

ALASKA LEGISLATURE COMMITTEE FILES 1900-1900

4189 SLAB SB 313 - SB 360

1069



# RECORDS CERTIFICATION



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

James A. Smith  
Signature of Camera Operator

11/24/89  
Date

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FEB 18 1986

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\* DELIVER TO: JFOM \*  
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\* \*  
\* ORIGINAL \*  
\* SENT: 02/17/86 TIME: 12:05 \*  
\* FROM: MICKI HENSON \*  
\* SUBJECT: FOM \*  
\* PRINT DATE: 02/17/86 TIME: 12:05 \*  
\* \*  
\*\*\*\*\*

TO: SENATE LABOR AND COMMERCE COMMITTEE .  
SENS. ZHAROFF, ELIASON, SACKETT, BENNETT, RAY  
FROM: KENT AND MARIE LOCKETT, 5631 SAMOYA ST., ANC 99507  
PHONE: 562-6936  
SUBJECT: SB 313-PROPERLY STAFFED AND EQUIPED CABOOSE  
PLEASE VOTE TO PASS SB 313.

FEB 18 1986

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\* DELIVER TO: JFOM \*  
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\* ORIGINAL \*  
\* SENT: 02/17/86 TIME: 13:03 \*  
\* FROM: MICKI HENSON \*  
\* SUBJECT: FOM \*  
\* PRINT DATE: 02/17/86 TIME: 13:04 \*  
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TO: SENATE LABOR AND COMMERCE COMMITTEE  
SENS. ZHAROFF, ELIASON, SACKETT, BENNETT, RAY  
FROM: BILL D. HIGHTOWER, 8817 HONEYSUCKLE, ANC 99502  
PHONE: 248-5780  
SUBJECT: SB 313- PROPERLY STAFFED AND EQUIPPED CABOOSE  
I SUPPORT SB 313.

**HEALTH  
INSURANCE  
ASSOCIATION  
OF AMERICA**

1350 East Touhy Avenue, Suite 380W, Des Plaines, IL 60018 (312) 297-1490

April 18, 1986

APR 21 1986

Senator Fred Zharoff  
State Capitol, Room 121  
P.O. Box V  
Juneau, Alaska 99811

RE: Opposition to House Bill 313, Relating to Mandated Insurance  
Coverage of Mental Health Treatments

Dear Senator Zharoff:

The Health Insurance Association of America (HIAA) opposes House Bill 313 as introduced, which would require insurers to provide specified benefit coverage for treatment of mental or nervous conditions.

The HIAA is a national trade association representing 338 insurance companies who write approximately 86% of the private health insurance sold in the United States. Most of the companies licensed to sell health insurance in the state of Alaska are members of the HIAA. While the volume of business that these companies conduct in Alaska is small in relation to their overall business, we nevertheless take Alaskan legislation that is adverse to the industry quite seriously.

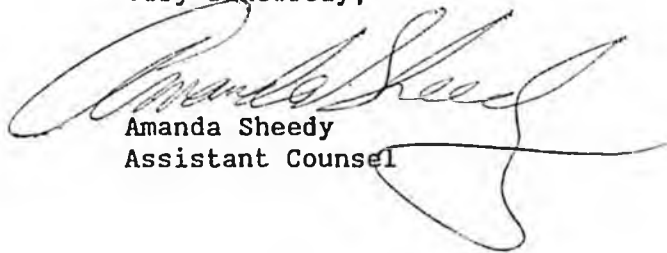
The HIAA favors the freedom of contract that allows insurance purchasers to obtain the kind of available benefit coverage they need or want and can afford. We oppose legislative mandates that restrict consumers' freedom to choose the benefits they wish to purchase and that limit insurers' ability to control costs and keep rates down. House Bill 313 would impose such mandates. Mental health benefits are among the most costly, if not the most costly of benefit coverages, and House Bill 313 would mandate mental health benefit coverage levels significantly higher than those required in any other state that has addressed the issue of mental health insurance coverage. In addition, the bill would provide no upper limit to the dollar amount of such coverage. The cost to an insurer of paying benefits for the required two months of hospitalization, three months of partial hospitalization and thirty out-patient treatment visits per year would be staggering. It is conceivable that affordable premium rates could not be established for individual policies that would be adequate to make such benefit coverage feasible to an insurer.

The net effect of mandating the level of benefits coverage in House Bill 313 would be to increase the cost of benefit coverage to insurers and to drive up the price of insurance premiums to the consumer. This would result in increasing the cost of doing business for employers who offer group coverage to their employees and could lead to their deciding either to discontinue group coverage entirely or to self-insure.

The increased costs of private insurance caused by mandated benefit laws has, in fact, caused employers nationwide to drop their commercial group coverage. Over four years, 1980 - 1984, the percentage of American employers who self-insure jumped from 19% to 57%. Self-insurers are not regulated by state insurance laws and cannot be required to offer specified insurance benefits, nor can employees of self-insureds invoke the protections afforded by insurance laws to employees covered by commercial group insurance. Self-funding therefore has the negative effect of leaving those included in such plans unprotected by insurance regulation against such things as the plan's insolvency. It also results in a loss of revenue to the states, since self-insured plans are not subject to premium tax liability.

For all of the cited reasons the HIAA opposes House Bill 313. If you have any questions concerning our position, or if I can be of any assistance in providing additional information, please do not hesitate to contact me at the Chicago Legal Office of the Association (telephone: 312/297-1490) or Gordon Evans, who is our registered lobbyist in Juneau.

Very sincerely,



Amanda Sheedy  
Assistant Counsel

AS/bb



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James O. Smith  
Signature of Camera Operator

11/24/89  
Date

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Official Business

# Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V  
State Capitol  
Juneau, Alaska 99811

SB 333 Synopsis:

This measure would change the name of the Alaska State Housing Authority to the Alaska State Building Authority. This was one of the recommendations of the Governor's Task Force on State Office Complex Financing (Oct 1985), as an enhancement to the image of ASHA with the national bond rating agencies.

See back up in committee files (page 4, highlighted material) for text of this recommendation.

STATE OF ALASKA 1986 LEGISLATIVE SESSION  
FISCAL NOTE

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

**REQUEST**

Bill/Resolution No.: SB 333  
 Title: An Act changing the name  
of ASHA  
 Sponsor: Kerttula  
 Requester: \_\_\_\_\_  
 Date of Request: \_\_\_\_\_

**FISCAL DETAIL**

Agency Affected: Commerce and Economic Dev.  
 BRU: ASHA  
 Components: \_\_\_\_\_

**EXPENDITURES / REVENUES : (Thousands of Dollars)**

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

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
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**FUNDING: (Thousands of dollars)**

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

**POSITIONS:**

FULLTIME	-0-	-0-	-0-	-0-	-0-	-0-
PARTTIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary.

Prepared by: Barbara Morse-Quinn  
 Division: Alaska State Housing Authority

Phone: 562-2813  
 Date: February 24, 1986

Approved by Commissioner: [Signature]  
 Agency: Commerce and Economic Development

Date: February 24, 1986

Distribution (by Agency preparing fiscal note):

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

*Beth Kerttula*

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IN THE SENATE

BY KERTTULA

SENATE BILL NO. 333

IN THE LEGISLATURE OF THE STATE OF ALASKA  
FOURTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act changing the name of the Alaska State Housing Authority."

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

\* Section 1. AS 18.55.020(a) is amended to read:

(a) There is created in the Department of Commerce and Economic Development the Alaska State Building [HOUSING] Authority consisting of the commissioner of commerce and economic development or the commissioner's [HIS] designee and four residents of the state.

\* Sec. 2. To be consistent with the change made by sec. 1 of this Act, wherever in the Alaska Statutes and in regulations adopted under those statutes "Alaska State Housing Authority" is used, it shall be read as referring to the Alaska State Building Authority. Under AS 01.05.031 the revisor of statutes shall implement this section in the statutes, and, under AS 44.62.125(b)(6), the regulations attorney shall implement this section in the administrative regulations.

*CSB 333*  
*(Signature)*

THIS MEASURE CHANGES THE NAME OF THE ALASKA STATE HOUSING  
AUTHORITY TO THE ALASKA STATE BUILDING AUTHORITY. THIS CHANGE  
WAS A RECOMMENDATION OF THE GOVERNOR'S TASK FORCE ON STATE  
OFFICE COMPLEX FINANCING, TO ENHANCE THE IMAGE OF A.S.H.A.  
WITH THE NATIONAL BOND RATING AGENCIES.

CHAIRMAN'S INFORMATION: SB 333

- 1) BILL TITLE: "An act changing t' name of the Alaska State Housing Authority"
  - a) Introduced: By Sen Kerttula
  - b) Co-sponsors:
- 2) INTENT: This measure changes the name of the Alaska State Housing Authority to the Alaska State Building Authority. This change was a recommendation of the Governor's Task Force on State Office Complex Financing, to enhance the image of ASHA with the national bond rating agencies.

FISCAL NOTE: 0

N.B. NO EFFECTIVE DATE CLAUSE

- 3) ADDITIONAL REFERRALS: Finance, Rules
- 4) PUBLIC HEARINGS:
  - a) Sponsor:
  - b) Public Witnesses:
- 5) BILL ACTION:
  - a) Hold in committee?
  - b) Assign to sub committee for further review?
  - c) Move from committee?
  - d) Close public hearings?
- 6) COMMITTEE ACTION?
  - a) amendments?
  - b) CS adoption?

STATE OFFICE COMPLEX FINANCING TASK FORCE

October 29, 1985

The Honorable Bill Sheffield  
Governor  
State of Alaska  
Pouch A  
Juneau, AK 99811

Governor Sheffield:

On June 28, 1985, you appointed the State Office Complex Financing Task Force and requested that this Task Force "explore the concept of lease-purchasing as a viable means of obtaining adequate and reasonably priced State office facilities, and to make recommendations to you and the Legislature as to the comprehensive public policy in this area that ensures the State's needs are met in the most efficient manner possible." More particularly, this assignment related to the "financing of large-scale State office complexes." In accordance with this charge, the Task Force has conducted a series of hearings which have involved evaluations by a large number of knowledgeable individuals, including representatives from the State government, legal counsel, and advisors and underwriters of governmental securities. In addition, a series of background documents were prepared to assist the Task Force in conducting its evaluation. It should be emphasized that, pursuant to your charge, our efforts focused on financing options as opposed to many other factors that critically impact

the leasing or purchasing of State office buildings. Certain of these other items will be identified later in this letter.

This letter of transmittal sets forth in summary form our recommendations for the financing of large-scale State office buildings. The material contained in this letter is discussed in more detail in the accompanying two documents: "Lease-Revenue Bonds: Preferred Approach for Financing Public Ownership of State Office Buildings," dated October 11, 1985, and "Review of Alternatives to the State of Alaska for Purchasing or Leasing Office Space," dated September 10, 1985.

We would like to emphasize that our recommendations apply to financing office facilities which meet two criteria. First, space requirements in a particular location, such as Anchorage, Fairbanks, or Juneau, would have to be large; and second, the State would have to desire, as a governmental efficiency measure, to consolidate its office space and operations. During the course of our examination, we reviewed the primary and conventional forms of purchasing or leasing office space, consisting of: (1) the use of cash, (2) State general obligation bonds, (3) the true or operating lease, (4) certificates of participation, and (5) lease-revenue bonds.

We have concluded that the best way of financing State office complexes that meet the above criteria would be

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lease-revenue bonds. However, we would like to emphasize that it is possible that a future environment would alter this approach as the most cost-effective and appropriate form for the State to pursue.

The principal reasons for this recommendation are: (1) the advantages of public ownership, (2) the economics related to the program, (3) the credit implications for the State, and (4) administrative efficiency. First, State leases of facilities under private ownership are generally renegotiated or rebid every three to five years. Through public ownership, vulnerability to rent increases would be reduced. At the same time, recent Federal legislation has reduced the benefits of the private ownership option when space is used by tax-exempt entities within a single structure. Second, extensive financial analysis was performed on the five options identified above, and it was concluded that the lowest cost to the State would be lease-revenue bonds, unless the State decided to sell general obligation bonds with a maturity substantially longer than the present maturity structure which corresponds to the "Prudhoe Bay curve." Third, while the State could decide to alter its maturity structure and sell general obligation bonds for this purpose, we concluded that the use of lease-revenue bonds, while a liability of the State's general fund, would be less likely to affect the State's credit standing than the issuance of general obligation debt for this purpose. Early

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on, the Task Force adopted the principle that its recommendation should have the least effect on the State's general obligation rating. Finally, the State has utilized lease-revenue bonds in the past to finance State office complexes. Thus, administratively, the use of lease-revenue bonds is simple, straight-forward and has an acceptable track record, as demonstrated by the previous debt sold by the Alaska State Housing Authority.

The major features of our recommendation are as follows. First, the State would sell lease-revenue bonds for the purposes identified above through an existing State authority. Second, the debt sold by the authority to finance the obligations would be secured by periodic lease payments made by the State to the authority. If the Alaska State Housing Authority (ASHA) were selected for the financing of State office buildings, we would propose that ASHA be identified as the Alaska State Building Authority; the Task Force received testimony and concluded that there should be interest rate benefits with this slight modification because of the greater acceptance in the credit markets of State office building bonds than of housing securities. While we at present envision that lease-revenue securities would be the most cost-effective form of financing of buildings to meet our criteria, we recommend that the issuing authority also have the ability to sell certificates of participation. Finally, we propose that the

financing structure, individual financings and other debt management aspects of the program be subject to approval by the State Bond Committee to make sure that efforts are consistent with overall State debt management goals and practices.

In referring to ASHA as an appropriate entity through which the financing would flow, we did not and do not exclude the Alaska Industrial Development Authority (AIDA) as a possible financing entity. Although it has been primarily a tool to enhance private sector investment, AIDA possesses authority to own and operate State projects and presently is actively pursuing the road and port development for the DeLong Mountains transportation system which will be owned and operated by the State.

We would like to emphasize that there was a series of important areas related to State office building purchasing and financing which fell outside the scope of our work. Among the issues which we thought we should specifically identify as being outside the scope of our responsibility were: an evaluation of the impact of our recommendations on the affected local real estate and on the local tax base; the appropriate use of small leases or leases for office space that did not fit the criteria identified above; the public policy of legislative or other authorization of the recommended financing structure; various construction aspects, such as "design-build-factors"; and the State's specific space requirements on either an

aggregate or a local basis.

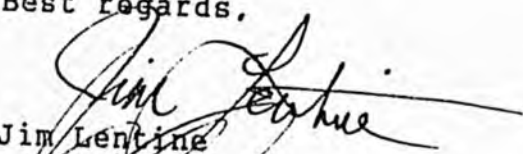
Additionally, we did not address the matter of public participation in the decision-making process. Obviously, some projects, such as office buildings, should be developed in cooperation with the planning and zoning commissions of the affected municipalities. Other projects may require a wholly different method of public participation. It appeared to us that the choice as to method of public participation would largely be dictated by the type of project and its location.

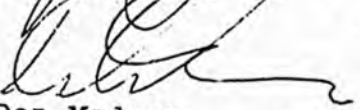
Finally, the choice between lease-revenue bond financing and general obligation bond financing was made because of the recognition that some essential State projects, such as roads, may require general obligation bond financing. Because State office buildings may suitably be financed through lease-revenue bonds, we believed that the general obligation debt capacity of the State should be reserved for those projects for which lease-revenue bond financing would not be suitable.

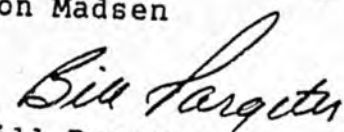
We appreciate the opportunity to provide this assistance to you and the State of Alaska. We are hopeful that our recommendations satisfy your requirements at this time, and we stand ready to answer any questions and to provide any further information that you or other members of your administration

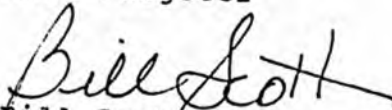
may request.

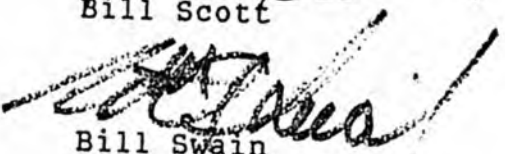
Best regards,

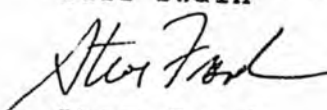
  
Jim Lentine

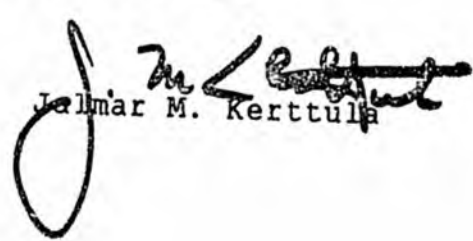
  
Don Madsen

  
Bill Pargeter

  
Bill Scott

  
Bill Swain

  
Steve Frank

  
Jalmar M. Kerttula



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James O. Smith  
Signature of Camera Operator

11/24/89  
Date

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\* DELIVER TO: JFOM  
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\* ORIGINAL  
\* SENT: 01/15/86 TIME: 13:47  
\* FROM: LANA TRUJILLO  
\* SUBJECT: POM  
\* PRINT DATE: 01/15/86 TIME: 13:49  
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*Note: This is a correction  
of previously sent Pom  
(1-15-86)*

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TO: SENATE LABOR AND COMMERCE COMMITTEE  
SENS. ZHAROFF, ELIASON, SACKETT, BENNETT, RAY  
FROM: BOB NESTEL, P.O. BOX 771753, EAGLE RIVER, 99577, HM,  
694-4372  
SUBJECT: SB 340, SURPLUS LINES INSURANCE

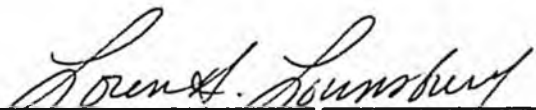
WHEN COMMITTEE HEARINGS ARE SCHEDULED, PLEASE CALL. NO ZERO  
FISCAL IMPACT WITH SB 340. IT DOESN'T REDUCE THE BROKERS  
RESPONSIBILITY, JUST REMOVE THE BOND FOR PAYMENT OF CLAIMS.  
THIS PAYMENT IS THE INSURANCE COMPANY'S RESPONSIBILITY. THE  
\$200,000 BOND IS STILL IN PLACE, AND THE 4 PER CENT SURPLUS LINES  
TAX IS STILL PAID.

SB 340: "An Act changing the conditions for licensing surplus lines insurance brokers."

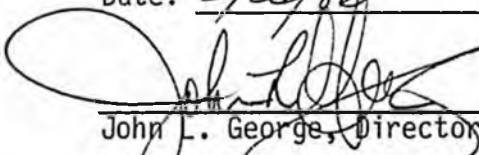
The department is not in favor of this legislation. This legislation removes access by insureds to the \$200,000 surplus lines broker's bond. It provides that the bond will no longer be available to guarantee return premiums or payment of proper losses. It would respond only to guarantee taxes and fines payable to the State.

The surplus lines broker is the licensee who can place insurance business in markets that are not subject to regulation under Alaska insurance law, the nonadmitted market. This broker is the "expert" upon whom insureds rely for the placement of their insurance with reliable, solvent and secure insurance companies. If the broker fails in this responsibility, the insured has only the broker's bond for his protection. The current bond was adopted in 1984 to provide some public protection for business placed in the nonadmitted market. Prior to that time there was no public protection, and there were instances where such was needed, particularly with aviation and marine coverages.

This legislation does not suggest an alternative form of protection for the public and would leave the court as the only remedy open to an aggrieved insured. The legislation in which the bond was adopted also included provisions that would allow the brokers to establish a degree of self-regulation as a further protection for the public. To date there has been no effort in that direction. We believe that removal of this protection is not acceptable to the public. Accordingly, we oppose the bill.

  
Loren H. Lounsbury, Commissioner  
Department of Commerce & Economic  
Development

Date: 2/26/86

  
John L. George, Director of Insurance

Date: 2/25/86



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James A. Smith  
Signature of Camera Operator

11/24/89  
Date

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CC. Sen. Zharott

February 12, 1986

Senator John Binkley  
Alaska State Legislature  
Pouch V (MS3100)  
Juneau, Alaska 99811

FEB 18 1986

Dear John:

I would like your assistance on Senate Bill 354, "An Act relating to reinstatement of certain nonprofit historical aircraft corporations to corporate status; and providing for an effective date", I would like you to vote no on this bill.

As you know I have been in the aviation business for the past 10 years. I have always been interested in aviation history and have tried to work with all of the museums.

But the above bill deals strictly with a corporation, (Alaskan Historical Aircraft Society), that has been operating illegally for the past 5 years. The State of Alaska dissolved it for not filing their annual reports for 1979. But they have continued to act as a nonprofit museum to the general public. They have sought moneys and donations claiming to be a museum; received aircraft for the museum to have and preserve, but have turned around and sold them to people in California; are now trying to buy a 1930 vintage aircraft for \$150,000. while the owners only paid \$30,000. for the aircraft. The Internal Revenue Service is looking into the Society because of various complaints they have received about donations and tax write offs.

John, I hope you will help me by voting no on this bill and letting others know why. I can't believe that the legislature would introduce a bill defending such illegal actions.

Thank you for your time.

Sincerely,

*Richard Odgers*

Richard Odgers  
Broke Aircraft & Salvage  
Pouch 720  
Kenai, Alaska 99611

# State of Alaska

Department of Commerce & Economic Development

THE ALASKAN HISTORICAL AIRCRAFT SOCIETY  
Tud M. Spencer  
2397 East 47th Ct.  
Anchorage, Alaska 99507

## CERTIFICATE OF INVOLUNTARY DISSOLUTION

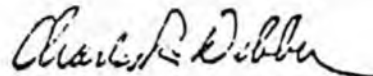
The undersigned, as Commissioner of Commerce and Economic Development of the State of Alaska, and by virtue of the authority vested in him by law, and pursuant to Section 10.20.325, Alaska Statutes, of the Alaska Nonprofit Corporation Act, hereby dissolves the Certificate of Incorporation of

THE ALASKAN HISTORICAL AIRCRAFT SOCIETY

for the reason that the corporation has failed to file its annual reports, pay fees and penalties within the time prescribed, and/or failed to maintain a registered agent, as set forth below:

FAILED TO FILE 1979 ANNUAL REPORT \*\*\*\*\*

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal, at Juneau, the Capital, this 16th day of November, A.D. 1981



CHARLES R. WEBBER  
COMMISSIONER OF COMMERCE  
& ECONOMIC DEVELOPMENT

Internal Revenue Service

Department of the Treasury

District  
Director

310 K Street, Anchorage, Alaska 99501

Person to Contact:  
Olga A. Rhodes

Telephone Number:  
261-4396

Refer Reply to:  
RM:D

Date:

Paul A. Fox  
United States Historical  
Aircraft Preservation Museum  
P.O. Box 6813  
Anchorage, Alaska 99502

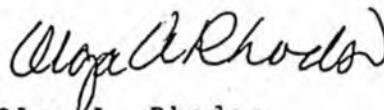
**OCT 22 1985**

Dear Mr. Fox:

This is in response to your letter dated July 18, 1985 concerning the tax exempt status of the Alaskan Historical Aircraft Society.

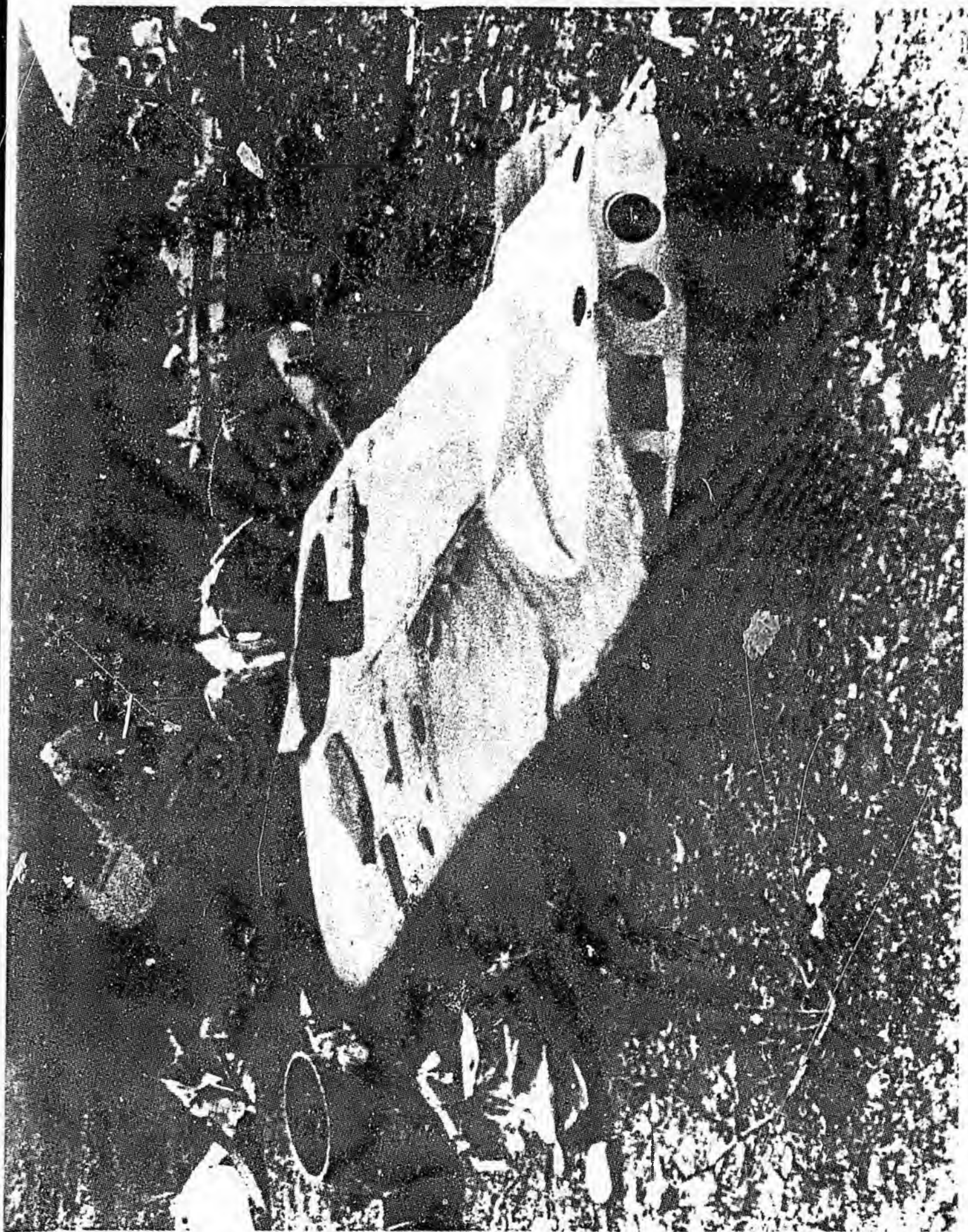
After extensive search efforts it has been determined that we have no record that the organization is a tax exempt organization under 501(a) of the Internal Revenue Code by virtue of an approved application; therefore we no documents responsive to your request.

Sincerely,

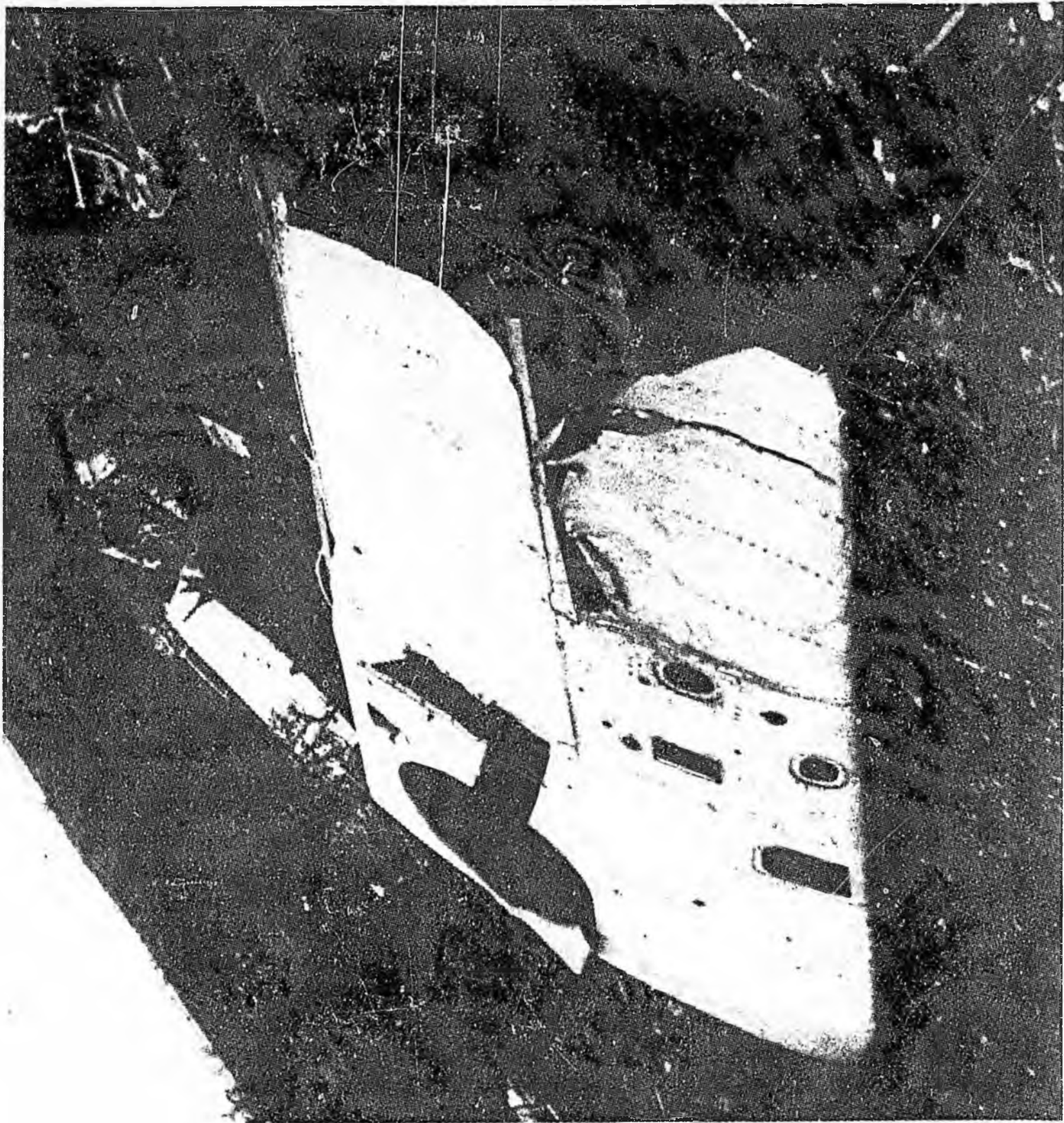


Olga A. Rhodes  
Disclosure Officer

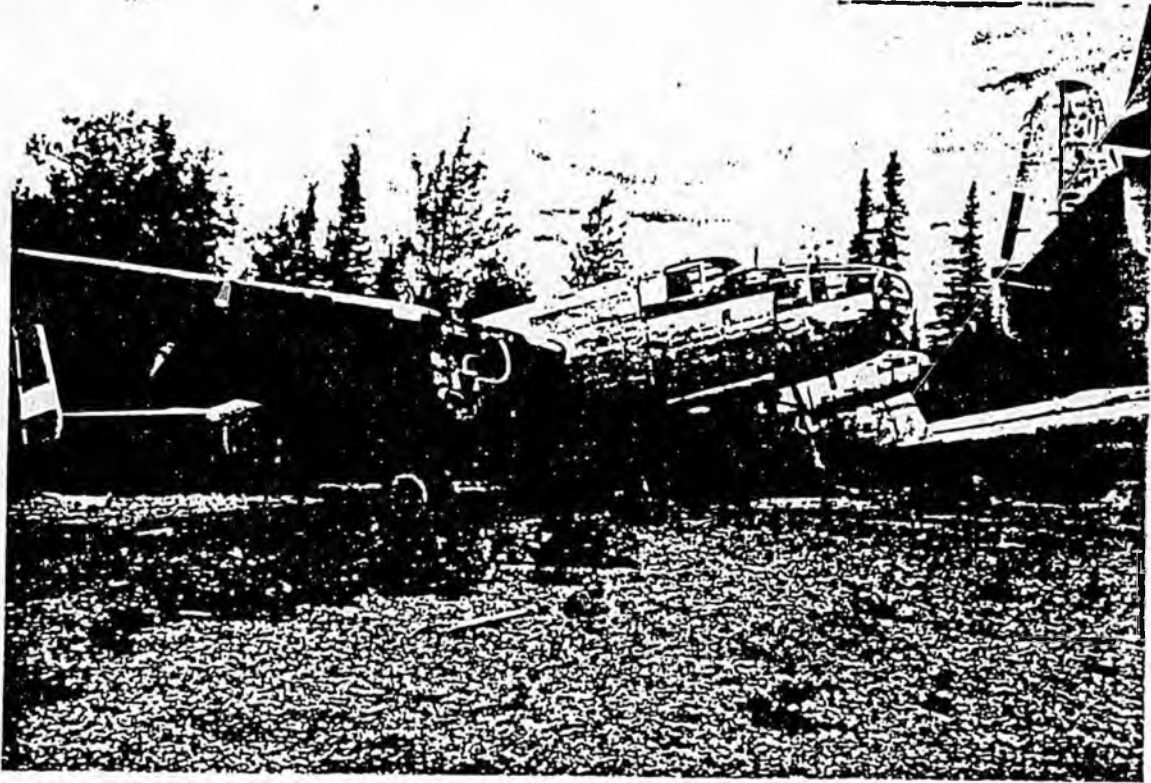
This photo was taken & sent to me from a friend in Nome. This is the before shot.



This is the after shot, after Mr. Spencer took an ax  
to remove the STAR. Ruining the wing. This wing was  
located in the Nome dump



These  
2 aircraft  
are the ones  
sold.



TB-25N, 44-29943A, N9444Z



TB-25N, 44-30756, N9936Z

UNITED STATES OF AMERICA  
DEPARTMENT OF TRANSPORTATION  
AIRCRAFT BILL OF SALE

12-1  
2658660

FOR AND IN CONSIDERATION OF \$ THE  
UNDERSIGNED OWNER(S) OF THE FULL LEGAL  
AND BENEFICIAL TITLE OF THE AIRCRAFT DES-  
CRIBED AS FOLLOWS:

UNITED STATES REGISTRATION NUMBER **N9444Z**  
AIRCRAFT MANUFACTURER & MODEL **NORTH AMERICAN TB-2SN**  
AIRCRAFT SERIAL No. **44-29943A**

CONVEYANCE  
RECORDED

APR 17 8 30 AM '85

DOES THIS 1ST DAY OF JAN, 1981  
HEREBY SELL, GRANT, TRANSFER AND  
DELIVER ALL RIGHTS, TITLE, AND INTERESTS  
IN AND TO SUCH AIRCRAFT UNTO:

FEDERAL AVIATION  
ADMINISTRATION  
Do Not Write In This Block  
FOR FAA USE ONLY

NAME AND ADDRESS  
(IF INDIVIDUAL(S), GIVE LAST NAME, FIRST NAME, AND MIDDLE INITIAL)  
**PURCHASER**  
**ALASKAN HISTORICAL AIRCRAFT  
SOCIETY  
6610 TESHUKA DRIVE  
ANCHORAGE, ALASKA  
99507**

DEALER CERTIFICATE NUMBER  
AND TO EXECUTORS, ADMINISTRATORS, AND ASSIGNS TO HAVE AND TO HOLD  
SIMULANEOUSLY THE SAID AIRCRAFT FOREVER, AND WARRANTS THE TITLE THEREOF.

IN TESTIMONY WHEREOF HAVE SET HAND AND SEAL THIS DAY OF 19

NAME (S) OF SELLER (TYPE OR PRINTED)	SIGNATURE (S) (In ink) (unabbreviated FOR COMMERCIAL USE, FAA USE)	TITLE (TYPE OR PRINTED)
<b>FAA</b>	<i>[Signature]</i>	<b>PRESIDENT</b>
		<b>FAA</b>

ACKNOWLEDGMENT (NOT REQUIRED FOR PRIVATE USE OF FULL REGISTRATION, HOWEVER, MUST BE OBTAINED  
BY LOCAL LAW FOR VALIDITY OF THE INSTRUMENT.)

ORIGINAL: TO FAA  
1806 255 10.00 1  
1 02/09/81

\$5,000

FORM APPROVED  
GSA GEN. REG. NO. 27

UNITED STATES OF AMERICA  
DEPARTMENT OF TRANSPORTATION

**AIRCRAFT BILL OF SALE**

FOR AND IN CONSIDERATION OF \$ 5,000, THE  
UNDERSIGNED OWNER(S) OF THE FULL LEGAL  
AND BENEFICIAL TITLE OF THE AIRCRAFT  
HEREIN AS FOLLOWS: 000000

UNITED STATES  
REGISTRATION NUMBER N 9444Z

AIRCRAFT MANUFACTURER & MODEL  
North American TB-2SN

AIRCRAFT SERIAL NO.  
44-29943A

DOES THIS 20th DAY OF Feb. 19 85  
HEREBY SELL, GRANT, TRANSFER AND  
DELIVER ALL RIGHTS, TITLE, AND INTERESTS  
IN AND TO SUCH AIRCRAFT UNTO:

6586613-1  
**CONVEYANCE  
RECORDED**  
Apr 17 8 30 AM '85  
FEDERAL AVIATION  
ADMINISTRATION  
Do Not Write In This Block  
FOR FAA USE ONLY

**PURCHASER**

NAME AND ADDRESS  
(If individual, give last name, first name, and middle initial.)  
Richard A. Berner, Jr.  
P.O. BOX 875186  
Nasilla, AK, 99686

DEALER CERTIFICATE NUMBER *RB*

AND TO EXECUTORS, ADMINISTRATORS, AND ASSIGNS TO HAVE AND TO HOLD  
SINGULARLY THE SAID AIRCRAFT FOREVER, AND WARRANTS THE TITLE THEREOF.

IN TESTIMONY WHEREOF I HAVE SET MY HAND AND SEAL THIS DAY OF 19

SELLER	NAME (S) OF SELLER (Typed or Printed)	SIGNATURE (S) (In ink) (If signature not so-recognized, call court order)	TITLE (Typed or Printed)
		Alaskan Historical Aircraft Society	<i>TED M. SPENCER</i>

ACKNOWLEDGMENT (Not required for purposes of FAA records; however, may be required  
by local law for validity of the instrument.)

ORIGINAL: TO FAA 1:57 PM 5907 \$5.00 REG 255-A 03/27/85

UNITED STATES OF AMERICA  
DEPARTMENT OF TRANSPORTATION - FEDERAL AVIATION ADMINISTRATION  
**AIRCRAFT REGISTRATION APPLICATION**

TYPE OF REGISTRATION (Check one box)  1. Individual  
 2. Partnership  3. Corporation  4. Co-Owner  5. Govt.

CERT. ISSUE DATE

NATIONALITY AND REGISTRATION NO. USA-81402600

AIRCRAFT MAKE AND MODEL Boeing Stearman B-25U

0657  
6041785  
FOR FAA USE ONLY

AIRCRAFT SERIAL No. 44-29943

NAME OF APPLICANT (Persons) Show addresses of ownership. If individual, give last name, first name, and middle initial.

BENNER RICHARD A. JR.

ADDRESS (Permanent mailing address for first applicant only)

P.O. Box 875186

Number and street

City, State, and P. O. Box

CHECK HERE IF ADDRESS CHANGE  
CITY Wasilla STATE ALASKA ZIP CODE 99687

Fee required for revised Certificate of Registration

**ATTENTION** Read the following statement before signing this application. A false or dishonest answer to any question in this application may be grounds for punishment by fine and/or imprisonment (U.S. Code, Title 18, Sec. 1001).

**CERTIFICATION**

I/WE CERTIFY that the above described aircraft (1) is owned by the undersigned applicant(s), who is/are citizen(s) of the United States as defined in Sec. 101(13) of the Federal Aviation Act of 1958; (2) is not registered under the laws of any foreign country; and (3) legal evidence of ownership is attached or has been filed with the Federal Aviation Administration.

If it requested for co-ownership all applicants must sign. Use reverse side if necessary.

EACH PART OF THIS APPLICATION MUST BE SIGNED IN THE	SIGNATURE	TITLE	DATE
	<u>[Signature]</u>	<u>OWNER</u>	<u>3/15/85</u>

NOTE: Forward receipt of the Certificate of Registration to the FAA. The aircraft must be operated for a period not in excess of 90 days, during which time the PINK copy of this application must be carried in the aircraft.

UNITED STATES OF AMERICA  
Department of Commerce  
AIRCRAFT BILL OF SALE

FOR AND IN CONSIDERATION OF \$ THE  
UNDESIGNED OWNERS OF THE FULL LEGAL  
AND BENEFICIAL TITLE OF THE AIRCRAFT DE-  
SCRIBED AS FOLLOWS:

REGISTRATION NUMBER N9936Z

AIRCRAFT MANUFACTURER'S MODEL TB-25N

AIRCRAFT SERIAL No. 44-30756

DOES THIS 1ST DAY OF JANUARY 1981  
HEREBY SELL, GRANT, TRANSFER AND  
DELIVER ALL RIGHTS, TITLE AND INTERESTS  
IN AND TO SUCH AIRCRAFT UNIT?

NAME AND ADDRESS  
ALASKAN HISTORICAL AIRCRAFT  
SOCIETY  
6610 TESLAR DRIVE  
ANCHORAGE, ALASKA 99507

DELIVER ALL RIGHTS, TITLE AND INTERESTS  
IN AND TO SUCH AIRCRAFT UNIT?

ALASKAN HISTORICAL AIRCRAFT  
SOCIETY

6610 TESLAR DRIVE

ANCHORAGE, ALASKA 99507

DEALER CERTIFICATE NUMBER

AND TO EXECUTORS, ADMINISTRATORS, AND ASSIGNS TO HAVE AND TO HOLD  
SIMULTANLY THE SAID AIRCRAFT FOREVER, AND WARRANTS THE TITLE THEREOF

IN TESTIMONY WHEREOF HAVE SET HAND AND SEAL THIS DAY OF 19

SELLER

NAME IS OF SELLER (Print or print)	SIGNATURE (S) (In and in presence of all witnesses)	TITLE (Print or print)
COL CO AVIATION INC	<i>[Signature]</i>	PRESIDENT

ACKNOWLEDGMENT [See instructions on the reverse of this certificate. Complete, and do not execute, until after the date of sale of the aircraft.]

ORIGINAL TO FAA

055052

CONVEYANCE  
RECORDED

FOR FAX OR COPY

8-1

1-79 83

UNITED STATES OF AMERICA  
DEPARTMENT OF TRANSPORTATION  
AIRCRAFT BILL OF SALE

9-1

FOR AND IN CONSIDERATION OF \$ THE  
UNDESIGNED OWNERSHIP OF THE FULL LEGAL  
AND BENEFICIAL TITLE OF THE AIRCRAFT DE-  
SCRIBED AS FOLLOWS

UNITED STATES REGISTRATION NUMBER **N 9936Z**  
AIRCRAFT MANUFACTURER & MODEL **NORTH AMERICAN TB-25N**  
AIRCRAFT SERIAL NO. **048 838756**

**055053**

DOES THIS **30th** DAY OF **APRIL** 19**82**  
HEREBY SELL, GRANT, TRANSFER AND  
DELIVER ALL RIGHTS, TITLE, AND INTERESTS  
IN AND TO SUCH AIRCRAFT UNTO

CONVEYANCE  
REG-DED

JAN 7 1982

← JAN 83

NAME AND ADDRESS  
(If individual, list first, last name, first name, and middle initial)  
**John Morgan**  
**4824 CARMEL RD.**  
**LA CANADA, CALIF.**

PURCHASER

91011

DEALER CERTIFICATE NUMBER

AND TO EXECUTORS, ADMINISTRATORS, AND ASSIGNS TO HAVE AND TO HOLD  
SINGULARLY THE SAID AIRCRAFT FOREVER AND WARRANTS THE TITLE THEREOF  
IN TESTIMONY WHEREOF HAVE SET HAND AND SEAL THIS **30** DAY OF **5** 19**82**

SELLER	NAME (S) OF SELLER (Print or printed)	SIGNATURE (S) (In ink) (If executor see comment on form, all must sign)	TITLE (Print or printed)
		<b>ALASKAN HISTORICAL A/C SOCIETY</b>	<b>M. Spencer</b>

ACKNOWLEDGMENT (Not required if purchaser of this document, however, may be required  
by local law for validity of the instrument.)

ORIGINAL TO FAA

UNITED STATES OF AMERICA  
DEPARTMENT OF TRANSPORTATION FEDERAL AVIATION ADMINISTRATION

17-1  
CERT. ISSUE DATE

**AIRCRAFT REGISTRATION APPLICATION**

REGISTRATION NUMBER **N 9936Z**

MANUFACTURER'S MODEL NUMBER **NORTH AMERICAN TB-25N**

AIRFRAME SERIAL NUMBER **44 038756**

FOR FAA USE ONLY **P 010583**

TYPE OF REGISTRATION (Check one box)  
 Individual  Partnership  Corporation  Other

NAME OF APPLICANT **MORGAN, JOHN C.**

ADDRESS (Permanent mailing address for first applicant listed)  
 Number and street **4824 CARMEL ROAD**  
 City **LA CANADA** STATE **CALIF.** P. O. Box **383** ZIP CODE **91011**

CHECK HERE IF YOU ARE ONLY REPORTING A CHANGE OF ADDRESS

**ATTENTION!** Read the following statement before signing this application.  
 A false or dishonest answer to any question on this application may be grounds for punishment by fine and/or imprisonment (U.S. Code, Title 18, Sec. 1001).

**CERTIFICATION**

I HEREBY CERTIFY that the above described aircraft (1) is owned by me, undersigned applicant(s) who is/are citizens of the United States as defined in Sec. 101(19) of the Federal Aviation Act of 1958, (2) is not registered under the laws of any foreign country, and (3) legal evidence of ownership is attached or has been filed with the Federal Aviation Administration.

NOTE: If indicated for co-ownership all applicants must sign. Use reverse side if necessary.

SIGNATURE OF APPLICANT	SIGNATURE <b>John C. Morgan</b>	TITLE <b>PRESIDENT</b>	DATE <b>8-6-82</b>
	SIGNATURE <b>John C. Morgan</b>	TITLE <b>OWNER</b>	DATE <b>10-15-82</b>
	SIGNATURE	TITLE	DATE

**VALIDITY PERIOD EXTENDED 120 DAYS FROM 10-15-82**

NOTE: Pending receipt of the Certificate of Aircraft Registration, the aircraft may be operated for a period not to exceed 90 days, during which time the PINK copy of this application must be carried in the aircraft.

FAA FORM 8030-1 (8-78) 10032-00-828-80141

45000

UNITED STATES OF AMERICA  
DEPARTMENT OF TRANSPORTATION

**AIRCRAFT BILL OF SALE**

FOR AND IN CONSIDERATION OF THE FULL LEGAL AND BENEFICIAL TITLE OF THE AIRCRAFT DESCRIBED AS FOLLOWS:

UNITED STATES REGISTERED NUMBER **N 9936Z** **064377**

AIRCRAFT MANUFACTURER'S MODEL **North American T-28N**

AIRCRAFT SERIAL No. **44-30756**

DOES THIS **7** **PAYOR LEFT** **1984**

HEREBY SELL, SENT, TRANSFER AND DELIVER ALL RIGHTS, TITLE, AND INTERESTS IN AND TO SUCH AIRCRAFT UNTO:

NAME AND ADDRESS (Type name, street name, and address details)  
**WRIGHT, RALPH**  
**P.O. Box 1776**  
**KODIAK, ALASKA**  
**99615**

DEALER CERTIFICATE NUMBER

AND TO EXECUTORS, ADMINISTRATORS, AND ASSIGNEES TO HAVE AND TO HOLD SINGULARLY THE SAID AIRCRAFT FOREVER, AND WARRANTS THE TITLE THEREOF.

IN TESTIMONY WHEREOF, I HAVE SET MY HAND AND SEAL THIS **7** DAY OF **Sept** 1984

NAME (S) OF SELLER (Type as printed)	SIGNATURE (S) (In ink) by individual (or corporation, all other legal entities)	TITLE (Type as printed)
<b>John C. Moran</b>	<i>John C. Moran</i>	

ACKNOWLEDGMENT (Not required for purposes of FAA registration; however, may be required by local law for validity of this instrument.)

ORIGINAL: TO FAA

2:21:58 PM 1/39

REG 255 A 11/07/84

UNITED STATES OF AMERICA Department of Transportation <b>AIRCRAFT REGISTRATION - Aircraft</b>		4	12-1
UNITED STATES REGISTRATION NUMBER: <b>N 99366Z</b>		ISSUE DATE: <b>DEC 01 1984</b>	
AIRCRAFT MANUFACTURER'S MODEL <b>North American T-25A</b>			
SERIAL NUMBER: <b>44-30762</b>			
<input checked="" type="checkbox"/> <b>M</b> <b>MA</b> <input type="checkbox"/> <b>EA</b> <input type="checkbox"/> <b>PA</b> <input type="checkbox"/> <b>CA</b> <input type="checkbox"/> <b>CC</b> <input type="checkbox"/> <b>CC</b> <input type="checkbox"/> <b>CC</b>			
NAME OF APPLICANT (Last and first names) <b>Wright, Ralph W.</b>			
ADDRESS (Permanent mailing address for this application form)			
Number and street			
Rural Route			
CITY	STATE	ZIP CODE	
<b>Kodiak</b>	<b>AK</b>	<b>99645</b>	
<input type="checkbox"/> <b>CHECK HERE IF YOU ARE ONLY REPORTING A CHANGE OF ADDRESS</b> <b>ATTENTION</b> - Read the following statement before signing this application: A false or dishonest answer to any question in this application may be grounds for punishment by civil and/or imprisonment (U.S. Code, Title 18, Sec. 1081).			
<b>CERTIFICATION</b> I <b>CERTIFY</b> that the above described aircraft (1) is owned by the undersigned-applicant(s), (2) is/are citizen(s) of the United States as defined in Sec. 101(13) of the Federal Aviation Act, (3) is/are (2) is not registered under the laws of any foreign country; and (4) legal evidence of ownership is attached or has been filed with the Federal Aviation Administration.			
NOTE: To correct this information, you must file a new application with the FAA.			
SIGNATURE	TITLE	DATE	
<i>Ralph W. Wright</i>	<b>Owner</b>	<b>10-26-84</b>	
SIGNATURE	TITLE	DATE	
SIGNATURE	TITLE	DATE	
NOTE: Pending receipt of the Certificate of Aircraft Registration, your aircraft may be operated for a period not to exceed 90 days, during which time you must comply with all applicable laws that may be applicable to the aircraft.			

cc: Sen. Zharoff

February 12, 1986

Senator Jan Faiks  
Alaska State Legislature  
Pouch V (MS3100)  
Juneau, Alaska 99811

FEB 18 1986

Dear Senator Faiks:

I am writing to you in regards to Senate Bill 354. I understand this bill is to reinstate Ted Spencers Alaskan Historical Aircraft Society. I am asking you to vote "no".

As a small business person I have certain responsibilities to my clients and the general public. I am governed by many different agencies, federal, state and city. All of them require me to file annual reports and paperwork, and I know as a business I must file these to operate legally.

The Alaskan Historical Aircraft Society was dissolved by the State of Alaska in 1981 because they did not file their annual reports in 1979. The State waited 2 years before dissolving them. It now has been 6 years since those reports were to have been filed. I don't believe this can be called an oversight on the part of the Alaskan Historical Aircraft Society.

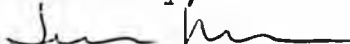
Throughout these last 5 years they have been claiming to be a nonprofit museum, accepting and soliciting donations of money, aircraft and memorabilia, deceiving the public.

Two of these aircraft donated by Cal C. Aviation Inc. of Fairbanks (under the assumption the aircraft would be preserved as part of our heritage) have been sold to private individuals, one went to California and one to one of the Board of Directors.

IRS is presently investigating Ted Spencer and the Alaskan Historical Aircraft Society, because of the many complaints they have received from those who have donated to them and have found out they could not use their tax write offs they received from the Alaskan Historical Aircraft Society.

With this bill and especially lines 25 through 28 you would reinstate and grant a pardon for their fraudulent behavior. I hope you will reconsider and vote no on this bill, as I can not understand how the legislature could approve.

Sincerely,

  
Janie Munson  
Grizzly Aircraft Services  
330 Main Street Loop  
Kenai, Ak. 99611

# State of Alaska

Department of Commerce & Economic Development

THE ALASKAN HISTORICAL AIRCRAFT SOCIETY  
Ted M. Spencer  
2397 East 47th Ct.  
Anchorage, Alaska 99507

## CERTIFICATE OF INVOLUNTARY DISSOLUTION

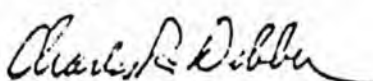
The undersigned, as Commissioner of Commerce and Economic Development of the State of Alaska, and by virtue of the authority vested in him by law, and pursuant to Section 10.20.325, Alaska Statutes, of the Alaska Nonprofit Corporation Act, hereby dissolves the Certificate of Incorporation of

THE ALASKAN HISTORICAL AIRCRAFT SOCIETY

for the reason that the corporation has failed to file its annual reports, pay fees and penalties within the time prescribed, and/or failed to maintain a registered agent, as set forth below:

FAILED TO FILE 1979 ANNUAL REPORT \*\*\*\*\*

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal, at Juneau, the Capital, this 16th day of November, A.D. 1981.



CHARLES R. WEBBER  
COMMISSIONER OF COMMERCE  
& ECONOMIC DEVELOPMENT

Internal Revenue Service

Department of the Treasury

District  
Director

310 K Street, Anchorage, Alaska 99501

Person to Contact:  
Olga A. Rhodes

Telephone Number:  
261-4396

Refer Reply to:  
RM:D

Date:

Paul A. Fox  
United States Historical  
Aircraft Preservation Museum  
P.O. Box 6813  
Anchorage, Alaska 99502

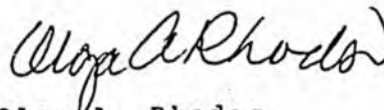
**OCT 22 1985**

Dear Mr. Fox:

This is in response to your letter dated July 18, 1985 concerning the tax exempt status of the Alaskan Historical Aircraft Society.

After extensive search efforts it has been determined that we have no record that the organization is a tax exempt organization under 501(a) of the Internal Revenue Code by virtue of an approved application; therefore we no documents responsive to your request.

Sincerely,



Olga A. Rhodes  
Disclosure Officer



# RECORDS CERTIFICATION



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

James O. Smith  
Signature of Camera Operator

11/24/89  
Date

S B

3 6 0

AS36.10.005 DOCUMENT  
CHAPTER = 36.10  
SECTION = 36.10.005  
TITLE = 36  
HEADINGS TITLE 36.  
Public Contracts.  
CHAPTER 10.  
Employment Preference.  
CITATION Sec. 36.10.005.  
CATCH LINE

LEGISLATIVE FINDINGS.

TEXT (a) The legislature finds that  
(1) because of its unique climate and its distance from the contiguous states, the state has historically suffered from unique social, seasonal, geographic, and economic conditions that result in an unstable economy;  
(2) the unstable economy is a hardship on the residents of the state and is aggravated by the large numbers of seasonal and transient nonresident workers;  
(3) the rate of unemployment among residents of the state is one of the highest in the nation;  
(4) the state has one of the highest ratios of nonresident to resident workers in the nation;  
(5) the state has a compelling interest in reducing the level of unemployment among its residents;  
(6) the construction industry in the state accounts for a substantial percentage of the available employment;  
(7) construction workers receive a greater percentage of all unemployment benefits paid by the state than is typical of other states;  
(8) historically, the rate of unemployment in the construction industry in the state is higher than the rate of unemployment in other industries in the state;  
(9) it is appropriate for the state to consider the welfare of its residents when it funds construction activity;  
(10) it is in the public interest for the state to allocate public funds for capital projects in order to reduce unemployment among its resident construction workers;  
(11) the influx of nonresident construction workers contributes to or causes the high unemployment rate among resident construction workers because nonresident workers compete with residents for the limited number of available construction jobs;  
(12) nonresident workers displace a substantial number

of qualified, available, and unemployed Alaska workers on jobs on state funded public works projects;

(13) the state has a special interest in seeing that the benefits of state construction spending accrue to its residents;

(14) the natural resources of land owned by the state belong to the citizens of the state;

(15) Alaskans have chosen to use the majority of the royalties derived from the state's natural resources to fund state government;

(16) the vast majority of the state's revenue is derived from natural resource income rather than from other forms of taxation;

(17) because the state has no personal income tax or sales tax, nonresident workers use services provided by the state but do not contribute fairly to the costs of those services; and

(18) Alaskans, more than the residents of other states, suffer economically when nonresidents displace qualified residents since resident workers contribute local taxes as well as their share of the royalties from natural resources.

(b) The legislature further finds that

(1) the state and its political subdivisions, when acting as a market participant in funding public works projects, should give Alaska residents an employment preference to promote a more stable economy;

(2) the state and its political subdivisions have a duty of loyalty to their citizens and should fulfill this duty by giving residents preference for employment on public works projects they fund;

(3) there is a legitimate and compelling governmental interest and that the public health and welfare will suffer if state residents are not afforded employment preference in state-funded construction-related work.

HISTORY (Sec. 1 ch 69 SLA 1985)

R0601 \* END OF DOCUMENTS IN LIST - ENTER RETURN OR ANOTHER COMMAND.

AS43.20.036 DOCUMENT

CHAPTER = 43.20

SECTION = 43.20.036

TITLE = 43

HEADINGS TITLE 43.

Revenue and Taxation.

CHAPTER 20.

Alaska Net Income Tax Act.

ARTICLE 1.

Persons Subject to Tax.

CITATION Sec. 43.20.036.

CATCH LINE

FEDERAL TAX DEDUCTIONS AND CREDITS.

TEXT

(a) For purposes of calculating the income tax payable under this chapter, the taxpayer may not apply as a credit against his tax liability the foreign tax credit allowed as to federal taxes under 26 U.S.C. 33 (Internal Revenue Code).

(b) For purposes of calculating the income tax payable under this chapter, the taxpayer may apply as a credit against tax liability the investment credit allowed as to federal taxes under 26 U.S.C. 38 (Internal Revenue Code) upon only the first \$20,000,000 of qualified investment, other than qualified investment for a special industrial incentive investment tax credit under AS 43.20.042, put into use in the state for each taxable year. This limitation does not apply to the amounts invested in equipment that meets the definition of a certified pollution control facility as defined in 26 U.S.C. 169 (Internal Revenue Code) as in effect on June 19, 1975, except that the date specified in 26 U.S.C. 169(d) (Internal Revenue Code) as a condition of qualifying a certified pollution control facility for a deduction does not apply.

(c) For purposes of calculating the income tax payable under this chapter, the taxpayer may apply as an exemption from his tax liability the tax exemption for domestic international sales corporations under 26 U.S.C. 991 (Internal Revenue Code), except those taxpayers who are engaged in the exportation of nonrenewable resources.

(d) Repealed, sec. 10 ch 1 SSSLA 1980. \_

(e) Repealed, sec. 10 ch 1 SSSLA 1980. \_

(f) Repealed, sec. 10 ch 1 SSSLA 1980. \_

(g) Repealed, sec. 10 ch 1 SSSLA 1980. \_

(h) Repealed, sec. 10 ch 1 SSSLA 1980. \_

(i) Repealed, sec. 10 ch 1 SSSLA 1980. \_

HISTORY

(Sec. 1 ch 153 SLA 1975; sec. 1 ch 171 SLA 1975; am sec. 3 ch 22 SLA 1980; am sec. 10 ch 1 SSSLA 1980; am sec. 9 ch 2 SSSLA 1980; am sec. 1 ch 117 SLA 1981; am sec. 3 ch 60 SLA 1984)

R0601 \* END OF DOCUMENTS IN LIST - ENTER RETURN OR ANOTHER COMMAND.

AS43.23.005 DOCUMENT

CHAPTER = 43.23

SECTION = 43.23.005

TITLE = 43

HEADINGS TITLE 43.

Revenue and Taxation.

CHAPTER 23.

Permanent Fund Dividends.

CITATION Sec. 43.23.005.

CATCH LINE

ELIGIBILITY.

TEXT

(a) An individual is eligible to receive one permanent fund dividend each year in an amount to be determined under AS 43.23.025 if the individual applies to the department, and if on the date of application the individual

(1) is a state resident; and

(2) has been a state resident for a period of at least six consecutive months immediately preceding the date of application.

(b) In determining the minimum period of an individual's residency required under (a)(2) of this section, the department may include months of residency both in the current year and in the immediately preceding year.

(c) A parent, guardian, or other authorized representative may claim a permanent fund dividend on behalf of an unemancipated minor or on behalf of an incompetent individual who is eligible to receive a payment under this section.

HISTORY (Sec. 1 ch 102 SLA 1982)

R0601 \* END OF DOCUMENTS IN LIST - ENTER RETURN OR ANOTHER COMMAND.

STATE OF ALASKA 1986 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: 3/18/86

REQUEST

Bill/Resolution No: SS SB 360  
Title: Local Hire Tax Credit

FISCAL DETAIL

Agency Affected: Revenue  
BRU: \_\_\_\_\_

Sponsor: Faiks, Bennett, et. al.  
Requestor: Labor and Commerce  
Date of Request: March 14, 1986

Components: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
* REVENUE	0	-33.2	-34.2	-35.4	-36.4	-38.1

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary (Revenue impacts are on a calendar year basis)

*Non-Petroleum Income Tax	0	-23,700	-24,700	-25,900	-27,300	-28,600
Petroleum Income Tax	0	- 9,500	- 9,500	- 9,500	- 9,500	- 9,500

See attached for narrative.

Prepared By: Al Zangri  
Division: Research Section

Phone: 465-2173  
Date: 3/18/86

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

Date: 3/18/86

Distribution (by Agency preparing fiscal note):  
Legislative Finance  
Legislative Sponsor  
Requestor

It is assumed that conditions are such that the bill will have its intended effect on employers. Specifically this implies the following assumptions. (1) Corporations that hire non-residents have enough tax liability to take advantage of at least some of the available credit. (2) Every employer takes full advantage of the available tax credit when making hiring decisions. (3) Projected non-petroleum corporate income taxes increase at the rate of inflation (i.e. constant real non-petroleum corporate income tax). (4) The distribution of projected corporate income taxes among industries remains constant. (5) The distribution of jobs between residents and non-residents for calendar year 1986 is the same as that shown for 1984 in the Department of Labor study of January 17, 1986<sup>1</sup> (6) Non-resident wages have grown at a rate equal to the inflation rate since 1984. (7) That the historic relationship between the unemployment rate in Alaska and the national unemployment rate continues.<sup>2</sup> It is also assumed that sufficient data is obtainable to establish causality between unemployment and significant social ills and between non-resident employment and resident unemployment.

The Department of Labor study shows a state-wide total of 63,280 jobs held by non-residents. Using the assumptions above to project taxes and non-resident wages by industry shows that if 14% of the positions held by non-residents are filled by State residents the non-petroleum corporate income tax will be reduced to zero. Additionally, if the oil and gas and mining industry fills all 3,156 of the non-resident jobs with State residents corporate petroleum income taxes will be reduced by \$9.5 million. While the potential impact is to eliminate the corporate income tax the actual impact may differ depending upon: (1) how the Department of Labor determines unemployment areas, the cause of unemployment in underemployment areas and the existence of social ills in underemployment areas; (2) whether the increase in employed residents is enough to lower the unemployment rates in underemployment areas below the national average. The accompanying table shows the number and percentage of jobs now filled by non-residents that would need to be filled by residents in order to eliminate the corporate non petroleum income tax. The chart also shows the number of unemployment claims for each industry group and shows the number of those claims that come from residents if all industries employ the average percentage of non-resident workers.

- 
- 1 Non-residents Working in Alaska. A Special Study to Measure the Economic Impact of Non-Residents on Alaska's Economy During Calendar Year 1984. Alaska Department of Labor, January 1986.
  - 2 Since 1969 the only years that the Alaska, unemployment rate has been less than or equal to the national rate were 1975, 1976 and 1982. See Alaska's Economy Since Statehood: The ISER Map Economic Data Base, University of Alaska ISER February 1984. See also Annual Planning Information, Alaska Department of Labor, 1985.

### Economic Impact

1. Increase in jobs available to Alaskans.
2. A drop in the instate unemployment rate due to drop in migration.
3. The tax credit may tend to increase job turnover as employers attempt to stay eligible for the credit.
4. Could tend to lower wages as employers require pay cuts to avoid layoffs.
5. Could provide a subsidy to union busting employers as the State picks up half of the first \$6,000 in wages paid to new employees.
6. Incentives for fraudulent PFD claims may be greatly increased as employers may require proof of eligibility prior to hiring.
7. Could put pressure on the PFD program to certify eligibility more quickly and more often.

INDUSTRY GROUP	PROJECTED** % TAX	PROJECTED*	TOTAL*	JOBS TO	% OF	TOTAL***	ASSUMED****
		NONRESIDENT AVERAGE % BASE	NONRESIDENT JOBS	ELIMINATE TAX	ELIMINATE TAX	UNEMPLOY- MENT CLAIMS 1984	RESIDENT CLAIMS 1984
MINING (INCLUDED OIL/GAS)	***	27335	***	***		2450	1538
CONSTRUCTION	3494898	17996	12642	1232	9.74%	21170	15678
LUMBER & WOOD MFG	548230	6715	260	183	70.29%	1933	1450
FOOD PROCESSING	92514	5429	12068	34	0.28%	5325	3594
OTHER MFG	2428778	10153	1642	895	49.27%	1768	1325
TRUCKING & WAREHOUSING	166416	16791	913	55	6.05%		
WATER TRANSPORTATION	695636	18726	517	200	45.06%		
AIR TRANSPORTATION	752823	15390	1624	251	15.44%		
OTHER TRANSPORTATION	224318	5480	350	82	23.39%	5788	4341
COMMUNICATIONS	215822	28219	799	72	9.00%		
UTILITIES	477261	18502	247	139	64.41%		
FISHING HUNTING & TRAPPING	268957	7471	177	57	45.14%	346	260
WHOLESALE TRADE	1946470	11997	1935	449	33.53%		
RETAIL TRADE	8308080	4450	14993	2848	20.21%	9245	6734
FINANCE, INSUR & REAL EST	3011566	8991	2017	1004	49.77%	2076	1557
SERVICES	2883571	8387	17996	961	6.57%	11901	8926
NON-PETROLEUM CORP TAX	23737697		63280	3659			

\* Source: Dept of Labor study January 1986

\*\* Source: Dept of Revenue calendar year projection-does not include any collections from prior years.

\*\*\* This is the only sector that could fully utilize the \$3000 credit without completely eliminating it's income tax liability. There are 3154 nonresident jobs shown in the Dept of Labor study

\*\*\*\* Source: "Unemployment Insurance Actuarial Study And Financial Handbook", Alaska Dept of Labor, December 1985

\*\*\*\*\* The Dept of Labor January study shows that the state averages 25% nonresident unemployment claims. This column shows the distribution of resident unemployment claims if each industry has the same 25% average.

STATE OF ALASKA 1986 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date 3/11/86

REQUEST

Bill/Resolution No: Sponsor Sub. SB 360  
 Title: An Act relating to tax credits  
for local hire and an effective date.  
 Sponsor: Faiks, Bennett, Zharoff, Rodey  
De Vries and P. Fischer  
 Date of Request: March 11, 1986

FISCAL DETAIL

Agency Affected: Department of Revenue  
 BRU: Audit  
 Components:  
Audit Division

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
<u>OPERATING</u>						
100 PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
200 TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
300 CONTRACTUAL	-0-	2.0	-0-	-0-	-0-	-0-
400 SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
500 EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
600 LANDS & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
800 MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
<u>TOTAL OPERATING</u>	<u>-0-</u>	<u>2.0</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>CAPITAL</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>REVENUE</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-2.0	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
<u>TOTAL</u>	<u>-0-</u>	<u>-2.0</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>

POSITIONS:

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

ANALYSIS: Please see attached.

Prepared By: Steven E. Kettel  
 Division: Audit Division

Phone: 465-2320  
 Date: March 11, 1986

Approved by Commissioner: [Signature]  
 Agency: Revenue

Date: 3/11/86

Distribution (by Agency preparing fiscal note):

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

Operating 2.0

Contractual services - forms design & printing

STATE OF ALASKA 1986 LEGISLATIVE SESSION  
FISCAL NOTE

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

**REQUEST**

Bill/Resolution No. : SS SB 360  
 Title : "An Act relating to tax credits for employing and training residents.."  
 Sponsor : Faiks, et. al.  
 Requestor : Labor and Commerce  
 Date of Request : 3/7/86

**FISCAL DETAIL**

Agency Affected : Labor  
 BRU : Administrative Services  
 Components : Special Services

**EXPENDITURES/REVENUES : (Thousands of Dollars)**

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES		76.5	76.5	76.5	76.5	76.5
TRAVEL		0	0	0	0	0
CONTRACTUAL		55.0	48.4	50.3	52.3	54.4
SUPPLIES		1.5	1.6	1.7	1.8	1.9
EQUIPMENT		3.2	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	136.2	126.5	128.5	130.6	132.8

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

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

**FUNDING : (Thousands of Dollars)**

GENERAL FUND		136.2	126.5	128.5	130.6	132.8
FEDERAL FUNDS						
OTHER						
TOTAL	0	136.2	126.5	128.5	130.6	132.8

**POSITIONS :**

FULL-TIME		2	2	2	2	2
PART-TIME						
TEMPORARY						

**ANALYSIS :** Attach a separate page if necessary

Prepared by : *ms Judy Knight* Judy Knight Phone : 465-2725  
 Division : Administrative Services Division Date : 3/12/86  
 Approved by Commissioner : *ms RW Jordan* Jim Robison Date : 3/12/86  
 Agency : Labor

Distribution (by Agency preparing fiscal note) :

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

# CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. SSSB 360

This legislation requires an annual report that designates areas as underemployment areas. The determination in Sec. 43.20.041 (c) (2) that "nonresident employment is a significant contributing cause of the high resident unemployment" will require this department to collect extensive occupational information by resident status. We would need two additional staff persons, a Labor Economist II and a Statistical Clerk, to complete the required report. Costs associated with these positions are shown on the attached - Request for New Position forms. In addition to the position costs we would require \$35,000 for data processing operations, \$10,000 for data processing applications, and \$6,050 a year for equipment lease and maintenance. \$8,500 of the data processing applications expense would be a one-time item, while the rest of the costs would be ongoing. The following assumptions were made in preparing the fiscal note:

1. An annual report designating underemployment areas would be completed by January 31 each year beginning in 1987.
2. On-going collection of occupational titles would be required from employers, and extensive computer matching would be necessary to determine residency status.
3. Beginning in 1988 occupational displacement information would be highlighted requiring continuation of both the existing occupational information budget levels, and the additional information on the occupational titles.
4. The collection of occupational titles from firms will be phased in over a three year period. Industries identified as having the highest dollar payments to nonresidents in 1984 would be targeted first:

First Year - construction, oil and gas mining, and food processing;

Second Year - all first year industries plus business services, local government, miscellaneous services, eating and drinking places, air transportation, and state government; and

Third Year - all industries.

5. "Economic region" will be defined as the six economic regions for which economic data is published by the Alaska Department of Labor.
6. Costs to determine that "resident unemployment has caused significant social ills" for each of the economic regions annually has not been included at this time. A thorough analysis of the available social data which can be released from other departments will require additional time. Case data would be required on all social problems in the state.

# CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. SSSB 360

The costs to accomplish this section will greatly exceed all of our other costs associated with this bill.

7. The Department of Revenue will be responsible for all enforcement actions and the collection of all wage and job training costs.
8. The list of approved training cost will be the same as that used for JTPA, and there will be coordination between employers and the Service Delivery Areas of JTPA to determine approved training programs.
9. Work would begin on the report on July 1, 1986.
10. Annual inflation of 4% on non-personal services items.

Position Title <b>Labor Economist II</b>			No. of Positions 1	Range/Step 16A	Barg. Unit RCU	Gov.	Approv.	Disapp.
Time Status PFT	Staff Months 12	RP Number	Location Juneau		Election District	Leg.		
Justification								
This position will have primary responsibility for the analysis of data and preparation of the annual resident hire report. Specifically the duties would include:								
<ol style="list-style-type: none"> <li>1. Coordinate the collection and monitor the validity of relevant resident hire related statistics from other agencies including the Department of Revenue and the Division of Labor Standards and Safety.</li> <li>2. Coordinate the updating and crossmatching of resident hire related data files on the mainframe computer with the analyst programmer.</li> <li>3. Analyze microcomputer resident hire data bases to generate resident hire related tables and reports. The reports will include data relating to occupational displacement of nonresidents by economic region and other related economic statistics associated with issue of resident hire.</li> <li>4. Supervise the Statistical Clerk that will prepare the basic resident hire data tables for the report.</li> <li>5. Prepare the annual resident hire report. Contractual services costs include phone, training, printing, and other miscellaneous items. The equipment expense for a desk, chair, etc. would be a one time item.</li> </ol>								
Type of Expenditure			Amount					
1			2			3		
Salary			33,660					
Benefits			10,779					
Premium Pay								
Other								
Total Personal Services						44,439		
Travel						0		
Contractual						2,000		
Commodities						500		
Equipment						1,600		
Other								
Total Cost						48,539		
Receipt Code			Funding Source					
			Federal Receipts			1002		
			G. F. Match			1003		
			General Funds			1004		
						48,539		
			I-A Receipts			1005		
			Program Receipts			1028		
			CIP Receipts			1061		
			Other					
For B&M Use Only								
Key Number _____								

**Request For  
New Position**

Agency Labor  
 BRU Administrative Services  
 Component Special Services

Page 1 of 2  
 Revised Date

**FY 87**

Position Title <b>Statistical Clerk</b>			No. of Positions <b>1</b>	Range/Step <b>8B</b>	Barg. Unit <b>GGU</b>	Gov.	Approv.	Disapp.
Time Status <b>PFT</b>	Staff Months <b>12</b>	RP Number	Location <b>Juneau</b>		Election District	Leg.		
Type of Expenditure			Amount					
1			2			3		
Salary			23,580					
Benefits			8,458					
Premium Pay								
Other								
Total Personal Services						32,038		
Travel						0		
Contractual						2,000		
Commodities						1,000		
Equipment						1,600		
Other								
Total Cost						36,638		
Receipt Code		Funding Source						
		Federal Receipts 1002						
		G. F. Match 1003						
		General Funds 1004		36,638				
		I-A Receipts 1005						
		Program Receipts 1028						
		CIP Receipts 1061						
		Other						
<p>Justification</p> <p>This position will support the labor economist in preparing an annual report on the effect of nonresident employment on Alaskans. Secondly, this position would assist on the quality control of occupational titles which would be submitted by employers each quarter. Specifically the duties would be:</p> <ol style="list-style-type: none"> <li>1. Update tables of economic information by resident status.</li> <li>2. Load information into spreadsheets to show occupational displacement of residents by nonresidents.</li> <li>3. Assist in the quality control of the occupational displacement of residents by nonresident workers.</li> </ol> <p>The other position will work on the quality control of occupational titles which would be submitted by employers each quarter. Specifically the duties would be:</p> <ol style="list-style-type: none"> <li>1. Review detailed edit listings.</li> <li>2. Update edit data files.</li> <li>3. Call employers for clarification when necessary.</li> <li>4. Correct occupational titles.</li> <li>5. Prepare computer summaries of results.</li> </ol> <p>Contractual costs for this position includes phone, training, printing, etc. Equipment expense for desk, chair, cabinets, etc. would be a one time item.</p>								
<p>For B&amp;M Use Only</p> <p>Key Number _____</p>								

**Request For  
New Position**

Agency Labor  
 BRU Administrative Services  
 Component Special Services

Page 2 of 2  
 Revised Date \_\_\_\_\_

**FY 87**

cost of assist programs

Bob Handson D.C.  
Chuck Caldwell

seafood industry  
TJTC  
Fed Gov

Rec. Impact

Introduced: 3/6/86  
Referred: Labor and Commerce and Finance

what industries would this bill affect?  
any industries that are corporations?

Strengthening of existing employment for Tax credit  
Financing of retraining

Seasonal employees - Fishing in industry  
Unemployed employees

1 IN THE SENATE

BY FAIKS, BENNETT, ZHAROFF, DEVRIES, RODEY AND P. FISCHER

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 360  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
FOURTEENTH LEGISLATURE - SECOND SESSION

A BILL

6 For an Act entitled: "An Act relating to tax credits for employing and  
7 training residents; and providing for an effective  
8 date."

Let people desire work

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

10 \* Section 1. PURPOSE. The legislature recognizes that the state has a  
11 significant unemployment problem. This Act is intended to better fulfill  
12 the state's duty of loyalty to its citizens, reduce unemployment among  
13 residents of the state, remedy social harms resulting from chronic unem-  
14 ployment, and encourage the training of state residents so that they are  
15 better qualified to compete for job opportunities.

16 \* Sec. 2. LEGISLATIVE FINDINGS. The legislature finds:

17 (1) the findings made in AS 36.10.005 continue to accurately  
18 describe the social, economic, and employment situation in the state;

19 (2) nonresident workers displace a substantial number of qual-  
20 ified, available, and unemployed residents, and the displacement is a  
21 substantial contributing cause of the high rate of unemployment among state  
22 residents;

Construction industry only

23 (3) high and persistent unemployment breeds severe social prob-  
24 lems including alcoholism and domestic violence;

25 (4) the findings of the Department of Labor of the State of  
26 Alaska in its report entitled "Nonresidents Working in Alaska; A Special  
27 Study to Measure the Economic Impact of Nonresidents on Alaska's Economy  
28 During Calendar Year 1984" support the need for a resident hiring prefer-  
29 ence;

unemployment area? def.

1 (5) private sector investment in job training and vocational  
2 education programs will help qualify unemployed Alaskans for higher-skilled  
3 job opportunities.

4 \* Sec. 3. AS 43.20.036 is amended by adding a new subsection to read:

5 (j) For purposes of calculating the income tax payable under  
6 this chapter, the taxpayer may apply as a credit against tax liability  
7 an Alaska hire credit under AS 43.20.041, for employment of state  
8 residents who satisfy the eligibility requirements, equal to the sum  
9 of

10 (1) 50 percent of the qualified first-year wages, as de-  
11 fined in 26 U.S.C. 51(b)(2), to a maximum credit of \$3,000 for each  
12 eligible employee, paid or incurred by the employer during the taxable  
13 year;

14 (2) 25 percent of the qualified second-year wages, as  
15 defined in 26 U.S.C. 51(b)(3), to a maximum credit of \$3,000 for each  
16 eligible employee, paid or incurred by the employer during the taxable  
17 year; and

18 (3) 50 percent of the verifiable job training costs, as  
19 determined by regulations adopted by the commissioner of labor, to a  
20 maximum credit of \$3,000 for each eligible first-year employee, and 25  
21 percent of the verifiable job training costs to a maximum credit of  
22 \$3,000 for each eligible second year employee.

23 \* Sec. 4. AS 43.20 is amended by adding a new section to read:

24 Sec. 43.20.041. ALASKA HIRE TAX CREDIT. (a) An employer is  
25 entitled to claim an Alaska hire credit under AS 43.20.036(j) if the  
26 employer hires an eligible state resident.

27 (b) An employee is eligible under this section if the employee  
28 satisfies the residency requirements for eligibility for a permanent  
29 fund dividend under AS 43.23.005 on the date immediately preceding the

1 date of hire and on that date the employee was a resident of an under-  
2 employment area and

3 (1) was receiving unemployment benefits under AS 23.20 or  
4 would have been eligible to receive benefits but had exhausted them;

5 (2) was not employed and had registered to find work with a  
6 public or private employment agency or a local hiring hall;

7 (3) was underemployed or marginally employed as determined  
8 under regulations adopted by the Department of Labor; or

9 (4) had completed a job training program approved by the  
10 Department of Labor and is either not employed or is engaged in em-  
11 ployment that does not use the skills acquired in the job training  
12 program.

13 (c) The Department of Labor shall prepare an annual report that  
14 designates areas as underemployment areas. The department shall  
15 examine each economic region of the state and shall find that an area  
16 is an underemployment area if

17 (1) the area suffers from a resident unemployment rate that  
18 is higher than the national average; 2nd link together!!

19 (2) nonresident employment is a significant contributing  
20 cause of the high resident unemployment; and ??

21 (3) resident unemployment has caused significant social  
22 ills.

23 \* Sec. 5. This Act applies to employees first hired by an employer on  
24 or after January 1, 1986.

25 \* Sec. 6. This Act is retroactive to January 1, 1986.

26 \* Sec. 7. This Act takes effect immediately in accordance with AS 01.-  
27 10.070(c).

*Legal Standards*

*redaction*

*??*

*6 economic regions -  
(where / what  
are they)*

*economic*

*Village  
Folks  
how do they  
get into this??  
Now would  
S J & PC.*

Introduced: 1/23/86  
Referred: Labor and Commerce  
and Finance

BY FAIKS, BENNETT, ZHAROFF,  
DEVRIES, RODEY AND P. FISCHER

1 IN THE SENATE

2

SENATE BILL NO. 360

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to tax credits for employing resi-  
7 dents; and providing for an effective date."

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

9 \* Section 1. AS 43.20.036 is amended by adding a new subsection to  
10 read:

11 (j) For purposes of calculating the income tax payable under  
12 this chapter, the taxpayer may apply as a credit against tax liability  
13 an Alaska hire credit, for employment of state residents who satisfy  
14 the residency requirements for eligibility for a permanent fund  
15 dividend under AS 43.23.005 on the date immediately preceding the date  
16 of hire, equal to the sum of

17 (1) 50 percent of the qualified first-year wages, as de-  
18 fined in 26 U.S.C. 51(b)(2), to a maximum of \$6,000 in wages for each  
19 eligible employee, paid or incurred by the employer during the taxable  
20 year; and

21 (2) 25 percent of the qualified second-year wages, as  
22 defined in 26 U.S.C. 51(b)(3), to a maximum of \$6,000 in wages for  
23 each eligible employee, paid or incurred by the employer during the  
24 taxable year.

25 \* Sec. 2. Section 1 of this Act is retroactive to January 1, 1986.

26 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.-  
27 10.070(c).

*Advised Approval*

426

WORK DRAFT

WORK DRAFT

WORK DRAFT

Cramer  
4/14/86

Original sponsors: Faiks, Bennett,  
Zharoff, et al

1 IN THE SENATE

BY THE LABOR AND  
COMMERCE COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 360 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to tax credits for employing and  
7 training residents; and providing for an effective  
8 date."

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

10 \* Section 1. PURPOSE. The legislature recognizes that the state has a  
11 significant unemployment problem. This Act is intended to better fulfill  
12 the state's duty of loyalty to its citizens, reduce unemployment among  
13 residents of the state, remedy social harms resulting from chronic unem-  
14 ployment, and encourage the training of state residents so that they are  
15 better qualified to compete for job opportunities. If the courts find that  
16 a portion of AS 43.20.036(j) or 43.20.041 is unconstitutional, the public  
17 interest requires that the remaining portions be implemented as fully as  
18 possible.

19 \* Sec. 2. LEGISLATIVE FINDINGS. The legislature finds:

20 (1) the findings made in AS 36.10.005 continue to accurately  
21 describe the social, economic, and employment situation in the state;

22 (2) nonresident workers displace a substantial number of qual-  
23 ified, available, and unemployed residents, and the displacement is a  
24 peculiar source of the high rate of unemployment among state residents;

25 (3) high and persistent unemployment breeds severe social prob-  
26 lems including alcoholism and domestic violence;

27 (4) the findings of the Department of Labor of the State of  
28 Alaska in its report entitled "Nonresidents Working in Alaska; A Special  
29 Study to Measure the Economic Impact of Nonresidents on Alaska's Economy

*506 to insurance*

*construction industry only*

1 During Calendar Year 1984" support the need for a resident hiring prefer-  
2 ence;

3 (5) private sector investment in job training and vocational  
4 education programs will help qualify unemployed Alaskans for higher-skilled  
5 job opportunities.

6 \* Sec. 3. AS 43.20.036 is amended by adding a new subsection to read:

7 (j) For purposes of calculating the income tax payable under  
8 this chapter, the taxpayer may apply as a credit against tax liability  
9 an Alaska hire credit under AS 43.20.041, for employment of state  
10 residents who satisfy the eligibility requirements, equal to the sum  
11 of

12 (1) 50 percent of the qualified first-year wages, as de-  
13 fined in 26 U.S.C. 51(b)(2), to a maximum credit of \$3,000 for each  
14 eligible employee, paid or incurred by the employer during the taxable  
15 year;

16 (2) 25 percent of the qualified second-year wages, as  
17 defined in 26 U.S.C. 51(b)(3), to a maximum credit of \$3,000 for each  
18 eligible employee, paid or incurred by the employer during the taxable  
19 year; and

20 (3) 50 percent of the verifiable job training costs, as  
21 determined by regulations adopted by the commissioner of labor, to a  
22 maximum credit of \$3,000 for each eligible first-year employee, and 25  
23 percent of the verifiable job training costs to a maximum credit of  
24 \$3,000 for each eligible second-year employee.

25 \* Sec. 4. AS 43.20 is amended by adding a new section to read:

26 Sec. 43.20.041. ALASKA HIRE TAX CREDIT. (a) An employer is  
27 entitled to claim an Alaska hire credit under AS 43.20.036(j) if the  
28 employer employs an eligible state resident for at least six consecu-  
29 tive months for a tax credit on first-year wages and 18 consecutive

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months for a tax credit on second-year wages. The credit for first-year wages may only be claimed in the tax year in which the resident completes 12 consecutive months of employment with the employer, or in which the last day of the resident's consecutive employment with the employer occurs, whichever comes first. The credit for second-year wages may only be claimed in the tax year in which the resident completes 24 consecutive months of employment with the employer, or in which the last day of the resident's consecutive employment with the employer occurs, whichever comes first.

(b) An employee is eligible under this section if the employee satisfies the residency requirements of AS 43.23.005(a) on the date immediately preceding the date of hire and on that date the employee was a resident of an underemployment area designated under (c) of this section and

(1) was receiving unemployment benefits under AS 23.20 or would have been eligible to receive benefits but had exhausted them; or

(2) was not employed and had registered to find work with a public or private employment agency or a local hiring hall.

(c) The Department of Labor shall report annually to the legislature and the governor on the status of employment in the state, the effect of nonresident employment on the employment of residents in the state, and methods to increase resident hire. The report may designate areas as underemployment areas. A designation is valid for two years immediately following a determination by the commissioner of labor. The commissioner of labor shall determine that an economic region of the state or the state as a whole is an underemployment area if the commissioner finds that

(1) the rate of unemployment within the area is

*pp 1  
changes*

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substantially higher than the national rate of unemployment;

(2) the lack of employment opportunities in the area has contributed to serious social or economic problems in the area; and

(3) employment of workers who are not residents is a peculiar source of the unemployment of residents of the area.

(d) An employer may not claim a tax credit under this section if the employer terminated the employment of a resident in the expectation of receiving a greater tax credit under AS 43.20.036(j). If an employer terminates the employment of a resident and then hires a resident to fill the position within three months after the termination and if the employer would be entitled to a greater tax credit under AS 43.20.036(j) for the subsequent employment, there is a presumption that the employer acted in expectation of a greater tax credit. The employer may overcome the presumption by showing by clear and convincing evidence that the employer terminated the employee for cause or that the employee left the employment voluntarily.

\* Sec. 5. If a provision of AS 43.20.036(j) or 43.20.041, or the application of a provision to a person or circumstance, is held invalid, the remainder and the application to other persons or circumstances is not affected by the holding. The remainder shall be enforced to the greatest extent constitutionally permissible under the constitutions of the United States and the State of Alaska.

\* Sec. 6. This Act applies to employees first hired by an employer on or after January 1, 1986.

\* Sec. 7. This Act is retroactive to January 1, 1986.

\* Sec. 8. This Act takes effect immediately in accordance with AS 01.-10.070(c).

*Jan 31st*  
*Possible deletion*

Cramer  
5/6/86

Original sponsors: Faiks, Bennett,  
Zharoff, et al

1 IN THE SENATE

BY THE LABOR AND  
COMMERCE COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 360 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to tax credits for employing and  
7 training residents; and providing for an effective  
8 date."

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

10 \* Section 1. PURPOSE. The legislature recognizes that the state has a  
11 significant unemployment problem. This Act is intended to better fulfill  
12 the state's duty of loyalty to its citizens, reduce unemployment among  
13 residents of the state, remedy social harms resulting from chronic unem-  
14 ployment, and encourage the training of state residents so that they are  
15 better qualified to compete for job opportunities.

16 \* Sec. 2. LEGISLATIVE FINDINGS. The legislature finds:

17 (1) the findings made in AS 36.10.005 continue to accurately  
18 describe the social, economic, and employment situation in the state;

19 (2) nonresident workers displace a substantial number of qual-  
20 ified, available, and unemployed residents, and the displacement is a  
21 peculiar source of the high rate of unemployment among state residents;

22 (3) high and persistent unemployment breeds severe social prob-  
23 lems including alcoholism and domestic violence;

24 (4) the findings of the Department of Labor of the State of  
25 Alaska in its report entitled "Nonresidents Working in Alaska; A Special  
26 Study to Measure the Economic Impact of Nonresidents on Alaska's Economy  
27 During Calendar Year 1984" support the need for a resident hiring prefer-  
28 ence;

29 (5) private sector investment in job training and vocational

1 education programs will help qualify unemployed Alaskans for higher-skilled  
2 job opportunities.

3 \* Sec. 3. AS 43.20.036 is amended by adding a new subsection to read:

4 (j) For purposes of calculating the income tax payable under  
5 this chapter, the taxpayer may apply as a credit against tax liability  
6 an Alaska hire credit under AS 43.20.041, for employment of state  
7 residents who satisfy the eligibility requirements, equal to the sum  
8 of

9 (1) 50 percent of the qualified first-year wages, as de-  
10 fined in 26 U.S.C. 51(b)(2), to a maximum credit of \$3,000 for each  
11 eligible employee, paid or incurred by the employer during the taxable  
12 year;

13 (2) 25 percent of the qualified second-year wages, as  
14 defined in 26 U.S.C. 51(b)(3), to a maximum credit of \$3,000 for each  
15 eligible employee, paid or incurred by the employer during the taxable  
16 year; and

17 (3) 50 percent of the verifiable job training costs, as  
18 determined by regulations adopted by the commissioner of labor, to a  
19 maximum credit of \$3,000 for each eligible first-year employee, and 25  
20 percent of the verifiable job training costs to a maximum credit of  
21 \$3,000 for each eligible second-year employee.

22 \* Sec. 4. AS 43.20 is amended by adding a new section to read:

23 Sec. 43.20.041. ALASKA HIRE TAX CREDIT. (a) An employer is  
24 entitled to claim an Alaska hire tax credit under AS 43.20.036(j) on  
25 first-year wages if the employer employs an eligible state resident  
26 for at least six consecutive months. An employer is entitled to claim  
27 an Alaska hire tax credit under AS 43.20.036(j) on second-year wages  
28 if the employer employs an eligible state resident for at least 18  
29 consecutive months.

1 (b) The tax credit for first-year wages under (a) of this sec-  
2 tion may only be claimed in the tax year in which the resident com-  
3 pletes 12 consecutive months of employment with the employer, or in  
4 which the last day of the resident's consecutive employment with the  
5 employer occurs, whichever comes first. The tax credit for second-  
6 year wages under (a) of this section may only be claimed in the tax  
7 year in which the resident completes 24 consecutive months of employ-  
8 ment with the employer, or in which the last day of the resident's  
9 consecutive employment with the employer occurs, whichever comes  
10 first.

11 (c) An employee is eligible under this section if on the date  
12 immediately preceding the date of hire

13 (1) the employee satisfies the residency requirements of  
14 AS 43.23.005(a);

15 (2) the employee was a resident of a zone of underemploy-  
16 ment designated under (d) of this section, the place of employment was  
17 located in that zone of underemployment, and the employee

18 (A) was receiving unemployment benefits under AS 23.20  
19 or would have been eligible to receive benefits but had exhausted  
20 them; or

21 (B) was not employed and had registered to find work  
22 with a public or private employment agency or a local hiring  
23 hall.

24 (d) The Department of Labor shall report annually to the legis-  
25 lature and the governor on the status of employment in the state, the  
26 effect of nonresident employment on the employment of residents in the  
27 state, and methods to increase resident hire. The report may desig-  
28 nate areas as underemployment areas. A designation is valid immedi-  
29 ately and for the next two fiscal years following a determination by

1 the commissioner of labor. The commissioner of labor shall determine  
2 that a zone of underemployment exists if the commissioner finds that

3 (1) the rate of unemployment in the zone is substantially  
4 higher than the national rate of unemployment;

5 (2) a substantial number of residents in the zone have  
6 experience or training in occupations in which nonresidents are em-  
7 ployed;

8 (3) the lack of employment opportunities in the zone has  
9 contributed to serious social or economic problems in the zone; and

10 (4) employment of workers who are not residents is a pecu-  
11 liar source of the unemployment of residents of the zone.

12 (d) An employer may not claim a tax credit under this section if  
13 the employer terminated the employment of a resident in the expecta-  
14 tion of receiving a greater tax credit under AS 43.20.036(j). If an  
15 employer terminates the employment of a resident and then hires a  
16 resident to fill the position within three months after the termina-  
17 tion and if the employer would be entitled to a greater tax credit  
18 under AS 43.20.036(j) for the subsequent employment, there is a pre-  
19 sumption that the employer acted in expectation of a greater tax  
20 credit. The employer may overcome the presumption by showing by clear  
21 and convincing evidence that the employer terminated the employee for  
22 cause or that the employee left the employment voluntarily.

23 \* Sec. 5. If a provision of AS 43.20.036(j) or 43.20.041, or the appli-  
24 cation of a provision to a person or circumstance, is held invalid, the  
25 remainder and the application to other persons or circumstances is not  
26 affected by the holding. The remainder shall be enforced to the greatest  
27 extent constitutionally permissible under the constitutions of the United  
28 States and the State of Alaska.

29 \* Sec. 6. This Act takes effect immediately in accordance with

1 AS 01.10.070(c).

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# Alaska State Legislature

CO-CHAIRMAN  
FINANCE COMMITTEE  
907-465-3740

JAN FAIKS  
POUCH V  
CAPITOL BUILDING  
JUNEAU, ALASKA 99811



MAY 5 1986

Senate

May 2, 1986

## MEMORANDUM

TO: Senator Zharoff, Chairman,  
Senate Labor and Commerce Committee

FROM: Senator Jan Faiks

SUBJECT: Revised CS for Senate Bill 360, an Act relating  
to tax credits for employing and training  
residents

My staff met with Bob Landau of the Department of Labor concerning their suggestions for improving Senate Bill 360. Together, they agreed on the following changes to the 4-14-86 committee substitute.

I would appreciate your having these drafted into a new committee substitute and scheduling the bill for a rehearing.

1. Wherever the words "unemployment area(s)" or "area(s)" appear, replace these with "underemployment zone(s)" or "zone(s)".
2. On page 3, line 24, after the word "two", add the word "fiscal".
3. On page 4, add the following subsection to (c): (d) a substantial number of residents in the zone have experience or training in occupations in which nonresidents are employed.

The above changes will make SB 360 uniform with other local hire bills.

4. On page 3, rewrite or place into another section the language dealing with the tax years in which the credits can be claimed. The current placement after the provision

OUT OF SESSION

dealing with required consecutive employment has confused readers.

5. On page 3, in subsection (b) beginning line 10, add the following additional criterion: on the date immediately preceding the date of hire the place of employment was located in the same underemployment zone as the employee's place of residence. This will prevent employers from discriminating against local unemployed residents in favor unemployed residents from other areas of the state.

6. On page 4, please delete sections 6 and 7. These sections are unnecessary because employees will not be eligible for a tax credit until after the Department of Labor designates underemployment areas. According to the Department, the earliest that a designation could be made would be January 31, 1987.

Thank you.

CHAIRMAN'S INFORMATION: SSSB 360

1) BILL TITLE: "An act relating to tax credits for employing and training residents; and providing for an effective date."

a) Introduced: Fiaks, Bennett, Zharoff, Devries, Rodey, and P Fischer

b) Co-sponsors:

2) INTENT: This measure creates an "Alaskan Hire Tax Credit" for an employer who hires an eligible resident. The bill enacts a series of tax credits, including a credit for training costs (maximum of \$3,000), and details the eligibility criteria.

FISCAL NOTE: 2 from the Department of Revenue ( - \$33.2 million in revenue and \$2.0 contractual) and a DOL F/N of \$136.2

3) ADDITIONAL REFERRALS: Finance, Rules

4) PUBLIC HEARINGS:

a) Sponsor:

b) Public Witnesses:

5) BILL ACTION:

a) Hold in committee?

b) Assign to sub committee for further review?

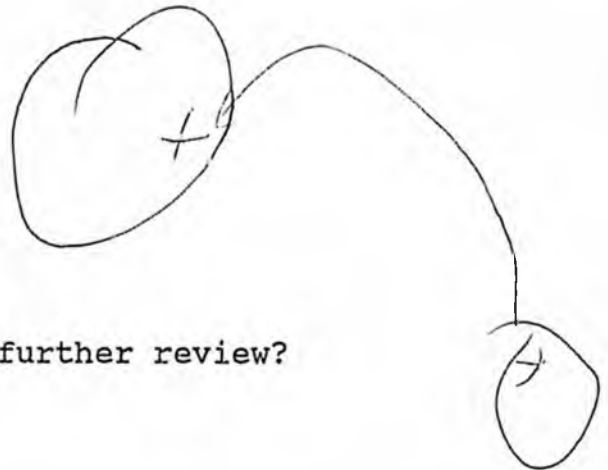
c) Move from committee?

d) Close public hearings?

6) COMMITTEE ACTION?

a) amendments?

b) CS adoption?



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10 April 1986

Senator Jan Faiks  
Senate Finance Committee  
Pouch V  
Capitol Building  
Juneau, Alaska 99811

Re: Analysis of the Economic Effect of SB 360

Dear Senator Faiks,

In response to a request from Stephen White of your staff, I am enclosing a short analysis of the economic effect of SB 360, a bill providing tax credits for the hiring of resident Alaskans.

The basic equation for calculating the economic effect of displacing a nonresident worker, as measured by the change in income to Alaska residents, is the sum of two parts, as follows:

$$\begin{array}{rcl} \text{Change in income} & & \text{Net increase in} \\ \text{of Alaska} & = & \text{income of newly} \\ \text{residents} & & \text{hired Alaska} \\ & & \text{resident} \end{array} + \begin{array}{l} \text{Multiplier effect} \\ \text{of increased income} \\ \text{spent in Alaska} \end{array}$$

The net increase in income of the newly hired Alaska resident is the salary he receives minus any public benefits foregone, typically unemployment insurance payments.

$$\begin{array}{rcl} \text{Net increase in income} & & \text{Salary at} \\ \text{of newly hired} & = & \text{new job} \\ \text{Alaska resident} & & \end{array} - \begin{array}{l} \text{Foregone public} \\ \text{benefits} \end{array}$$

The multiplier effect (the increase in income of other Alaskans) is calculated using the additional income spent locally due to the displacement of the nonresident as the base to which an economic multiplier is applied.

$$\begin{array}{rcl} \text{Multiplier effect} & & \\ \text{of increased} & = & \text{[multiplier]} \times \\ \text{income spent} & & \text{Net increase} \\ \text{in Alaska} & & \text{in income of} \\ & & \text{newly hired} \\ & & \text{Alaska resident} \end{array} - \begin{array}{l} \text{Local} \\ \text{spending} \\ \text{by} \\ \text{nonresident} \end{array}$$

UNIVERSITY OF ALASKA

Jan Faiks  
10 April 1986  
Page 2

For example, if we assume the following:

weekly salary of Alaskan = \$557 (average weekly earnings of recipients of unemployment compensation in 1984)

public benefits foregone = \$140 (average weekly unemployment compensation in 1984)

local spending of nonresident = 25% of earnings \_

multiplier = .5

then the impact on Alaskan resident income of displacing a non-resident for one week by one unemployed resident would be about \$557--\$417 going to the resident worker and \$139 to Alaskans in other industries because of the multiplier effect.

$$[\$557 - \$140] + .5 [\$557 - \$140 - \$139] =$$
$$\$417 + \$139 \approx \$557$$

In this analysis, the income of the nonresident has no value.

In applying this formula to an analysis of SB 360, the critical variable is the percentage of credits which would be used to hire unemployed residents who would not otherwise get a job. In other words, how many credits "hit the target" for which they are designed. This depends upon the ability of the Department of Labor to designate as "underemployment areas" regions which do not have significant seasonal fluctuations in employment and high job turnover rates from other causes.

Absent such sharp designations, it seems likely on the basis of limited evidence that a large portion of the credits would be used to hire unemployed Alaskans who would have found jobs in the absence of the credits.

Alaska Department of Labor data show that in 1984, 45,453 persons submitted initial unemployment compensation claims and only 45.6 percent of these people exhausted their benefits. The remaining 24,749 either found employment prior to exhausting their benefits or dropped out of the labor market (79 percent [36,063] of these claims were from within the state, but the percentage of these claimants exhausting their benefits is not reported [ADOL, Unemployment Insurance Actuarial Study and Financial Handbook, December 1985]).