

ALASKA LEGISLATURE COMMITTEE FILES 1903-1900 00/2

3649 HSTA HB 3 - HB 14 523

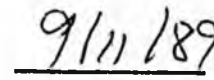


RECORDS CERTIFICATION



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.


Signature of Camera Operator


Date

HB

3

COMMITTEE REPORT

HOUSE

(7)

1/14/85

FURTHER: Judiciary

Date: 1/23/85

The Committee on State Affairs has had HB 3

"An Act relating to open containers of alcoholic beverages in motor vehicles."

under consideration and recommends:

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

MEMBERS SIGNING DO PASS

Handwritten signatures of committee members who support the bill.

MEMBERS HAVING OTHER RECOMMENDATIONS:

Handwritten notes and signatures of members with other recommendations.

Handwritten signature of the Chairman, Katie Hurley.

CHAIRMAN

Introduced: 1/14/85
Referred: State Affairs and
Judiciary

BY SZYMANSKI, BOUCHER, DUNCAN,
M.M. MILLER AND NAVARRE

1 IN THE HOUSE

2 HOUSE BILL NO. 3

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to open containers of alcoholic
7 beverages in motor vehicles."

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

9 * Section 1. AS 28.35 is amended by adding a new section to article 2
10 to read:

11 Sec. 28.35.029. OPEN CONTAINER. (a) A person may not operate a
12 motor vehicle when there is an open bottle, can or other receptacle
13 containing an alcoholic beverage in the passenger compartment of the
14 vehicle.

15 (b) In this section

16 (1) "motor vehicle" means a vehicle for which a driver's
17 license is required;

18 (2) "open" includes having a broken seal;

19 (3) "passenger compartment" means the area of a motor
20 vehicle normally occupied by the driver and passengers and includes a
21 utility or glove compartment accessible to the driver or a passenger
22 while the vehicle is being operated.

23 (c) A person who violates (a) of this section is guilty of an
24 infraction.

*Title IV definition of alcoholic beverage
operation*



Official Business

Alaska State Legislature

House of Representatives

Representative Mike Szymanski

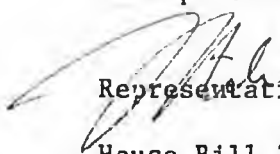
Rep. Mike Szymanski
801 W. Fireweed Lane, Suite 102
Anchorage, Alaska 99503
Phone 276-6731

SR-A-Box 1304B
Anchorage, Alaska 99502
Phone (907) 349-3373

While in Session:
Pouch V
State Capitol
Juneau, Alaska 99811

January 22, 1985

TO: Representative Katie Hurley
Chairperson, House State Affairs Committee

FROM:  Representative Mike Szymanski

SUBJECT: House Bill 3

The intent of HB 3 is to provide law enforcement officials another tool for use in combatting drunk driving. There can be little doubt that the presence of open alcoholic beverage containers in a vehicle increases the probability of consumption while driving and correspondingly, the possibility of an alcohol related accident.

Currently, Alaska has no open container statute on the books. For while 13AAC 02 545 prohibits drinking while driving, nothing prohibits open alcoholic beverage containers in the passenger compartments of moving vehicles.

Nineteen other states have an open container law (see attached analysis), some of which have been in existence since the 1930's. House Research contacted Utah and Hawaii where laws were recently enacted.

Utah enacted its law in 1981 in an effort to alleviate confusion resulting from the inconsistency of numerous local ordinances governing drinking and driving. Hawaii, which also enacted its law in 1981, did so in response to police accident reports which frequently cited empty alcohol containers at the scene.

Given Alaska's disproportionate number of alcohol related accidents, I would greatly appreciate your consideration of this important measure.

From: U.S. Department of Transportation, National Highway
 Traffic Safety Administration
 "Alcohol-Highway Safety: A Digest of State Alcohol-
 Highway Safety Related Legislation 1983"

ANALYSIS BY STATES--HIGH-INTEREST LEGISLATION (Continued)

| State | Dram Shop | Open Container | Community Service | Mandatory Jail-1st Offense | Mandatory Jail--2nd or Other Offense |
|----------------------|-----------|----------------|-------------------|----------------------------|--------------------------------------|
| ALABAMA | Statute | | | | |
| ALASKA | Statute | | | | |
| ARIZONA | No | | X | X | X |
| ARKANSAS | No | | | | |
| CALIFORNIA | No | X | | | X |
| COLORADO | Statute | | X | | |
| CONNECTICUT | Statute | | | | X |
| DELAWARE | No | | | | |
| DISTRICT OF COLUMBIA | Case law | | | | |
| FLORIDA | Case law | | X | | |
| GEORGIA | Statute | | | | |
| HAWAII | Case law | X | X | | |
| IDAHO | Case law | X | | | |
| ILLINOIS | Statute | X | | | |
| INDIANA | Case law | | | | X |
| IOWA | Statute | | | | X |
| KANSAS | No | X | | | |
| KENTUCKY | Case law | | | | X |
| LOUISIANA | No | | X | X | X |
| MAINE | Statute | | | X | X |
| MARYLAND | No | X | | | |
| MASSACHUSETTS | Statute | | | | |
| MICHIGAN | Statute | X | X | | |
| MINNESOTA | Statute | X | | | |
| MISSISSIPPI | Case law | | | | |
| MISSOURI | Case law | | | | |
| MONTANA | No | X | | | X |
| NEBRASKA | No | | | | X |
| NEVADA | No | | | | X |
| NEW HAMPSHIRE | No | | | | X |
| NEW JERSEY | Case law | | X | | |
| NEW MEXICO | Case law | | | | X |
| NEW YORK | Statute | | | | |
| NORTH CAROLINA | No | X | | | X |
| NORTH DAKOTA | Statute | X | | | |
| OHIO | Statute | X | | | |

ANALYSIS BY STATES--HIGH-INTEREST LEGISLATION (Continued)

| State | Dram Shop | Open Container | Community Service | Mandatory Jail-1st Offense | Mandatory Jail--2nd or Other Offense |
|----------------|----------------------------|----------------|-------------------|----------------------------|--------------------------------------|
| OKLAHOMA | No | X | | | |
| OREGON | Statute | X | | | |
| PENNSYLVANIA | Statute | | X | X | X |
| PUERTO RICO | No | | | | |
| RHODE ISLAND | Statute | | | | |
| SOUTH CAROLINA | No | X | | | |
| SOUTH DAKOTA | No | X | | | |
| TENNESSEE | Case law | | X | X | X |
| TEXAS | No | | | | |
| UTAH | Statute | X | X | | |
| VERMONT | Statute | | | | |
| VIRGINIA | No | | | | X |
| WASHINGTON | Case law | X | | X | X |
| WEST VIRGINIA | No | | X | X | X |
| WISCONSIN | No | X | | | |
| WYOMING | Statute | | | X | X |
| | Case law-12 Statute -20 | 19 | 11 | 8 | 20 |

House OKs tougher open container bill

By BRUCE SCANDLING
The Associated Press

If a passenger in your car cracks a beer on the way to a picnic — even if you haven't touched a drop — then police could make you submit to an alcohol breath test, under legislation approved Wednesday by the House.

That's if the measure makes it through the Senate and is signed into law by Gov. Bill Sheffield.

The breath-test provision was approved after a lengthy floor session when House lawmakers spontaneously drafted an amendment to the open-container bill they were considering.

That open-container measure — originally introduced by Anchorage Democrat Mike Szymanski — makes it illegal to have an open container of alcohol anywhere in the passenger compartment of a vehicle while driving.

It was approved a week ago, but brought back before the House Wednesday for reconsideration.

Rep. Alyce Hanley, R-Anchorage, successfully pushed through a provision requiring the breath test if any open container of alcohol is spotted by police anywhere in the passenger compartment of a vehicle.

She said open-container legislation — in whatever form — should focus on whether the driver is sober.

"I believe the real question and the real concern is, 'Has the driver been drinking?'" Ms. Hanley said.

A breath test is the best way to find out, she said.

Under the bill, however, the sober driver would still be guilty of violating open-container law if open bottles are present in the passenger compartment.

Szymanski said that's fine with him because the original intent of his bill still holds up: to discourage alcohol use in motor vehicles.

The measure passed the House by a 34-to-4 tally.

In the profiles of Juneau's longtime residents. It is true that we have made in-roads into the labor market and aspects of the community, but they've been short roads. We can receive little credit when we look at the statistics in administrative and management levels of assignments of our local workforce. See adjacent.

These numbers are clear, and they indicate that employment is still an area of concern. They indicate that if Mrs. Riley were heading offices in city government and school district she would still be able to say, "You couldn't find too many Black folks in these offices," for city government and schools remain just as they were 20 years ago. We have not addressed the federal government's workforce in this article, but we realize that their record must also be assessed. There have been some gains in the Sheffield administration, but as the McSmith said, "There has been no

Blanche, Rosalee and Charlie Mae. Our struggle is far from over and we must march on to the beat of equality's tune.

It is also clear that the struggle is one that is germane to all minority groups. It is interesting to note that a few minority members who attended a Don Young rally in Juneau during the 1984 congressional campaign entertained a proposal by Ben Holganza to start a minority coalition. Since that time Hispanics, Alaskan Natives, Blacks, Filipinos and other minority groups have been working to accomplish this task. UBC has lent its full organizational support to the development of this coalition. We realize that it is no mere coincidence that the numbers for Alaskan Natives, Blacks, Filipinos and Hispanics nearly mirror each other in those categories displayed in this article. Historically, the civil rights gains that have been made in this country have been made by forging strong coalition between different and often diverse ethnic groups.

| CITY | STATE | | SCHOOL DISTRICT | |
|------|-------------|---------------|-----------------|---------------|
| | NO. OF EMP. | NO. OF BLACKS | NO. OF EMP. | NO. OF BLACKS |
| 0 | 187 | 6 | 20 | 0 |
| 0 | 1258 | 7 | 221 | 1 |
| 0 | 132 | 2 | 29 | 0 |
| 2 | 106 | 5 | | |

Alaska State Legislature

House of Representatives

Representative Mike Szymanski

1120 Johns Road
Anchorage, Alaska 99515
Phone (907) 349-3373

While in session:

Pouch A

State Capitol

Juneau, Alaska 99811

(907) 465-4978-4979

FEB 21 1985

Finance Committee
Oil and Gas Committee

JANUARY 19, 1985

TO: ALL MEMBERS
FROM: REPRESENTATIVE MIKE SZYMANSKI

FACT SHEET: HB 3 - OPEN CONTAINER

- * A TOP PRIORITY OF M.A.D.D.
- * A TOP PRIORITY OF THE SHEFFIELD ADMINISTRATION
- * 46 OTHER STATES HAVE SIMILAR LAWS (19 very similar)
- * IN ALASKA ONLY ANCHORAGE HAS SIMILAR ORDINANCE RIGHT NOW
- * DRINKING AND DRIVING IS ILLEGAL (13AAC 02 545), BUT YOU MUST BE OBSERVED IN THE ACT. (ONE COULD HAVE AN OPEN BOTTLE OF JACK DANIELS IN ONE'S LAP AND AN OFFICER COULD DO NOTHING ABOUT IT)
- * LAW WILL NOT CLOG UP COURT SYSTEM:
 - PENALTY IS NOT JAILABLE (AN INFRACTION; AS 28.40.050(c));
 - MAXIMUM \$300 FINE; NO PUBLIC DEFENDER COSTS TO STATE
 - TRAFFIC COURT JURISDICTION
- * CHANGES/AMENDMENTS MADE AFTER STATE AFFAIRS COMMITTEE (IN JUDICIARY):
 - LIKE DWI STATUTES, LAW WILL APPLY TO "DRIVING OR OPERATING" A MOTOR VEHICLE. THUS IT WILL APPLY TO PARKING LOT TYPE SITUATIONS (KEYS IN THE CAR, ENGINE RUNNING OR OFF, ECT.) THIS LANGUAGE IS CONSISTANT WITH CURRENT DWI STATUTE, AS 28.35.030, AND INTENDED TO INCORPORATE ALL SITUATIONS WHICH MAY REASONABLY COME UNDER THE INTENT OF THE LAW (ie.- youths or "cruisers", people who stop for a snip, ect.)
 - UNLIKE DWI, LAW WILL APPLY ONLY TO PUBLIC ROADWAYS AND ONLY TO VEHICLES FOR WHICH A DRIVERS LICENSE IS REQUIRED. THUS THE LAW WILL NOT APPLY TO OFF ROAD VEHICLES AND WILL NOT APPLY TO SITUATIONS WHERE A PERSON IS PULLED OFF THE PUBLIC ROADWAY (ie-camping)
 - DEFINITION OF ALCOHOLIC BEVERAGE (TITLE 4) WAS CROSSREFERENCED
 - WINNEBAGO ISSUE RESOLVED - TRUNKLESS VEHICLES MAY TRANSPORT OPEN CONTAINERS BEHIND LAST UPRIGHT SEAT, IF CONTAINER IS ENCASED (COMBINED MICHIGAN AND S. CAROLINA LAW) THUS THERE IS NO QUESTION AS TO THE RIGHT TO TRANSPORT OPEN CONTAINERS IN MOTOR HOMES, VANS, ETC.

STATE OF ALASKA

DEPARTMENT OF LAW

CRIMINAL DIVISION

BILL SHEFFIELD, GOVERNOR

REPLY TO:

OFFICE OF THE CHIEF PROSECUTOR
POUCH KC
JUNEAU, ALASKA 99811
PHONE: (907) 465-3428

OFFICE OF SPECIAL PROSECUTIONS
AND APPEALS
1031 WEST 4TH AVENUE, SUITE 318
ANCHORAGE, ALASKA 99501-5993
PHONE: (907) 279-7424

February 6, 1985

Honorable Kate Hurley
Chairman, House State Affairs
Pouch V
Juneau, AK 99811

Re: House Bill 3 - An Act Relating to Open Containers of Alcoholic Beverages in Motor Vehicles

Dear Chairman Hurley:

On Wednesday, January 23, 1985, I represented the Department of Law, Criminal Division at the House State Affairs committee on House Bill 3 -- an act relating to open containers of alcoholic beverages in motor vehicles. This letter is written in response to your request that my comments be placed in writing.

My comments can be summarized as follows:

(1) A definition of "alcoholic beverage" should be provided in this section. As there is a definition of "alcoholic beverage" already located in Title 4 -- Alcoholic Beverages, the recommended drafting technique would be to cross-reference to that Title 4 definition. Thus, the amendment would read:

"alcoholic beverage" has the meaning given in AS 04.21.080(b)(1)."

In using the cross-reference technique, however, one must realize that any future changes in the Title 4 definition will be incorporated in this Title 28 definition. If the committee feels the two definitions should be independent, the full Title 4 definition can be written out in this bill. We would recommend that the cross-reference technique be used in this case because it is highly likely that any change in the Title 4 definition, which is defined for the purpose of regulating the sale, distribution and consumption of alcoholic beverages, would be a desirable change for the purposes of the open container law, as well.

(2) The legislature should determine whether it wants to make it a crime for a person to have an open

receptacle containing alcoholic beverages while "driving" a motor vehicle only, or while "driving or operating" a motor vehicle. The existing DWI statute makes it a crime to "drive or operate" a motor vehicle while intoxicated. The definition of "driving" is self-explanatory. The definition of "operate" is less obvious and has been the subject of legal argument. A common jury instruction given by Alaska courts for the definition of "operate" reads as follows:

"operating" a motor vehicle means a person voluntarily placed himself behind the wheel of a motor vehicle and (A) had started the motor or permitted it to run, or (B) was in exclusive control of a stationary vehicle in that he was able to immediately control the mechanical or electrical devices that could cause the vehicle to move;

In other words, a person observed sitting in an automobile which has its motor running, which has two wheels on the road and two wheels off the road, who has his head and shoulders on the passenger side of the front seat and his feet and legs below the steering wheel, and who is sleeping, would be seen as "operating" a motor vehicle for the purposes of a DWI prosecution. Jacobson v. State, 551 P.2d 935 (Alaska 1976).

The issue, then, is whether the legislature wants to make it a crime to have an open container of alcoholic beverage in the car just while the car is moving, or also when it is parked, but the driver is in a position to move the car.

(3) It should be decided whether this law should apply only to persons driving a motor vehicle on a highway or vehicular way, or whether it should apply to persons driving anywhere, i.e., on private property, in parking lots, etc. Under existing law, a farmer can be prosecuted for Driving While Intoxicated for driving his tractor in his own barley field while under the influence of intoxicating liquor. This is because a tractor falls under the definition of "motor vehicle" and there is no requirement under the DWI statute that the driving be on a highway or vehicular way. It is felt that any person driving a motor vehicle while impaired is a danger to life and property, no matter where he is driving.

On the other hand, a person can be prosecuted for Driving While License Suspended (DWLS) under AS 28.15.291 only if he is driving the motor vehicle on a highway or vehicular way. That is because a drivers license is not required to operate a motor vehicle in places other than a highway or vehicular area.

(4) I also testified that this bill addresses a local problem, because it is not the type of problem that occurs frequently outside local boundaries. And it does appear that the major cities in Alaska, such as Anchorage, Fairbanks, and Juneau have similar, but not identical, laws. A certain amount of this type of activity occurs on roadways which are not within the jurisdiction of any local government, however, and thus a state statute would be necessary for State Troopers to enforce such a law.

(5) Finally, I mentioned that this new law could possibly be used by local police departments for charging purposes, instead of a similar local ordinance. By charging a misdemeanor under state law, a local government would avoid paying for public defender costs for the defense of indigent offenders, as required by a law passed in the last legislative session (AS 18.85.155). However, this concern appears to be unwarranted as the three largest cities in Alaska -- Anchorage, Fairbanks, and Juneau -- make this violation punishable by a fine only. Only those indigent persons charged with offenses which carry a potential jail penalty are entitled to receive legal representation at public expense.

It should also be noted that the definition of "motor vehicle" under Title 28 includes any vehicle which is self-propelled, except a vehicle moved by human or animal power. This includes tractors, snow machines, three-wheelers, in addition to the traditional automobile or truck.

I hope these comments clarify my testimony on this bill.

At your request, I have provided copies of this letter to the Honorable Mike Miller, Chairman of the House Judiciary Committee and all House Judiciary Committee Members. I have also provided a copy to the prime sponsor of the bill, the Honorable Mike Szymanski.

Very truly yours,

NORMAN C. GORSUCH
ATTORNEY GENERAL

DANIEL W. HICKEY
CHIEF PROSECUTOR

By:


Lisa B. Nelson

Assistant Attorney General

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 3
 Title: "An Act relating to open con-
 tainers of alcoholic beverages in motor vehicles."
 Sponsor: Szmanski, Boucher, Duncan.*
 Requestor: _____
 Date of Request: 1/22/85

FISCAL DETAIL

Agency Affected: Health & Social Services
 Program Category Affected: Alcoholism and
 Drug Abuse Services
 BRU, Program or Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 |
|------------------------|-------|-------|-------|-------|-------|-------|
| OPERATING | | | | | | |
| 100 PERSONAL SERVICES | | | | | | |
| 200 TRAVEL | | | | | | |
| 300 CONTRACTUAL | | | | | | |
| 400 SUPPLIES | | | | | | |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS | | | | | | |
| 800 MISCELLANEOUS | | | | | | |
| 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)


| | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 |
|---------------|-------|-------|-------|-------|-------|-------|
| GENERAL FUND | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | | | | | | |

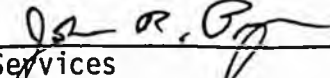
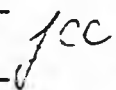
POSITIONS:

| | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 |
|-----------|-------|-------|-------|-------|-------|-------|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS: Attach a separate page if necessary

* M.M. Miller and Navarre.

Prepared By: Matthew C. Felix  Phone: 586-6201
 Division: Alcoholism and Drug Abuse Date: 1/23/85

Approved by Commissioner: J. R. G.  Date: 1/23/85 
 Agency: Health & Social Services

Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

POSITION PAPER

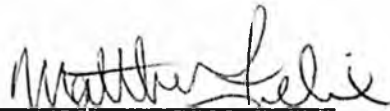
HOUSE BILL 3

"An Act relating to open containers of alcoholic beverages in motor vehicles."

The Department is supportive of HB No. 3 as a preventative measure to drinking and driving. This strategy was favorably reviewed by the Governor's Task Force on Drunk Driving and is a legislative priority of the Alaska Mothers Against Drunk Driving organization.

This legislation would bring the state into conformity with local government ordinances. Alaska is one of the few states that does not have this type of statute.

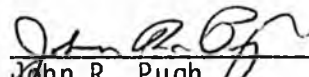
Recommended by:


Matthew C. Felix
Coordinator
Office of Alcoholism/
Drug Abuse

Date:

1/23/85

Approved by:


John R. Pugh
Commissioner
Dept. of Health &
Social Services

Date:

1/23/85

DEPARTMENT OF PUBLIC SAFETY

POSITION PAPER

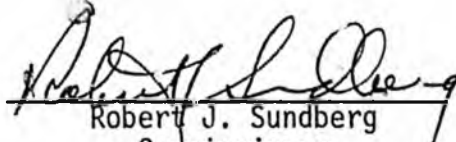
HB 3

SUPPORT

HB 3 - "An Act relating to open containers of alcoholic beverages in motor vehicles."

This bill will provide another law enforcement tool toward reducing the drunk drivers on the road.

Making it a violation to have an open container in the passenger compartment of a motor vehicle should reduce the tendency to drink while in the process of driving, which now is the only violation related to alcoholic beverages in a vehicle.


Robert J. Sundberg
Commissioner

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 3
 Title: "An Act relating to open
 containers..."
 Sponsor: Rep. Szvanski
 Requestor: House State Affairs
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Public Safety
 Program Category Affected: _____
Administration of Justice
 BRU, Program or Subprogram(s) Affected: _____
Alaska State Troopers

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 |
|------------------------|------------|------------|------------|------------|------------|------------|
| OPERATING | | | | | | |
| 100 PERSONAL SERVICES | | | | | | |
| 200 TRAVEL | | | | | | |
| 300 CONTRACTUAL | | | | | | |
| 400 SUPPLIES | | | | | | |
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| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS | | | | | | |
| 800 MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | -0- | -0- | -0- | -0- | -0- | -0- |

| | | | | | | |
|----------------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|----------------|--|--|--|--|--|--|

| | | | | | | |
|----------------|--|--|--|--|--|--|
| REVENUE | | | | | | |
|----------------|--|--|--|--|--|--|

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

Prepared By: Paul Conger Phone: 465-4338
 Division: Administrative Services Date: 1-21-85

Approved by Commissioner: [Signature] Date: 1/22/85
 Agency: Public Safety

Distribution (by Agency preparing fiscal note):

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

7/1/84

BILL SHEFFIELD, GOVERNOR

REPLY TO:

OFFICE OF THE CHIEF PROSECUTOR
POUCH KC
JUNEAU, ALASKA 99811
PHONE: (907) 465-3428

OFFICE OF SPECIAL PROSECUTIONS
AND APPEALS
1031 WEST 4TH AVENUE, SUITE 318
ANCHORAGE, ALASKA 99501-5993
PHONE: (907) 279-7424

DEPARTMENT OF LAW

CRIMINAL DIVISION

February 6, 1985

Honorable Kate Hurley
Chairman, House State Affairs
Pouch V
Juneau, AK 99811

Re: House Bill 3 - An Act Relating to Open Containers of Alcoholic Beverages in Motor Vehicles

Dear Chairman Hurley:

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(1) A definition of "alcoholic beverage" should be provided in this section. As there is a definition of "alcoholic beverage" already located in Title 4 -- Alcoholic Beverages, the recommended drafting technique would be to cross-reference to that Title 4 definition. Thus, the amendment would read:

"alcoholic beverage" has the meaning given in AS 04.21.080(b)(1)."

In using the cross-reference technique, however, one must realize that any future changes in the Title 4 definition will be incorporated in this Title 28 definition. If the committee feels the two definitions should be independent, the full Title 4 definition can be written out in this bill. We would recommend that the cross-reference technique be used in this case because it is highly likely that any change in the Title 4 definition, which is defined for the purpose of regulating the sale, distribution and consumption of alcoholic beverages, would be a desirable change for the purposes of the open container law, as well.

(2) The legislature should determine whether it wants to make it a crime for a person to have an open

(4) I also testified that this bill addresses a local problem, because it is not the type of problem that occurs frequently outside local boundaries. And it does appear that the major cities in Alaska, such as Anchorage, Fairbanks, and Juneau have similar, but not identical, laws. A certain amount of this type of activity occurs on roadways which are not within the jurisdiction of any local government, however, and thus a state statute would be necessary for State Troopers to enforce such a law.

(5) Finally, I mentioned that this new law could possibly be used by local police departments for charging purposes, instead of a similar local ordinance. By charging a misdemeanor under state law, a local government would avoid paying for public defender costs for the defense of indigent offenders, as required by a law passed in the last legislative session (AS 18.85.155). However, this concern appears to be unwarranted as the three largest cities in Alaska -- Anchorage, Fairbanks, and Juneau -- make this violation punishable by a fine only. Only those indigent persons charged with offenses which carry a potential jail penalty are entitled to receive legal representation at public expense.

It should also be noted that the definition of "motor vehicle" under Title 28 includes any vehicle which is self-propelled, except a vehicle moved by human or animal power. This includes tractors, snow machines, three-wheelers, in addition to the traditional automobile or truck.

I hope these comments clarify my testimony on this bill.

At your request, I have provided copies of this letter to the Honorable Mike Miller, Chairman of the House Judiciary Committee and all House Judiciary Committee Members. I have also provided a copy to the prime sponsor of the bill, the Honorable Mike Szymanski.

Very truly yours,

NORMAN C. GORSUCH
ATTORNEY GENERAL

DANIEL W. HICKEY
CHIEF PROSECUTOR

By: 

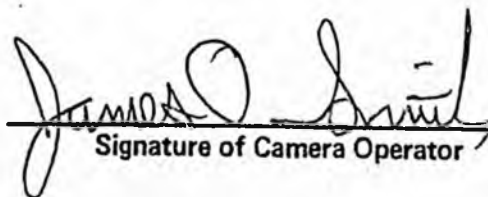
Lisa B. Nelson
Assistant Attorney General

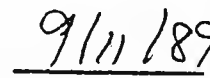


RECORDS CERTIFICATION



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.


Signature of Camera Operator


Date

HB

9

Original sponsors: Szymanski, Clocksin,
Pourchot and Navarre

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR HOUSE BILL NO. 9 (State Affairs)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - FIRST SESSION
5 A BILL

6 For an Act entitled: "An Act relating to payments to the Alaska permanent
7 fund required by the Constitution of the State of
8 Alaska; and providing for an effective date."

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

10 * Section 1. PURPOSE. It is the purpose of this Act to maximize the
11 constitutionally required payments of state oil and gas revenue to the
12 Alaska permanent fund in order to increase the principal of the fund to the
13 point that there will be enough interest from the fund to pay a significant
14 portion of the expense of state government when oil and gas revenue de-
15 clines. In this manner state oil and gas revenue can be better allocated
16 to achieve both short-term and long-term benefits for the state, while
17 still protecting the principal of the permanent fund.

18 * Sec. 2. AS 37.13.010(a) is repealed and reenacted to read:

19 (a) Under art. IX, sec. 15 of the state constitution, there is
20 established as a separate fund the Alaska permanent fund. The Alaska
21 permanent fund consists of

22 (1) 50 percent of all mineral lease rentals, royalties,
23 royalty sale proceeds, net profit shares under AS 38.05.180(f) and
24 (g), and federal mineral revenue sharing payments and bonuses received
25 by the state from mineral leases; and

26 (2) any other money appropriated to or otherwise allocated
27 by law to the Alaska permanent fund.

28 * Sec. 3. This Act takes effect ^{July 1} ~~June 30~~, 1986.
29

HB 7 (cont'd)

be released to the Division of Fish and Wildlife Protection, Dept. of Public Safety. Does not provide for an effective date (becomes effective 90 days after Governor's signature).

On January 14 Representatives Binkley and Wallis added their names as co-sponsors.

Introduced January 14 and referred to Resources, then Finance.

Harassment
of Game
(prohibiting)

HOUSE BILL NO. 8, by Rep. M. M. Miller. Amends the Fish and Game Code (AS 16.05) by adding a new section making it a class A misdemeanor for a person to use an aircraft, motor driven boat or other motorized vehicle to drive, chase, herd, pursue, or molest game with the intent to exhaust, frighten, or harass the game. Does not provide for an effective date (becomes law 90 days after Governor signs bill).

On January 14 Representatives Goll and Grussendorf added their names as co-sponsors.

Introduced January 14 and referred to Judiciary, then Resources.

Permanent Fund
(increasing
payments to)

HOUSE BILL NO. 9 by Rep. Szymanski. Seeks to "maximize the constitutionally required payments of state oil and gas revenue to the Alaska permanent fund in order to increase the principal of the fund to the point that there will be enough interest ... to pay a significant portion of the expense of state government when oil and gas revenue declines...." Would require an across-the-board 50 percent of all mineral lease rentals, royalties, royalty sale proceeds, net profit shares under the oil and gas leasing laws (AS 38.05.180) and federal mineral revenue sharing payments and bonuses received by the state to be deposited in the Permanent Fund. Allows deposits of any other money appropriated to or otherwise allocated by law to the Fund (as does current law). Provides Act takes effect immediately.

Note: current law requires that 25 percent of all mineral lease rentals, royalties, royalty sale proceeds, net profit shares under the oil and gas leasing provisions (AS 38.05.180), and federal mineral revenue sharing payments received by the state from mineral leases issued on or before December 1, 1979, and 25 percent of all bonuses received by the state from mineral leases issued on or before February 15, 1980 be deposited in the Fund. That amount increases to 50 percent for leases issued after 12/1/79 and to 50 percent for bonuses received from mineral leases issued after 2/15/80.

On January 14 Representatives Clocksin, Pourchot and Navarre added their names as co-sponsors.

Introduced January 14 and referred to State Affairs, then Finance.



Alaska Permanent Fund Corporation
Pouch 4-1000 Juneau, Alaska 99802
TEL 907/465-2047 TLX 099-46-323

M E M O R A N D U M

DATE: January 18, 1985

TO: Representative Mike Syzmanski
Alaska State Legislature

FROM: David A. Rose, Executive Director
Alaska Permanent Fund Corporation

SUBJECT: Effect of Increasing the Dedication Rate of State Revenues
to the Alaska Permanent Fund per House Bill No. 9

Pursuant to your request, I have prepared the following schedules which set forth different levels of dedicated State Revenues and depict associated impact on earnings, dividends, etc.

SHEET NUMBER 1. Revenues and impact associated with using the current statute (25% Pre 1980 and 50% Post 1979) dedication and 30% revenue case.

SHEET NUMBER 2. Revenues and impact associated with increasing the current statute dedication to a 50% contribution rate, per House Bill No. 9 using the 30% revenue case.

Please note that the 50% contribution rate does not have the effect of doubling the "current" contribution rate. This occurs because the "current" contribution rate projections already include a 50% contribution rate for post 1979 income. [see AS 37.13.010(a)(1) and (2)].

DAR/bn

cc: Rep. Don Clocksin
Rep. Pat Pourchot
Rep. Mike Navarre

ALASKA PERMANENT FUND CORPORATION

FINANCIAL PROJECTIONS AS OF 1/17/85

| -----PRINCIPAL: ACTUAL & PROJECTED----- (in millions) | | | | | | | -----INCOME: ACTUAL & PROJECTED----- (in millions) | | | | | | | |
|--|---------------------|--------------------|-----------------------|-------------------|---------------------------------|-------------------|---|------------------------|--------------------------|------------------|-----------------|----------|-----------------|----|
| Beginning FY Balance | Appro- priations | Dedicated | | Ending Balance | Inflation Adjusted | | Net Income | Distributions | | | Reserves | | Total Assets | FY |
| | | State Revenues* | Inflation Proofing | | Ending Proofing Shortfall | Ending Balance | | Inflation Dividends | State General Fund | Trans. Adj.** | Add (Delete) | Balance | | |
| 78 | | 54.4 | | 54.4 | | 54.4 | 1.8 | | | 1.3 | .5 | | 55.0 | 78 |
| 79 | 54.4 | 84.1 | | 138.5 | | 138.5 | 8.0 | | | 6.6 | 1.4 | | 140.5 | 79 |
| 80 | 138.5 | 344.4 | .3 | 483.2 | | 483.2 | 32.4 | 11.8 | .3 | 11.8 | 8.5 | | 502.9 | 80 |
| 81 | 483.2 | 900.0 | .2 | 1,768.5 | | 1,768.5 | 149.9 | 27.5 | .2 | 27.5 | 36.0 | 58.7 | 1,874.6 | 81 |
| 82 | 1,768.5 | 800.0 | | 2,969.0 | | 2,969.0 | 368.4 | 71.1 | | 71.1 | 41.1 | 185.1 | 3,301.7 | 82 |
| 83 | 2,969.0 | 400.0 | 231.2 | 4,021.2 | | 4,021.2 | 471.1 | 107.9 | 231.2 | 109.5 | (87.5) | 110.0 | 4,593.0 | 83 |
| 84 | 4,021.2 | 300.0 | 150.9 | 4,838.3 | | 4,838.3 | 529.5 | 175.0 | 150.9 | | | 203.6 | 5,530.8 | 84 |
| 85 | 4,838.3 | 300.0 | 230.8 | 5,727.2 | | 5,727.2 | 618.5 | 213.8 | 230.8 | | | 174.0 | 6,672.4 | 85 |
| 86 | 5,727.2 | <u>719.7</u> | 386.8 | 6,833.7 | | 6,833.7 | 613.7 | 260.1 | 386.8 | | | (33.2) | 7,792.0 | 86 |
| 87 | 6,833.7 | 690.7 | 451.5 | 7,975.9 | | 7,975.9 | 709.0 | 294.2 | 451.5 | | | (36.7) | 8,931.6 | 87 |
| 88 | 7,975.9 | 684.6 | 519.6 | 9,180.1 | | 9,180.1 | 808.2 | 327.9 | 519.5 | | | (39.3) | 10,130.2 | 88 |
| 89 | 9,180.1 | 675.5 | 591.3 | 10,446.9 | | 10,446.9 | 912.6 | 366.2 | 591.3 | | | (44.9) | 11,390.4 | 89 |
| 90 | 10,446.9 | 650.7 | 665.9 | 11,763.5 | | 11,763.5 | 1,021.5 | 406.5 | 665.9 | | | (50.9) | 12,696.4 | 90 |
| 91 | 11,763.5 | 625.3 | 743.3 | 13,132.1 | | 13,132.1 | 1,134.2 | 458.6 | 743.3 | | | (67.7) | 14,049.4 | 91 |
| 92 | 13,132.1 | 626.5 | 825.5 | 14,584.1 | | 14,584.1 | 1,251.4 | 512.8 | 825.5 | | | (86.9) | 15,468.7 | 92 |
| 93 | 14,584.1 | 621.0 | 912.3 | 16,117.4 | | 16,117.4 | 1,374.0 | 569.4 | 912.3 | | | (107.7) | 16,950.9 | 93 |
| 94 | 16,117.4 | 584.4 | 1,002.1 | 17,703.9 | | 17,703.9 | 1,500.6 | 628.2 | 1,002.1 | | | (129.7) | 18,466.5 | 94 |
| 95 | 17,703.9 | 576.8 | 1,076.6 | 19,357.3 | 20.2 | 19,377.5 | 1,631.4 | 689.2 | 1,076.6 | | | (134.4) | 20,046.5 | 95 |
| 96 | 19,357.3 | 542.9 | 1,014.2 | 20,914.4 | 179.8 | 21,094.2 | 1,766.6 | 752.4 | 1,014.2 | | | | 21,666.8 | 96 |
| 97 | 20,914.4 | 512.2 | 1,087.5 | 22,514.1 | 198.1 | 22,712.2 | 1,905.3 | 817.8 | 1,087.5 | | | | 23,331.9 | 97 |
| 98 | 22,514.1 | 495.4 | 1,163.3 | 24,172.6 | 217.3 | 24,390.1 | 2,048.6 | 885.3 | 1,163.3 | | | | 25,058.1 | 98 |
| 99 | 24,172.8 | 466.5 | 1,241.7 | 25,881.0 | 236.7 | 26,117.7 | 2,196.5 | 954.8 | 1,241.7 | | | | 26,835.8 | 99 |
| 0 | 25,881.0 | 441.8 | 1,322.6 | <u>27,645.4</u> | 256.8 | 27,902.2 | 2,349.2 | 1,026.6 | 1,322.6 | | | | <u>28,672.0</u> | 0 |

* Source: Alaska Department of Revenue

** Chapter 81, SLA 1982. Sec. 15(b)

ASSUMPTIONS: 30% CASE FORECAST - 2nd Qtr FY95

- 50% Contribution Rate
- 4.20% Inflation FY85
- 10.81% Return FY85
- 6% Average Inflation FY86-FY00
- 9% Average Return FY86-FY00

ALASKA PERMANENT FUND CORPORATION

FINANCIAL PROJECTIONS AS OF 1/17/85

| -----PRINCIPAL: ACTUAL & PROJECTED----- (in millions) | | | | | | -----INCOME: ACTUAL & PROJECTED----- (in millions) | | | | | | | | |
|--|---------------------|--------------------|-----------------------|-------------------|--------------------|---|---------------|------------------------|--------------------------|------------------|-----------------|---------|-----------------|----|
| Beginning FY Balance | Appro- priations | Dedicated | | Ending Balance | Inflation Adjusted | | Net Income | Distributions | | Trans. Adj.** | Reserves | | Total Assets | FY |
| | | State Revenues* | Inflation Proofing | | Ending Balance | Shortfall | | Inflation Dividends | State General Fund | | Add (Delete) | Balance | | |
| 78 | | 54.4 | | 54.4 | | 54.4 | 1.8 | | 1.3 | .5 | | | 55.0 | 78 |
| 79 | 54.4 | 84.1 | | 138.5 | | 138.5 | 8.0 | | 6.6 | 1.4 | | | 140.5 | 79 |
| 80 | 138.5 | 344.4 | .3 | 483.2 | | 483.2 | 32.4 | 11.8 | .3 | 8.5 | | | 502.9 | 80 |
| 81 | 483.2 | 900.0 | .2 | 1,768.5 | | 1,768.5 | 149.9 | 27.5 | .2 | 36.0 | 58.7 | 58.7 | 1,874.6 | 81 |
| 82 | 1,768.5 | 890.0 | | 2,969.0 | | 2,969.0 | 368.4 | 71.1 | | 41.1 | 185.1 | 243.8 | 3,301.7 | 82 |
| 83 | 2,969.0 | 400.0 | 231.2 | 4,021.2 | | 4,021.2 | 471.1 | 107.9 | 231.2 | 109.5 | (87.5) | 110.0 | 353.8 | 83 |
| 84 | 4,021.2 | 300.0 | 150.9 | 4,838.3 | | 4,838.3 | 529.5 | 175.0 | 150.9 | | | 203.6 | 557.4 | 84 |
| 85 | 4,838.3 | 300.0 | 230.8 | 5,727.2 | | 5,727.2 | 618.6 | 213.8 | 230.8 | | | 174.0 | 731.4 | 85 |
| 86 | 5,727.2 | 359.9 | 365.2 | 6,452.3 | | 6,452.3 | 597.5 | 258.5 | 365.2 | | (26.2) | 705.2 | 7,416.0 | 86 |
| 87 | 6,452.3 | 345.3 | 407.9 | 7,205.5 | | 7,205.5 | 659.7 | 287.6 | 407.9 | | (35.3) | 659.4 | 8,162.5 | 87 |
| 88 | 7,205.5 | 356.6 | 453.7 | 8,015.8 | | 8,015.8 | 724.8 | 313.0 | 453.7 | | (41.9) | 627.5 | 8,956.3 | 88 |
| 89 | 8,015.8 | 361.7 | 502.7 | 8,880.2 | | 8,880.2 | 794.2 | 339.5 | 502.7 | | (48.0) | 579.5 | 9,799.2 | 89 |
| 90 | 8,880.2 | 353.8 | 554.0 | 9,788.0 | | 9,788.0 | 867.3 | 364.4 | 554.0 | | (51.1) | 528.4 | 10,680.8 | 90 |
| 91 | 9,788.0 | 342.6 | 607.8 | 10,738.4 | | 10,738.4 | 943.9 | 399.0 | 607.8 | | (62.9) | 465.5 | 11,602.9 | 91 |
| 92 | 10,738.4 | 342.8 | 664.9 | 11,746.1 | | 11,746.1 | 1,023.8 | 435.4 | 664.9 | | (76.5) | 389.0 | 12,570.5 | 92 |
| 93 | 11,746.1 | 338.9 | 725.1 | 12,810.1 | | 12,810.1 | 1,107.4 | 473.7 | 725.1 | | (91.4) | 297.6 | 13,581.4 | 93 |
| 94 | 12,810.1 | 319.6 | 787.8 | 13,917.5 | | 13,917.5 | 1,194.1 | 513.7 | 787.8 | | (107.4) | 190.2 | 14,621.4 | 94 |
| 95 | 13,917.5 | 324.1 | 854.5 | 15,096.1 | | 15,096.1 | 1,284.3 | 555.4 | 854.5 | | (125.5) | 64.6 | 15,716.1 | 95 |
| 96 | 15,096.1 | 306.9 | 844.1 | 16,247.1 | 80.1 | 16,327.2 | 1,378.3 | 598.8 | 844.1 | | (64.6) | | 16,845.9 | 96 |
| 97 | 16,247.1 | 290.2 | 831.4 | 17,368.7 | 160.8 | 17,529.5 | 1,475.3 | 643.9 | 831.4 | | | | 18,012.6 | 97 |
| 98 | 17,368.7 | 282.2 | 885.1 | 18,536.0 | 174.0 | 18,710.0 | 1,575.9 | 690.8 | 885.1 | | | | 19,226.8 | 98 |
| 99 | 18,536.0 | 265.8 | 940.8 | 19,742.6 | 187.3 | 19,929.9 | 1,680.2 | 739.4 | 940.8 | | | | 20,482.0 | 99 |
| 0 | 19,742.6 | 253.2 | 998.4 | 20,994.2 | 201.4 | 21,195.6 | 1,788.2 | 789.8 | 998.4 | | | | 21,784.0 | 0 |

* Source: Alaska Department of Revenue

** Chapter 81, SLA 1982, Sec. 15(b)

ASSUMPTIONS: 30% CASE FORECAST - 2nd Qtr FY85

-
- 25% Pre-1980 Contribution Rate
- 50% Post-1979 Contribution Rate
- 4.20% Inflation FY85
- 10.81% Return FY85
- 6% Average Inflation FY86-FY00
- 9% Average Return FY86-FY00



Alaska Permanent Fund Corporation

Pouch 4-1000 Juneau, Alaska 99802

TEL 907/465-2047 TLX 099-46-323

MEMORANDUM

DATE: January 18, 1985

TO: Representative Mike Syzmanski
Alaska State Legislature

FROM: David A. Rose, Executive Director
Alaska Permanent Fund Corporation

SUBJECT: Effect of Increasing the Dedication Rate of State Revenues
to the Alaska Permanent Fund per House Bill No. 9

Pursuant to your request, I have prepared the following schedules which set forth different levels of dedicated State Revenues and depict associated impact on earnings, dividends, etc.

SHEET NUMBER 1. Revenues and impact associated with using the current statute (25% Pre 1980 and 50% Post 1979) dedication and 30% revenue case.

SHEET NUMBER 2. Revenues and impact associated with increasing the current statute dedication to a 50% contribution rate, per House Bill No. 9 using the 30% revenue case.

Please note that the 50% contribution rate does not have the effect of doubling the "current" contribution rate. This occurs because the "current" contribution rate projections already include a 50% contribution rate for post 1979 income. [see AS 37.13.010(a)(1) and (2)].

DAR/bn

cc: Rep. Don Clocksin
Rep. Pat Pourchot
Rep. Mike Navarre

ALASKA PERMANENT FUND CORPORATION

FINANCIAL PROJECTIONS AS OF 1/17/85

-----PRINCIPAL: ACTUAL & PROJECTED-----
(in millions)

-----INCOME: ACTUAL & PROJECTED-----
(in millions)

| FY | Beginning Balance | Dedicated | | | Inflation Adjusted | | | Distributions | | | Reserves | | | Total Assets | FY |
|----|-------------------|------------------|-----------------|--------------------|--------------------|--------------------|----------------|---------------|-----------|--------------------|--------------------|---------------|----------------------|--------------|----|
| | | Appro- priations | State Revenues* | Inflation Proofing | Ending Balance | Proofing Shortfall | Ending Balance | Net Income | Dividends | Inflation Proofing | State General Fund | Trans. Adj.** | Add (Delete) Balance | | |
| 78 | | | 54.4 | | 54.4 | | 54.4 | 1.8 | | | 1.3 | .5 | | 55.0 | 78 |
| 79 | 54.4 | | 84.1 | | 138.5 | | 138.5 | 8.0 | | | 6.6 | 1.4 | | 140.5 | 79 |
| 80 | 138.5 | | 344.4 | .3 | 483.2 | | 483.2 | 32.4 | 11.8 | .3 | 11.8 | 8.5 | | 502.9 | 80 |
| 81 | 483.2 | 900.0 | 385.1 | .2 | 1,768.5 | | 1,768.5 | 149.9 | 27.5 | .2 | 27.5 | 36.0 | 58.7 | 1,874.6 | 81 |
| 82 | 1,768.5 | 800.0 | 400.5 | | 2,969.0 | | 2,969.0 | 368.4 | 71.1 | | 71.1 | 41.1 | 185.1 | 3,301.7 | 82 |
| 83 | 2,969.0 | 400.0 | 421.0 | 231.2 | 4,021.2 | | 4,021.2 | 471.1 | 107.9 | 231.2 | 109.5 | (87.5) | 110.0 | 4,593.0 | 83 |
| 84 | 4,021.2 | 300.0 | 366.2 | 150.9 | 4,838.3 | | 4,838.3 | 529.5 | 175.0 | 150.9 | | | 203.6 | 5,530.8 | 84 |
| 85 | 4,838.3 | 300.0 | 358.1 | 230.8 | 5,727.2 | | 5,727.2 | 618.6 | 213.8 | 230.8 | | | 174.0 | 6,672.4 | 85 |
| 86 | 5,727.2 | | 719.7 | 386.8 | 6,833.7 | | 6,833.7 | 613.7 | 260.1 | 386.8 | | (33.2) | 698.2 | 7,792.0 | 86 |
| 87 | 6,833.7 | | 690.7 | 451.5 | 7,975.9 | | 7,975.9 | 709.0 | 294.2 | 451.5 | | (36.7) | 661.5 | 8,931.6 | 87 |
| 88 | 7,975.9 | | 684.6 | 519.6 | 9,180.1 | | 9,180.1 | 808.2 | 327.9 | 519.6 | | (39.3) | 622.2 | 10,130.2 | 88 |
| 89 | 9,180.1 | | 675.5 | 591.3 | 10,446.9 | | 10,446.9 | 912.6 | 366.2 | 591.3 | | (44.9) | 577.3 | 11,390.4 | 89 |
| 90 | 10,446.9 | | 650.7 | 665.9 | 11,763.5 | | 11,763.5 | 1,021.5 | 406.5 | 665.9 | | (50.9) | 525.4 | 12,696.4 | 90 |
| 91 | 11,763.5 | | 625.3 | 743.3 | 13,132.1 | | 13,132.1 | 1,134.2 | 458.6 | 743.3 | | (67.7) | 458.7 | 14,049.4 | 91 |
| 92 | 13,132.1 | | 626.5 | 825.5 | 14,584.1 | | 14,584.1 | 1,251.4 | 512.8 | 825.5 | | (86.9) | 371.8 | 15,468.7 | 92 |
| 93 | 14,584.1 | | 621.0 | 912.3 | 16,117.4 | | 16,117.4 | 1,374.0 | 569.4 | 912.3 | | (107.7) | 264.1 | 16,950.9 | 93 |
| 94 | 16,117.4 | | 584.4 | 1,002.1 | 17,703.9 | | 17,703.9 | 1,500.6 | 628.2 | 1,002.1 | | (129.7) | 134.4 | 18,466.5 | 94 |
| 95 | 17,703.9 | | 576.8 | 1,076.6 | 19,357.3 | 20.2 | 19,377.5 | 1,631.4 | 689.2 | 1,076.6 | | (134.4) | | 20,046.5 | 95 |
| 96 | 19,357.3 | | 542.9 | 1,014.2 | 20,914.4 | 179.8 | 21,094.2 | 1,766.6 | 752.4 | 1,014.2 | | | | 21,666.8 | 96 |
| 97 | 20,914.4 | | 512.2 | 1,087.5 | 22,514.1 | 198.1 | 22,712.2 | 1,905.3 | 817.8 | 1,087.5 | | | | 23,331.9 | 97 |
| 98 | 22,514.1 | | 495.4 | 1,163.3 | 24,172.8 | 217.3 | 24,390.1 | 2,048.6 | 885.3 | 1,163.3 | | | | 25,058.1 | 98 |
| 99 | 24,172.8 | | 466.5 | 1,241.7 | 25,881.0 | 236.7 | 26,117.7 | 2,196.5 | 954.8 | 1,241.7 | | | | 26,835.8 | 99 |
| 0 | 25,881.0 | | 441.8 | 1,322.6 | 27,645.4 | 256.8 | 27,902.2 | 2,349.2 | 1,026.6 | 1,322.6 | | | | 28,672.0 | 0 |

* Source: Alaska Department of Revenue

** Chapter 81, SLA 1982, Sec. 15(b)

ASSUMPTIONS: 30% CASE FORECAST - 2nd Qtr FY85

- 50% Contribution Rate
- 4.20% Inflation FY85
- 10.81% Return FY85
- 6% Average Inflation FY86-FY00
- 9% Average Return FY86-FY00

ALASKA PERMANENT FUND CORPORATION

Shannon Case

FINANCIAL PROJECTIONS AS OF 1/17/85

| -----PRINCIPAL: ACTUAL & PROJECTED----- (in billions) | | | | | | | | | | -----INCOME: ACTUAL & PROJECTED----- (in millions) | | | | |
|--|---------------------|---------------------------------|-----------------------|-------------------|------------------------------------|-------------------------------|---------------|-----------------------|--------------------------|---|-----------------|----------|-----------------|----|
| Beginning FY Balance | Appro- priations | Dedicated State Revenues* | Inflation Proofing | Ending Balance | Inflation Proofing Shortfall | Adjusted Ending Balance | Net Income | Distributions | | | Reserves | | Total Assets | FY |
| | | | | | | | | Inflation Proofing | State General Fund | Trans. Adj.** | Add (Delete) | Balance | | |
| 78 | | 54.4 | | 54.4 | | 54.4 | 1.8 | | | 1.3 | .5 | | 55.0 | 78 |
| 79 | 54.4 | 84.1 | | 138.5 | | 138.5 | 8.0 | | | 6.6 | 1.4 | | 140.5 | 79 |
| 80 | 138.5 | 344.4 | .3 | 483.2 | | 483.2 | 32.4 | 11.8 | .3 | 11.8 | 8.5 | | 502.9 | 80 |
| 81 | 483.2 | 900.0 | .2 | 1,768.5 | | 1,768.5 | 149.9 | 27.5 | .2 | 27.5 | 36.0 | 58.7 | 1,874.6 | 81 |
| 82 | 1,768.5 | 800.0 | | 2,969.0 | | 2,969.0 | 368.4 | 71.1 | | 71.1 | 41.1 | 185.1 | 3,301.7 | 82 |
| 83 | 2,969.0 | 400.0 | 231.2 | 4,021.2 | | 4,021.2 | 471.1 | 107.9 | 231.2 | 109.5 | (87.5) | 110.0 | 4,593.0 | 83 |
| 84 | 4,021.2 | 300.0 | 150.9 | 4,838.3 | | 4,838.3 | 529.5 | 175.0 | 150.9 | | | 203.6 | 5,530.8 | 84 |
| 85 | 4,838.3 | 300.0 | 358.1 | 5,727.2 | | 5,727.2 | 618.6 | 213.8 | 230.8 | | | 174.0 | 6,672.4 | 85 |
| 86 | 5,727.2 | 359.9 | 365.2 | 6,452.3 | | 6,452.3 | 597.5 | 258.5 | 365.2 | | | (26.2) | 7,416.0 | 86 |
| 87 | 6,452.3 | 345.3 | 407.9 | 7,205.5 | | 7,205.5 | 659.7 | 287.6 | 407.9 | | | (35.8) | 8,162.5 | 87 |
| 88 | 7,205.5 | 356.6 | 453.7 | 8,015.8 | | 8,015.8 | 724.8 | 313.0 | 453.7 | | | (41.9) | 8,956.3 | 88 |
| 89 | 8,015.8 | 361.7 | 502.7 | 8,880.2 | | 8,880.2 | 794.2 | 339.5 | 502.7 | | | (48.0) | 9,799.2 | 89 |
| 90 | 8,880.2 | 353.8 | 554.0 | 9,788.0 | | 9,788.0 | 867.3 | 364.4 | 554.0 | | | (51.1) | 10,680.8 | 90 |
| 91 | 9,788.0 | 342.6 | 607.8 | 10,738.4 | | 10,738.4 | 943.9 | 399.0 | 607.8 | | | (62.9) | 11,602.9 | 91 |
| 92 | 10,738.4 | 342.8 | 664.9 | 11,746.1 | | 11,746.1 | 1,023.8 | 435.4 | 664.9 | | | (76.5) | 12,570.5 | 92 |
| 93 | 11,746.1 | 338.9 | 725.1 | 12,810.1 | | 12,810.1 | 1,107.4 | 473.7 | 725.1 | | | (91.4) | 13,581.4 | 93 |
| 94 | 12,810.1 | 319.6 | 787.8 | 13,917.5 | | 13,917.5 | 1,194.1 | 513.7 | 787.8 | | | (107.4) | 14,621.4 | 94 |
| 95 | 13,917.5 | 324.1 | 854.5 | 15,096.1 | | 15,096.1 | 1,284.3 | 555.4 | 854.5 | | | (125.5) | 15,716.1 | 95 |
| 96 | 15,096.1 | 306.9 | 844.1 | 16,247.1 | 80.1 | 16,327.2 | 1,378.3 | 598.8 | 844.1 | | | (64.6) | 16,845.9 | 96 |
| 97 | 16,247.1 | 290.2 | 831.4 | 17,368.7 | 160.8 | 17,529.5 | 1,475.3 | 643.9 | 831.4 | | | | 18,012.6 | 97 |
| 98 | 17,368.7 | 282.2 | 885.1 | 18,536.0 | 174.0 | 18,710.0 | 1,575.9 | 690.8 | 885.1 | | | | 19,226.8 | 98 |
| 99 | 18,536.0 | 265.8 | 940.8 | 19,742.6 | 187.3 | 19,929.9 | 1,680.2 | 739.4 | 940.8 | | | | 20,482.0 | 99 |
| 0 | 19,742.6 | 253.2 | 998.4 | 20,994.2 | 201.4 | 21,195.6 | 1,788.2 | 789.8 | 998.4 | | | | 21,784.0 | 0 |

* Source: Alaska Department of Revenue

** Chapter 81, SLA 1982, Sec. 15(b)

ASSUMPTIONS: 30% CASE FORECAST - 2nd Qtr FY85

- 25% Pre-1980 Contribution Rate
- 50% Post-1979 Contribution Rate
- 4.20% Inflation FY85
- 10.81% Return FY85
- 6% Average Inflation FY86-FY00
- 9% Average Return FY86-FY00

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date _____

REQUEST

Bill/Resolution No: HB 9
Title: Payments to the Permanent Fund

Sponsor: Szymanski
Requestor: House State Affairs
Date of Request: January 16, 1985

FISCAL DETAIL

Agency Affected: Department of Revenue
Program Category Affected: _____

BRU, Program of Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 |
|------------------------|-------|-------|-------|-------|-------|-------|
| <u>OPERATING</u> | | | | | | |
| 100 PERSONAL SERVICES | - | - | - | - | - | - |
| 200 TRAVEL | - | - | - | - | - | - |
| 300 CONTRACTUAL | - | - | - | - | - | - |
| 400 SUPPLIES | - | - | - | - | - | - |
| 500 EQUIPMENT | - | - | - | - | - | - |
| 600 LANDS & STRUCTURES | - | - | - | - | - | - |
| 700 GRANTS, CLAIMS | - | - | - | - | - | - |
| 800 MISCELLANEOUS | - | - | - | - | - | - |
| <u>TOTAL OPERATING</u> | - | - | - | - | - | - |
| <u>CAPITAL</u> | - | - | - | - | - | - |
| <u>REVENUE</u> | - | - | - | - | - | - |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|---|---|---|---|---|---|
| GENERAL FUND | - | - | - | - | - | - |
| FEDERAL FUNDS | - | - | - | - | - | - |
| OTHER | - | - | - | - | - | - |
| <u>TOTAL</u> | - | - | - | - | - | - |

POSITIONS:

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

ANALYSIS: This fiscal note addresses only administrative costs.

Prepared By: Milt Barker ^{MB}
Division: Treasury

Phone: 465-2350
Date: January 16, 1985

Approved by Commissioner: [Signature]
Agency: Department of Revenue

Date: 2/15/85

Distribution (by Agency preparing fiscal note):

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

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date

REQUEST

Bill/Resolution No: HB 9
 Title: Relating to payments to
the Alaska Permanent Fund
 Sponsor: Szymanski, Clocksin, Pouchot, Navarre

FISCAL DETAIL

Agency Affected: REVENUE
 Program Category Affected: _____

Requestor: House State Affairs
 Date of Request: January 16, 1985

BRU, Program of Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 |
|------------------------|-------|-------|-------|-------|-------|-------|
| OPERATING | | | | | | |
| 100 PERSONAL SERVICES | - | - | - | - | - | - |
| 200 TRAVEL | - | - | - | - | - | - |
| 300 CONTRACTUAL | - | - | - | - | - | - |
| 400 SUPPLIES | - | - | - | - | - | - |
| 500 EQUIPMENT | - | - | - | - | - | - |
| 600 LANDS & STRUCTURES | - | - | - | - | - | - |
| 700 GRANTS, CLAIMS | - | - | - | - | - | - |
| 800 MISCELLANEOUS | - | - | - | - | - | - |
| TOTAL OPERATING | - | - | - | - | - | - |
| CAPITAL | - | - | - | - | - | - |
| REVENUE | - | - | - | - | - | - |

FUNDING: (Millions of Dollars)

| | | | | | | |
|---------------|---|---------|---------|---------|---------|---------|
| GENERAL FUND | - | (372.9) | (358.0) | (341.6) | (326.8) | (309.1) |
| DIVIDEND FUND | - | 1.6 | 6.5 | 15.6 | 28.6 | 45.5 |
| PR-PRINCIPAL | - | 375.7 | 378.8 | 383.9 | 395.2 | 399.4 |
| PF-UIA | - | (1.6) | 8.6 | 19.5 | 20.0 | 21.8 |

POSITIONS:

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

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis.

Prepared By: ^{MEF} Mary Ellen Frank/Robert W. Elliott
 Division: ^{RWE} Research Section

Phone: 465-2173

Date: 1/31/85

Approved by Commissioner: [Signature]
 Agency: [Signature]

Date: 2/12/85

Distribution (by Agency preparing fiscal note):

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

FISCAL NOTE, HB 9
Attachment

Analysis for HB 9

If all Permanent Fund contributions were increased to 50% as proposed in HB 9, the Permanent Fund principal would receive the estimated additional contributions as shown in Table 1. However, these additional contributions to the Permanent Fund would require a reduction by an equal amount from those specific mineral revenues currently received by the General Fund. The following table shows a breakdown by fiscal year of the proposed increased contribution rate.

TABLE 1
(Millions of Dollars)

| <u>FY</u> | <u>Proposed 50% Rate Perm. Fund Contributions -</u> | <u>Existing 25% & 50% Rate Perm. Fund Contributions =</u> | <u>Difference</u> |
|-----------|---|---|-------------------|
| 1986 | 719.7 | 359.8 | 359.9 |
| 1987 | 690.6 | 345.3 | 345.3 |
| 1988 | 684.6 | 356.5 | 328.1 |
| 1989 | 675.5 | 361.6 | 313.9 |
| 1990 | 650.7 | 353.8 | 296.9 |

The above difference represents both the amount of additional contributions to the Permanent Fund, and the amount of loss the General Fund would experience in offsetting those additional Permanent Fund contributions. Estimates were based on the January 1985 revenue projections (30% case), and included the \$200 million Permanent Fund appropriation deposited in December 1984. Furthermore, revenue estimates from proposed bonus sales were not included in the above analysis, since bonus bids are impossible to anticipate prior to sales.

Since the General Fund balance would be lower during the year due to less mineral revenues, the investment earnings on the General Fund would subsequently decrease as well. Table 2 shows the decrease in General Fund investment earnings.

TABLE 2
(Millions of Dollars)

| <u>FY</u> | <u>Existing 25% & 50% Rate Gen. Fund Investment Earnings -</u> | <u>Proposed 50% Rate Gen. Fund Investment Earnings =</u> | <u>Difference</u> |
|-----------|--|--|-------------------|
| 1986 | 250.0 | 237.0 | 13.0 |
| 1987 | 230.0 | 217.3 | 12.7 |
| 1988 | 222.7 | 209.2 | 13.5 |
| 1989 | 216.2 | 203.3 | 12.9 |
| 1990 | 206.3 | 194.1 | 12.2 |

Thus, the total estimated loss of revenues the General Fund would experience would be the sum of the difference in Table 1 (mineral revenues) plus the difference in Table 2 (investment earnings) as shown below in Table 3.

TABLE 3
(Millions of Dollars)

| <u>FY</u> | <u>General Fund Mineral Revenues</u> | + | <u>General Fund Investment Earnings</u> | = | <u>Total Loss To General Fund</u> |
|-----------|--|---|---|---|---------------------------------------|
| 1986 | 359.9 | | 13.0 | | 372.9 |
| 1987 | 345.3 | | 12.7 | | 358.0 |
| 1988 | 328.1 | | 13.5 | | 341.6 |
| 1989 | 313.9 | | 12.9 | | 326.8 |
| 1990 | 296.9 | | 12.2 | | 309.1 |

The total gain by the Permanent Fund principal would not only include those additional mineral revenues as shown in Table 1, but would also include additional inflation proofing since the Permanent Fund principal balance would be increased. Table 4 shows the additional inflation proofing needed to protect the additional Permanent Fund principal.

TABLE 4
(Millions of Dollars)

| <u>FY</u> | <u>Proposed 50% Rate Inflation Proofing</u> | - | <u>Existing 25% & 50% Rate Inflation Proofing</u> | = | <u>Difference</u> |
|-----------|---|---|---|---|-------------------|
| 1986 | 281.6 | | 265.8 | | 15.8 |
| 1987 | 344.2 | | 310.7 | | 33.5 |
| 1988 | 434.2 | | 378.4 | | 55.8 |
| 1989 | 534.2 | | 452.9 | | 81.3 |
| 1990 | 600.6 | | 498.1 | | 102.5 |

Thus, the total estimated gain the Permanent Fund principal would experience would be the sum of the difference in Table 1 (mineral revenues) plus the difference in Table 4 (inflation proofing) as shown in Table 5.

TABLE 5
(Millions of Dollars)

| <u>FY</u> | <u>Permanent Fund Mineral Revenues</u> | + | <u>Permanent Fund Inflation Proofing</u> | = | <u>Total Gain to Permanent Fund Principal</u> |
|-----------|--|---|--|---|---|
| 1986 | 359.9 | | 15.8 | | 375.7 |
| 1987 | 345.3 | | 33.5 | | 378.8 |
| 1988 | 328.1 | | 55.8 | | 383.9 |
| 1989 | 313.9 | | 81.3 | | 395.2 |
| 1990 | 296.9 | | 102.5 | | 399.4 |

The estimated figures for the dividend fund represent those additional earnings which would be transferred from the Permanent Fund's distributable earnings to the dividend fund each year. Table 6 illustrates the fiscal impact to the dividend fund.

TABLE 6
(Millions of Dollars)

| <u>FY</u> | <u>Proposed 50% Rate Dividend Fund</u> | - | <u>Existing 25% & 50% Rate Dividend Fund</u> | = | <u>Total Gain to Dividend Fund</u> |
|-----------|--|---|--|---|--|
| 1986 | 259.2 | | 257.6 | | 1.6 |
| 1987 | 292.3 | | 285.8 | | 6.5 |
| 1988 | 333.2 | | 317.6 | | 15.6 |
| 1989 | 380.3 | | 351.7 | | 28.6 |
| 1990 | 430.7 | | 385.2 | | 45.5 |

Since there is an additional amount of Permanent Fund principal, there will be additional Permanent Fund investment earnings. These are shown below in Table 7.

TABLE 7
(Millions of Dollars)

| <u>FY</u> | <u>Proposed 50% Rate Perm. Fund Investment Earnings</u> | - | <u>Existing 25% & 50% Rate Perm. Fund Investment Earnings</u> | = | <u>Difference</u> |
|-----------|---|---|---|---|-------------------|
| 1986 | 599.2 | | 583.4 | | 15.8 |
| 1987 | 699.2 | | 650.6 | | 48.6 |
| 1988 | 880.4 | | 789.5 | | 90.9 |
| 1989 | 1001.0 | | 871.1 | | 129.9 |
| 1990 | 1127.1 | | 957.3 | | 169.8 |

The Undistributed Income Account (UIA) will then experience the following adjustments. Although the UIA will gain additional investment earnings, these will be offset by additional inflation proofing and dividend fund amounts. Table 8 depicts these adjustments made to the UIA.

TABLE 8
(Millions of Dollars)

| <u>FY</u> | <u>Perm. Fund Investment Earnings</u> | - | <u>Inflation Proofing</u> | - | <u>Dividend Fund Transfer</u> | = | <u>Total Adjustment To UIA</u> | <u>Balance UIA</u> |
|-----------|---|---|-------------------------------|---|-----------------------------------|---|------------------------------------|------------------------|
| 1986 | 15.8 | | 15.8 | | 1.6 | | (1.6) | 811.0 |
| 1987 | 48.6 | | 33.5 | | 6.5 | | 8.6 | 873.8 |
| 1988 | 90.9 | | 55.8 | | 15.6 | | 19.5 | 986.9 |
| 1989 | 129.9 | | 81.3 | | 28.6 | | 20.0 | 1073.3 |
| 1990 | 169.8 | | 102.5 | | 45.5 | | 21.8 | 1169.1 |

* see attachment

*At times, the Department of Revenue and the Alaska Permanent Fund Corporation may differ as to the estimated Fiscal impacts of legislation. Differences arise because each employs a different set of investment assumptions. Consequently, projections depicting net income, inflation proofing amounts and dividend transfers may likely vary.

Furthermore, while the Department of Revenue is strictly concerned with accurately forecasting total revenues, the Permanent Fund Corporation, with its trust fund management responsibilities, has established its assumptions to measure investment returns in accordance with standards developed for fiduciaries. Therefore, the Permanent Fund Corporation's assumptions will frequently and appropriately yield more conservative investment results.

Introduced: 1/14/85
Referred: State Affairs and
Finance

BY SZYMANSKI, CLOCKSIN,
POURCHOT AND NAVARRE

1 IN THE HOUSE

2 HOUSE BILL NO. 9

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to payments to the Alaska permanent
7 fund required by the Constitution of the State of
8 Alaska; and providing for an effective date."

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

10 * Section 1. PURPOSE. It is the purpose of this Act to maximize the
11 constitutionally required payments of state oil and gas revenue to the
12 Alaska permanent fund in order to increase the principal of the fund to the
13 point that there will be enough interest from the fund to pay a significant
14 portion of the expense of state government when oil and gas revenue de-
15 clines. In this manner state oil and gas revenue can be better allocated
16 to achieve both short-term and long-term benefits for the state, while
17 still protecting the principal of the permanent fund.

18 * Sec. 2. AS 37.13.010(a) is repealed and reenacted to read:

19 (a) Under Art. IX, sec. 15 of the state constitution, there is
20 established as a separate fund the Alaska permanent fund. The Alaska
21 permanent fund consists of

22 (1) 50 percent of all mineral lease rentals, royalties,
23 royalty sale proceeds, net profit shares under AS 38.05.180(f) and
24 (g), and federal mineral revenue sharing payments and bonuses received
25 by the state from mineral leases; and

26 (2) any other money appropriated to or otherwise allocated
27 by law to the Alaska permanent fund.

28 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
29 10.070(c).



Official Business

Alaska State Legislature

House of Representatives

Representative Mike Szymanski

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Anchorage, Alaska 99503
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Pouch V
State Capitol
Juneau, Alaska 99811

FRONT LOADING OF THE PERMANENT FUND:

A FINANCIAL AGENDA FOR ALASKA

In 1976, the voters of Alaska voiced their concern over the inevitable decline in state oil revenues by supporting the creation of a state savings account, the Permanent Fund. The outcome of this vote required the state of Alaska to annually place at least 25% of our oil royalties (which is 11% of our oil revenues) into the Permanent Fund.

This session, legislation has been introduced (HB 9) to increase the percentage of direct contributions to the Permanent Fund from 25% to 50%. By so doing, we will strengthen the Fund to the point where the income which it generates will pay a significant portion of the State's future operating expenses.

Currently, Alaska has no overall financial plan to guide us in our savings and spending habits, for now or in the long run. The concept of front loading the Permanent Fund, as proposed in HB 9, would establish as our state financial policy that we save more; front loading would impose a budget restraint mechanism that would wean us from the lavish spending habits we have grown accustomed to during our oil rich years and require that we moderate our spending appetite.

The direct benefits of front loading the Permanent Fund are:

- 1) Front loading will create a steady stream of income and sustain Alaska's Prudhoe oil wealth for future generations. Many of the maintenance and operating costs for major capital projects we are funding today will not be felt for several years. If we do not start

planning for these future costs by saving significant portions of the money we have now, the financial outlook for being able to maintain and operate what we have created is not very promising.

Even with the development of known mineral reserves in Alaska, as well as with the re-institution of the state income tax, we will be unable to fund Alaska's future basic needs such as education, public safety, roads, and health care. And the discovery of new oil fields in Alaska could only temporarily postpone the impending revenue decline. Furthermore, many of the known reserves are not on state land and therefore the revenues generated from the production of those reserves would not be as lucrative for Alaska.

2) Increased contributions to the Permanent Fund will discipline our spending habits and will serve as an impetus for the legislature to look at all capital projects more realistically than has been done in the past, hopefully even encouraging cost benefit analysis before funding them.

The consensus of many economists is that the capital improvement projects we have funded during our oil rich years have not had an appreciable long term impact on economic development in the state of Alaska. Alaska's fisheries, lumber, mineral, and even petroleum industries are on the decline, and except for possibly tourism and construction, Alaska has had a decrease in activities that would strengthen and diversify our economy.

3) The increased contribution schedule will also have an immediate and direct benefit to all Alaskans because, by increasing the amount of money we have in the Permanent Fund, Alaskans will see larger Permanent Fund dividends now, while preserving the opportunity for alternative uses of Permanent Fund earnings in the future.

4) The voters of Alaska have said that we must impose a limit on our extravagant spending appetite, as indicated in their 1980 support

for the constitutional spending limit. However, the "spending limit" is not curbing that appetite. Front loading will impose a workable budget restraint mechanism.

5) In real terms, and based on figures from the Permanent Fund Corporation, it appears that, in 1986, a 50% contribution will yield an additional \$359.8 million over a 25% contribution and in the long term, by the year 2000, there would be an additional \$7 billion in total assets with a 50% contribution as opposed to a 25% contribution.

In short, we have financially overextended ourselves in our oil rich years. The crux of the issue is whether we choose to set aside revenues we have available today in the Permanent Fund or whether we maintain the level of capital expenditures we have grown accustomed to, with high maintenance costs in the future. Any prudent businessman or investor will agree that a strong investment and savings policy is wiser than spending at a maximum level without implementing any mechanism to foot the bills to come in leaner years.

Front loading will establish an overall financial plan for the state of Alaska that will sustain our oil wealth and contribute to our future economic stability. We can fortify our economy now so that future generations can inherit more than a large debt retirement program.

Front loading is a significant alternative that should become a component of our public policy in preparation for Alaska's oil revenue decline. We can practice fiscal responsibility by adhering to the financial agenda proposed through front loading.

OUR POST OIL FUTURE: THERE IS STILL TIME

We all know the lush revenues from Prudhoe Bay will be over in the early 90's. We do not know how much of this revenue will be made up by other finds, but probably the largest part will not. It will depend upon whether the finds are commercial and where they are; the state gets lesser royalties off Federal lands, none from Native holdings, and neither royalties nor taxes beyond the three mile limit. Further, the mineral and other developments expected in this period will be subject to powerful and erratic forces, political as well as economic, which are mostly beyond the state's control. We have no evidence these developments will come with the scale and speed that are required. In theory, the private economy could be expanded through government incentives, controls, and direct spending. But this effort would be so against the grain for Alaskans and would be huge, complex, and fast that it has little chance of being attempted. Judging by experience in other parts of the world, the chances of succeeding are even lower. In short, the state government, and the economy it drives, are headed for a contraction. It only remains to see how severe and how soon. Along the way, personal and business taxation will rise at the same time public services are being lowered.

Many will argue that we have already done all we can to meet this situation: the Permanent Fund of 1976 for saving, and the 1982 spending limit, both placed in the constitution. However, the Permanent Fund is not going to be large enough to bear much of the costs of future operating budgets, despite the extra sums that have been put aside in recent years. The spending limit has no effect unless revenues go back to record levels and it has no effect then if two-third votes can be found in the legislature and if the voters concur in the proposals. . Yet the Permanent Fund and the spending limit can be made effective by a single, if painful action. We can decide on the budgets for regular, day to day expenses of the state and keep to a schedule of deposits for the Permanent Fund that will insure the income will be there when needed. A decision can be made later on the whether dividends are to be

ended and the money used for the budget or whether the dividends will, in effect, pay the average family's state taxes.

This is an approach that is under our control. It presses us to reconcile our spending and borrowing costs to our income from savings and other sources, instead of letting events do it the very hard way. And we know how to make the earnings we need safely. The Permanent Fund has been showing good, consistent returns, has been managed in an independent manner and, so far, kept free of social and political goals.

Now, some will insist that "vital" capital projects will be lost by these heavy deposits into the Permanent Fund. Firstly, given the billions that have been spent by the state (and localities) in more urban areas, this argument lacks conviction. Rural Alaska, which has little tax base or bonding capacity (apart from the North Slope Borough), is another matter. Most of the built-up points can afford most any project which people wanted enough to pay for. Secondly, even if there were lists of essential projects in all parts of Alaska, it does not follow that we ought to buy them if we have the cash. We can buy more public works than our post-oil tax base will allow us to operate and maintain, let alone replace, in this harsh climate. The fact is that after the easy times we could be forced to restrict the use of these facilities, or abandon them.

Others may not care to argue the merits of many capital projects or how long they could be kept in use, but they are concerned about the loss of jobs. As we know, part of the labor force never had any intention of staying long-term. As for the rest, the choice is making extra jobs, chiefly for new-comers, or stretching out the last big oil money to provide stable jobs and family income. One is a choice for a few years, one for many, many decades. And we must not forget that larger deposits into the Permanent Fund will mean higher dividends. With the bloom off the construction rose, they are not likely to have much effect on bringing new people.

This proposal has been described as turning the Permanent Fund into the "second Prudhoe Bay". It will not be as large, of course, we started too late for that. But any dollar, once in the Fund, is unaffected by "gluts" or any other fall in prices. The schedule of deposits can be made without counting on new fields producing by a certain date, or being discovered. We have the money and time we need to give Alaska a great part of the economic stability that has always eluded her. This is a moment that never came to another state and is an opportunity we should hesitate to address.

Anch Daily News Mar 4 '85

Build permanent fund while we can

"Front-loading" the Alaska Permanent Fund enjoyed a brief day in the sun last fall, when campaigning legislative candidates often spoke of it favorably as a common-sense way of managing Alaska's oil wealth. But revenue estimates are way down, and legislative spending appetites aren't — so "front-loading" is back on the rear burner.

In its best and broadest sense, "front-loading" means devoting to the permanent fund a larger portion of state revenues today — while the state is well-off — as an investment in an income-producing fund for tomorrow. It doesn't mean sticking away whatever loose change is lying around after everybody's desires have been satiated; it means deliberately making the permanent fund a priority in times of prosperity so that it can spin off significant income to support the state and help keep taxes down when revenues really decline.

House Majority Leader Don Clocksin, D-Anchorage, describes the ideal agenda for front-loading the permanent fund this way: 1) the contribution rate for state oil revenues would be doubled, taking effect in about three years; 2) the so-called "undistributed income accounts" of the fund would be made a part of its principle, and thus placed safely out of the clutches of the legislature; and 3) the governor would be granted authority for major injections into the fund at his discretion over the next few years.

But revenues are coming up short of projections nowadays, and the long-term oil price and revenue picture is for gradual decline. Where legislators appropriated \$3.6 billion in spending measures for fiscal 1985, they now calculate only \$2.9 billion is available for fiscal 1986.

That's nearly \$6,000 for every single person in Alaska, but apparently not enough to front-load the permanent fund and still keep everyone happy in Juneau. The budget architecture worked out in a series of secret meetings between legislative leaders and the governor calls for just under \$2 billion in operating funds, a quarter-billion in capital projects, another quarter-billion "continuing appropriation" for (Susitna) hydroelectric power dreams, and not a nickel for the permanent fund. The fund's defenders in the legislature are hoping mainly to get the undistributed income money salted away safely before the legislature comes raiding.

The "realists" would say that's the best that can be expected in a year of lowered revenue and tightened belts, and maybe they're right. But a different kind of realism would recognize that some day those revenues are coming down a lot farther than this — and the prudent thing to do now is to prepare another income stream to take their place.

All those candidates who spoke sensibly about front-loading during the campaign season would do well to remember it now that they're in the legislature — and in a position to do something about it.



Are there

NEW YORK — The liquor business seems to be in some trouble these days. The American emphasis on health and the crackdown on drunk driving have helped reduce per capita consumption of hard liquor in the United States from 2 gallons in 1970 to 1.84 gallons in 1983.

Those statistics would seem to be pretty good news unless you happen to be in the whiskey business. Joseph E. Seagram & Sons Inc. is in the whiskey business (and vodka, gin and rum business) in a very big way, and its owners have decided to spend at least \$10 million this spring telling the rest of the world that we're being unfair to the hard stuff. The Wall Street Journal reported last week that Seagram's "will end its long-standing aversion to controversy and instead fight to upgrade the image of liquor with consumers and policymakers."

Circus air

WASHINGTON — Policymakers at a high-level meeting last week preparing for renewed arms talks were stunned by word that at least 28 members of Congress, their wives and staffs were flying to Geneva at Uncle Sam's expense to attend the opening of the U.S.-Soviet nuclear games.

When protests were voiced, the principal arms negotiator — ex-Sen. John Tower — shrugged his shoulders in a don't-blame-me posture. Whoever should be blamed, Secretary of State George Shultz is furious. Three Air Force planes are set to leave Washington March 10 carrying a party that, at this writing, totals more than 40 and is going up.

Taxpayer expense will exceed \$150,000 for transportation alone. But more than \$1 million is at stake. "It has turned into a damned circus," a senior administration official told us. Attending to the

opinion

Anchorage Daily News



Winner, 1976 Pulitzer Prize Gold Medal for Public Service

Gerald E. Grilly
Publisher

Howard Weaver
Managing Editor

Steve Lindbeck
Editorial Page Editor

Katherine Fanning, Editor and Publisher 1971 to 1983
Lawrence Fanning, Editor and Publisher 1967 to 1971

Alaska's Only Morning Newspaper • Founded in 1946 by Norman C. Brown

Put 'frontloading' at top of agenda

A single overwhelming priority recommends itself as the 14th Alaska Legislature opens up shop today in Juneau: "front-loading" the Alaska Permanent Fund. And as legislators prepare for their labors this year, there is new encouragement in the wind for front-loading as a means of prudent fiscal management for state government.

With about 85 percent of state revenues deriving from petroleum taxes or royalties, Alaska's fiscal and economic fortunes are heavily dependent on world oil prices. State revenues soared when oil prices skyrocketed — and Prudhoe Bay production reached full steam — in the late 1970s and early 1980s. But both prices and revenues peaked in early 1981; they've been gradually coming down ever since.

Now state revenue forecasters, with a nervous eye on crumbling world oil markets, are worried about a larger-than-expected \$4 per barrel price drop in 1985 — which would translate into a roughly \$600 million per year revenue decline for the state. For some years now, anyone who's been paying attention has known that oil revenues one day would drop sharply — but if the latest fears bear out, that day will come sooner than anyone had expected.

That does not mean Alaska is, or soon will be, short of money. It does emphasize that Alaska has relatively little time left to salt away a significant chunk of today's high income against future needs. The Alaska Permanent Fund is an established, successful vehicle to accomplish that, but it needs bigger financial injections now, at the front end, to grow large enough to provide significant income later, after oil revenues sag.

That's what front-loading is all about: investing enough of today's largesse to make a difference in future income — and thus forestalling massive tax hikes, state employee layoffs, service cuts and economic disruption.

By now Alaskans have seen a number of downward lurches in oil prices, and hence state revenues, over the past several years. New predictions of revenue decline are no surprise. What the state needs to cope with the long-term revenue decline is a determined effort — and the sooner, the better — to build the permanent fund large enough to cushion the state's future shock. That puts front-loading at the top of this year's legislative agenda.



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.


Signature of Camera Operator

9/11/89
Date

HB

10

HOUSE STATE AFFAIRS COMMITTEE

Bill Number 10 Title Supplemental Benefits System Date Rec'd _____

| Fiscal Note | Position Paper | Date requested | From | Amount | Date Rec'd | |
|-------------|----------------|----------------|------------|--------|------------|-------|
| | | | | | Note | Paper |
| DGA | | | Retirement | 150K | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

CONTACTS

BACKUP LIST

Rep. Miller
Rep. Duncan
Numphreys : Retirement

- DGA F-note & Analysis
- LEGAL ANALYSIS
- 3/8 APEA letter
- 3/26 APEA support

HEARING INFORMATION

tentative 3/26/85
heard 4/1/85

NOTES:

APEA 3/8/85 letter requesting bill scheduled

FINAL ACTION

PASSED OUT 4/1/85

COMMITTEE REPORT

HOUSE

(7)

1/14/85

FURTHER: Finance

Date: 4/1/85

The Committee on State Affairs has had HB 10

"An Act relating to the supplemental employee benefits program; and providing for an effective date. "

under consideration and recommends:

do pass [] do not pass

[] do pass with attached amendments(s)

[] replace with CS for _____ same title
[] new title

and recommends do pass

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

[] reports it back without recommendation ~~Zero~~ Fiscal Note Attached

[] referred to the _____ Committee

MEMBERS SIGNING
DO PASS

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

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature] - do pass with amendment
[Signature] No Rec.
1

[Signature]
CHAIRMAN



Alaska Public
Employees Association **APEA**
State Headquarters: 340 N. Franklin, Juneau, AK 99801 (907) 586-2334

March 8, 1985

Representative Katie Hurley, Chairperson
House State Affairs Committee
Pouch V
Juneau, AK 99811

Dear Representative Hurley:

Currently there are two bills that have been referred to your committee that are of concern to our members. The bills in question are HB 252 and HB 10.

One of the provisions of HB 252 is to increase the benefit for retirees. APEA has supported this concept for a number of years through various pieces of retirement legislation that have not seen the light of the House floor. We do know from our members who have retired and now belong to the senior citizens group that an increase in the benefit formula would be a real boon and would help alleviate some of the economic pressures that they face.

HB 10 would increase the employee/employer contributions to the Supplemental Annuity Plan under the SBS program. This would allow our state employees a more efficient use of deferred comp plans and afford them the tax shelters that are so readily available in the private sector.

Because these two pieces of legislation are high on the priority list of our members, I respectfully request that committee hearing dates are scheduled in the very near future.

Thank you.

Sincerely,

Cherie Shelley
Executive Director

CS/kb

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825-D College Road
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Anchorage Field Office
833 Gambell Street, Suite A
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Juneau Field Office
227 4th Street
Juneau, AK 99801
Telephone: (907) 586-6305

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

Page 1 of 2

REQUEST

Bill/Resolution No.: HB10
 Title: An Act Relating to the
Supplemental Benefits System
 Sponsor: M. M. Miller and Duncan
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Administration
 Program Category Affected: _____
Supplemental Benefits System
 BRU, Program or Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

| Operating | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 |
|------------------------|-------|-------|-------|-------|-------|-------|
| 100 Personal Svcs | | | | | | |
| 100 Rtmnt & Bnfts | | | | | | |
| 200 Travel | | | | | | |
| 300 Contractual | -0- | 150.0 | -0- | -0- | -0- | -0- |
| 400 Supplies | | | | | | |
| 500 Equipment | | | | | | |
| 600 Land & Struct | | | | | | |
| 700 Grants, Claims | | | | | | |
| 700 TRS Match | | | | | | |
| TOTAL OPERATING | -0- | 150.0 | -0- | -0- | -0- | -0- |

CAPITAL

REVENUE

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|-----|-------|-----|-----|-----|-----|
| GENERAL FUND | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER | -0- | 150.0 | -0- | -0- | -0- | -0- |
| TOTAL | -0- | 150.0 | -0- | -0- | -0- | -0- |

POSITIONS: -0- -0- -0- -0- -0- -0-

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

ANALYSIS: (Attach a separate page if necessary)

Prepared By: J.K. Humphreys *J.K. Humphreys JR* Phone: 465-4470
 Division: Retirement & Benefits Date: 1/17/85

Approved by Commissioner: Lisa Rudd *LR* Date: 1/21/85
 Agency: Department of Administration

Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

House Bill 10

Fiscal Note Analysis

Prepared by Division of Retirement & Benefits

Department of Administration

1/17/85

IV Analysis: This bill would allow the Administrator of the State Supplemental Benefits System (SBS) to amend the State of Alaska Supplemental Annuity Plan to allow additional voluntary employee contributions to the SBS. The amendment would be submitted to the Internal Revenue Service (IRS) to retain the Plan's qualified status. Additional contributions would allow SBS participants to defer up to approximately 18% of their compensation to the SBS.

The total estimated cost consists of \$125,000 for changes in the data processing systems of the Divisions of Finance and Retirement & Benefits and \$25,000 for consulting services, educational materials and for booklet and form revision. These expenses would be connected with establishing and qualifying the new Plan in accordance with federal law.



Alaska Public
Employees Association **APEA**

State Headquarters: 340 N. Franklin, Juneau, AK 99801 (907) 586-2334

TO: Representative Katie Hurley, Chairperson
House State Affairs Committee

FROM: Cherie Shelley *[Signature]*
Executive Director, APEA

SUBJECT: House Bill 10 - Voluntary Contributions to SBS.

DATE: March 26, 1985

MAR 27 1985

Passage of this legislation will permit Alaska's public employees to make additional voluntary contributions to the supplemental benefits system in excess of that required by law. House Bill 10 will allow participants to plan ahead for their retirement by adding to their annuity plan.

Much like an individual retirement account, this proposal will make it possible to set aside a portion of one's salary to supplemental retirement benefits in later years. The Alaska Public Employees Association supports House Bill 10 and urges the committee to consider it favorably.

CS/kg

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STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 30, 1985

SUBJECT: Sectional Analysis of HB 10 (Supplemental
employee benefits program)

TO: Representative Katie Hurley
Chair, House State Affairs Committee

FROM: Teresa B. Cramer *JBC*
Legislative Counsel

You have asked for a sectional analysis of HB 10. The bill allows the director of the division of retirement and benefits to propose amendments to the state Supplemental Benefits Program to allow people participating in SBS to make additional salary contributions to the plan. If the Internal Revenue Service issues a favorable ruling on the amendments proposed by the director, then the SBS statutes are amended to permit the voluntary wage reductions.

Section 1 allows employees of participating employers to make additional voluntary wage reductions to SBS.

Section 2 allows the administrator of SBS (the director of the division of retirement and benefits) to submit proposed amendments to the SBS plan to the Internal Revenue Service.

Section 3 makes section 1 take effect if the Internal Revenue Service approves amendments to the SBS plan.

If I may be of further assistance, please advise.

TC:mkr
J13:042

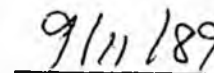


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I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and 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.


Signature of Camera Operator


Date

HB

14

HB 14: VETERANS BURIAL ALLOWANCE, ALASKA TERRITORIAL GUARD

THIS BILL CORRECTS WHAT APPEARS TO HAVE BEEN AN OVERSIGHT IN THE STATUTES. UNDER PRESENT LAW, VETERANS WHO ARE ELIGIBLE FOR A BURIAL ALLOWANCE ARE THOSE WHO SERVED IN THE U.S. ARMED FORCES, IN THE ALASKA ARMY NATIONAL GUARD, THE ALASKA AIR NATIONAL GUARD, THE ALASKA NAVAL MILITIA, OR IN A RESERVE UNIT OF THE U.S. ARMED FORCES IN ALASKA. ALASKA TERRITORIAL GUARDSMEN ARE OMITTED.

I WOULD SUSPECT THAT THE REASON FOR THE OMISSION WAS CONFUSION OVER THE IDENTITIES OF ALL THE VARIOUS MILITIAS IN THE STATE CREATED IN THE 1940'S. THE SEPTEMBER 14, 1984 ATTORNEY GENERAL'S OPINION CONTAINED IN YOUR BILL PACKETS EXPLAINS THAT THE STATUTES DEFINING WHO IS A VETERAN DO NOT EXPRESSEDLY INCLUDE MEMBERS OF THE ALASKA TERRITORIAL GUARD. IT APPEARS THAT THE LEGISLATURE MAY NOT HAVE BEEN AWARE OF THE DISTINCTION BETWEEN THE ALASKA TERRITORIAL GUARD AND THE ALASKA NATIONAL GUARD.

WHEN ERNEST GRUENING WAS GOVERNOR IN 1941, HE WORKED WITH THE FEDERAL GOVERNMENT TO CREATE THE ALASKA NATIONAL GUARD. AT THAT TIME, THE FEDERAL GOVERNMENT SAID THAT THE TERRITORY OF ALASKA HAD THE AUTHORITY TO ORGANIZE A TERRITORIAL GUARD. IN 1941, THE TERRITORY APPROPRIATED MONIES TO THE NATIONAL GUARD OF ALASKA, AND IN 1949 THE ALASKA TERRITORIAL MILITIA WAS CREATED, WHICH WAS REFERRED TO AS THE ALASKA NATIONAL GUARD. SO WE HAD THE ALASKA NATIONAL GUARD, CREATED BY THE FEDERAL GOVERNMENT, AND THE ALASKA TERRITORIAL GUARD, CREATED BY THE TERRITORY OF ALASKA. ALTHOUGH THE FEDERAL ACT CREATING THE NATIONAL GUARD GAVE PERMISSION TO THE GOVERNOR OF ALASKA TO CREATE THE

TERRITORIAL GUARD, THIS DOES NOT MEAN THAT THE ATG WAS A PART OF THE NATIONAL GUARD, AND SO REFERENCE TO THE TERRITORIAL GUARD WOULD NEED TO BE SPELLED OUT IN THE STATUTES.

IF MY EXPLANATION HAS CONFUSED YOU, THEN YOU WILL UNDERSTAND HOW THE TERRITORIAL GUARDSMEN COULD EASILY HAVE BEEN OVERLOOKED IN DEFINING VETERANS ELIGIBLE FOR THE BURIAL ALLOWANCE. THE TERRITORIAL GUARDSMEN REMAINED IN ALASKA WHEN THE TERRITORY WAS ACTUALLY OCCUPIED BY ENEMY FORCES. THESE PEOPLE DESERVE TO HAVE THE BENEFITS EXTENDED TO OTHER MEMBERS OF THE NATIONAL GUARD.

AS YOU CAN SEE, THE FISCAL NOTE ON THIS BILL IS QUITE SMALL, JUST \$3,000.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB14
 Title: Veterans Burial Allowance
Alaska Territorial Guard
 Sponsor: Fuller and Wallis
 Requestor: Military & Vets Affairs
 Date of Request: 16 January 1985

FISCAL DETAIL

Agency Affected: Military & Veterans Affairs
 Program Category Affected: Public Protection
 BRU, Program or Subprogram(s) Affected:
Veterans Affairs (Veterans Benefits)

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 |
|------------------------|-------|-------|-------|-------|-------|-------|
| OPERATING | | | | | | |
| 100 PERSONAL SERVICES | | | | | | |
| 200 TRAVEL | | | | | | |
| 300 CONTRACTUAL | | | | | | |
| 400 SUPPLIES | | | | | | |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS | | 3.0 | 3.0 | 3.0 | | |
| 800 MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | | 3.0 | 3.0 | 3.0 | | |
| CAPITAL | | | | | | |
| REVENUE | | | | | | |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|--|-----|-----|-----|--|--|
| GENERAL FUND | | 3.0 | 3.0 | 3.0 | | |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | | 3.0 | 3.0 | 3.0 | | |

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

Amend Chapter 98 SLA 82 to add members of the Alaska Territorial Guard as those eligible to receive a State Burial Allowance of \$750. It is estimated that this bill would affect four families annually.

Prepared By: *R.L.R.* Richard L. Rountree, Director
 Division: Administrative & Support Services

Phone: 465-4600
 Date: 16 January 1985

Approved by Commissioner: *Edward G. Pagano* MG Edward G. Pagano
 Agency: Dept. of Military & Veterans Affairs

Date: 16 January 1985

Distribution (by Agency preparing fiscal note):

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

7/1/84

BILL SHEFFIELD, GOVERNOR

REPLY TO:

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

September 14, 1984

Mr. Al Adams, Chairman
House Finance Committee
Pouch V
Juneau, AK 99811

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

Re: Territorial Guardsmen; burial allowance provided
by AS 26.10.080

Dear Mr. Adams:

In your letter of September 5, 1984, you requested an opinion from this office as to whether former members of the Alaska Territorial Guard (ATG) may be eligible for burial allowances under AS 26.10.080 (.080). The following analysis and historical review of the ATG's status under .080 is submitted in response to your request. In our opinion, former members of the ATG are not eligible for burial allowances under that provision.

The statute in question provides that burial allowances will be paid to a qualifying veteran. The statute then defines a veteran, in pertinent part in AS 26.10.080(d)(1), as a person who is serving or has served in a branch of the armed services of the United States, and in (d)(2) of that section, as a person who had served in the Alaska Army National Guard, the Alaska Air National Guard, or the Alaska Naval Militia, or who had served in a reserve unit of the United States Armed Forces in Alaska. AS 26.10.080. The ATG is not expressly included within the definition of veteran in .080. On the face of .080, therefore, former members of the ATG are ineligible for burial allowances provided by that statute.

The reason for the omission of the ATG is not clear, however, and may have been either intentional or accidental. That the omission may have been intentional is evident when comparing .080 with AS 26.05.225 (.225), which provides credit to former members of the ATG for the purpose of determining eligibility for retirement pay. The provision of a benefit to former members of the ATG through .225 implies that the legislature was aware of the existence of the ATG, and hence the omission of the ATG from .080 appears to be deliberate.

In the alternative, the omission of the ATG from benefits under .080 may have been accidental because the legislature may not have been aware of the distinction between

the ATG and the Alaska National Guard. The reason for this confusion will be discussed in the paragraphs following. AS 26.05.225 indicates that it was the legislature's intent to provide at least certain benefits to former members of the ATG. It is therefore possible to imply that the legislature would have included burial allowances as well under .080 but did not only by reason of accident.

Mr. Ernest Gruening, the territorial governor of Alaska, notes that when he took office in 1939 there had never been a National Guard in Alaska, that he took steps to organize one and that he requested federal authorization to do so. Gruening, Introduction to M. Marston, Men of the Tundra, at 3, 1972. On December 31, 1941, presumably as a result of Mr. Gruening's efforts, the U.S. Congress approved an act to establish a military code for the territory of Alaska, H. Res. 5822, 77th Cong., 1st Sess., ch. 644, Dec. 31, 1941 (1941 Act). That Act declared that the militia of the territory of Alaska was to be divided into two classes: the Organized Militia, known as the Alaska National Guard, and the Unorganized Militia. 1941 Act, § 1. The Act further provided that the governor of the territory of Alaska had authority to organize a Territorial Guard. 1941 Act, § 6. In apparent support of the federal act, the legislature of the territory of Alaska appropriated certain monies to the National Guard of Alaska. 1941 Alaska Sess. Laws, ch. 60, H.B. 122; 1943 Alaska Sess. Laws, chs. 26, 27, H.B. 55, 56; 1945 Alaska Sess. Laws, ch. 64, H.B. 65. Finally, in 1949 the territory of Alaska created an Alaska Territorial Militia which the territorial legislature referred to as the Alaska National Guard. 1949 Alaska Sess. Laws, ch. 120, H.B. 22.

Confusion may have arisen in the legislature over the separate identities of the various militias which had been created in the 1940's. If such confusion existed, it may have led to the omission of the ATG in .080. To prevent further confusion, therefore, it is recommended that when a former member of a militia in the territory of Alaska claims burial allowances under .080, it should be ascertained at the outset whether that person was a member of the federally created Alaska National Guard, which is expressly covered under .080, or whether that individual was a member of the ATG organized by the governor of Alaska, which is not covered under .080.

Unless strong evidence to the contrary is found, a member of the ATG does not fall within the purview of .080(1) or (2) on the strength of the 1941 Act. This is based in large part on the fact that the 1941 Act does not expressly state that the Territorial Guard is a part of the Alaska National Guard and does not expressly describe the Territorial Guard either as a branch of the federal armed forces or as a part of the Unorganized

Mr. Al Adams, Chairman
House Finance Committee

September 14, 1984
Page 3

Militia. While the Territorial Guard received federal sanction under the 1941 Act, was subject to regulations of discipline in training prescribed by the U.S. Secretary of War and received federal arms and equipment, 1941 Act, § 7, the Territorial Guard_x was nonetheless a body organized by the territory of Alaska and existed independently of the Alaska National Guard and other branches of the federal armed forces.

In conclusion, whether by accident or by intent, the legislature which enacted .080 did not expressly provide burial allowances to ATG members through that section. Furthermore, a review of the federal act which sanctioned the Alaska National Guard and gave permission to the governor of Alaska to create the ATG does not lead to the conclusion that the ATG was either a part of the National Guard or otherwise a part of the federal armed forces of the United States. The ATG does not therefore fall within the purview of AS 26.10.080(d)(1) or (2) as it is not a part of the National Guard or any branch of the U.S. armed services. A former member of the ATG is therefore not eligible to receive burial allowances under AS 26.10.080.

Sincerely yours,

NORMAN C. GORSUCH
ATTORNEY GENERAL

By: *Lawrence C. Delay*
Lawrence C. Delay
Assistant Attorney General

LCD:ihr

BILL SHEFFIELD, GOVERNOR

**DEPARTMENT OF MILITARY
AND VETERANS AFFAIRS**

OFFICE OF THE ADJUTANT GENERAL

SUITE 620 FRONTIER BUILDING
3601 "C" STREET
ANCHORAGE, ALASKA 99503
PHONE: (907) 243-0656 AUTOVON: 862-7210

September 18, 1984

Representative Al Adams
P.O. Box 333
Kotzebue, Alaska 99752

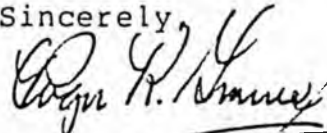
Dear Representative Adams:

I am in receipt of a copy of the letter dated 14 September from Mr. Delay of the Attorney General's office where he discusses the Alaska Territorial Guardsmen and the Veterans Burial Allowance Program as provided by AS 26.10.080. Unfortunately as presently written, the statute does not include Alaska Territorial Guardsmen.

Prior to Mr. Delay's research and the Attorney General's opinion, Major General Edward G. Pagano, the Adjutant General and Commissioner of the Department of Military and Veterans Affairs, submitted to the Governor the department's legislative packet which contained a bill that would amend AS 26.10.080 to include members of the Alaska Territorial Guard. A copy is attached for your reference.

It is this department's opinion that members of the Alaska Territorial Guard made a significant contribution to the Territory and State of Alaska and should be included along with other veterans in the state's Death Benefit Program.

Sincerely,



Roger K. Graves, Director
Division of Veterans Affairs
Department of Military &
Veterans Affairs

RKG/bs

Attachment

1985 LEGISLATIVE PROPOSAL REQUEST FORM

DATE: 30 August 1984

DEPARTMENT OF MILITARY AND VETERAN'S AFFAIRS

SUBJECT OF PROPOSED BILL: Amend SLA 1982 Chapter 98 to add members of the Alaska Territorial Guard as those eligible to receive the Veterans Burial Allowance of \$750.00.

SUMMARY/EXPLANATION OF INTENT:

The Alaska Territorial Guard was composed of members of the State Defense Force who remained in Alaska during armed hostilities when the enemy forces actually occupied the Territory of Alaska. These people no less than other veterans or members of the National Guard served the State in a defense role and should be accorded the burial allowance accorded other members of the National Guard.

ESTIMATED FISCAL IMPACT:

Capital: -0-

Operating: \$3,000.00 per year

Rate the bill's importance to the department by priority number (in relationship to your department's other requests if any).

Five (5).

COMMISSIONER'S SIGNATURE: _____

DATE: _____

Governor's Office Recommendation:

BILL HB0014
PAGE 00016
DATE 01/14/85
CHAMBER HOUSE
TEXT HOUSE BILL NO. 14 by Fuller and Wallis, entitled:
"An Act making members of the Alaska
Territorial Guard eligible for a death
gratuity."
was read the first time and referred to the State Affairs
and Finance Committees.

BILL HB0014
PAGE 00105
DATE 01/23/85
CHAMBER HOUSE
TEXT The State Affairs Committee has considered HOUSE BILL NO.
14 (making members of the Alaska Territorial Guard eligible
for a death gratuity) and reports it back as follows:
Hurley (Chairman), Navarre, M.M. Miller, Jenkins, Cato,
Collins and Boucher recommend do pass. A fiscal note was
attached.
HB 14 was referred to the Finance Committee.
The fiscal note appears in House Journal Supplement No. 7. (Attached)

HOUSE BILL NO. 14. by Rep. Fuller. Classifies a person
who served in the Alaska Territorial Guard as a "veteran",
thereby making that person eligible for a death benefit under
AS 26.10.080 (Veterans. Death Gratuity). Note: The death gratuity
is paid by the Dept. of Military and Veterans' Affairs, and amounts
to \$750 to be paid the surviving spouse or personal representative
of the vet. The veteran must have been buried on or after 5/13/84
and have been a state resident at the time of death. Does not
provide for an effective date (takes effect 90 days after Governor
signs bill). Identical to SB 23.

On January 14 Rep. Wallis added her name as co-sponsor.

Introduced January 14 and referred to State Affairs then Finance.

AK Territorial HOUSE BILL NO. 14.
Guard
(death
benefit) Reported back to the House on January 23 by State Affairs.
Reps. Hurley (Chairman), Navarre, M.M. Miller, Jenkins, Cato,
Collins, and Boucher recommended do pass. To Finance.

HOUSE JOURNAL SUPPLEMENT

January 23, 1985

No. 7

STATE OF ALASKA 1985 LEGISLATIVE SESSION HB
14
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB14
 Title: Veterans Burial Allowance
Alaska Territorial Guard
 Sponsor: Fuller and Wallis
 Requestor: Military & Vets Affairs
 Date of Request: 16 January 1985

FISCAL DETAIL

Agency Affected: Military & Veterans Affairs
 Program Category Affected: Public Protection
 BRU, Program or Subprogram(s) Affected:
Veterans Affairs (Veterans Benefits)

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 |
|------------------------|-------|-------|-------|-------|-------|-------|
| OPERATING | | | | | | |
| 100 PERSONAL SERVICES | | | | | | |
| 200 TRAVEL | | | | | | |
| 300 CONTRACTUAL | | | | | | |
| 400 SUPPLIES | | | | | | |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS | | 3.0 | 3.0 | 3.0 | | |
| 800 MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | | 3.0 | 3.0 | 3.0 | | |

| | | | | | | |
|----------------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|----------------|--|--|--|--|--|--|

| | | | | | | |
|----------------|--|--|--|--|--|--|
| REVENUE | | | | | | |
|----------------|--|--|--|--|--|--|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|--|-----|-----|-----|--|--|
| GENERAL FUND | | 3.0 | 3.0 | 3.0 | | |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | | 3.0 | 3.0 | 3.0 | | |

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

Amend Chapter 98 SLA 82 to add members of the Alaska Territorial Guard as those eligible to receive a State Burial Allowance of \$750. It is estimated that this bill would affect four families annually.

Prepared By: *R.L.R.* Richard L. Rountree, Director

Phone: 465-4600

Division: Administrative & Support Services

Date: 16 January 1985

Approved by Commissioner: *Edward G. Pagano* MG Edward G. Pagano

Date: 16 January 1985

Agency: Dept. of Military & Veterans Affairs

COMMITTEE REPORT
HOUSE

1/30

Rules

(11)

FURTHER:

1/23/85

Date: 1-28-85

The Committee on FINANCE has had HB14

"An Act making members of the Alaska Territorial Guard eligible for a death gratuity."

under consideration and recommends:

do pass do not pass

do pass with attached amendments(s)

replace with CS for HB 14 (FIN) same title new title

and recommends do pass

AND attaches a "Letter of Intent" New Fiscal Note 3.0

reports it back without recommendation Zero Fiscal Note Attached

referred to the _____ Committee *not for Journal already in Sup 9*

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Adams
John Ringer
Ken Grier
Dee Ray
T. Frank
Steve Rieger
Rick Lehman
Pat Fauschot
Ronald J. Larson
John Duncan

COTTEN
BINKLEY

Adams
CHAIRMAN