books were given to the Bureau with the following inscription:

"The following is a list of the men and women who served in the Army, Navy or Marine Corps of the United States during the World War between April 1917 and November 1919 and who gave Alaska as their place of residence at the time of enlistment.

This list is compiled from the records of the Adjutant General's Office, Bureau of Navigation and the Headquarters of the United States Marine Corps."

Provided that these records can be obtained from the United States Army, Navy and Marine Corps, the Department of Health and Social Services recommends passage of Senate Bill No. 72.

Recommended by:

Joan P. Brooks

Joan P. Brooks
State Registrar
Bureau of Vital Statistics

Date:

Jan. 30, 1981

Approved by:

Helen D. Beirne

Helen D. Beirne
Commissioner

Date

1/30/81

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

POUCH C - JUNEAU 99811

465-2200

January 29, 1981

Honorable Brad Bradley
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

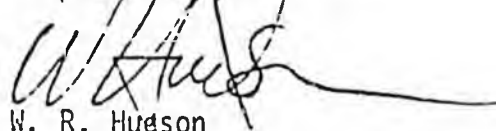
Dear Senator Bradley:

Re: Senate Bill No. 72

In regard to your request for a position paper on Senate Bill 72, this bill would have little or no impact on the Department of Administration. Therefore, we take no position on the bill.

Thank you for your request. If you have any questions, please call me or Judy Crondahl, Legislative Liaison for the Department.

Respectfully,



W. R. Hudson
Commissioner

WRH/mjc
cc: Keith Specking
Judy Crondahl

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FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 73

Title An Act classifying murder in the first degree as a capital felony.

Requested by Sen. Fischer Date 1/20/81

and establishing sentencing procedures for capital felonies."

II. FISCAL DETAIL

Agency Affected Department of Law

Program Category Affected Administration of Justice

BRU, Program, or Subprogram(s) Affected Prosecution

(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	Unknown					

FUNDING (Thousands of Dollars)

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

POSITIONS

Unknown

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

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

This bill requires imposition of capital punishment for the crime of first degree murder in the presence of certain aggravating factors enumerated in section 12.55.180 of the bill. Obviously, should these factors be present, a most vigorous and lengthy defense can be expected from defendants' counsel. The amount of state resources required to prosecute capital cases is unquantifiable at this time. It is bound, however, to be considerable, both at the trial and appellate levels. Recent experience in other states suggests that very protracted and expensive litigation may be necessary to implement the provisions of the Act. The Territorial Legislature abolished the death penalty in Alaska in 1957, and we simply do not have any historic data upon which we can make an accurate projection.

Richard I. Pegues

IV. DATE January 21, 1981 PREPARED BY Richard I. Pegues, Dir Admin Services
AGENCY Department of Law
PHONE 465-3695

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

S

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78

COMMISSIONERS
JOHN W. ABBOTT - CHAIRMAN
SUSAN A. BURKE - VICE CHAIRMAN
PATRICK M. RODEY
FRED E. BROWN
L.S. KURTZ, JR.
WM. GRANT CALLOW

ALASKA STATE LEGISLATURE
FOUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465.4878

EXECUTIVE SECRETARY
BILLY G. BERRIER

MEMORANDUM

TO: Chairman, Alaska Legislative Council

FROM: John W. Abbott, Chairman *John W. Abbott*
Alaska Code Revision Commission

DATE: January 9, 1981

RE: Bill on recording and recorded documents

Pursuant to authority granted in AS 24.20.075(c), the Alaska Code Revision Commission has prepared the attached bill on recording and recorded documents and asks that it be introduced in the legislature.

The bill was transmitted previously near the end of the 1980 session. Although the review process was completed in the Legislative Affairs Agency, the bill was not introduced. Apparently it was not practical to introduce it in the last legislature, since there was not enough time remaining for committee work and passage. It is offered now for submission to the new legislature.

Although many provisions in the bill come from, or are based upon, the Uniform Simplification of Land Transfers Act, that Act has not been adopted in any state and is not suitable for adoption as a whole.

As noted in the attached commentary, the bill gathers together and clarifies provisions on recording that are scattered throughout Alaska Statutes, and lays a suitable framework for future use of technological advances in a centralized recording system.

The state recorder, title companies, banks and bar association representatives have participated in meetings with the commission while the bill was being drafted. Many of the suggestions of these participants have been incorporated in the draft bill.

JWA/dr/chw

Enclosures

cc: Hon. Jay S. Hammond, Governor
Hon. Jay A. Rabinowitz, Chief Justice
Myrton R. Charney, Executive Director
Legislative Affairs Agency

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Introduced: 1/14/81
Referred: Finance

SB 53

1 IN THE SENATE

BY COLLETTA

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SENATE BILL NO. 82

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

A BILL

political

*day care
and ~~bill~~*

For an Act entitled: "An Act repealing the campaign contribution tax credit
for individuals; and providing for an effective date."

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

* Section 1. AS 43.20.013 is repealed.

* Sec. 2. This Act is retroactive to January 1, 1981, and applies to
individual tax years after December 31, 1980.

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

effective retroactive?

TELEGRAM

ALBECOM INC.
PHONE: 266-6442
JUNEAU, AK 99802

#

02 093 POM ANCHORAGE AK 15 03-04 21P AST

PMS SENATOR VIC FISHER

JUNEAU AK

APPRECIATE YOUR CONCERNED REVIEW OF SB82. IF REPEALED EFFECTIVE
DATE 1-82. PREFER NO REPEAL. RESPECTFULLY,

KEVIN (PAT) PARTELL

BOX 1776 ANCHORAGE AK 99513

02 093 A PM 5 23

(f) Repealed by § 10 ch 1 SSSLA 1980 and § 9 ch 2 SSSLA 1980. (§ 1 ch 70 SLA 1975; am § 2 ch 110 SLA 1978; am §§ 8—11 ch 113 SLA 1980; am § 10 ch 1 SSSLA 1980; am § 9 ch 2 SSSLA 1980)

Effect of amendments. — The 1978 amendment added a former third sentence of subsection (e).

Section 8, ch. 113, SLA 1980, the first 1980 amendment, effective June 21, 1980, and retroactive to January 1, 1980, in former subsection (c), made numerous changes in the tax column of the table. Sections 9 and 10 of ch. 113 rewrote former subsection (d) and subsection (e). Section 11 of ch. 113, effective June 21, 1980, and retroactive to January 1, 1979, added former subsection (f).

The second 1980 amendment, effective September 25, 1980 and retroactive to January 1, 1980, repealed subsections (a)-(d) and (f), concerning income tax on individuals and fiduciaries.

The third 1980 amendment, effective September 25, 1980, and retroactive to January 1, 1979, made the same changes

as the second 1980 amendment.

Editor's note. — As to legislative findings and intent, see § 1, ch. 110, SLA 1978, in the 1978 Temporary and Special Acts and Resolves.

Section 4, ch. 110, SLA 1978, provides: "This Act applies to taxable income earned or received after December 31, 1977."

Section 52, ch. 113, SLA 1980, effective June 21, 1980, makes sections 8—10 of the Act applicable to tax years beginning after December 31, 1979. Section 51 of the Act, effective June 21, 1980, makes section 11 of the Act applicable to tax returns for tax years beginning after December 31, 1979.

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

Sec. 43.20.012. Limitation on application of chapter; credits. The tax imposed by this chapter does not apply to individuals or to fiduciaries. However, an individual may file a return under this chapter in order to receive a tax credit under AS 43.20.013. (§ 2 ch 1 SSSLA 1980; § 2 ch 2 SSSLA 1980)

Effective date. — Section 13, ch. 1, SSSLA 1980, and § 11, ch. 2, SSSLA 1980, provide that this section take effect September 25, in accordance with AS 01.10.070(c). 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 note. — 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) [Effective until January 1, 1981] A resident individual is entitled to a tax credit not to exceed \$50 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