

ALASKA LEGISLATURE COMMITTEE FILES 1900-1900 00/2

3234 HESS HB 686 - HB 697

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RECORDS CERTIFICATION



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James O. Smith
Signature of Camera Operator

7/25/89
Date

HB

686

Hein
4/9/86

Original sponsors: Duncan and Goll

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 686 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL.

6 For an Act entitled: "An Act relating to Native and rural family services;
7 and providing for an effective date."

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

9 * Section 1. AS 47 is amended by adding a new chapter to read:

10 CHAPTER 18. ALASKA NATIVE FAMILY PROTECTION.

11 Sec. 47.18.010. PURPOSE. (a) The purpose of this chapter is to

12 (1) promote policies and procedures ensuring full implemen-
13 tation of 25 U.S.C. 1901 - 1963 (Indian Child Welfare Act of 1978) in
14 the state;

15 (2) deliver comprehensive and culturally respectful protec-
16 tive and preventive services to all Native children and families and
17 all rural children and families in the state; and

18 (3) encourage Native and local community participation in
19 state actions affecting Native or rural children and families.

20 (b) This chapter is not intended to abrogate or diminish the
21 obligations of the federal government to fund social services to
22 Native children and families under 25 U.S.C. 1901 - 1963.

23 Sec. 47.18.020. OFFICE OF NATIVE FAMILY SERVICES. The office of
24 Native family services is established in the division of family and
25 youth services. The office shall be headed by a coordinator appointed
26 by the director of the division. The coordinator shall be a qualified
27 professional trained and experienced in the administration of social
28 services programs and Indian or Alaska Native affairs. The coordina-
29 tor is in the classified service.

1 Sec. 47.18.030. DUTIES OF THE OFFICE. The office may

2 (1) award grants necessary or incidental to the performance
3 of its duties and the executions of its powers, including grants to
4 Native or other nonprofit organizations or corporations, Native vil-
5 lages, or municipalities, for services rendered or furnished to Native
6 or rural children and families;

7 (2) administer or supervise the administration of the
8 provisions relating to Alaska Natives in state plans submitted for
9 federal funding under federal social services laws;

10 (3) coordinate the activities of the division and of grant-
11 ees in providing services to Native children and Native families in
12 the state;

13 (4) make contracts and other joint or cooperative agree-
14 ments with Native organizations, Native villages, municipalities, or
15 private nonprofit agencies to provide services to Native children and
16 Native families, and for the common advancement of Native family
17 welfare programs in this and other states;

18 (5) keep records and engage in research in the gathering of
19 relative statistics;

20 (6) do other acts necessary to implement the authority
21 expressly granted to it.

22 Sec. 47.18.040. COMPREHENSIVE PROGRAMS FOR DELIVERY OF SERVICES;
23 REGIONAL PROGRAMS. (a) The office shall operate a comprehensive and
24 coordinated program to provide supportive and preventive services
25 under this title to Native children and Native families.

26 (b) With the approval of the commissioner, the coordinator may
27 divide the state into appropriate regions to conduct the program and
28 establish standards for development of the program on the regional
29 level. In establishing the regions, the coordinator shall consider

1 the existence of Native organizations and the resident population or
2 village concentration represented by those organizations, or city or
3 borough lines and population concentrations. Programs shall be estab-
4 lished with maximum feasible local involvement.

5 Sec. 47.18.050. NATIVE FAMILY SERVICES; RURAL SERVICES. (a)
6 The department may award grants through the office to Native or other
7 nonprofit organizations, Native villages, municipalities, or individu-
8 als to provide services to Native children and their families, includ-
9 ing

10 (1) education for the prevention and detection of child
11 abuse and neglect;

12 (2) counseling and treatment of families designed to pre-
13 vent children from suffering harm from abuse or neglect, to prevent
14 the breakup of families, and to provide remedial and rehabilitative
15 services, especially those required under 25 U.S.C. 1912(d) and those
16 designed to reduce the likelihood that a parent will continue conduct
17 that causes a child to be a child in need of aid under AS 47.10.010-
18 (a)(2);

19 (3) developing, screening, and supporting foster and adop-
20 tive homes that meet the standards of operation of the department and
21 that assist the department in satisfying the requirements of 25 U.S.C.
22 1915 and in providing care for the children committed to its custody;

23 (4) family assistance, including homemakers and home coun-
24 selors, day care, after school care, respite care, parent aides, and
25 parenting skills training;

26 (5) detection and reporting of harm to children under
27 AS 47.17, and providing coordination and assistance to the department
28 in investigating and monitoring cases;

29 (6) providing coordination among agencies and organizations

1 engaged in intervention with and treatment of child sexual abuse,
2 including providing public education and professional training, con-
3 sultation, development of support groups, and direct treatment of
4 victims, family members, and offenders;

5 (7) providing exper. consultation to the department con-
6 cerning child-rearing patterns of different Native cultural groups,
7 intergenerational and peer support systems, and children with special
8 needs;

9 (8) support services for families experiencing stress due
10 to relocation from rural to urban areas;

11 (9) preventive services, including educational services for
12 abusive or potentially abusive parents and promotion of public educa-
13 tion and awareness;

14 (10) emergency services to runaway youths and families in
15 crisis, including provision of short-term counseling, especially for
16 youths involved in alcohol or drug abuse;

17 (11) recommendations to the department for the licensing and
18 supervision of boarding homes, group homes, nurseries, or residential
19 institutions caring for children.

20 (b) The department may award grants under (a) of this section
21 for the provision of services to Native and other residents in a
22 region if the grants or programs would more efficiently and effective-
23 ly provide services to residents of a region.

24 (c) An organization providing family services under a grant
25 awarded under this section shall follow the regulations of the depart-
26 ment in providing services. If the organization intervenes, or is
27 likely to intervene, under the provisions of 25 U.S.C. 1901 - 1963,
28 the department may, as a condition of the grant, require the
29 organization to establish procedures ensuring that employees are able

1 to provide grant services as provided in the grant regardless of the
2 intervention by the organization.

3 Sec. 47.18.090. REGULATIONS. The department may adopt
4 regulations necessary for the administration of this chapter.

5 Sec. 47.18.100. DEFINITIONS. In this chapter,

6 (1) "commissioner" means the commissioner of health and
7 social services;

8 (2) "department" means the Department of Health and Social
9 Services;

10 (3) "Native" means an Indian or Alaska Native as defined in
11 25 U.S.C. 1903(3);

12 (4) "Native organization" means a nonprofit group, asso-
13 ciation, tribe, partnership, corporation, or other legal entity owned
14 or controlled by Natives, or a majority of whose members are Natives;
15 in this paragraph, "tribe" means an Indian tribe as defined in 25
16 U.S.C. 1903(8), including an Alaska Native village as defined in 43
17 U.S.C. 1602 (section 3(c) of the Alaska Native Claims Settlement Act);

18 (5) "Native village" means an Alaska Native village as
19 defined in 43 U.S.C. 1602 (section 3(c) of the Alaska Native Claims
20 Settlement Act);

21 (6) "office" means the office of Native family services.

22 * Sec. 2. AS 47.35.010(a) is amended to read:

23 (a) The department may

24 (1) license and supervise boarding homes, foster homes,
25 group homes, nurseries, institutions caring for children and foster
26 homes, group homes and institutions caring for dependent adults;

27 (2) investigate and supervise licensees;

28 (3) enforce the standards established by it;

29 (4) contract with private or municipal agencies to

1 investigate and make recommendations to the department for the
2 licensing and supervision of boarding homes, foster homes, group
3 homes, nurseries, institutions caring for children and foster homes,
4 group homes and institutions caring for dependent adults under
5 procedures and standards of operation established by the department;

6 (5) by grant, contract with a Native organization, Native
7 village, or municipality, to investigate and make recommendations to
8 the department for the licensing and supervision of boarding homes,
9 foster homes, group homes, nurseries, or institutions caring for
10 children.

11 * Sec. 3. This Act takes effect January 1, 1987.
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Alaska State Legislature
House of Representatives
COMMITTEE ON HEALTH, EDUCATION
AND SOCIAL SERVICES

OFFICIAL BUSINESS

POUCH V
JUNEAU, AK 99811
465-3759

MEMORANDUM

DATE: April 10, 1986

TO: Rep. Koponen
Co-Chair
House HESS Committee

Rep. Hurley
Rep. Hanley
Rep. Thompson
Rep. Pettyjohn
Rep. Taylor

FROM: Rep. Gruenberg
Co-Chair
House HESS Committee *Mef*

RE: HB 686: "An Act relating to Alaska Native Family
Protection; efd."

All amendments to this bill must be presented in writing at today's HESS Committee meeting.

Thank you.

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

BILL SHEFFIELD, GOVERNOR

REPLY TO:

1031 W 4th AVENUE
SUITE 200
ANCHORAGE, ALASKA 99501
PHONE: (907) 276-3550

1st NATIONAL CENTER
100 CUSHMAN ST.
SUITE 400
FAIRBANKS, ALASKA 99701
PHONE: (907) 452-1568

POUCH K - STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

April 7, 1986

The Honorable Max F. Gruenberg, Jr.
House HESS Committee
Alaska State Legislature
P.O. Office Box V
Juneau, AK 99811

Re: HB 686, relating to Alaska
Native family protection

Dear Representative Gruenberg:

The Department of Health and Social Services has asked the Department of Law to share with you our analysis of the constitutionality of HB 686.

The bill sets up a separate program and grant structure for Native children. On its face, the question arises whether this allocation of state funds denies equal protection to non-Native children. For the following reasons, we believe the measure is valid.

Generally, the requirement of equal protection (the 14th Amendment to the United States Constitution and Article I, Section 1, of the Alaska Constitution) prohibits granting to one class of citizens public benefits which are denied to other similarly situated citizens. Federal law, however, contains a significant exception: federal programs intended to benefit Native Americans are valid, based on the special relationship between the federal government and Native Americans. This special relationship is sometimes spoken of as a trust relationship, derived from the fact that Native Americans were historically reduced to the status of dependency on the United States. This special relationship permits federal programs such as BIA schools, Indian-hire preferences on federally-funded projects, and statutes like the Indian Child Welfare Act, 25 U.S.C. §§ 1901-1963 (ICWA). ICWA was intended to address the special needs of Native Americans in the child welfare system.

The states have never been found to have the same special relationship with Native Americans, and the courts have indicated that states do not have the same freedom to provide

The Honorable Max F. Gruenberg, Jr.
Re: HB 686


April 7, 1986
Page 2

special benefits to Natives only. See Washington v. Confederated Bands of the Yakima Indian Nation, 439 U.S. 463, 501 (1979); Queets Band v. Washington, 765 F.2d 1399, 1404 (9th Cir. 1985). Nonetheless, states clearly may pass legislation which treats Natives differently from non-Natives if the different treatment is either required or affirmatively permitted by federal law. This conclusion is the result of the familiar doctrine of federal preemption: when federal law requires or affirmatively permits a certain result, contrary state law has no effect.

In the case of HB 686, the program to be created is clearly sanctioned by ICWA. ICWA requires certain procedural changes in state child welfare proceedings and permits other changes as well. For example, 25 U.S.C. § 1912(d) requires remedial services to Indian families, and implicitly these must be culturally sensitive services; section 1915 requires preferences for Native and village homes in both adoptions and foster placements, and implicitly requires state efforts to make such homes available; and section 1919 sanctions state-tribal agreements in a range of Native child welfare areas. HB 686 is intended to fulfill these sections of ICWA and hence comes within the preemptive effect of ICWA, i.e., equal protection is not violated because it is part of a federally-mandated program to benefit Native Americans. In short, the federal government's special relationship with Native Americans permits ICWA, which in turn permits state efforts to carry out ICWA, despite what could otherwise be equal protection problems.

Sincerely yours,

HAROLD M. BROWN
ATTORNEY GENERAL

By: 
Douglas K. Mertz
Assistant Attorney General

DKM:dlm
cc: John Pugh, Commissioner
Dept. of Health & Social Services

POSITION PAPER

HOUSE BILL NO. 686

For an Act entitled: "An Act relating to Alaska Native family protection; and providing for an effective date."

HB 686 would establish a Native Family Services unit within the Division of Family and Youth Services, Department of Health and Social Services. This unit would award grants to provide comprehensive and culturally respectful protective and preventive services to Native children and families in the state.

The department supports HB 686. The goal of implementing the federal Indian Child Welfare Act is presently carried out by the department to the extent possible with its present resources. HB 686 will enhance the department's ability to further promote this policy.

The Federal Indian Child Welfare Act was passed in 1978. Under that Act the Secretary of the U.S. Department of the Interior is authorized to make grants to Indian tribes or organizations for Indian child and family social services. However, the U.S. Congress has not adequately funded these grants programs, nor has the Secretary awarded adequate dollars to Native organizations within Alaska. Therefore, in many areas of the state, federal funds for social services to Native families have decreased drastically in the last five years.

The department would be willing to support an amendment to this bill stating that this Act is not meant to relieve the federal government of its obligation to provide social services to Alaska Natives under the Indian Child Welfare Act. The grants envisioned by this bill are meant to supplement whatever other federal or community resources may be available to Alaska Natives. However, at this point in time, the State, in trying to carrying out the Indian Child Welfare Act, often finds that remedial services meant to prevent the breakup of Natives families, or to reunite those families, are not sufficiently available, especially in rural Alaska. When any party -- whether the state, a relative or the child's village council -- attempts to protect Native children by removing them from the parental home, the court must first be shown that remedial services have been made available to the family and that those efforts have failed. It is not solely the state's responsibility to provide these remedial services, but with the increasing withdrawal of federal social services monies, new methods for providing Native family support services must be found.

HB 686 also addresses a general concern of the department: the lack of diversity of social services for rural areas. Urban centers can offer more social workers, in-home child protection services, counselors, emergency shelters, foster homes etc. Many outlying areas are only served by itinerant state social workers who are hard pressed to deliver mandatory protective services in crisis cases. These rural areas especially need more remedial and preventive social services. HB 686

has the potential to address this problem and increase local services for Natives by providing a stable base of grant funding to local social service agencies.

The Division of Family and Youth Services serves a large number of Native clients: of its entire caseload, 55.9% are Native clients (Native Alaskans constitute approximately 16% of the state population). HB 686 is a positive step in providing more services to Native families.

After consultation with the Office of the Attorney General and the sponsor, the department urges four amendments to this bill. The department urges deletion of the word "all" at page 1, line 15, to clarify that although the grant program is designed to assist Native children and families it does not set a funding formula to guarantee services. The department can not be certain what level of grant funding the legislature may appropriate for this program from year-to-year, and accordingly each year the department will have to distribute the grants to serve as many Native residents as possible. Secondly, at page 1, line 18, the department recommends deletion of the word "rural." The bill is primarily focused at Native children and families, including those in urban areas, since the authority for this special grant program arises out of the federal Indian Child Welfare Act. Finally, the department recommends that all references in the bill to an "Office" of Native Family Services should be replaced with language designating a "coordinator" of Native Family Services. This change maintains a separate unit within the department but does not dictate an executive branch decision as to how the unit will fit into the organizational structure. Finally, the department urges the addition of a sentence to the statement of purpose in AS 47.18.010:

This chapter does not abrogate or diminish the obligations of the Federal government to fund social services to Native children and families under 25 U.S.C. 1901 -- 1963.

The department strongly supports this needed piece of legislation. It is apparent that social services delivery to Native families needs to be augmented. The State of Alaska has had a history of augmenting social services delivery to urban communities (e.g., Anchorage and Fairbanks social service block grants). Therefore, this piece of legislation is consistent with past state practice of supplementing local social services efforts.

RECOMMENDED:

Michael L. Price
Michael L. Price, Director
Division of Family
and Youth Services

DATE:

March 21, 1986

APPROVED:

John R. Pugh
John R. Pugh, Commissioner
Department of Health
and Social Services

DATE:

3/27/86

Sectional Analysis
HB 686

Section 1 of the bill, Section 47.14.08, states the purposes of the Alaska Native Family Protection Act: to promote implementation of the Indian Child Welfare Act by delivering culturally respectful social services to Native children and families within the state.

Section 47.18.020 creates an Office of Native Family Services in the Department of Health and Social Services to be headed by a qualified professional with experience in the administration of social services and Alaska Native or Indian affairs.

Section 47.18.030 states that the Office of Native Family Services shall award grants for social services to be furnished to Native children and families, coordinate the general activities of the Division of Family and Youth Services and those of the grantees in providing services to Native families, enter into other types of contracts or cooperative agreements with Native organizations for services or for the common advancement of Native family welfare programs in this and other states; and keep records and engage in research relevant to these goals.

Section 47.18.040 states that the Office shall operate a comprehensive and coordinated program to provide services to families. The coordinator is authorized to designate service delivery regions within the state, with the approval of the Commissioner.

Section 47.18.050(a) states that the Department of Health and Social Services may award grants through the Office of Native Family Assistance to Native or other non-profit organizations or local governments to provide services from a comprehensive list of supportive social services for Native children and families. These services include education to prevent and detect child abuse, family counseling, recruiting and screening of foster and adoptive homes, other family assistance programs (such as homemakers, day care, and home counselors), and coordination among agencies and organizations working with children and families. In addition, the grantees may be delegated to provide expert consultation to the department, emergency services to runaways, and to make recommendations for licensing and supervision of child placement facilities.

Subsection (b) of 47.18.050 authorizes the department to award grants under this section for the provision of services to both Native and non-Native residents in a region when services would thereby be more efficiently provided. Subsection (c) states that family service grantees under this program would follow the grant regulations of the department.

Subsection (d) of 47.18.050 provides that when there is a court proceeding involving a particular family, and the grantee has a duty under their grant to perform an action on behalf of the department, then that grantee organization could not also appear in the proceeding on behalf of a Native village or an individual Native intervening under the Indian Child Welfare Act. A serious conflict of interest would otherwise arise when regional organizations which have legal departments who intervene

on behalf of individual Native villages or Native persons under the Indian Child Welfare Act, also employ social worker staff who have a duty under a grant to make an investigation or recommendation on behalf of the state. The social worker's duty or recommendation might be contrary to the particular client interest of the Native village or Native individual intervenor being represented by the legal department. (Grantees who have legal departments active in ICWA court interventions may wish to continue those activities by setting up a separate legal intervention service within their region such that the supervision of the legal unit does not flow from the supervisory board or entity that oversees the social services unit providing the grant services.)

Section 47.18.100 of the bill sets out definitions of key terms in the bill.

Section 2 of the bill amends the department's powers as to the licensing of boarding homes or foster homes and other institutions caring for children. It adds a new subsection (5) to allow the department to make grants or contracts with Native organizations or local governments so that those organizations can make the first level investigations and recommendations to the department on the licensing of children's facilities.

Section 3 provides for an effective date of January 1, 1987.

STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 686
 Title: "An Act Relating to Alaska Native Family Protection and Providing for an Effective Date."
 Sponsor: _____
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: DHSS/DFIS
 BRU: Purchased Services
 Components: Office of Rural and Native Services

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES		78.0	156.0	156.0	156.0	156.0
TRAVEL		6.0	12.0	12.0	12.0	12.0
CONTRACTUAL SUPPLIES						
EQUIPMENT		3.0	6.0	6.0	6.0	6.0
LAND & STRUCTURES						
GRANTS, CLAIMS		671.9	1,343.5	1,343.5	1,343.5	1,343.5
MISCELLANEOUS						
TOTAL OPERATING		758.9	1,517.5	1,517.5	1,517.5	1,517.5

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING : (Thousands of Dollars)

GENERAL FUND		758.9	1,517.5	1,517.5	1,517.5	1,517.5
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS :

FULL-TIME		3.0	3.0	3.0	3.0	3.0
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

Prepared by: Michael L. Pine Phone: 465-3170
 Division: Family and Youth Services Date: _____

Approved by Commissioner: John R. Pugh Date: 3/24/86
 Agency: Health and Social Services

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 686

For an Act entitled: "An Act relating to Alaska Native family protection; and providing for an effective date."

Introduction

HB 686 makes provisions for the establishment of a grant program for Native Family Services with an effective date for implementation. This grant program is to serve rural and Native families in a comprehensive system which includes full implementation of the Indian Child Welfare Act of 1978, family assistance, homemaker, home counselors, foster parent and adoptive services, preventive and early intervention services, grants and contracts, licensing, alcohol and drug counseling, and other services as determined appropriate by the Commissioner.

Assumptions

It is assumed that contracts with and services to Native and rural families and organizations will continue to grow.

The attached chart describes a proposed methodology for determining grant allocations based on the number of Native residents and the number of villages within specific service delivery regions.

Program Summary

In order to administer this office in a manner consistent with State statute, departmental regulations, and prudent management, three employees would be needed. Positions included in the fiscal note are three Social Worker III positions in the Southcentral, Northern, and Southeastern regions. These positions will oversee grant administration and evaluation, develop agreements for the implementation of the Indian Child Welfare Act, and provide training and technical assistance to Native organizations. The southeastern Social Worker will function as the statewide grant coordinator, and will ensure program consistency.

NATIVE REGIONAL NON-PROFIT CORPORATION SERVICE AREAS
 (EXCLUDING KAWERAK, MANIILAO, AND MAJOR POPULATION
 AREAS IN EXCESS OF 5000 INHABITANTS)

REGION	NUMBER OF NATIVES	NUMBER OF VILLAGES	RECOMMENDED ALLOCATION UNDER HR FY87	
			12 MONTH FUNDING	6 MONTH FUNDING
TILINGIT-HAIDA REGION	4,122	17	148.4	74.2
TANANA CHIEFS REGION	4,365	42	157.1	78.6
ALEUTIAN PRIBLOFF REGION	1,934	14	69.6	34.8
BRISTOL BAY REGION	3,520	25	126.7	63.4
KODIAK REGION	1,884	7	71.8	35.9
NORTH SLOPE REGION	3,062	8	110.2	55.1
AVCP REGION	11,177	50	402.4	201.2
COOK INLET	6,300	7	226.8	113.4
NORTH PACIFIC RIM	847	5	30.5	15.3
TOTAL	37,211	175	1,343.5	671.9

Based on a pilot project FY86 with Tlingit-Haida, a determination of \$36/person/6 months was the baseline figure derived. As data is accumulated for FY87 and reviewed, other factors will be considered, such as overall cost of delivery, size of delivery area, and other differential costs as determined appropriate.

Position Title Social Worker III			No. of Positions One	Range/Step 18 - A	Barg. Unit (GGU)	Gov. Leg	Approv.	Disopp.
Time Status PFT	Staff Months Six	RP Number	Location Juneau		Election District			
Justification								
Type of Expenditure			Amount					
1			2		3			
Salary			20.8					
Benefits			5.2					
Premium Pay			---					
Other			---					
Total Personal Services					26.0			
Travel					2.0			
Contractual					---			
Commodities					1.0			
Equipment					---			
Other					---			
Total Cost					29.0			
Receipt Code		Funding Source						
		Federal Receipts 1002						
		G. F. Match 1003						
		General Funds 1004		29.0				
		I-A Receipts 1005						
		Program Receipts 1028						
		CIP Receipts 1051						
		Other						
For B&M Use Only Key Number _____								

IIB 686 authorized the establishment of an Office of Rural and Native Family Services. The major duties of this office will be to oversee the administration of grants to Native organizations, implement the provisions of the Indian Child Welfare Act, and to do training with Native social service organizations. It is anticipated that one social worker III will be needed in each of three regional state social services offices in order to implement the provisions of the bill. The costs are predicated upon current contract levels and reclassification efforts as recommended by the Department of Administration. These are maximum personnel costs and may be less depending upon future revenue levels and contract negotiations.

**Request For
New Position**

Agency Department of Health and Social Services
 BRU Purchased Services
 Component Native/Rural Services

Page _____ of _____
 Revised Date _____

FY 87

Position Title Social Worker III			No. of Positions One	Range/Step 18 - A	Barg. Unit (RA)	Gov.	Approv.	Disapp.
Time Status PFT	Staff Months Six	RP Number	Location Anchorage		Election District	Leg.		
Type of Expenditure			Justification					
1		2	3					
Salary		20.8	<p>HB 686 authorized the establishment of an Office of Rural and Native Family Services. The major duties of this office will be to oversee the administration of grants to Native organizations, implement the provisions of the Indian Child Welfare Act, and to do training with Native social service organizations. It is anticipated that one social worker III will be needed in each of three regional state social services offices in order to implement the provisions of the bill.</p> <p>The costs are predicated upon current contract levels and reclassification efforts as recommended by the Department of Administration. These are maximum personnel costs and may be less depending upon future revenue levels and contract negotiations.</p>					
Benefits		5.2						
Premium Pay		---						
Other		---						
Total Personal Services		26.0						
Travel		2.0						
Contractual		---						
Commodities		1.0						
Equipment		---						
Other		---						
Total Cost		29.0						
Receipt Code	Funding Source							
	Federal Receipts 1002							
	G. F. Match 1003							
	General Funds 1004		29.0					
	I-A Receipts 1005							
	Program Receipts 1028							
	CIP Receipts 1061							
	Other							
For B&M Use Only								
Key Number _____								

**Request For
New Position**

Agency Department of Health and Social Services
 BRU Purchased Services
 Component Native/Rural Services

Page _____ of _____
 Revised Date _____

FY 87

Position Title Social Worker III			No. of Positions One	Range/Step 18 - A	Barg. Unit (XU)	Gov.	Approv.	Disapp.	
Time Status PFT	Staff Months Six	RP Number	Location Fairbanks		Election District	Leg.			
Type of Expenditure			Justification						
Amount			<p>HB 686 authorized the establishment of an Office of Rural and Native Family Services. The major duties of this office will be to oversee the administration of grants to Native organizations, implement the provisions of the Indian Child Welfare Act, and to do training with Native social service organizations. It is anticipated that one social worker III will be needed in each of three regional state social services offices in order to implement the provisions of the bill.</p> <p>The costs are predicated upon current contract levels and reclassification efforts as recommended by the Department of Administration. These are maximum personnel costs and may be less depending upon future revenue levels and contract negotiations.</p>						
1									
2									
3									
Salary	20.8								
Benefits	5.2								
Premium Pay	---								
Other	---								
Total Personal Services									26.0
Travel									2.0
Contractual			---						
Commodities			1.0						
Equipment			---						
Other			---						
Total Cost			29.0						
Receipt Code	Funding Source								
	Federal Receipts	1002							
	G. F. Match	1003							
	General Funds	1004	29.0						
	I-A Receipts	1005							
	Program Receipts	1028							
	CIP Receipts	1061							
	Other								
For B&M Use Only									
Key Number									

**Request For
New Position**

Agency Department of Health and Social Services
 BRU Purchased Services
 Component Native/Rural Services

Page of
 Revised Date

FY 87

STATE OF ALASKA THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 20, 1986

SUBJECT: Sectional analysis of HB 686

TO: Representative Jim Duncan

FROM: Edward H. Hein *EH*
Legislative Counsel

Section 1 adds a new chapter to AS 47 called Alaska Native family protection. Sec. 47.18.010 states that the purpose of the chapter is to implement the Indian Child Welfare Act, deliver protective and preventive services to Native and rural families and children, and encourage Native and local community participation in state actions affecting Native and rural children and families.

Sec. 47.18.020 establishes the office of native family services within the division of family and youth services, Department of Health and Social Services. Sec. 47.18.030 allows the office to award grants, administer provisions relating to Alaska Natives in state plans submitted for federal funding under federal social services laws, coordinate activities of the division and grantees in providing services to Native children and families, contract to provide services, keep records, and engage in research.

Sec. 47.18.040 directs the office to operate a comprehensive program to provide services under AS 47 to Native children and families. The section also allows the coordinator of the office to divide the state into regions.

Sec. 47.18.050 allows the Department of Health and Social Services to award grants through the office to Native or other nonprofit organizations, Native villages, municipalities, or individuals to provide services, including education, counseling, screening foster and adoptive homes, assisting families, detecting and reporting harm to children, coordinating agencies involved with child sexual abuse, provide expert consultants to the department, support

Representative Jim Duncan
Page 2
March 20, 1986

services for families relocated from rural to urban areas, preventive services, emergency services to runaway youths, and recommendations to the department. This section also allows the department to award grants to provide services to Native and other residents in a region if that would be a more efficient way of providing services. Family services organizations receiving grants must follow department regulations. Grantees under a duty to take action on behalf of the department may not also appear in a court proceeding under the intervention provisions of the Indian Child Welfare Act.

Sec. 47.18.100 defines various terms used in the bill.

Sec. 2 allows the Department of Health and Social Services to contract with Native organizations, Native villages, or municipalities to investigate and make recommendations to the department for licensing and supervision of boarding homes, foster homes, nurseries, or institutions caring for children.

Sec. 3 provides for a January 1, 1987 effective date.

EHH:csh
c6/046

* DELIVER TO: TCJNU
* ORIGINAL
* SENT: 03/25/86 TIME: 11:21
* FROM: LIODJT
* SUBJECT: 3/24 VTS FINAL STATS
* PRINT DATE: 03/25/86 TIME: 11:21

Nancy

***** DELTA FINAL STATS *****

SPONSOR: HOUSE HESS
SUBJECT: HB 486 - AK NATIVE FAMILY PROTECTION
DATE: MARCH 24, 1986
SITE: DELTA
LOCAL MODERATOR: LIZ SARVER

NOT ON LINE

DOI LAKE VIS:

TESTIFIED:

- 1. WILLIAM MILLER, P.O. BOX 262, DOT LAKE, AK 99737

TOK VIS:

OBSERVED:

- 1. ROSE WOODS, UNITED CROW BAND, P.O. BOX 131
TOK, AK 99780

DOI LAKE:	TESTIFIED	- 1
	OBSERVED	- 0
	TOTAL	- 1
TOK:	TESTIFIED	- 0
	OBSERVED	- 1
	TOTAL	- 1

* DELIVER TO: TCJNU

* ORIGINAL

* SENT: 03/25/86 TIME: 12:14

* FROM: TCFBX

* SUBJECT: 3/24/86 HHESS HB686

* PRINT DATE: 03/25/86 TIME: 12:14

*

***** FINAL T/C STATS *****

DATE: 3/24/86

SITE: FAIRBANKS MODERATOR: RANNIE NEUBAUMER

SPONSOR: HOUSE HESS COMM.

SUBJECT: HB686, AK. NATIVE FAMILY PROTECTION

NAME/REPRESENTING ADDRESS PHONE

TESTIFIED:

1. MICHAEL J. WALLERI, TANANA CHIEFS CONF., 201 1ST AVE.,
FAIRBANKS 99707 452-9254

OBSERVED

-0-

TESTIFIED: 1 TIME START: 5:00PM TIME END: 6:05PM

OBSERVED: 0

TOTAL: 1

* DELIVER TO: TCJNU

*

*

* ORIGINAL

* SENT: 03/25/86 TIME: 09:33

* FROM: LIQBAR

* SUBJECT: FINAL STATS

* PRINT DATE: 03/25/86 TIME: 09:33

*

*****FINAL STATS*****FINAL STATS*****FINAL STATS*****FINAL STATS*****

BARROW LIO

3/24/86

HB 684 - ALASKA NATIVE FAMILY PROTECTION

-----TESTIFY/OBSERVE

BARROW PARTICIPANTS.

1) NO ONE

I'M SORRY ABOUT THIS ONE GUY - OUR SUPPOSED PARTICIPANT
CALLED TWICE TO SAY SHE WAS COMING AND THEN CANCELLED OUT
AT 5:02 PM.

TESTIFIED: 0

OBSERVED: 0

TOTAL: 0

..

..

* DELIVER TO: TCJNU

* ORIGINAL

* SENT: 03/25/86 TIME: 11:33

* FROM: JUNE GALLEY

* SUBJECT: T/C 3/24--HB686

* PRINT DATE: 03/25/86 TIME: 11:33

*** FINAL T/C STATS ***

DATE: MARCH 24, 1986 _____
SITE: KETCHIKAN _____
SPONSOR: HOUSE H.E.S.S. _____
SUBJECT: HB 686/NATIVE FAMILY PROTECTION _____
LOCAL MODERATOR: JUNE GALLEY _____

TESTIFIED:

NAME/REPRESENTING ADDRESS PHONE

1. JULIAN ARGEL, KETCHIKAN INDIAN CORP., 499 DEERMOUNT, KETCHIKAN, AK. 99901 (225-5158)
2. DON HOFF, JR., KIC, 499 DEERMOUNT, KETCHIKAN, AK. 99901 (225-5158)

OBSERVED:

NAME/REPRESENTING ADDRESS PHONE

1. THERESA SWAN, KIC, 429 DEERMOUNT, KETCHIKAN, AK. 99901 (225-5158)
2. ALYCE ARGEL, 499 DEERMOUNT, KETCHIKAN, AK. 99901 (225-5158)

TESTIFIED: _____2_____
OBSERVED: _____2_____
TOTAL: _____4_____

TIME START: _____5:00PM_____
TIME END: _____6:10PM_____

 * DELIVER TO: TCJNU *
 * ORIGINAL *
 * SENT: 03/24/86 TIME: 18:10 *
 * FROM: LIOFSG *
 * SUBJECT: FINAL STATS-3/24-HW 686 *
 * PRINT DATE: 03/24/86 TIME: 18:10 *

*** FINAL T/C STATS ***

DATE: MARCH 24, 1986
 SITE: PETERSBURG
 SPONSOR: (K) HESS
 SUBJECT: HB 686-AK NATIVE FAMILY PROTECTION
 LOCAL MODERATOR: CRIS

TESTIFIED:
 NAME/REPRESENTING ADDRESS PHONE
 1 GERTRUDE LYONS BOX 588, PSG 772-3636(W)

OBSERVED:
 NAME/REPRESENTING ADDRESS PHONE

NONE

TESTIFIED: 1 TIME START: 4:55 PM
 OBSERVED: 0 TIME END: 6:05 PM
 TOTAL: 1

EOM

*
* DELIVER TO: TCJNU
*
* ORIGINAL
* SENT: 03/28/86 TIME: 15:39
* FROM: LIOPLG
* SUBJECT: VARIOUS TO STATE
* PRINT DATE 03/28/86 TIME: 15:39
*

FINAL STATE

SUBJ: HOUSE HESS HB686, ALASKA NATIVE FAMILY PROTECTION

SITE: DILLINGHAM LIO

DATE: MARCH 24, 1986, 1986, MONDAY - 5 TO 6 PM

NO ONE TO TESTIFY

OBSERVERS

1. KATHLEEN STOUT, STATE OF ALASKA, DIVISION OF FAMILY AND YOUTH SERVICES, BOX 2972, DILLINGHAM, ALASKA

* DELIVER TO: TCJNU *
* * * * *
* ORIGINAL *
* SENT: 04/24/86 TIME: 10:14 *
* FROM: LIOBET *
* SUBJECT: FINAL STATS *
* PRINT DATE: 04/01/86 TIME: 10:14 *

*** FINAL STATS ***

T/C: HOUSE HESS COMMITTEE
SUBJECT: H2685- ALTERNATIVE FAMILY PROTECTION
DATE: 3-24-86
SITE: BETHEL

NO PARTICIPANTS

THIS IS A RESEND FROM THAT DATE.

ENJOY...WALLY

* DELIVER TO: TCJNU

* ORIGINAL ..

* SENT: 03/25/86 TIME: 12:16

* FROM: FALEENE BIGGS

* SUBJECT: FINAL STATS--SITKA ONLY

* PRINT DATE: 03/25/86 TIME: 12:16

* *****

Handwritten initials "LASH" circled in the top right corner.

*** FINAL T/C STATS. ***

DATE: MARCH 24, 1986
SITE: SITKA LIO
SPONSOR: HOUSE H.E.S.S. COMMITTEE
SUBJECT: HB686; AK NATIVE FAMILY PROTECTION
LOCAL MODERATOR: FALEENE BIGGS

TESTIFIED:

- 1. JIM BOWEN, REPRESENTING SITKA COMMUNITY ASSOCIATION
P.O. BOX 1450, SITKA, AK 99835 747-3207

TESTIFIED: _____	1	TIME START: _____	5:07
OBSERVED: _____	0	SITKA SIGNOFF: _____	6:00
TOTAL: _____	1		

***** END OF PAGE *****



RECORDS CERTIFICATION

I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

7/25/89
Date

H B

6 8 8

HOUSE
COMMITTEE REPORT

(7)

Date referred: 2/17/86

FURTHER REFERRALS: FINANCE

DATE: March 21, 1988

HEALTH, EDUCATION AND
The SOCIAL SERVICES Committee has considered HB 688

"An Act allowing tax credits for contributions to educational institutions."

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with C.S. HB 688 (HESS) same title
- new title

and recommends do pass

further referral to the _____ Committee

- and attaches:
- letter of intent
 - first fiscal note
 - new fiscal note
 - zero fiscal note w/ analysis

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

David W. Shoups

John F. Kosman

W. G. Shumaker

Edwin L. Taylor

Katie Hurley

John F. Kosman co-chair
Chairman

W. G. Shumaker Co-Ch.

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No: CS HB 688
Title: An Act Allowing Tax Credits for Contributions to Educational Institutions
Sponsor: Gruenberg
Requestor: HESS
Date of Request: 3/18/86

FISCAL DETAIL

Agency Affected: Revenue
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	(See attached)-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

Prepared By: Mary Ellen Frank/^{MEF}Bob Elliott^{BE} Phone: 465-2173
Division: Revenue/Research Date: 3/20/86
Approved by Commissioner: *[Signature]* Date: 3/20/86
Agency: Department of Revenue

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

It is impossible to give exact figures on what the revenue loss to the State would be under CSHB 688 because, although the incentive can be analyzed (below), the degree of response to the tax measure isn't possible to gauge. The committee substitute adds language designed to prevent corporations from using the same contribution as a deduction or credit against multiple tax liabilities, thereby preventing double deduction or credit. However, a corporation can split its contribution budget among qualifying educational institutions and still have deductions or credits against multiple tax liabilities.

1. The State could lose as much as (based on March 1986 revenue forecast, in millions of dollars with only half of FY87 included given the committee substitute effective date of CY87):

TAX TYPE	FY 87	FY 88
Corporate Income Tax	100.0	190.0
Estate Tax	.3	.6
Production Tax	335.3	533.0
Oil & Gas Property Tax	44.5	81.0
Mining Tax	.2	.3
Fisheries Tax	9.6	19.2
	-----	-----
TOTAL	489.9	824.1

2. Companies are regarded as an aggregate here. Companies that do not make charitable contributions now will have no economic incentives* to change that. Companies that have contribution budgets will have incentive to channel them toward qualifying institutions as they will have a economic incentive*. *Economic incentive here means having net income retained after contribution, see simplified example attached.

3. Non-educational tax deductible organizations will tend to lose contributions from companies because corporations will have a net gain in retained income by redirecting their contribution budgets to qualifying Alaska educational institutions.

4. Non-Alaskan tax deductible organizations including educational institutions will tend to lose contributions as corporations operating in Alaska will retain a greater amount of net income by redirecting their contributions to qualifying Alaska educational institutions.

5. The Federal Government will tend to gain tax revenue on aggregate. Companies that make contributions will have less deduction (against income taxes) and individuals will have less credit (against estate taxes) and, therefore, both will have greater Federal taxable income. Companies not already making contributions would have more deductions if they chose to make them but, as noted before, there would be no economic incentive (see 2.) to do so. See simplified example attached.

6. The State will lose tax revenue but may also have less demand for existing revenues if educational institutions are funded by private corporations.

7. There will be less ability for the State to estimate revenues and control budgets with these tax credits.

SIMPLIFIED EXAMPLE
CSHB 688
(thousands of dollars)

ASSUMPTIONS

1. Federal Taxable Income \$1 billion (before contribution)
2. State Taxable Income (10% apportionment) \$100 million
3. Contribution to UA \$25 million
4. AS 43.55 Tax Liability \$50 million

SCENARIO	CORPORATION TYPE			
	Corporation AAAAAAAAAA		Corporation BBBBBBBBBB	
	No contri Old law	Contri CSHB688	Contri Old law	Contri CSHB688
Fed'1 Taxable Income	1,000,000	1,000,000	1,000,000	1,000,000
State Tax Credit				
Add Back:				
43.55 credit	0	12,500	0	12,500
43.20 tax reduction	0	250	250	250
Contribution Deduction				
Subtract:				
(IRC Sec. 170)	0	-25,000	-25,000	-25,000
Adj Fed'1 Taxable Income	1,000,000	987,750	975,250	987,750
Fed'1 Tax Liability	-459,980	-454,230	-448,480	-454,230
Before Fed'1 Tax Income	1,000,000	1,000,000	1,000,000	1,000,000
Fed'1 Tax Liability	-459,980	-454,230	-448,480	-454,230
After Fed'1 Tax Income	540,020	545,770	551,520	545,770
Contribution to UA	0	-25,000	-25,000	-25,000
Aft Fed'1 Tax & Contributn	540,020	520,770	526,520	520,770

NOTE:

1. Corp. A does not have a contribution budget under existing law. If it made a contribution under CSHB688 it would:
 - A. Pay \$5,750 thou. less Federal income tax;
 - B. Have more money after taxes, \$5,750 thou;
 - C. Have \$19,250 thou. less after taxes and contribution, the net of \$5,750 thou. more after taxes less the \$25,000 thou. contribution.
2. Corp. B does have a contribution budget under existing law. If it made a contribution under CSHB688 rather than under existing law, it would:
 - A. Pay \$5,750 thou. more Federal income tax;
 - B. Have less money after taxes, \$5,750 thou;
 - C. Have \$5,750 thou. less after taxes and contribution.

SECTIONAL ANALYSIS FOR HB 688 - RELATING TO TAX CREDITS FOR CONTRIBUTIONS TO EDUCATIONAL INSTITUTIONS

The aim of the bill is to provide a new revenue stream for higher education in Alaska, while providing considerable state and federal tax benefits for individuals making contributions.

- SECTION 1 Provides that a person engaged in trade or business is allowed a credit against their tax due for 50% of their contribution to a qualified college or university.
- SECTION 2 Provides that 10% of a bequest to a qualified college or university is allowed as a credit towards estate tax.
- SECTION 3 Provides for a tax credit of 50% of the contribution to a qualified college or university for an oil and gas producer.
- SECTION 4 Provides for a tax credit of 50% of the contribution to a qualified college or university by an owner of taxable oil and gas property.
- SECTION 5 Provides for a tax credit of 50% of the contribution to a qualified college or university towards the mining business tax.
- SECTION 6 Provides for a tax credit of 50% of the contribution to a qualified college or university towards the state share of the raw fish tax.
- SECTION 7 Defines "tax revenue collected" under the raw fish tax.

CHANGES IN THE HESS COMMITTEE SUBSTITUTE:

1. Provides in each section that the contributions must be cash and must be accepted by the college or university.
2. Prevents one contribution from being charged under more than one tax credit category.
3. Section 3 was amended, at the request of the Department of Revenue, to provide that the credit may be applied against the tax liability accruing during the month the contribution was made.
4. A new section 8 was added to the bill which provides that the Act applies to contributions made after December 31, 1986.

James
3/12/86

Original sponsors: Gruenberg, Koponen
Ringstad, et al

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 688 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act allowing tax credits for contributions to
7 educational institutions."

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

9 * Section 1. AS 43.20 is amended by adding a new section to read:

10 Sec. 43.20.014. TRADE OR BUSINESS EDUCATION CREDIT. A person
11 engaged in a trade or business is allowed as a credit against the tax
12 due under this chapter 50 percent of cash contributions accepted by an
13 accredited, nonprofit, public or private, in-state, two- or four-year,
14 college or university. The credit may not exceed the amount of tax
15 due under this chapter. A contribution claimed as a credit under this
16 section may not be claimed as a credit under another section.

17 * Sec. 2. AS 43.31 is amended by adding a new section to read:

18 Sec. 43.31.014. ESTATE EDUCATION CREDIT. The estate of a per-
19 son, who at the time of death, was a resident of this state, is al-
20 lowed as a credit against the tax due under this chapter 10 percent of
21 cash bequests accepted by an accredited, nonprofit, public or private,
22 in-state, two- or four-year, college or university. The credit may
23 not exceed the amount of tax due under this chapter. A contribution
24 claimed as a credit under this section may not be claimed as a credit
25 under another section.

26 * Sec. 3. AS 43.55 is amended by adding a new section to read:

27 Sec. 43.55.019. OIL OR GAS PRODUCER EDUCATION CREDIT. A pro-
28 ducer of oil or gas is allowed as a credit against the tax due under
29 this chapter 50 percent of cash contributions accepted by an

1 accredited, nonprofit, public or private, in-state, two- or four-year,
2 college or university. The credit may only be applied against the tax
3 liability accruing during the month the contribution is made. The
4 credit may not exceed the amount of tax due under this chapter. A
5 contribution claimed as a credit under this section may not be claimed
6 as a credit under another section.

7 * Sec. 4. AS 43.56 is amended by adding a new section to read:

8 Sec. 43.56.018. OIL OR GAS PROPERTY EDUCATION CREDIT. The owner
9 of property taxable under this chapter is allowed as a credit against
10 the tax due under this chapter 50 percent of cash contributions ac-
11 cepted by an accredited, nonprofit, public or private, in-state, two-
12 or four-year, college or university. The credit may not exceed the
13 amount of tax due under this chapter. A contribution claimed as a
14 credit under this section may not be claimed as a credit under another
15 section.

16 * Sec. 5. AS 43.65 is amended by adding a new section to read:

17 Sec. 43.65.018. MINING BUSINESS EDUCATION CREDIT. A person
18 engaged in the business of mining in the state is allowed as a credit
19 against the tax due under this chapter 50 percent of cash contribu-
20 tions accepted by an accredited, nonprofit, public or private, in-
21 state, two- or four-year, college or university. The credit may not
22 exceed the amount of tax due under this chapter. A contribution
23 claimed as a credit under this section may not be claimed as a credit
24 under another section.

25 * Sec. 6. AS 43.75 is amended by adding a new section to read:

26 Sec. 43.75.018. FISHERIES BUSINESS EDUCATION CREDIT. A person
27 engaged in a fisheries business is allowed as a credit against the tax
28 due under this chapter 50 percent of cash contributions accepted by an
29 accredited, nonprofit, public or private, in-state, two- or four-year,

1 college or university. The credit may not exceed the amount of tax
2 due under this chapter. A contribution claimed as a credit under this
3 section may not be claimed as a credit under another section.

4 * Sec. 7. AS 43.75.130 is amended by adding a new subsection to read:

5 (b) In this section, "tax revenue collected" includes the amount
6 credited against taxes under AS 43.75.018.

7 * Sec. 8. The provisions of this Act apply to contributions made after
8 December 31, 1986.

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Alaska State Legislature

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

Date: March 26, 1986

To: Rep. Al Adams
Chair
House Finance Committee

From: Rep. Max Gruenberg, Jr. 

Re: CSHB 688 (HESS): "An Act allowing tax credits for contributions to educational institutions"

I would appreciate it if you would schedule a hearing on CSHB 688 (HESS), relating to university tax credits, in the House Finance Committee as soon as it is possible.

Thank you very much.

A M E N D M E N T

Offered in the HOUSE

By Gruenberg

TO: HB 688

Page 1, line 15, following "chapter." insert:

"A contribution claimed as a credit under this chapter may not be claimed as a credit under another chapter."

Page 1, line 22, following "chapter." insert:

"A contribution claimed as a credit under this chapter may not be claimed as a credit under another chapter."

Page 1, line 28, following "chapter." insert:

"A contribution claimed as a credit under this chapter may not be claimed as a credit under another chapter."

Page 2, line 6, following "chapter." insert:

"A contribution claimed as a credit under this chapter may not be claimed as a credit under another chapter."

Page 2, line 13, following "chapter." insert:

"A contribution claimed as a credit under this chapter may not be claimed as a credit under another chapter."

Page 2, line 20, following "chapter." insert:

"A contribution claimed as a credit under this chapter may not be claimed as a credit under another chapter."

AMENDMENT

OFFERED IN THE HOUSE

BY GRUENBERG

TO: HB 688

Page 1, line 12:

delete "to" and insert accepted by

Page 1, line 20:

delete "to" and insert accepted by

Page 1, line 26:

delete "to" and insert accepted by

Page 2, line 3:

delete "to" and insert accepted by

Page 2, line 10:

delete "to" and insert accepted by

Page 2, line 17:

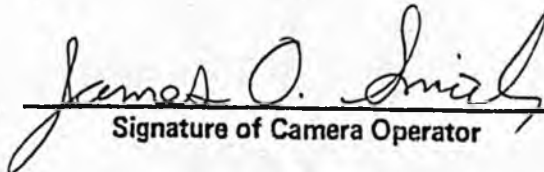
delete "to" and insert accepted by

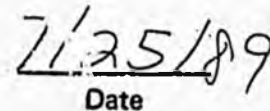


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Signature of Camera Operator


Date

H

B

G

9

7



Alaska State Legislature

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

Date: April 11, 1986

To: Senator DeVries
Chair
Senate Community and Regional Affairs Committee

From: Rep. Max Gruenberg, Jr. *Max*
Chair
House HESS Committee

Re: HB 697: "An Act prohibiting municipal sales tax on purchases made with food stamps"

Attached please find back-up material for HB 697, which was introduced by the HESS Committee at the request of the Department of Health and Social Services. The Food Security Act of 1985 requires each state to have in place by October 1, 1986, a law prohibiting sales tax on food stamp purchases.

I would ask your assistance in promptly scheduling this bill so that our food stamp program is not endangered.

Thank you very much.

DHSS position paper attached

POSITION PAPER

HOUSE BILL NO. 697

"An Act prohibiting municipal sales tax on purchases made with food stamps; and providing for an effective date."

BACKGROUND

On December 23, 1985, the Food Security Act of 1985 (Public Law 99-198) was enacted. Title XV, Subtitle A, of this Act modifies the Food Stamp Act of 1977. One area that requires immediate attention of the Alaska State Legislature concerns charging tax on items purchased with food stamps.

Section 1505 states that, as of October 1, 1986, the Food Stamp Program cannot be administered in states where tax is charged on purchases made with food stamps. An extension of up to one year (October 1, 1987) may be granted if the state can justify, to the satisfaction of the Secretary of the United States Department of Agriculture, that more time is needed to implement this change. The Act says that an extension may be given if the state demonstrates that implementation by October 1, 1986, would have an adverse and disruptive effect on the administration of the Food Stamp Program or would not provide adequate time for retail stores to implement changes in sales tax policy.

PURPOSE OF FEDERAL AMENDMENT

This amendment to the Food Stamp Act provides equity of food purchasing power between persons participating in the Food Stamp Program and living in areas where taxes are levied on food items and food stamp households residing in areas where food items are not subject to taxation. There are 20 states that charge either state or local sales tax on food purchases. According to Congressman Leon Panetta, Chairman of the Subcommittee on Domestic Marketing, Consumer Relations and Nutrition, "This (Amendment) would put an end to what is, in effect, a transfer of revenues from the Federal Government to State and local government at the expense of low-income households."

IMPACT

If this proposal is enacted, the impact varies from none to moderate.

There will be no impact on the Department of Health & Social Services, Division of Public Assistance (the agency administering the Food Stamp Program) at the Central Office, Regional or District Office levels.

There will be a small positive impact on those Food Stamp Program participants who reside in areas that levy taxes on items that may be bought with food stamps. If a municipality has a four percent sales tax and a food stamp household living in that community spends \$78 worth of food stamps, prior to the enactment and implementation of this legislation, the household would have spent \$3 of their food stamps paying tax on their purchases. This bill allows those low income households to use all their food stamps on food items.

The degree of negative impact municipalities that levy taxes on these certain items will experience depends on the percentage of taxation levied and the number of Food Stamp Program participants that shop in the municipality. According to a study conducted last year by the Department of Community and Regional Affairs, it was estimated that in 1984, \$300,000 in revenues were generated by purchases made with food stamps.

The grocery stores in areas levying taxes will, undoubtedly, be impacted the most by this bill. Each store will need to make alterations to their accounting/bookkeeping systems. Computerized cash registers will have to be reprogrammed to take this change into account. In stores where automation does not exist, hand methods of calculating this change will have to be established.

If this proposed legislation is not passed, every group mentioned above will be negatively impacted.

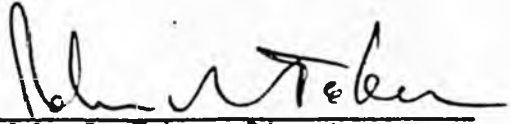
On the average, 26,826 people, or 8,942 households participate in the Food Stamp Program each month in Alaska. These people will suffer irreparable harm, physically as well as economically, through the loss of their food purchasing power. Many households have no money to buy food; food stamps are their only tender at the grocery store.

The State will lose approximately \$4.5 million annually, in Federal matching funds because, besides providing all the food stamps issued in Alaska, the U.S. Department of Agriculture also provides 50 percent of the administrative costs for running the Food Stamp Program. Staff will be cut in The Division of Public Assistance's Central Office, Regional Offices and District Offices, since the Department will be losing one of the major programs administered by that Division.

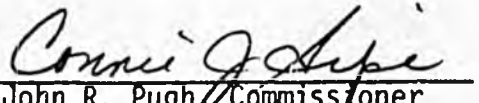
Grocers would be greatly impacted if the Food Stamp Program no longer existed in Alaska. It is projected that \$25,000,000 in food stamps will be issued to Alaskans during 1986 and the majority of that amount is spent at groceries in Alaska. Without that revenue and no food program to replace the Federal program, many grocers would suffer severe economic hardship.

RECOMMENDATION

The Department of Health and Social Services strongly recommends the passage of this bill. Although passage of this bill appears to cause a decline in revenue to certain municipalities and a revision in bookkeeping/accounting methods for grocery stores in these municipalities, loss of the Food Stamp Program in Alaska would hurt one out of every 20 Alaskans, cause far greater revenue declines at all levels, and remove a major revenue source for Alaska's grocers, wholesalers, and shippers.

Recommended by: 
John R. Taber, Director
Division of Public Assistance

Date: 3-18-86

Approved by: 
for John R. Pugh, Commissioner
Department of Health &
Social Services

Date: 3-20-86

ices are essential to ensure the long-term agricultural viability and profitability of farms and ranches in the United States;

(2) agricultural research and technology transfer activities of the Secretary (including activities of the Extension Service, the Agricultural Research Service, and the Cooperative State Research Service), State cooperative extension services, land-grant and other colleges and universities, and State agricultural experiment stations—

(A) have contributed greatly to innovation in agriculture; and

(B) have a continuing role to play in improving agricultural productivity;

(3) the annual irretrievable loss of billions of tons of precious topsoil through wind and water erosion reduces agricultural productivity;

(4) many farmers and ranchers are highly dependent on machines and energy resources for agricultural production;

(5) public funding of a properly planned and balanced agricultural research program is essential to improving efficiency in agricultural production and conservation practices; and

(6) expanded agricultural research and extension efforts are needed to assist farmers and ranchers to—

(A) improve agricultural productivity; and

(B) implement soil, water, and energy conservation practices.

PURPOSES

Sec. 1463. It is the purpose of this subtitle to—

(1) facilitate and promote scientific investigation in order to—

(A) enhance agricultural productivity;

(B) maintain the productivity of land;

(C) reduce soil erosion and loss of water and plant nutrients; and

(D) conserve energy and natural resources; and

(2) facilitate the conduct of research projects in order to study agricultural production systems that—

(A) are located, to the extent practicable, in areas that possess various soil, climatic, and physical characteristics;

(B) have been, and will continue to be, managed using farm production practices that rely on—

(i) items purchased for the production of an agricultural commodity; and

(ii) a variety of conservation practices; and

(C) are subjected to a change from the practices described in subparagraph (B)(i) to the practices described in subparagraph (B)(ii).

INFORMATION STUDY

Sec. 1464. (a) Subject to section 1468, the Secretary shall inventory and classify by subject matter all studies, reports, and other materials developed by any person or governmental agency with the participation or financial assistance of the Secretary, that could be used to promote the purposes of this subtitle.

(b) In carrying out subsection (a), the Secretary shall—

(1) identify, assess, and classify existing information and research reports that will further the purposes of this subtitle, including information and research relating to legume-crop rotation, the use of green manure, animal manures, and municipal wastes in agricultural production, soil acidity, liming in relation to nutrient release, intercropping, the role of organic matter in soil productivity and erosion control, the effect of topsoil loss on soil productivity, and biological methods of weed, disease, and insect control;

(2) identify which of such reports provide useful information and make such reports available to farmers and ranchers; and

(3) identify gaps in such information and carry out a research program to fill such gaps.

RESEARCH PROJECTS

Sec. 1465. (a) Subject to section 1468, in cooperation with Federal and State research agencies and agricultural producers, the Secretary shall conduct such research projects as are needed to obtain data, draw conclusions, and demonstrate technologies necessary to promote the purposes of this subtitle.

(b) In carrying out subsection (a), the Secretary shall conduct projects and studies in areas that are broadly representative of United States agricultural production, including production on small farms.

(c) In carrying out subsection (a), the Secretary may conduct research projects involving crops, soils, production methods, and weed, insect, and disease pests on individual fields or other areas of land.

(d) In the case of a research project conducted under this section that involves the planting of a sequence of crops, the Secretary shall conduct such project for a term of—

(1) at least 5 years; and

(2) to the extent practicable, 17 to 15 years.

(e) In coordination with the Extension Service and State cooperative extension services, the Secretary shall take such steps as are necessary to ensure that farmers and ranchers are aware of projects conducted under this section.

(2) The Secretary shall ensure that such projects are open for public observation at specified times.

(f) Subject to paragraph (2), the Secretary may indemnify an operator of a project conducted under this section for damage incurred or undue losses sustained as a result of a rigid requirement of research or demonstration under such project that is not experienced in normal farming operations.

(2) An indemnity payment under paragraph (f) shall be subject to any agreement before a project grantee and operator entered into prior to the initiation of such project.

COORDINATION

Sec. 1466. The Secretary shall—

(1) establish a panel of experts consisting of representatives of the Agricultural Research Service, Cooperative State Research Service, Soil Conservation Service, Extension Service, State cooperative extension services, State agricultural experiment stations, and other specialists in agricultural research and technology transfer; and

(2) ensure that a research project under this subtitle is designed after taking into consideration the views of such panel.

REPORTS

Sec. 1467. The Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate—

(1) not later than 180 days after the effective date of this subtitle, a report describing the design of research projects established in accordance with sections 1465 and 1466;

(2) not later than 15 months after the effective date of this subtitle, a report describing the results of the program carried out under section 1465; and

(3) not later than April 1, 1987, and each April 1 thereafter, a report describing the progress of projects conducted under this subtitle, including—

(A) a summary and analysis of data collected under such projects; and

(B) recommendations based on such data for new basic or applied research.

AGREEMENTS

Sec. 1468. The Secretary may carry out sections 1464 and 1465 through agreements

with land-grant colleges or universities, other universities, State agricultural experiment stations, nonprofit organizations, or Federal or State governmental entities, that have demonstrated appropriate expertise in agricultural research and technology transfer.

DISSEMINATION OF DATA

Sec. 1469. The Secretary shall—

(1) make available through the Extension Service and State cooperative extension services—

(A) the information and research reports identified under section 1464; and

(B) the information and conclusions resulting from any research project conducted under section 1465; and

(2) otherwise take such steps as are necessary to ensure that such material is made available to the public.

AUTHORIZATION FOR APPROPRIATIONS

Sec. 1470. There are authorized to be appropriated such sums as may be necessary to carry out this subtitle, to remain available until expended.

EFFECTIVE DATE

Sec. 1471. This subtitle shall become effective on October 1, 1985.

TITLE XV—FOOD STAMP AND RELATED PROVISIONS

SubTitle A—Food Stamp Provisions

PUBLICLY OPERATED COMMUNITY MENTAL HEALTH CENTERS

Sec. 1501. (a) Section 3 of the Food Stamp Act of 1977 (7 U.S.C. 2012) is amended by—

(1) in subsection (f), striking out "which" and all that follows through "providing" and inserting in lieu thereof ", or a publicly operated community mental health center, under part B of title XIX of the Public Health Service Act (42 U.S.C. 300r et seq.) to provide"; and

(2) inserting ", or a publicly operated community mental health center," after "private nonprofit institution" in the last sentence of subsection (k).

(b) Section 10 of such Act (7 U.S.C. 2019) is amended by inserting "publicly operated community mental health centers or" after "purchased, and".

DETERMINATION OF FOOD SALES VOLUME

Sec. 1502. Section 3(k) of the Food Stamp Act of 1977 (7 U.S.C. 2012(k)) is amended by inserting after "food sales volume" in clause (1) the following: ", as determined by visual inspection, sales records, purchase records, or other inventory or accounting record-keeping methods that are customary or reasonable in the retail food industry."

TRUTHY FOOD PLAN

Sec. 1503. The first sentence of section 3(o) of the Food Stamp Act of 1977 (7 U.S.C. 2012(o)) is amended by striking out "fifty-four" and inserting in lieu thereof "fifty".

DEFINITIONS OF THE DISABLED

Sec. 1504. Section 3(r) of the Food Stamp Act of 1977 (7 U.S.C. 2012(r)) is amended by—

(1) inserting before the semicolon at the end of paragraph (2) the following: ", federally or State administered supplemental benefits of the type described in section 1616(a) of the Social Security Act if the Secretary determines that such benefits are conditioned on meeting the disability or blindness criteria used under title XVI of the Social Security Act, or federally or State administered supplemental benefits of the type described in section 212(a) of Public Law 93-86 (42 U.S.C. 1382 note)";

(2) inserting before the semicolon at the end of paragraph (3) the following: "or receives disability retirement benefits from a governmental agency because of a disability";

considered permanent under section 221(f) of the Social Security Act (42 U.S.C. 421(f));

(3) inserting "or non-service-connected" after "service-connected" in paragraph (1)(A);

(4) striking out "or" at the end of paragraph (5);

(5) striking out the period at the end of paragraph (6) and inserting in lieu thereof "or"; and

(6) adding at the end thereof the following:

"(7) is an individual receiving an annuity under section 2(a)(1)(iv) or 2(a)(1)(v) of the Railroad Retirement Act of 1974 (45 U.S.C. 231(a)(1)(iv) or 231(a)(1)(v)), if the individual's service as an employee under the Railroad Retirement Act of 1974, after December 31, 1938, had been included in the term 'employment' as defined in the Social Security Act, and if an application for disability benefits had been filed."

STATE AND LOCAL SALES TAXES

SEC. 1505. (a) Section 4(a) of the Food Stamp Act of 1977 (7 U.S.C. 2013(a)) is amended by inserting before the period at the end of the first sentence the following: "except that a State may not participate in the food stamp program if the Secretary determines that State or local sales taxes are collected within that State on purchases of food made with coupons issued under this Act."

(b)(1) Except as provided in paragraph (2), the amendment made by subsection (a) shall take effect with respect to a State beginning on the first day of the fiscal year that commences in the calendar year during which the first regular session of the legislature of such State is convened following the date of enactment of this Act.

(2) Upon a showing by a State, to the satisfaction of the Secretary, that the application of paragraph (1), without regard to this paragraph, would have an adverse and disruptive effect on the administration of the food stamp program in such State or would provide inadequate time for retail stores to implement changes in sales tax policy required as a result of the amendment made by subsection (a), the Secretary may delay the effective date of subsection (a) with respect to such State to a date not later than October 1, 1987.

RELATION OF FOOD STAMP AND COMMODITY DISTRIBUTION PROGRAMS

SEC. 1506. Section 4(b) of the Food Stamp Act of 1977 (7 U.S.C. 2013(b)) is amended by—

- (1) striking out the first sentence; and
- (2) striking out "also" in the second sentence.

CATEGORICAL ELIGIBILITY

SEC. 1507. (a)(1) Section 5(a) of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended by inserting after the first sentence the following: "Notwithstanding any other provisions of this Act except sections 6(b), 6(d)(2), and 6(g) and the third sentence of section 3(f), and during the period beginning on the date of the enactment of the Food Security Act of 1985 and ending on September 30, 1989, households in which each member receives benefits under a State plan approved under part A of title IV of the Social Security Act, supplemental security income benefits under title XVI of the Social Security Act, or aid to the aged, blind, or disabled under title I, X, XIV, or XVI of the Social Security Act, shall be eligible to participate in the food stamp program."

(2) During the period beginning on the date of the enactment of this Act and ending on September 30, 1989, section 5(j) of the Food Stamp Act of 1977 (7 U.S.C. 2014(j)) shall not apply.

(b) Section 11(f) of the Food Stamp Act of 1977 (7 U.S.C. 2020(f)) is amended by adding

at the end thereof the following: "No household shall have its application to participate in the food stamp program denied nor its benefits under the food stamp program terminated solely on the basis that its application to participate has been denied or its benefits have been terminated under any of the programs carried out under the statutes specified in the second sentence of section 5(a) and without a separate determination by the State agency that the household fails to satisfy the eligibility requirements for participation in the food stamp program."

(c) Not later than 2 years after the date of the enactment of this Act, the Secretary shall—

(1) evaluate the implementation of the second sentence of section 5(a) of the Food Stamp Act of 1977, as amended by subsection (a) of this section; and

(2) submit to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives a report summarizing the results of such evaluation.

THIRD PARTY PAYMENTS

SEC. 1508. Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended by—

(1) inserting "except as provided in subsection (k)," after "household," in subsection (d)(1); and

(2) adding at the end thereof the following new subsection:

"(k)(1) For purposes of subsection (d)(1), except as provided in paragraph (2), assistance provided to a third party on behalf of a household by a State or local government shall be considered money payable directly to the household if the assistance is provided in lieu of—

- "(A) a regular benefit payable to the household for living expenses under a State plan for aid to families with dependent children approved under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); or
- "(B) a benefit payable to the household for living expenses under—

- "(i) a State or local general assistance program; or
- "(ii) another basic assistance program comparable to general assistance (as determined by the Secretary).

"(2) Paragraph (1) shall not apply to—

- "(A) medical assistance;
- "(B) child care assistance;
- "(C) energy assistance;
- "(D) assistance provided by a State or local housing authority; or
- "(E) emergency and special assistance, to the extent excluded in regulations prescribed by the Secretary."

EXCLUDED INCOME

SEC. 1509. (a) Section 6(d) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)), as amended by section 1508, is amended by—

(1) inserting "and except as provided in subsection (k)," after the comma at the end of clause (1);

(2) in clause (3)—

(A) striking out "higher education" and inserting in lieu thereof "secondary education"; and

(B) adding at the end thereof "and to the extent loans include any origination fees and insurance premiums,"

(3) inserting "no portion of any non-Federal educational loan on which payment is deferred, grant, scholarship, fellowship, veterans' benefits, and the like that are provided for living expenses, and no portion of any Federal educational loan on which payment is deferred, grant, scholarship, fellowship, veterans' benefits, and the like to the extent it provides income assistance beyond that used for tuition and mandatory school fees," in the proviso to clause (5) after "child care expenses,"

"4) inserting", but household income that otherwise is included under this subsection shall be reduced by the extent that the cost of producing self-employment income exceeds the income derived from self-employment as a farmer" before the comma in clause (9);

(5) inserting "except as otherwise provided in subsection (k) of this section" after "food stamp program" in clause (18).

(b) Section 5(k) of such Act, as added by section 1508, is amended by adding at the end thereof the following new paragraph:

"(3) For purposes of subsection (d)(1), educational loans on which payment is deferred, grants, scholarships, fellowships, veterans' educational benefits, and the like that are provided to a third party on behalf of a household for living expenses shall be treated as money payable directly to the household."

(c) Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014), as amended by section 1508, is amended by adding at the end thereof the following new subsection:

"(U) Notwithstanding section 162(b) of the Job Training Partnership Act (29 U.S.C. 1552(b)), earnings to individuals participating in on-the-job training programs under section 206(5) of the Job Training Partnership Act shall be considered earned income for purposes of the food stamp program, except for dependents less than 19 years of age."

CHILD SUPPORT PAYMENTS

SEC. 1510. Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014), as amended by sections 1508 and 1509—

(1) in subsection (d) by—

(A) striking out "and" at the end of clause (11); and

(B) inserting before the period at the end thereof the following: "and (13) at the option of a State agency and subject to subsection (m), child support payments that are excluded under section 602(a)(8)(A)(v) of the Social Security Act (42 U.S.C. 602(a)(8)(A)(v))"; and

(2) adding at the end thereof the following new subsection:

"(m) If a State agency excludes payments from income for purposes of the food stamp program under subsection (d)(13), such State agency shall pay to the Federal Government, in a manner prescribed by the Secretary, the cost of any additional benefits provided to households in such State that arise under such program as the result of such exclusion."

DEDUCTIONS FROM INCOME

SEC. 1511. Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended by—

(1) in the second sentence, striking out "homeownership component" and inserting in lieu thereof "homeowners' costs and maintenance and repair component";

(2) effective May 1, 1986, in the third sentence, striking out "18" and inserting in lieu thereof "20";

(3) effective May 1, 1986, amending the fourth sentence by—

(A) amending the proviso to clause (2) to read as follows: "Provided, That the amount of such excess shelter expense deduction shall not exceed \$147 a month in the forty-eight contiguous States and the District of Columbia, and shall not exceed, in Alaska, Hawaii, Guam, and the Virgin Islands of the United States, \$256, \$210, \$179, and \$109 a month, respectively, adjusted on October 1, 1986, and on each October 1 thereafter, to the nearest lower dollar increment to reflect changes in the shelter (exclusive of homeowners' costs and maintenance and repair component of shelter costs), fuel, and utilities components of housing costs in

STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : _____

REQUEST

Bill/Resolution No. : HB No. 697
 Title : Prohibiting Municipal sales tax on purchases made with food stamps.
 Sponsor : Health, Ed. and Soc. Svcs. Comm.
 Requestor : _____
 Date of Request : 3/18/86

FISCAL DETAIL

Agency Affected : Health & Social Services
 BRU : Public Assistance/Administration
 Components : Eligibility Determination

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING : (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS :

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

ANALYSIS : Attach a separate page if necessary

This measure provides a positive impact on those Food Stamp Program participants who reside in areas that levy taxes by allowing those low income households to use all their food stamps on food items. It does not establish any program or function which would impact the Division of Public Assistance.

Prepared by : John R. Tabor, Director Phone : 465-3347
 Division : Division of Public Assistance Date : 3-18-86

Approved by Commissioner : Conne Shipstead Date : 3-20-86
 Agency : Department of Health & Social Services

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

JCC

MEMORANDUM

State of Alaska

TO: Ray Gillespie
Chief of Staff
Office of the Governor

DATE: February 21, 1986

FILE NO:

TELEPHONE NO: 465-3030

FROM: *J.R.P.*
John R. Pugh
Commissioner
Department of Health
and Social Services

SUBJECT: Need for Legislation to
Prohibit Local Sales
Taxes on Food Stamp
Purchases

Section 1505 of the Food Security Act of 1985, recently passed by Congress, has amended the Food Stamp Act to require that states participating in the Food Stamp Program may not allow local sales tax to be collected on those purchases. The attached memo from the Attorney General's office analyzes this statute and the relevant Alaska statute in more detail. Also attached is the proposed statutory amendment which would cure this problem. The state must take steps as soon as possible to get into legal compliance with the Federal Food Stamp Act, in order to guarantee continued receipt of food stamps within Alaska. The effective date of this Act is October 1, 1986, unless an extension is granted by the Secretary of Agriculture. A request for an extension cannot be based upon a lack of legislative action, but is instead restricted to very specific reasons, cited at the bottom of page two of the Attorney General's memo. In any event, with the current federal mood toward the saving of money, the risk of applying for an extension rather than introducing and moving legislation to forbid the local sales tax on food stamp purchases would not be wise.

Please note that in Alaska only, food stamp recipients are allowed to buy non-food items such as subsistence tools and supplies with their food stamps. Therefore, the legislation needs to specify no sales tax on items bought with food stamps, and not be limited to the exemption from taxation of food only.

We appreciate your attention to this matter, and will proceed as you consider best toward introduction of such legislation or to try for an extension of the effective date of the Act until October 1, 1987.

Attachments

RECEIVED

FEB 21

GOVERNOR'S OFFICE

MEMORANDUM

State of Alaska

TO: Honorable John Pugh
Commissioner
Department of Health and
Social Services

DATE: February 14, 1986

FILE NO: 66-3-86-0317

TELEPHONE NO: 465-3603

FROM: Harold M. Brown
Attorney General

SUBJECT: Sales taxes on food
stamp purchases

By: George W. Edwards *GWE*
Assistant Attorney General
Human Services - Juneau

You have asked for our evaluation of the potential impact of certain recent federal food stamp legislation on the state's food stamp program eligibility.

We believe the legislation in question could result in the termination of state participation in the federal food stamp program if certain sales tax restrictions are not implemented.

Section 1505 of the Food Security Act of 1985 (H.R. 2100) amends the Food Stamp Act at 7 U.S.C. § 2013(a) to provide that:

[A] State may not participate in the food stamp program if the Secretary determines that State or local sales taxes are collected within that State on purchases of food made with coupons issued under this Act.

Alaska boroughs and cities are currently permitted to collect sales taxes on sales, rents, and services without restriction. AS 29.45.650(a) states:

(a) A borough may levy and collect a sales tax not exceeding six percent on sales, rents, and on services provided in the borough. The sales tax may apply to any or all of these sources. Exemptions may be granted by ordinance.

AS 29.45.700 states:

(a) A city in a borough that levies and collects areawide sales and use taxes may levy sales and use taxes on all sources taxed by the borough in the manner provided for boroughs, except that the assembly may by ordinance authorize a city to levy and collect sales and use taxes on other sources.

(b) A city in a borough that does not levy and collect sales and use taxes for areawide borough functions may levy and collect sales and use taxes in the manner provided for boroughs.

(c) A city outside a borough may levy and collect sales and use taxes in the manner provided for boroughs.

A study conducted by the Department of Community and Regional Affairs last year found that Alaska's food stamp purchases during 1984 totaled \$19,788,024. The department estimated that these purchases generated approximately \$300,000 in sales tax revenues. Its conclusion was that the loss of sales tax revenues from food stamp purchases would have little effect on revenue sharing or local government operations.

Since Alaska's current sales tax laws do not require that municipalities exempt food items purchased with food stamps, legislative action will be necessary to assure that the state will continue to qualify for the federal program.

Proposed legislation accompanies this memorandum. It creates an exception to existing sales tax law by prohibiting taxation of food purchases made with food stamps. You will note that it conforms to the requirements of section 1505 in not prohibiting taxation of purchases of non-food items made with food stamps. The potential for revenue loss to municipalities resulting from this legislation is minimal compared to the loss to the state's economy which would result from termination of the food stamp program.

Unless an extension is granted by the Secretary of Agriculture, section 1505 will become applicable to Alaska on October 1, 1986. This date represents the beginning of the federal fiscal year and is controlling according to the Congressional Record for December 17, 1985, at H 12398.

An extension to October 1, 1987, may be granted as set forth in section 1505(b)(2):

(2) Upon a showing by a State, to the satisfaction of the Secretary, that the application of paragraph (1), without regard to this paragraph, would have an adverse and disruptive effect on the administration of the food stamp program in such State or would provide inadequate time for retail stores to implement

Honorable John Pugh, Commissioner
Department of Health and Social Services
66-3-86-0317

February 14, 1986
Page 3

changes in sales tax policy required as a result of the amendment made by subsection (a), the Secretary may delay the effective date of subsection (a) with respect to such State to a date not later than October 1, 1987.

We are unable to address the question of how much lead time municipalities and retailers in Alaska may require to implement the sales tax changes proposed in the legislation. If a compelling case for an extension is made before the legislature by municipalities or retailers, the same argument would hopefully convince the secretary. Barring such a showing, the appropriate course of action appears to be the passage of necessary legislation with a special effective date of October 1, 1986.

Please review our proposed legislation in light of the above information and let us know how you wish to proceed.

GWE:nb

Original sponsor: Health, Education and
Social Services Committee

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 697 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act prohibiting municipal sales tax on purchases
7 made with food stamps; and providing for an effective
8 date."

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

10 * Section 1. AS 29.10.200(40) is amended to read:

11 (40) AS 29.45.650(c), [AND] (d), and (f) (sales and use tax)

12 * Sec. 2. AS 29.10.200 is amended by adding a new paragraph to read:

13 (47) AS 29.45.700(a) (power of levy)

14 * Sec. 3. AS 29.45.650(a) is amended to read:

15 (a) Except as provided in (f) of this section, a [A] borough may
16 levy and collect a sales tax not exceeding six percent on sales,
17 rents, and on services provided in the borough. The sales tax may
18 apply to any or all of these sources. Exemptions may be granted by
19 ordinance.

20 * Sec. 4. AS 29.45.650 is amended by adding a new subsection to read:

21 (f) A borough may not levy and collect a sales tax on a purchase
22 made with food coupons, food stamps, or other type of certificate
23 issued under 7 U.S.C. 2011 - 2025 (Food Stamp Act). This subsection
24 applies to home rule and general law municipalities.

25 * Sec. 5. AS 29.45.700(a) is amended to read:

26 (a) A city in a borough that levies and collects areawide sales
27 and use taxes may levy sales and use taxes on all sources taxed by the
28 borough in the manner provided for boroughs. The [, EXCEPT THAT THE]
29 assembly may by ordinance authorize a city to levy and collect sales

1 and use taxes on other sources except purchases made with food cou-
2 pons, food stamps, or other type of certificate issued under 7 U.S.C.
3 2011 - 2025 (Food Stamp Act). This subsection applies to home rule
4 and general law municipalities.

5 * Sec. 6. This Act takes effect October 1, 1986.
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