

ALASKA LEGISLATURE COMMITTEE FILES, 1903-1900 00/2

4385 SSTA HB 338 - HB 406

264

retailers or would not qualify upon application. Therefore, it is safe to conclude that less than 100% of the people living in communities of 2000 and fewer will have access to lottery products on a day-to-day basis. However, a total of 84 WIC vendors ("viable businesses") in 83 rural communities with populations of 101 to 2000 would provide a probable minimum level of access to lottery products for 64.8% of the rural residents.

A maximum level of access to lottery products would exist if each rural community of 100 or more persons contained at least one lottery retailer. This is a possibility that cannot be discounted because the WIC program has not been able to consider service to all rural communities, therefore its vendor list may not contain all "viable businesses" in these areas.

The access to lottery products in rural communities, and thus the probable level of spending on these products, can then be anticipated as likely to be within parameters established by this maximum and minimum. The maximum case represents a situation in which 100% of the population in communities 101 to 2000 residents, or 65,186 people in 174 communities, would have access to a lottery retailer. The minimum case represents a situation in which 64.8% of the rural population, or 42,261 people, those living in 83 communities over 100 and served by the WIC program, would have access to a lottery retailer.

A probable low (maximum access) and high (minimum access) economic impact on rural communities can now be projected from lottery sales using an '83-'85 national per capita profit in lottery states of \$26.07 and an assumed state total net revenue of \$19,035,011 (from Pt. II, page 28). This impact will be a result of lottery expenditures by residents of these communities compared to the benefits received through expenditures by the state from lottery net profits. For this analysis it will be assumed that state expenditures are made on an equal per capita basis in all communities of the state. That is, a community with 5% of the population receives the benefits of 5% of state government spending.

Conclusion:

Both the "maximum access" and the "minimum access" case would result in a positive economic impact in all of the rural communities in Alaska. This positive impact would range from a low of 5.38% to a high of 62.54% in the 174 communities with populations of from 101 to 2000. That is, for every \$1 spent on lottery products which leaves a rural community, between \$1.05 and \$1.63 would return in the form of state government services and grants from lottery profits. This return does not include the 50% of lottery expenditures remaining in communities from retail sales commissions and prizes. Eighty eight rural communities with populations of less than 100, comprising a total population of 5,100 (0.98% of the state's population), would experience even higher economic benefits, a total of \$186,543 or \$36.58 per capita, because they would receive the same benefits as others from lottery profits but would not be likely to make expenditures in a customary form of lottery.

The following computations corroborate these conclusions.

	AK Total	Max. Case	Min. Case
Population	730,150	65,186	42,221
Nat. '83-'84 Ave.	<u>x 26.07</u>	<u>x 26.07</u>	<u>x 26.07</u>
Per Capita Profit			
Net Profit (35% of Gross)	\$19,035,011	\$1,699,399	\$1,101,744
Gross Profit (100%)	\$54,385,745	\$4,855,425	\$3,147,841
Less Prize Payments (45%)	<u>- 24,473,585</u>	<u>- 2,184,941</u>	<u>- 1,416,528</u>
	\$29,912,160	\$2,670,484	\$1,573,920
Less Commissions (5%)	<u>- 2,719,287</u>	<u>- 242,771</u>	<u>- 157,392</u>
\$ Leaving Communities	\$27,192,873	\$2,427,713	\$1,573,930
Less Admin. Costs (15%)	<u>- 8,157,862</u>	<u>- 728,314</u>	<u>- 472,176</u>
Net Profit to Gen. Fund	\$19,035,011	\$1,699,399	\$1,101,744

Rural communities would realize benefits from a return of lottery profits equal to their percentage of the state population times the state net profit, or;

$$13.44\% \times \$19,035,011 = \$2,558,305$$

The probable maximum and minimum amount of dollars leaving rural communities is \$2,427,713 and \$1,573,920, respectively. The differences between the negative and positive cashflow are:

$$\$2,558,305 - \$2,427,713 \text{ (max.)} = \$130,592 \text{ (low); or a 5.38\% gain;}$$

$$\$2,558,305 - \$1,573,920 \text{ (min.)} = \$984,385 \text{ (high); or a 62.54\% gain.}$$

Two assumptions which have been made that led to the above conclusions merit additional comment. First is, the assumption that rural and urban residents would purchase lottery products on an equal per capita ratio. As has been illustrated above, a higher ratio of urban versus rural lottery purchases results in a high return to rural communities in terms of benefits received compared to expenditures made. Marketing strategies based on economy of scale will, in all likelihood, focus on the urban areas of the state, not rural communities. This will result in lottery products and consumer incentives designed to appeal to urban residents and tourists. This will increase the ratio of lottery purchases outside of rural areas compared to purchases in rural communities to a higher degree than the above illustration assumes. The second assumption is that rural communities and urban communities receive benefits from state government spending on an equal bases. This assumption, again, results in very conservative projections with regard to the probable benefits received by rural communities.

PART IV: IMPLEMENTING AND OPERATING A STATE LOTTERY

Enabling Legislation

The experience of the past twenty years of lottery operation in the U.S., and the experiences of other governments' lottery operations, should be reviewed when considering legislation for an Alaska lottery. Most state lottery laws were drafted when the idea of a state lottery was a novel concept and little or no practical experience was available. The resulting legislation contained burdensome language addressing anxiety which stemmed from illusions based on fear rather than actual causes for concern. While this approach may have been justified ten or more years ago, it should have long since been abandoned and enabling statutes should now be drafted in light of the available record of lottery experience.

The operation of a lottery should be insulated, as far as is possible, from the operation of the political process. The following points have been recommended by Edward J. Powers, past executive director of the New Hampshire Sweepstakes Commission, which started the first lottery in the U.S. in 1964, and a founder and past president of the National Association of State Lotteries.

1. A state lottery should be established in the form of an independent authority (public corporation) rather than as a regular state agency. The authority should have its own identity and be responsible for its decisions. This is best from a public relations as well as from an efficiency viewpoint. It should have the authority to issue and present prize checks. It should be able to employ personnel and to enter into contracts, within established state procedures, and issue its own bid specifications. State purchasing statutes were not written with lotteries in mind, and so are not suited to the peculiar requirements of lottery management.

If an authority form of entity is not achievable, then, a separate commission consisting of members from both the public and private sector overseeing a separate department is preferable to a division within an existing department.

However, it should be noted that a number of state lotteries are currently functioning within another state agency.

2. The lottery agency should be treated like a business as much as possible. This is the only way to maximize revenues. It must have the flexibility to launch new programs and change marketing strategy. It should not be in a budget straightjacket that prevents it from making personnel or policy changes.

3. Full public accountability must be required. Periodic reports of revenue and expenses must be presented to the governor and the legislature. An annual report should be published for the public and the press to review. Some lotteries require that an outside accounting agency conduct periodic audits.

4. Security is paramount in every aspect of the lottery. The draft legislation should provide the framework for the internal controls

that are necessary to deter and prevent subversion both from within and without. Computer technology permits controls today that were unavailable in the past. Most security problems have arisen from employees and this emphasizes the need for close pre-employment screening. There must be cross-checks and frequent unannounced inspections to eliminate temptation.

5. It must be remembered that a state lottery will return close to 40 percent of total gross revenues to the state, after paying all the prizes and expenses. The lottery agency is completely self-supporting. Its initial start-up costs will be paid back to the state within a matter of months. Details as to lottery operation should not be specified in statutes. Legislation should not specify a percentage of prizes to be paid, the amount to be spent on advertising, the percentage allowed for expenses or the minimum amount to be returned in net revenue. State lotteries have proven they are capable of raising substantial net revenue. There is no need to set minimum acceptable levels of net revenue. Similarly, it is counterproductive to mandate the types of lottery games to be operated. These restrictions can seriously impede decision-making. It is best to charge the administrators of the lottery with the responsibility of raising maximum revenue from the program.

Experiences of operating lotteries have identified some areas that should be addressed in enabling legislation that were not, or if addressed were not adequately detailed. For instance, disputed claims should be clearly appealable only through state administrative procedures and should not be treated as civil disputes where contract law applies. Authority to own, operate and maintain separate data processing systems should be given lest a lottery be required to share time thereby compromising the lottery's security. Criminal offender record information should be available for use in licensing decisions. Failure of sales agents to promptly pay proceeds of lottery sales after reasonable demand should be a criminal offense.

In summary, legislation should be drafted using the store of lottery experience developed in the past and not simply be modeled on existing lottery laws adopted when this store of experience was not available. Maximum flexibility should be obtained in the original enactment as once carved in stone laws are hard, if not impossible, to change. The particular areas where governmental restraints are counterproductive should be identified and specifically modified or waived as to lottery operations.¹

¹ "Editorial Viewpoint", Public Gaming Magazine, Jan. 1982 and Jan. 1983.

Interim Funding of a Lottery Agency

Any agency formed to implement a state lottery, no matter what the organizational structure is, must be afforded interim funding. An accepted "rule of thumb" in gauging the amount to be appropriated is \$1 for each state resident. A minimum recommendation needed in any state, regardless of its population is \$1,500,000. The following paragraphs describe the time frames involved in the establishment of the lottery's first game and where the money will be needed.

If a lottery bill became effective on July 1 in any year, as an example, the appointments to the board or commission and the hiring of a full time director might take place within the next 30 to 45 days. If a bid was prepared within the next 30 to 45 days to purchase tickets for the state's first lottery game and then an award was made to a vendor to provide those tickets by mid-October those tickets could be delivered in the state by early or mid-December. While all of the aforementioned is going on, the board or commission will have time to promulgate lottery rules and regulations and the director will be forming the lottery administration ... who in turn will help license the ticket sales agents throughout the state. By the end of December, or six months after the effective date of the legislation, lottery ticket sales should commence. This is a conservative timeline as has been illustrated by Oregon taking only 135 days to become operative after its law was signed.

Based on the scenario described in the previous paragraph, lottery ticket sales will commence around the first of the year with the tickets for the first game "sold out" by the end of February ... or eight months after the effective date of the legislation. At this point in time a "cash flow" (money and profit coming into the agency from the sale of tickets) will have started and the agency will be in a position to return all of the "borrowed money" back to the state. Also, from that point on the agency will be self-sufficient, requiring no additional funding.

The interim funds provided the agency initially will be used to pay rent and utility bills for office and warehouse space ... for payroll costs for the the lottery employees for at least eight months ... to purchase a small computer or lease time on an existing system for the lottery agency's "accountability" programs ... to purchase vehicles for the agency's field staff ... to advertise and promote the first game ... to print all the necessary forms and pamphlets ... and to purchase millions of instant lottery tickets for the first game. Most of the above items must be paid for before the "cash flow" begins.

If a state with a population of 1,000,000 provided its new lottery agency with \$1,500,000 in interim funding, for example, chances are that the state will order at least 10,000,000 instant lottery tickets for its first game and based on prior experiences will sell those tickets out in six to eight weeks. Washington State Lottery sold out its first games 50,000,000 tickets in five weeks to a population of 4.1 million. Therefore by the end of February (assuming tickets were placed on sale at the beginning of January) the state will have sold

\$10,000,000 worth of tickets and will have realized a profit of \$4,000,000. At this point, the \$1,500,000 can be returned to the state along with another \$1,000,000 to \$2,000,000 in profits, with the agency holding on to the balance to carry out its activities with continuing games.

There are two points to remember. First, the longer it takes the state to implement the lottery and its first game, the more dollars would be needed in interim funding. Secondly, if it is the state's desire to have the money "borrowed" by the lottery agency repaid within the same fiscal year, the above scenario sees³ that occurrence happening with great ease and a good deal of leadway.

³ Paul Silvergleid, Consultant and Past Chairman of the Connecticut Gaming Commission, Feb. 1983

Operation of a State Lottery

Most state lotteries are operated in a generally similar way. The majority of the state lotteries are overseen by a Commission (Delaware, Michigan and New York are exceptions). The Commission is responsible for broad policy making decisions, promulgation of appropriate rules and regulations to govern the lottery, and review of proposed contracts between the lottery and outside vendors. The actual day-to-day administration of the lottery is the responsibility of the lottery Director, who is a full time employee and generally has experience in the operation of state lotteries. In turn, the Director will have department heads in such areas as security, administration, marketing, and data processing. There will be a lottery staff of full time employees in each of these areas. Depending on the size of the state, the total number of staff will vary but one can expect between 50 and 150.

Although the lottery is operated by the Director and his staff, lottery tickets are actually sold by licensed agents. These licensed agents are generally retailers such as convenience stores, newsstands, package stores, supermarkets, etc. The Director will accept applications from all those eligible to be licensed agents and, after a background check, the retailers will be licensed and will sell lottery tickets subject to rules and regulations of the Commission. The agents will be compensated for sales of lottery tickets by receiving a commission on such sales. The most common retailers' commission in lottery states is 5%.

After setting up its staff and licensing its agents, the lottery must determine what type of game it will run. There are variety of lottery games available, but the two most common are what are called "instant games" and "on-line games." An instant game is played by the use of tickets which have hidden symbols concealed by a removable covering. The player purchases the ticket, removes the covering, and determines instantly whether he has won a prize and, if so, the amount of the prize. He then redeems his winning ticket in a manner established by the lottery. For small prizes, many states establish a system for the payment of the winning ticket by the licensed agents themselves. Larger prizes are redeemed through claim centers staffed by employees of the lottery. The instant tickets are constructed in such a way so that winning tickets can be validated to prevent any tampering, counterfeiting or fraud.

The on-line numbers games take a variety of forms. A typical game is a 3-digit daily numbers game. In order to run this game, the lottery distributes small computer terminals to its licensed agents which are comparable in size to cash registers. The terminals are connected "on-line" to a large central computer at lottery headquarters. A player selects a 3-digit number ranging from 000 to 999. He then tells the sales agent his selection along with the amount of money he wants to play on that number. The agent enters the number on his terminal (which simultaneously transmits the entry to the central computer) and the terminal issues the player a ticket. That ticket, as with an instant ticket, has various security and validation fea-

tures which protect against any tampering, counterfeiting or fraud. At the end of the day, the lottery randomly draws a three-digit number and the player who has a ticket with that number wins.

Although all aspects of the operation of a lottery are in-state, the lottery will have to purchase its instant tickets or on-line system from one to the established and experienced vendors in the United States. At this time, there are 3 primary instant ticket vendors and three primary "on-line" vendors. The lottery will generally pay such vendors approximately 2 - 3% of the total lottery gross revenues for the purchase of lottery products. That money is the only money which will be spent outside of the state.

Of course, there will be a "lag time" between the date the lottery law becomes effective and the date lottery tickets are first sold. It is during this period that lottery personnel are hired, the lottery administration is established, and the lottery vendor is chosen. Usually, there will be interim funding of the lottery during this "lag time" and that money is invariably⁴ repaid within 6 - 8 months of the effective date of the lottery law.

⁴ Robert L. Mote, Esq., Scientific Games, Inc., May, 1983.

Part V: ALASKA LOTTERY SURVEY

The following pages contain excerpts from results of a state-wide survey concerning an Alaskan lottery completed by the Dittman Research Corporation of Alaska. This survey clearly indicates that Alaskans would favor the operation of a state lottery by a two to one margin.

Survey Methodology

During the period of November 1 through November 12, 1985, 502 residents of 51 Alaskan communities were personally contacted by telephone by professional interviewing employees of the Dittman Research Corporation. The views and opinions of the Alaskan residents were recorded on a strictly confidential basis.

Research Design: A random sample was featured which provided that all residents of the communities included had essentially the same chance of being interviewed.

Sample Selection: The Anchorage sample was selected through a computer-generated random digit dialing program. This is particularly important in Anchorage due to a 40% rate of unpublished and unlisted numbers.

The sample in other communities state-wide was randomly selected from current telephone subscribers listed in the most recent directory for each community. In these communities, the percentage of non-listed numbers does not exceed 10%.

Findings

Overall, Alaskans on a state-wide basis support the idea of a lottery by well over a 2:1 margin...

"Some people have suggested it would be a good idea for Alaska to have a state lottery, while others have said it would be a bad idea. What are your views -- do you basically favor or oppose Alaska having a state-wide lottery?"

Favor.....65%
Oppose.....29%
Unsure..... 6%

...and the support is basically consistent throughout all geographic regions...

Region	Favor	Oppose
Rural.....	57%.....	37%
Central.....	65%.....	28%
Southcentral.....	65%.....	29%
Anchorage.....	69%.....	24%
Southeast.....	62%.....	36%

...demographically, upper income residents are slightly more supportive...

Income	Favor	Oppose
Up to \$20,000.....	64%.....	32%
\$20,000 - \$40,000.....	64%.....	30%
\$40,000 - \$60,000.....	65%.....	30%
\$60,000 plus.....	73%.....	22%

...and young people are more supportive than older people...

Age	Favor	Oppose
18 - 24 years.....	84%.....	13%
25 - 40 years.....	67%.....	28%
41 - 55 years.....	62%.....	31%
56 years and older.....	44%.....	46%

...there is little difference based on gender...

Sex	Favor	Oppose
Male.....	66%.....	30%
Female.....	65%.....	27%

...and significantly important, the idea of a state-wide lottery has broad appeal across all political boundaries...

Party	Favor	Oppose
Democrat.....	67%.....	24%
Republican.....	61%.....	31%
Non-partisan.....	67%.....	30%

Summary:

The support for a state-wide lottery is strong and broad throughout Alaska. Only among residents 56 and over does opposition exceed support, while among other age groups, support exceeds opposition by margins of up to 6:1.

Overall, in terms of political and geographic constituencies, support exceeds opposition by approximately 2:1 in each geographic area, and Democrats, Republicans and Non-partisan voters all support the idea of a state-wide lottery by 30% margins or more.

⁵ "State-wide Survey Concerning Lottery"; Report to Rep. D. Thompson; Dittman Research Corp., Anchorage, AK; Nov. 1985.





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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COMMITTEE REPORT
SENATE

FURTHER:

5/12/85

Date _____

Mr. President

The Committee on STATE AFFAIRS considered HB 373

repealing the regulation of concert promoters.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title _____
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

_____ N.R.

_____ DO NOT PASS

UNLESS CONSUMERS PROTECTED

SOME OTHER WAY

Chairman

_____ Chairman recommendation

Alaska State Legislature

INTERIM OFFICE
1024 WEST SIXTH AVENUE
ANCHORAGE, ALASKA 99501
(907) 274-2843

IN SESSION:
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4714



Senator Mitch Aboud
CHAIRMAN

Senate Committee on State Affairs

DRAFT

Letter of Intent

Passage of HB 373 reflects the Legislature's recognition that provisions contained in AS 08.92 restrict the availability of live entertainment in the State of Alaska, while providing no corresponding consumer protection.

The Legislature expresses its intent to allow municipalities to establish their own regulations in governing live entertainment as a matter of local option and urges municipalities to consider the protection of the consumer as its primary goal.

Alaska State Legislature

COMMITTEES:

Committee on Community and Regional Affairs
Committee on Transportation
Special Committee on Oil and Gas
Special Committee on Fisheries
Finance Sub-committee on Fish and Game




Andre Marrou
Representative

District 5

Kenai	Sterling
Soldotna	Anchor Point
Homer	Port Graham
Seldovia	English Bay
Kachemak	Nikolaevsk
Kasilof	Halibut Cove
Ninilchik	Clam Gulch

Fenbruary 25, 1986

To: Mitch Abbod, Chairman Senate State Affairs
From: Andre Marrou, Representative 

Subject: Hb 373; Letter of Intent

The Legislative intent of HB 373, "An Act Repealing the Regulation of Concert Promoters", is to allow more avenues of live entertainment in Alaska. The current law is too restrictive and does far more to limit live entertainment than it does to protect consumers, as indicated in witness testimony before your committee.

It is also the Legislative intent to allow each municipality to set their own rules governing live entertainment. As pointed out in the committee dialouge on February 20, many municipalities already regulate these events because most of them are conducted on city property.

STATE OF ALASKA

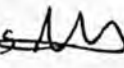
BILL SHEFFIELD, GOVERNOR

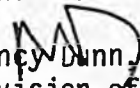
DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

POUCH D
JUNEAU, ALASKA 99811
PHONE: (907) 465-2534

DIVISION OF OCCUPATIONAL LICENSING

DATE: February 21, 1986

TO: ~~Senate Finance Committee~~ SENATOR MITCH ABDOO
SENATE STATE AFFAIRS 

FROM:  Nancy Dunn, Director
Division of Occupational Licensing
Department of Commerce & Economic
Development

SUBJECT: Explanation of the Fiscal Note for HB 373

Please accept the following information in support of our April 23, 1985 fiscal note to HB 373, an act repealing the regulations of concert promoters. This should clear up any discrepancies concerning the cost of licensing concert promoters.

We have developed a zero fiscal note for HB 373 because of the small percentage of time and resources dedicated to this licensing area. The cost of licensing concert promoters is largely reflected in the amount of time the licensing examiner dedicates to this function. Historically, less than 1% of the assigned examiner's time is spent on this area while about 99% of her time is dedicated to other licensing responsibilities. Even with the repeal of concert promoter licensing, the licensing examiner who provided its support would be needed by the division to continue the responsibilities that absorb 99% of her time. We could not reflect the elimination of this 1% cost when, in fact, that cost will still be realized by the department in the continued funding of her salary and benefits.

I think that an explanation of costs assigned to the concert promoters area may be helpful. The original estimate of \$21,000 is inaccurate; the costs assigned to that area will be in the range of \$500 to \$1,000.

Last session when the Legislature was deliberating HB 78, an act authorizing the department to set licensing fees by regulation, the division was asked to quickly provide an illustration of how the cost of each board or licensing area might be determined. The formula used at that time equally distributed the administrative salary and contractual costs of FY 84 to all licensing areas. This resulted in nonboard areas, like concert promoters, being assessed a very heavy share of the division costs in relation to the very small number of licensees in that area.

Since the passage of HB 78, we have done a more extensive analysis of board costs. In fact, this process is still continuing. We have found that the previous formula for determining board cost placed an unfair burden on non-board licensing areas, especially ones like concert promoters that involve a very small number of licensees.

Now, based on distributing costs in part on the percentage of licensees, the cost of licensing all concert promoters is likely to be in the neighborhood of \$500 to \$1,000. For the 11 current licensees, this would mean fees in the range of \$46 to \$92 annually.

In summary, the \$21,000 cost figure previously suggested by the division is no longer valid, and the department does support the passage of this legislation with a zero fiscal note.

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STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST
 Bill/Resolution No.: HB 373
 Title: Repealing the regulation
of Concert Promoters
 Sponsor: Rep. Marrou
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL
 Agency Affected: Commerce & Economic Dev.
 Program Category Affected: _____
Consumer Protection
 BRU, Program or Subprogram(s) Affected: _____
Occupational Licensing

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE	[.1]	[.1]	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

Because of the required documents that must be submitted for licensing, the time of one staff person has been a necessity in only a minimal amount. The person assigned also has the responsibility of licensing construction contractors and geologists.

(See continuation attached)

Prepared by: Jennifer Strickler, Management Analyst Phone: 465-2144

Division: Occupational Licensing Date: April 23, 1985

Approved by Commissioner: Loren H. Lounsbury Date: 4/24/85
 Agency: Commerce and Economic Development

Distribution (by Agency preparing fiscal note):

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

HB 373 Analysis, continued

The statute as written requires posting of a cash deposit or bond in the amount of \$5,000.00. This account must be reconciled by an individual other than the person posting the account. At present, there are five licensees which are subject to biennial license renewal, two occurring in FY '85, and three in FY '86.

HB 373: "An Act repealing the regulation of concert promoters."

The Department of Commerce and Economic Development, Division of Occupational Licensing, supports House Bill No. 373 repealing the regulation of concert promoters.

AS 08.92.030 requires bonding to protect the public in the event of concert cancellations. Bonding in the amount of \$5,000 or the alternatives provided in the statute (cash deposit in the amount of \$5,000 or establishment of an escrow account containing 50% of advance ticket sales) provide at least some protection against losses incurred by the public as a result of cancelled concerts.

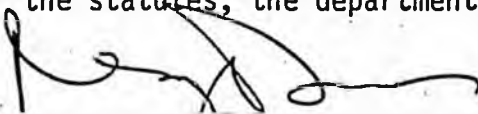
However, if claims against the bond exceed the limits of the bond, the court determines and orders which claimants will receive proceeds of the bond. There is no guarantee that all claimants will receive full compensation.

In addition, complications are encountered when the escrow account consisting of 50% of advance ticket sales is used. Advance ticket sales under control of the promoter could represent a very small portion of the financial investment of ticket holders.

Currently, there are two complaints on file with the Division of Occupational Licensing. One involved unlicensed activity which was promptly resolved, and the other, currently being handled by the Department of Law, involves an incident in which a licensee failed to provide refunds for a concert not held.

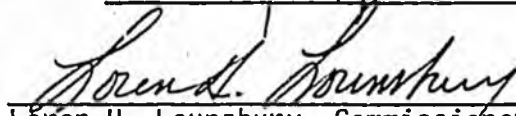
There were only twelve licensed concert promoters in Alaska as of the end of January 1986. Because the number of concert promoters subject to licensure are few, as evidenced by the small number of licensees, the department does not view a rewrite of AS 08.92 as a priority.

Based on the relatively small amount of licensing activity in the area of concert promotion and weakness of the statutes, the department supports repeal of AS 08.92.



Nancy Dunn, Director
Division of Occupational Licensing

Date: 11/31/86



Loren H. Lounsbury, Commissioner

Date: 2/3/86

Alaska State Legislature

COMMITTEES:

Committee on Community and Regional Affairs
Committee on Transportation
Special Committee on Oil and Gas
Special Committee on Fisheries
Finance Sub-committee on Fish and Game



Andre Marrou
Representative

District 5

Kenai	Sterling
Soldotna	Anchor Point
Homer	Port Graham
Seldovia	English Bay
Kachemak	Nikolaevsk
Kasilof	Halibut Cove
Nmilchik	Clam Gulch

January 17, 1986

To: Mitch Abood; Chairman Senate C & RA
From: Andre Marrou 

Subject: HB 373, Deregulation of Concert Promoters

HB 373 was introduced to alleviate a glaring and ludicrous application of the law. As of this month, there are 7 licensed concert promoters in the state of Alaska. The Department of Commerce and Economic Development estimates that the annual cost of regulating this occupation is \$21,000.

Last may, HB 78 was signed into law (Ch. 37, SLA 85) which gave the Department the authority to adjust occupational license fees by regulation. This would allow the State to recoup more of the cost of administering the programs. The Division of Occupational Licensing has not yet revised the annual license fee for concert promoters but estimates that the fee might be around the \$400 to \$500 range.

This higher fee will probably result in fewer than 7 licensed concert promoters in the State. Thus, in the name of "consumer protection", we will have made it virtually impossible to promote religious concerts or stage performances legally. However, the demand for quality entertainment will not diminish. It will otherwise most likely be provided by those very people whom we seek to protect the public from-- that is, people willing to break the law to provide this service.

On a broader, more philosophical perspective, occupational licensing just doesn't work as it is intended to. In fact, what really happens is just the thing we were trying to avoid in the first place-- higher prices and poorer service. Anything that limits competition will have this effect. The best way to protect the consumer is to maximize competition and to encourage promoters to stand upon their reputations as professionals. As Milton Friedman, Nobel Laureate in 1977 so eloquently states:

"Perfection is not of this world. There will always be shoddy products, quacks, con artists. But on the whole, market competition, when it is permitted to work, protects the consumer better than do the alternative government mechanisms which have been increasingly superimposed on the market."²

¹ See Governor's transmittal letter page 65, House Journal

² Free To Choose; by Milton Friedman, 1979, page 222.

From what I have been able to learn, this law is a knee-jerk reaction to a promotion sponsored by the Anchorage Jaycees in which somebody absconded with the money. This has happened twice again since the law has been in effect, which underlines the fact that it doesn't work.

There are currently 14 members of the current Legislature who voted on both sides of the original law. Perhaps they could be contacted for more information.

Passing this bill would provide for more entertainment opportunities as well as saving the State about \$20,000 yearly. I urge its passage.

Alaska State Legislature

COMMITTEES:

Committee on Community and Regional Affairs
Committee on Transportation
Special Committee on Oil and Gas
Special Committee on Fisheries
Finance Sub-committee on Fish and Game



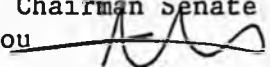
District 5

Kenai
Soldotna
Homer
Seldovia
Kachemak
Kasilof
Ninilchik

Sterling
Anchor Point
Port Graham
English Bay
Nikolaevsk
Halibut Cove
Clam Gulch

Andre Marrou
Representative

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STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 373
 Title: Repealing the regulation
of Concert Promoters
 Sponsor: Rep. Marrou
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Commerce & Economic Dev.
 Program Category Affected: _____
Consumer Protection
 BRU, Program or Subprogram(s) Affected:
Occupational Licensing

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

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

REVENUE	[.1]	[.1]	-0-	-0-	-0-	-0-
----------------	------	------	-----	-----	-----	-----

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

Because of the required documents that must be submitted for licensing, the time of one staff person has been a necessity in only a minimal amount. The person assigned also has the responsibility of licensing construction contractors and geologists.

(See continuation attached)

Prepared By: Jennifer Strickler, Management Analyst Phone: 465-2144
 Division: Occupational Licensing Date: April 23, 1985
 Approved by Commissioner: Loren H. Lounsbury Date: 4/24/85
 Agency: Commerce and Economic Development

Distribution (by Agency preparing fiscal note):

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

7/1/84

HB 373 Analysis, continued

The statute as written requires posting of a cash deposit or bond in the amount of \$5,000.00. This account must be reconciled by an individual other than the person posting the account. At present, there are five licensees which are subject to biennial license renewal, two occurring in FY '85, and three in FY '86.

H B

4 0 2



LASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y, State Capitol
Juneau, Alaska 99811
(907) 465-3991

April 24, 1986

MEMORANDUM

TO: Representative Terry Martin
FROM: Carol ^{CH}Hart, Secretary
RE: Submarine Ballot

David Teal asked that I send you the attached legislation on Submarine Ballot Act.

This is contained in Suggested State Legislation, 1986, Volume 45, published by the Council of State Governments.

CH

Attachment

Submarine Ballot Act

Four to five million qualified American voters live in other countries and must often cope with complex obstacles in order to exercise their right to vote. In some cases, such as Navy personnel stationed on nuclear submarines that remain submerged for sixty to ninety days at a time, these obstacles can prevent voting entirely.

Many states are unable or unwilling to alter primary dates in order to print absentee general election ballots soon enough to accommodate overseas voters. An alternative that promotes enfranchisement is the "submarine ballot," a special ballot that can be mailed up to ninety days in advance of the election to voters who apply that early and can certify they expect not to be able to vote in the usual absentee manner. The ballot does not have all the candidates' names, only titles of offices and as many names or measures as can qualify before the printing deadline. The absentee voter marks the ballot by writing in a name or expressing a party preference for each office.

This draft bill combines 1984 Washington and Connecticut legislation and incorporates minor changes suggested by the U.S. Department of Defense's Federal Voting Assistance Program.

(Title, enacting clause, etc.)

1 Section 1. *[Short Title.]* This act may be cited as the Submarine Ballot Act.

1 Section 2. *[Providing Absentee Ballots.]*

2 (a) As provided in this section, the county election officer shall provide
3 special absentee ballots to be used for state primary or state general elec-
4 tions. A special absentee ballot shall only be provided to a voter who com-
5 pletes an application stating that:

6 (1) The voter believes that she or he will be residing or stationed or
7 working outside the continental United States.

8 (2) The voter believes that she or he will be unable to vote and return
9 a regular absentee ballot by normal mail delivery within the period provided
10 for regular absentee ballots.

1 Section 3. *[Application for Absentee Ballot.]*

2 (a) The application for a special absentee ballot may not be filed earlier
3 than [ninety] days prior to the applicable state primary or general election.

4 (b) The application for an overseas ballot shall be the federal application
5 permitted under [cite appropriate act] or in the form of an affidavit sub-
6 scribed and sworn to before an officer authorized to administer oaths, and
7 shall provide substantially as follows:

8 To the Town Clerk of the Town of [town, state] I, the undersigned, swear
9 that the following statements are true:

10 (1) I am a citizen of the United States.

11 (2) I have not at any time forfeited my right to become an elector and my
12 electoral privileges because of conviction of a disfranchising crime or, in the
13 event that I have so forfeited such rights and privileges, all fines in con-
14 junction with such conviction have been paid, I have been discharged from
15 any confinement, parole, or probation, as the case may be, relating to such
16 conviction and I submit written proof thereof.

17 (3) I was born on [date], and on the day of the next federal election,
18 I shall be at least eighteen years of age.

19 (4) I am a former resident of the above town, to which I am making this
20 application, and resided at [street address] therein. I moved from such town
21 to my present residence on [date]. I now reside in [town] at [street address]
22 therein.

23 (5) I have a valid passport or card of identity and registration issued
24 under the authority of the Secretary of State of the United States or alternate
25 form of identification.

26 (6) I hereby apply for an overseas ballot for the

- 27 Primary
28 General Election
29 Special Election

30 to be held on [date]. I do not maintain a domicile in this state or in any other
31 state or election district of any state or territory or any territory or posses-
32 sion of the United States. I have not voted and will not vote otherwise than by
33 this ballot at such election for which I now apply for an overseas ballot.
34 I am not eligible to vote in any other town in [state] or in any other state
35 or election district of any state or territory or any territory or possession
36 of the United States.

37 (7) The said ballot is to be mailed to me at [mailing address].

38 Dated at _____ this _____ day of _____, 19____.

39 _____ (Signature of applicant)

40 Subscribed and sworn to before me this _____ day of _____,
41 19____.

42 _____ (Signature and title of officer
43 administering oath)

44 (c) The oath to be administered in connection with any such application
45 may be administered by any officer empowered to administer oaths under
46 [cite appropriate act] or any officer empowered to administer oaths under
47 the laws of any state or country or by any commissioned officer in the armed
48 forces, or any consul, vice consul or deputy consul representing the United
49 States in a foreign country, and shall be attested to by such officer over his
50 signature and title or statement of rank. In addition, any such oath may be
51 administered and attested by any two persons, one of whom shall be an
52 American citizen, if taken in a foreign country.

1 Section 4. *[Contents of Ballot.]*

2 (a) The special absentee ballot shall list the titles of all offices contested
3 at such election and measures, if known, scheduled to appear on the state
4 primary or general election ballot. The voter may use the special absentee
5 ballot to write in a party preference, the name of any eligible candidate for
6 each office, and vote on any measure.

7 (b) With any special absentee ballot issued under this section, the county
8 election officer shall include a listing of any candidates who have filed be-
9 fore the time of the application for offices that will appear on the ballot
10 at that primary or election and a list of any issues that have been referred
11 to the ballot before the time of the application.

12 (c) Write-in votes on special absentee ballots shall be counted in the same
13 manner provided by law for the counting of other write-in votes. The county
14 election officer, shall process and canvass the special absentee ballots pro-
15 vided under this section in the same manner as other absentee ballots un-
16 [cite appropriate act].

1 Section 5. *[Validity of Ballot.]* A voter who requests a special absentee
2 ballot under this act may also make application for an absentee ballot under
3 [cite appropriate act] or a service absentee ballot under [cite appropriate
4 act]. If the regular absentee or service absentee ballot is properly voted and
5 returned, the special absentee ballot shall be deemed void and the county
6 election officer shall reject it in whole when special absentee ballots are
7 canvassed.

1 Section 6. *[Severability.]* [Insert severability clause.]

1 Section 7. *[Repealer.]* [Insert repealer clause.]

1 Section 8. *[Effective Date.]* [Insert effective date.]

REP. TERRY MARTIN

ELECTIVE DISTRICT 13
MOUNTAIN VIEW
RUSSIAN JACK SPRINGS
NUNAKA VALLEY
ELMENDORF A.F.B.
CREEKSIDE
EAST ANCHORAGE



HOME
3960 REKA DRIVE-B6
ANCHORAGE, AK 99508
PHONE 333-6990

DURING SESSION
POUCH V
STATE CAPITOL BUILDING
JUNEAU, AK 99811
PHONE 465-3783

Alaska House of Representatives

MEMORANDUM

To: Senator Mitch Abood Chairman
Senate State Affairs Committee

From: Representative Terry Martin *T.M.*

Date: May 6, 1986

Subject: CS HB 402 Judiciary

"An Act relating to military and overseas voters."

Alaska's overseas and military voters need a simple process and adequate time to apply for and receive absentee ballots. This bill accomplishes both.

First, it backs up in statute procedures already established by the Division of Elections, which a) allow an absentee voter to send in one form to request absentee ballots for all state elections occurring in the following year; and, b) permit the voter to register to vote. All of these actions can be accomplished on one form, in one mailing.

Second, the bill allows a voter to request absentee ballots up to one year in advance of an election. Current law allows ballots to be requested no more than six months in advance, which means that if a voter desires an absentee ballot for both the primary and general elections, then the request can be made no more than three months before the primary, or else it will be more than six months before the general.

Third, the bill sets up a procedure so that absentee ballots can be mailed out to voters earlier, giving military and overseas voters enough time to apply for, receive and return their ballots so that their votes can be counted. As you may know, it is not unusual for overseas mail to require 15 days or more for delivery in one direction. Because of this unique circumstance, we recognize the need to provide overseas and military voters with a mechanism to receive their absentee ballots earlier than other voters.

Under existing law, it would be difficult for Division of Elections to have regular ballots ready for mailing 60 days before an election, especially a general election, since so much time is required to certify the primary election.

Therefore, HB 402 sets up a new system, similar to that used by Washington State and others.



A special absentee ballot will be prepared for each state general election. This ballot will show all ballot propositions or questions. The special ballot will contain party boxes and a blank line with a box, for each race, sort of like this:

<input type="checkbox"/>	Democrat	<input type="checkbox"/>	Republican	<input type="checkbox"/>	Libertarian
<hr/>			<input type="checkbox"/>		

The absentee voter may then vote in one of two ways: 1) by marking one of the boxes, thereby voting for the candidate nominated by the party (the primary winner); or, 2) by writing in a candidate and checking the corresponding box. The Division of Elections will provide an enclosure with the special ballot which lists the names of all the qualified candidates that were in the primary race, as well as any candidates who qualify by petition to appear on the general election ballot.

When the regular ballots are prepared, Division of Elections will send one out to each voter who received a special absentee ballot. As this regular ballot will be complete, containing all the candidates' names, this ballot would be counted in preference to the special ballot if the regular ballot is received back in time to meet statutory deadlines. If the second ballot is not returned in time, the first (special) ballot would be counted.

The Division of Elections has given their support to this bill.

It is vital that you give careful consideration to this measure, in the interests of all Alaskan voters. I will be happy to provide additional information or to answer any questions.

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The Division of Elections has given their support to this bill, and you will note that the fiscal note is minimal.

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House Finance
April 15, 1986

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To: Representative Al Adams, Chairman
House Finance Committee

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The Division of Elections has given their support to this bill.

It is vital that you give careful consideration to this measure, in the interests of all Alaskan voters. I will be happy to provide additional information or to answer any questions.



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

H B

4 0 6

Deferred Compensation Overview

The Alaska Legislature now has before it HB-406, which proposes a change in Alaska statutes to clarify that Alaska based financial institutions may develop tax-exempt deferred compensation programs to be offered to public employees through their various employers. Alaska law presently does not prohibit such programs, but additional flexibility is needed in regard to the options of investing funds.

This pending legislation (HB-406) has been brought about by the interest of state Rep. Red Boucher and other lawmakers interested in allowing Alaska financial institutions to compete for Alaska public employee tax-deferred savings. Presently such Alaskan tax-deferred savings have only the option of insurance/annuity investments. This means Alaskan deferred wages must flow out-of-state to insurance company sponsored plans. Presently Frontier Alaska State Credit Union (formerly Alaska School Employees Credit Union) is prepared to offer such an alternative 'in-state' tax-deferred savings program.

The original offering of the program by Frontier Alaska State Credit Union has been to the Anchorage School District, with whom they have had a long relationship. The Anchorage School District tentatively has agreed to the program pending clarification of the law (HB-406).

Frontier Alaska's interest has also stemmed from the interest of employees and credit union members. In many instances these employees have come to the credit union seeking assistance in understanding the variety of insurance/annuity programs for which they are frequently solicited. Like in the case of IRAs, many of these members prefer a plan that is accessible to them at an institution they frequent regularly for a broad variety of financial services. 'Financial institution' deferred compensation programs (as opposed to insurance) are common in many other states.

THE LEGAL PROGRAM

The IRS code presently recognizes and permits financial institutions to develop such programs. The only legal problem is language in state law that has to do with the manner of investment of such funds. Alaska law governing deferred compensation was written in the early-1970s, and at the time only insurance and annuity investment could effectively compete for these programs. Since then deregulation has made financial institutions competitive for long-range investment deposits. An example of this change is the proliferation of IRAs and money market accounts offered by financial institutions in recent years. Viewed from an investment standpoint, IRAs are very similar to deferred compensation. Financial institutions, in fact, can offer greater security since their accounts qualify and are required to be insured by the FIDC and its credit union equivalent.

WHAT IS DEFERRED COMPENSATION?

Deferred compensation is a tax-exempt savings program approved under IRS code. Under this federal authority insurance companies and financial institutions are permitted to develop plans, and with the permission of school districts, municipal jurisdictions, and utility associations, offer these plans to public employees.

The IRS permits two kinds of plans, one through insurance companies and the other through financial institutions. The plans differ mostly only in that the federal government regulates insurance companies and financial institutions differently.

The plan being developed by Frontier Credit Union is a good example of how most plans work. From a functional point, the public employer provides the 'permission,' and therefore the formal relationship required under federal law. However, the plan operator does all the necessary work with the exception of payroll deductions. The payroll deduction is an essential feature, because technically the employee never receives the income, it is channeled to the deferred compensation program (hence the term 'deferred compensation').

The Frontier Credit Union Plan would:

(1) Permit employees to defer from taxes \$7,500 yearly, or 25% of income, whichever is less.

(2) Provide safety of investment by federal insurance (National Credit Union Administration) up to \$100,000 on each employee account. Accounts that might exceed \$100,000 would be covered by additional federal insurance.

(3) Earnings rates would be set quarterly. Balances of accounts and other information would be immediately available on demand. There would also be no hidden charges. Earnings rates would be similar to those in IRAs (10.25% in May, 85 on Frontier accounts). In many respects the only thing different about handling IRAs, and deferred compensation plans, is that the deferred compensation plans must come through public employers and from regularly predetermined deduction of wages.

(4) Frontier plans no special charges or fees for initial set-up or administration.

Entirely Optional

In most jurisdictions municipal employers do not endorse any one kind of plan --or any particular plan. Generally the policy of public employers appears to be that of certifying a number of qualifying plans --both financial and insurance/annuity-- and leave the employee both the choice and responsibility of selecting their plan.

The Anchorage School District now recognizes many different plans and carriers. Frontier Alaska Credit Union will simply be another 'available option' to the employee, although we think it is one with the advantage of (1) local presence and access, and (2) insurability of the account.

It should be noted that there are exceptions where the employer does select and offer only one plan. This, of course, then places on the employer some obligation in monitoring the performance of the plan, and in many cases involves more work and expense on the part of the employer. It is because of this element of 'added obligation' inherent in certifying a sole deferred compensation carrier, that causes most jurisdictions to opt to the 'open policy.' This leaves the burden of choice to the employee and the burden of regulation to state and federal authorities.

State and Local Interest

There is a significant final benefit that has stirred legislative interest in broadening deferred compensation law. The beneficial economic by-product for the state and local areas is that 'savings' will flow to local financial institutions. These local (insured) deposits will then help underwrite the local investments of Alaska financial institutions and the loans of local borrowers. It is important to note that by their very authority deferred compensation deposits are very long term deposits, and tend to be cumulative --growing year-after-year without drawdown. Such a class of deposit would be very valuable to Alaska financial institutions of any type. Some lawmakers have referred to HB-406 as a 'local hire' money bill. While that may be an overstatement, nevertheless it is a fact that the considerable sums in Alaska, now invested in deferred compensation insurance programs, do go straight out of the state. In a sense the state economic structure is drained of these wages.

Persons of various philosophies can argue the finer points of such ideas. However, there is little doubt that access to deferred compensation deposits will greatly increase the ability of Alaska credit unions to underwrite consumer loans for their members. It is also important to note that credit unions are now the 'consumer level' banks in most of our communities.

A COMPETITIVE MARKET

The program being developed by Frontier Alaska Credit Union (the state's third largest credit union) is a pilot effort that others will follow. Alaska commercial banks will develop their program also, and undoubtedly will compete with insurance/annuity carriers for a share of the state employee market.

The Frontier program is simply the first, and therefore they have been an active participant with legislators in seeking clarification of the law by HB-406. This bill passed the House unanimously and is now in the Senate

Preliminary Interest

What Frontier Alaska State Credit Union is now seeking is a preliminary agreement by a number of municipal governments and school districts. Initially this would require only a letter, such as that issued by the Anchorage School District, indicating interest in participation at such time as the state law is amended.

Ultimately participation would require approval of a standard 'Master Agreement,' payroll deduction authorization, and the right to solicit among respective employee groups.

FINAL AGREEMENT

Final agreement would come on passage of HB-406, which will clarify state law so that deferred compensation deposits may be invested in the kinds of investments that are common to financial institutions.

Tentative agreement by a number of Alaska municipal jurisdictions will be a valuable asset in securing speedy passage of HB-406 in the Senate. These agreements would also assist the program in getting started quickly after passage of the legislation, and in setting the standards for other deferred compensation programs by Alaska financial institutions.

Introduced: 4/29/85
Referred: State Affairs
and Finance

Cramer
1124

1 IN THE HOUSE

BY BOUCHER AND TAYLOR

2 HOUSE BILL NO. 406

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to investment of funds from deferred
7 compensation."

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

9 * Section 1. AS 39.45.010 is amended to read:

10 Sec. 39.45.010. AUTHORITY. The state or a political subdivision
11 of the state may, by contract, agree with an employee to defer, in
12 whole or in part, that employee's salary or wages. [IF INCLUDED IN
13 THE CONTRACT TO DEFER PAYMENT OF SALARY OR WAGES, THE STATE OR A
14 POLITICAL SUBDIVISION OF THE STATE SHALL PURCHASE A FIXED OR VARIABLE
15 LIFE INSURANCE OR ANNUITY CONTRACT FOR THE PURPOSE OF FUNDING THE
16 DEFERRED COMPENSATION PROGRAM PROVIDED FOR IN THIS CHAPTER, FOR THE
17 EMPLOYEE.]

18 * Sec. 2. AS 39.45.030 is amended to read:

19 Sec. 39.45.030. INVESTMENT AUTHORITY. The administrator of the
20 state or political subdivision deferred compensation program is au-
21 thorized, subject to contracts with individual employees, to invest
22 the funds held under a deferred compensation program in

23 (1) fixed and variable life insurance and annuity con-
24 tracts;

25 (2) shares of or deposits in insured state or federal char-
26 tered credit unions in the state;

27 (3) shares of or deposits in insured state or federal char-
28 tered savings and loan associations in the state;

29 (4) deposits in insured mutual savings banks in the state;

COMMITTEE COPY

1 and

2 (5) deposits in insured state and national banks in the
3 state.

4 * Sec. 3. AS 39.45.030 is amended by adding a new subsection to read:

5 (b) In this section, "insured" means insured by the federal
6 government or an agency of the federal government.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

OC
5/8

Revision Date: _____

REQUEST
Bill/Resolution No.: HB 406
Title: "An Act relating to invest-
ment of funds"
Sponsor: Rep. Boucher
Requestor: _____
Date of Request: _____

FISCAL DETAIL
Agency Affected: Commerce & Econ. Dev.
Program Category Affected: _____
Public Protection
BRU, Program or Subprogram(s) Affected: _____
Banking, Securities and Corporations

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

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

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

FUNDING: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

Prepared By: Willis F. Kirkpatrick, Director Phone: 465-2521
Division: Banking, Securities and Corporations Date: _____

Approved by Commissioner: Loren H. Lounsbury Date: 5/6/85
Agency: Commerce and Economic Development

Distribution (by Agency preparing fiscal note):

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

7/1/84



**FRONTIER
ALASKA
STATE CREDIT UNION**

MAIN OFFICE:
3800 SIDE STREET
ANCHORAGE, AK 99503
563-3766

SOLDOTNA BRANCH:
P.O. BOX 3089
SOLDOTNA, AK 99688
568-7600

EAGLE RIVER BRANCH:
CENTERFIELD DRIVE
EAGLE RIVER, AK 99577
894-5444

CAMPUS BRANCH:
2201 PROVIDENCE DRIVE
ANCHORAGE, AK 99508
561-3151

DEFERRED COMPENSATION PLAN PROPOSAL

FROM

FRONTIER ALASKA STATE CREDIT UNION

Question Contact:

Mike Bradner
Anchorage: 349-7711 / 344-2455

Or:

Leslie Ellis
Manager
Frontier Alaska State Credit Union
Anchorage: 563-3766

January 15, 1985


Tom Freeman, Assistant Superintendent
Anchorage School District
Anchorage, Alaska

Dear Tom,

Frontier Alaska State Credit Union has instituted numerous programs over the past year in an attempt to improve relations with our core membership, employees of the Anchorage School District. Our best program has been to have monthly meetings at the credit union with representatives from the various schools and administrative departments. The credit union is looking for new services to offer its members and the Building Reps suggested that the credit union develop a tax shelter program. When we began to understand how much money was put into tax sheltered annuities, we developed a deferred compensation program.

Frontier Alaska State Credit Union is requesting that the Anchorage School District allow the credit union to offer a deferred compensation plan as specified in Section 457 of the Internal Revenue Code. The 457 plan is an alternative to the 403(b) annuity tax shelters offered by many insurance companies. Frontier believes the plan offers district employees the following advantages.

1. Significant Tax Savings. Employees may defer the lesser of 25% of gross income or \$7,500. Extra deductions are available during the last three years of employment.
2. Absolute Safety. 457 plan deposits receive \$100,000 federal insurance on each district employee's account. This is in addition to other insurance on existing accounts.

 Note: The Anchorage School District has tentitively agreed to participation at such time as state law is clarified. The Anchorage District policy is to permit all qualified plans to compete for employee participation. The letter and attached material provide discription re: how such a plan would be implemented.

3. 457 Plans Are Easy to Understand. Rates will be set quarterly. A 457 plan participant may come in the credit union at any time and get the balance in his or her account. There are no hidden charges.
4. Guaranteed Rates. Frontier intends to set the dividend rate quarterly. The rate should be about the same as the IRA rate. Because these will be long-term deposits, employees will earn a relatively high yield.
5. No Charges. Frontier will not charge a service fee or put a front or back end load charge on the plan. There is no early withdrawal penalty. The credit union wishes to reserve the right to set future fees because of changes in the tax code.
6. Deposits Stay Home. Deposits to these accounts will be used by the credit union to make loans to its members.

One disadvantage of a 457 plan compared to the annuities is that the 457 plan cannot be transferred to a district outside Alaska if an employee leaves Anchorage.

Frontier believes that a 457 plan is an attractive fringe benefit at virtually no inconvenience to the district. Existing payroll deduction forms can be used without modification. Frontier is willing to pay for any legal, training, or other charges necessary to implement the program. IRS regulations require that the employer approve any emergency withdrawals prior to retirement or termination of employment.

Enclosed you will find a copy of the proposed plan, a legal opinion on the plan and a copy of the regulation regarding federal insurance coverage.

We have contacted several educator-based credit unions outside who offer a 457 plan and they have reported that the plan is popular with district employees and imposes no additional burdens on their district personnel.

We hope for a favorable decision in this matter and look forward to working on this program with you. Please contact Leslie Ellis, our General Manager, at 563-3766 if you have any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Art Arians".

Art Arians
President, Board of Directors

AA/jg

Encl.

DEFERRED COMPENSATION PLAN AND AGREEMENT

AGREED AND ENTERED INTO this _____ day of _____,
19____, between _____, the "Employer",
and _____, the "Participant".

1. Purpose. Employer desires to establish and Participant desires to participate in an "eligible deferred compensation plan" as defined in Section 457 of the Internal Revenue Code. Participant performs services for Employer either as an employee or independent contractor.

NOW THEREFORE, in consideration of the mutual agreement and covenant contained herein and for other valuable consideration, receipt of which is hereby acknowledged, it is mutually agreed and covenanted by and between Employer and Participant as follows:

2. Deferral of Compensation. Beginning with the first full pay period commencing after execution of this Plan and Agreement and for each pay period thereafter, Employer shall deduct from Participant's compensation as of the last business day of each pay period and shall credit on its books and records in Participant's Deferred Compensation Account ("Account"), the following amount \$_____ (\$25.00 minimum).

3. Change in Amount of Deferral. The amount of compensation to be deferred and not yet earned may be increased or decreased by the execution of a revised deferred compensation agreement provided that any such revision shall be effective only for compensation which will be earned during the calendar month next succeeding the month during which such revision is executed.

4. Investment of Deferred Compensation. All amounts of deferred compensation credited to the Participant's Account shall be invested in a deposit account of Frontier Alaska State Credit Union. All dividends and other distributions of the accounts shall automatically be reinvested in a deposit account and all earnings shall be credited to the Participant's Account.

Sample Employee Agreement:

✓
Note: While technically all deferred compensation programs are agreements between employee and employer, all administration with exception of payroll deduction is generally carried out by the plan operator.

DEFERRED COMPENSATION PLAN AND AGREEMENT
PAGE 2.

5. Payments Under the Plan. (a) Upon the Participant's Separation from Service, as defined in Paragraph 11, Employer shall direct Frontier Alaska State Credit Union to pay Participant the value of Participant's Account in the manner specified in the Settlement Agreement. (b) Upon the occurrence of an Unforeseeable Emergency, as defined in Paragraph 11, Participant may submit an Unforeseeable Emergency Withdrawal Request on such form supplied by Employer. The request will be approved by Employer for only the amount of payment, if any, as is consistent with the terms of this Plan and Agreement.

6. Distribution to Beneficiaries. If the Participant dies before the entire amount deferred is paid to the Participant, the Employer shall direct Frontier Alaska State Credit Union to pay the value of the Account to the Participant's beneficiary or beneficiaries in the manner and to the person(s) designated in the Designation of Beneficiary and Death Benefit Payment form. If no beneficiary has been designated in the Designation of Beneficiary and Death Benefit Payment form, Employer shall direct Frontier Alaska State Credit Union to liquidate and pay the entire amount of the Account to Participant's estate.

In the event of a distribution to beneficiaries, the entire amount deferred and not yet distributed must be paid to a beneficiary over -

- (a) The life of the beneficiary (or any shorter period), if the beneficiary is the Participant's surviving spouse, or
- (b) A period not in excess of fifteen years, if the beneficiary is not the Participant's surviving spouse.

7. Maximum Yearly Deferral. Except as in Paragraph 8, the maximum amount of Participant's compensation that may be deferred for a taxable year shall not exceed the lesser of:

(a) \$7,500, or

(b) 33-1/3% of the Participant's includible compensation for the taxable year, reduced by any amount excludible from the Participant's gross income for the taxable year under Section 402(b) of the Internal Revenue Code on account of contributions made by the Employer.

A Participant's "includible compensation" for a taxable year includes only compensation from the Employer that is attributable to services performed for the Employer and that is includible in the Participant's gross income for the taxable year.

DEFERRED COMPENSATION PLAN AND AGREEMENT
PAGE 3.

8. Limited Catch-Up. For one or more of the Participant's last three (3) taxable years ending before he attains normal retirement age under the Plan, the ceiling set forth in Paragraph 7 shall be the lesser of:

(a) \$15,000.00, or

(b) The sum of -

(i) The Plan ceiling established for purposes of Paragraph 7 for the taxable year (determined without regard to this paragraph), plus

(ii) So much of the Plan ceiling established for Paragraph 7 for taxable years before the taxable year as has not theretofore been used under Paragraph 7 or this paragraph.

9. All of the terms and conditions of the Deferred Compensation Plan and Agreement contained on the reverse hereof, are incorporated herein and by this reference made a part hereof.

EMPLOYER:

PARTICIPANT:

By _____
(Signature Typed Name)

(Employee, Independent Contractor)
(Circle One)

Title _____

DO YOU HAVE A 401K TAX DEFERRED ANNUITY _____ Yes _____ No

THIS AGREEMENT INCLUDES DEFERRALS FROM THE LIMITED CATCH-UP
PROVISION - PARAGRAPH 8.

DEFERRED COMPENSATION PLAN AND AGREEMENT
PAGE 4.

10. Timing of Deferral. Compensation will be deferred for any calendar month only if an agreement providing for such deferral has been entered into before the first day of such calendar month. Compensation may be deferred for the calendar month during which a prospective participant first becomes a Participant, if an agreement providing for such deferral is entered into on or before the first day on which the prospective Participant becomes a Participant.

11. Availability of Deferred Funds. In no event will any amount payable be paid or made available to a Participant or any beneficiaries before the Participant incurs a Separation from Service or an Unforeseeable Emergency, which are defined as follows:

(a) Separation from Service shall be determined in the manner prescribed by the Internal Revenue Service Regulation Sections 1.457-2(n)(2) & (3).

(b) Unforeseeable Emergency shall mean severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or of a dependent (as defined in Section 152(a) of the Internal Revenue Code) of the Participant, loss of Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Employee. The circumstances that will constitute an Unforeseeable Emergency will depend upon the facts of each case, but, in any case, payment may not be made to the extent that such hardship is or may be relieved -

- (i) through reimbursement of compensation by insurance or otherwise,
- (ii) by liquidation of the participant's assets, to the extent the liquidation would not itself cause severe financial hardship,
- (iii) by cessation of deferrals under the plan.

Examples of what are not considered to be Unforeseeable Emergencies include the need to send a Participant's child to college or the desire to purchase a home.

It shall be the sole responsibility of the Employer to determine whether an Unforeseeable Emergency exists.

DEFERRED COMPENSATION PLAN AND AGREEMENT
PAGE 5.

12. Settlement Agreement. The Settlement Agreement provides for the time and manner in which the value of the Participant's Account is to be paid. The Participant must elect a payment commencement date prior to Separation from Service. Such an election can only be made by Participant completing and executing the "Payment Commencement Date" portion of the Settlement Agreement and delivering it to Employer prior to Separation from Service.

The Participant may make or change an election regarding the manner in which payments are to be made by completing and executing the "Manner of Payment" portion of the Settlement Agreement and delivering it to the Employer at any time prior to the payment commencement date. In no event shall an election regarding the manner of payments be allowed which will cause payments to be made beyond a date fifteen (15) years from the initial payment commencement date, and payments in any event must be made on at least an annual basis.

If the Participant fails to elect a payment commencement date prior to Separation from Service, the Employer shall cause payment to commence sixty (60) days after Separation from Service. If the Participant fails to elect the manner in which payments are to be made prior to the payment commencement date, payments shall be made in an amount equal to one-fifteenth (1/15th) of the value of the Account in fifteen (15) annual payments adjusted annually for any increase or decrease in the value of the Account. The "Payment Commencement Date" portion of the Settlement Agreement shall become effective when executed by both Participant and Employer. The "Manner of Payment" portion of the Settlement Agreement shall become effective when executed by both the Participant and Employer.

In the event the payment commencement date is changed prior to the Participant's Separation from Service or the manner of payment elected is changed prior to the payment commencement date, the latter date applicable to each respectively shall govern and shall apply to deferred compensation that had already been earned and deferred under the Employer's program of deferred compensation as well as compensation that shall be subsequently earned and deferred.

DEFERRED COMPENSATION PLAN AND AGREEMENT
PAGE 6.

13. Distribution of Deferrals. Payments of amounts deferred will commence not later than THE LATER OF -

(a) Sixty (60) days after the close of the Plan year in which the Participant or former Participant attains (or would have attained) normal retirement age, defined as the later of age 55 or 8 years of service with the Employer, or

(b) Sixty (60) days after the close of the Plan year in which the Participant Separates from Service with the Employer.

14. Employer's Property. All amounts of compensation deferred under the Plan and Agreement, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights shall remain (until made available to the Participant or other beneficiary) solely the property and right of the Employer (without being restricted to the provisions of benefits under the Plan) subject only to the claims of the Employer's general creditors.

15. Employer Obligation to Participant. At any particular time, the value of the Account shall represent the sole obligation of Employer to Participant. With respect to Employer's obligation, Participant shall be a general (not secured) creditor.

16. Non-Assignment. Participant may not assign, anticipate, alienate, sell, transfer, pledge or in any way encumber any of the rights Participant may have hereunder and Employer shall reject and refuse to honor any such purported action with respect to such rights. This Plan and Agreement shall be binding on the assigns and successors of Employer and on the Personal Representative, Executor and Administrator of Participant. The interest of the Participant or any beneficiary designated by the Participant or in any obligation established by the Plan and Agreement shall not be subject to the claims of Participant's creditors or to legal process on behalf of Participant's creditors or be liable for the debts of any beneficiary.

DEFERRED COMPENSATION PLAN AND AGREEMENT
PAGE 7.

17. Plan to Plan Transfers. If a Participant Separates from Service in order to accept employment with another employer within the state of Alaska that sponsors an "eligible deferred compensation plan" within the meaning of Section 457 of the Internal Revenue Code, and that employer's plan accepts transfers; the amount previously deferred shall automatically be transferred to such plan of the new employer, regardless of any other provision of this Plan and Agreement.

18. Acceptance of Deferrals From Another Plan. Amounts of compensation deferred by a Participant pursuant to another "eligible deferred compensation plan" within the meaning of the Internal Revenue Code, will be accepted by this Plan and Agreement. Such amounts shall be credited to the Participant's Account established pursuant to this Plan and Agreement and shall be subjected to all the terms and provisions of this Plan and Agreement.

19. Revocation. A Participant may revoke any and all deferred compensation Plan and Agreements previously executed by agreement in writing signed by the Participant and the Employer. Revocation of the Plan and Agreement will not accelerate payment of amounts deferred. Payment will occur only upon the happening of one of the specific events detailed in this Plan and Agreement.

20. Frontier Alaska State Credit Union is not a party of this Plan and Agreement. Any account established hereunder may be subject to rate schedules adopted by the credit union from time to time.

21. Compliance with Section 457. This Plan and Agreement is intended to comply with and to be administered in a manner consistent with Section 457 of the Internal Revenue Code. The provisions of this Plan and Agreement shall be interpreted in accordance with this intent. If requested by the Employer, the Participant agrees to cooperate in correcting any inconsistency in the administration of the Plan and Agreement under Section 457 of the Internal Revenue Code.

ALASKA PENSION SERVICES

December 18, 1984

Mr. Robert Libbey
Assistant General Manager
Frontier Alaska State Credit Union
3500 Eide Street
Anchorage, AK 99503

Dear Mr. Libbey:

We have reviewed the document and related forms which you have presented to us, which are entitled "Deferred Compensation Plan and Agreement".

It is our opinion that this "Deferred Compensation Plan and Agreement" will qualify for use as an eligible State deferred compensation plan in accordance with Internal Revenue Code Section 457, assuming the parties to the plan and agreement are qualified in accordance with Section 457.

Sincerely,


Robert L. Doss, Jr.

26/RLD/llg

Note: Robert Doss is an attorney and CPA
specializing in pension work

(b) **Qualifying joint accounts.** A joint account shall be deemed to exist, for purposes of insurance of accounts, only if each coowner has personally executed a joint account signature card and possesses withdrawal rights. The restrictions of this paragraph shall not apply to coowners of a time certificate of deposit or to any deposit obligations evidenced by a negotiable instrument, but such a deposit must in fact be jointly owned.

(c) **Failure to qualify.** An account owned jointly which does not qualify as a joint account for purposes of insurance of accounts shall be treated as owned by the named persons as individuals and the actual ownership interest of each such person in such account shall be added to any other accounts individually owned by such person and insured up to \$100,000 in the aggregate.

(d) **Same combination of individuals.** All joint accounts owned by the same combination of individuals shall first be added together and insured up to \$100,000 in the aggregate.

(e) **Interest of each coowner.** The interests of each coowner in all joint accounts owned by different combinations of individuals shall then be added together and insured up to \$100,000 in the aggregate.

§745.9-1 Trust accounts.

All trust interests, for the same beneficiary, deposited and established pursuant to valid trust agreements created by the same settlor (grantor) shall be added together and insured up to \$100,000 in the aggregate, separately from other deposit or share accounts of the trustee of such trust funds or the settlor or beneficiary of such trust arrangements.

§745.9-2 Keogh Accounts and Individual Retirement Accounts.

(a) The present vested ascertainable interest of a participant or designated beneficiary in a trust or custodial account maintained pursuant to a pension or profit-sharing plan described under §401(d) or §408(a) of the Internal Revenue Code shall be insured up to \$100,000 separately from other deposits of the participant or designated beneficiary.

(b) Upon liquidation of the credit union, any insurance coverage payment shall be made by the Administrator to the trustee or custodian, or the successor trustee or custodian, unless otherwise directed in writing, by the plan participant or beneficiary.

§745.9-3 Deferred Compensation Accounts.

Funds deposited by an employer pursuant to a deferred compensation plan shall be insured up to \$100,000 as to the interest of each plan participant who is a member, separately from other accounts of the participant or employer.

§745.10 Public unit accounts.

(a) Public funds invested in Federal credit unions and federally-insured state credit unions authorized to accept such investments shall be insured as follows:

(1) Each official custodian of funds of the United States lawfully investing the same in a federally-insured credit union shall be separately insured up to \$100,000;

(2) Each official custodian of funds of any state of the United States or any county, municipality, or political subdivision thereof lawfully investing the same in a federally-insured credit union in the same state shall be separately insured up to \$100,000;

(3) Each official custodian of funds of the District of Columbia lawfully investing the same in a federally-insured credit union in the District of Columbia shall be separately insured up to \$100,000;

(4) Each official custodian of funds of the Commonwealth of Puerto Rico, the Panama Canal Zone, or any territory or possession of the United States, or any county, municipality, or political subdivision thereof lawfully investing the same in a federally-insured credit union in Puerto Rico, the Panama Canal Zone, or any such territory or possession, respectively, shall be separately insured up to \$100,000;

(5) Each official custodian referred to in subsections (a)(2), (3), and (4) of this section lawfully investing such funds in a federally-

AUTHORIZED PAYROLL DEDUCTION

SOCIAL SECURITY NUMBER	CD	NAME - Last	First	Middle

Check and sign all blocks where applicable.
 To stop a deduction write the word DELETE in the amount.
 PLEASE READ AND CHECK CAREFULLY.

	CARD CODE	Administrative Use Only		
		CODE	AMOUNT	LIMIT
1. TEACHER'S RETIREMENT REINSTATEMENT \$ _____ per month	K	0203		
2. TEACHER RETIREMENT ARREARAGES \$ _____ per month	K	0202		
3. PUBLIC EMPLOYMENT RETIREMENT REINSTATEMENT \$ _____	K	0252		
4. SAVINGS BONDS \$ _____ per pay period	K	0802		
5. UNITED WAY \$ _____ per month \$ _____ Annual Limit	K	0500		
6. TOTEM \$ _____ per month	K	0465		
7. FOOD SERVICE ASSOCIATION DUES \$ _____	K	0460		
8. PUPIL TRANSPORTATION TEAMSTER'S DUES \$ _____ per month	K	0450		
9. TEAMSTER'S MAINTENANCE DUES \$ _____ per month	K	0457		
10. ALASKA LABORER'S LOCAL 71 \$ _____	K	0453		
11. ALASKA LABORER'S LOCAL 71 INITIATION FEE \$ _____	K	0454		
12. ANCHORAGE PRINCIPAL ASSOCIATION \$ _____ per month \$ _____ Annual Limit	K	0410		
13. OTHER \$ _____ \$ _____				
14. CREDIT UNION \$ _____ per month Account Number _____ I understand that all new accounts or changes must be processed at the Credit Union. This amount will replace all other established deductions. Account number must be present.	K	0700		
	J	Account Number _____		

CLERK

I hereby authorize the above deductions with the understanding that written notice is required FIFTEEN (15) days prior to payday to change a deduction.

Name _____

Location _____

Date _____

DISTRIBUTION: White - Personnel, Yellow - Payroll, Pink - Individual

Sample Payroll Deduction Form

ALASKA PENSION SERVICES

January 21, 1985

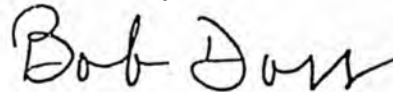
Mr. Robert Libbey
Assistant General Manager
Frontier Alaska State Credit Union
3500 Eide Street
Anchorage, AK 99503

Dear Bob:

Enclosed as we discussed is a draft of an Unforeseeable
Emergency Withdrawal Request form that can be used with your
proposed Deferred Compensation plan.

Let me know if you have any questions or comments
regarding the form.

Sincerely,



Robert L. Doss, Jr.

27/RLD/11g

Note:

Robert Doss is an Anchorage attorney and CPA
specializing in pension work.

FORESEEABLE EMERGENCY WITHDRAWAL REQUEST

Employer: _____
Name of Participant _____
Address: _____

City State Zip

Daytime Phone: _____
Home Phone: _____
Social Security No.: _____

I hereby request that amounts deferred for me under the Deferred Compensation Plan and Agreement be paid to me in the amount and manner and at the time indicated below.

This request is made as a result of the following circumstances: _____

(Please attach additional pages if more space is necessary.)

I certify that funds are not or will not be available to meet this emergency either:

- (i) through reimbursement of compensation by insurance or otherwise,
- (ii) by liquidation of any assets I may have without causing severe financial hardship or
- (iii) by cessation of deferrals under the Plan.

AMOUNT OF PAYMENT REQUESTED: _____

MANNER OF PAYMENT REQUESTED (select one):

_____ equal payments for _____ years.
 (_____ Annual _____ Semiannual _____ Quarterly _____ Monthly)
 _____ % of Account each year for _____ year(s), then the balance
 of the Account in _____ equal payments for _____ year(s).
 _____ Lump Sum
 _____ Other: _____

(If the amounts accumulated by the Participant as of the Payment Commencement Date total less than \$2,000.00, or if monthly payments would be less than \$25.00, the Employer will specify a lump sum or an accelerated payment schedule.)

PAYMENT COMMENCEMENT DATE REQUESTED: _____

I agree to provide whatever additional information the Employer may deem reasonably necessary to make a determination regarding this request.

PARTICIPANT:

DATE _____

ACTION BY EMPLOYER:

_____ Request APPROVED

_____ Request DENIED

By _____

Title _____

Date _____

§ 39.45.025

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Retirement
§ 39.35.030)

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mpensation

§ 39.45.030

PUBLIC OFFICERS AND EMPLOYEES

§ 39.45.060

(4) act as an appeals board, hold hearings at the request of an employer, employee, surviving spouse, or a beneficiary on decisions made by the administrator that relate to the deferred compensation program for state employees, and submit its findings to the administrator;

(5) prescribe the policies for the proper operation of the deferred compensation program for state employees and take other action that it considers necessary to carry out the intent and purpose of the program.

(b) In this section "administrator" means the administrator of the deferred compensation program for state employees. (§ 38 ch 146 SLA 1980)

Sec. 39.45.030. Investment authority. The administrator of the state or political subdivision deferred compensation program is authorized, subject to contracts with individual employees, to invest the funds held under a deferred compensation program in fixed and variable life insurance and annuity contracts. (§ 1 ch 40 SLA 1973)

Sec. 39.45.040. Additional benefits. The deferred compensation program established under this chapter exists and serves in addition to any existing retirement, pension, or benefit system established by the state or its political subdivisions and may not effect a reduction in benefits receivable under an existing system. (§ 1 ch 40 SLA 1973)

Revisor's notes. — In ch. 40, SLA 1973, this section contained the phrase "may not affect a reduction." That appears to involve a typographical error, and "affect" has been changed to "effect" here.

Sec. 39.45.050. Tax deferred investments. The administrator of a deferred compensation program under this chapter shall invest only in contracts that allow for deferment of the state and federal income tax until benefits are receivable under the program and shall make appropriate withholding adjustments in each participating employee's payroll. (§ 1 ch 40 SLA 1973)

Sec. 39.45.060. Definition. In this chapter "employee" means a person, whether appointed, elected or under contract, who provides services for the state or a political subdivision of the state for which compensation is given. (§ 1 ch 40 SLA 1973)

Chapter 50. Conflict of Interest.

Section	Section
10. Findings and purpose	35. Exemptions
20. Report of financial and business interests	40. Blind trusts
25. Notification to candidates for legislature	50. Administration and inspection
30. Contents of statements	60. Penalty for wilful violation of disclosure requirements
	70. Failure to report by department, divi-

✓ CURRENT STATE LAW IN PROCESS OF CHANGE

Introduced: 4/29/85
Referred: State Affairs
and Finance

1 IN THE HOUSE

BY BOUCHER

2

HOUSE BILL NO. 406

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to investment of funds from deferred
7 compensation."

7

8

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

9

* Section 1. AS 39.45.010 is amended to read:

10

Sec. 39.45.010. AUTHORITY. The state or a political subdivision

11

of the state may, by contract, agree with an employee to defer, in

12

whole or in part, that employee's salary or wages. [IF INCLUDED IN

13

THE CONTRACT TO DEFER PAYMENT OF SALARY OR WAGES, THE STATE OR A

14

POLITICAL SUBDIVISION OF THE STATE SHALL PURCHASE A FIXED OR VARIABLE

15

LIFE INSURANCE OR ANNUITY CONTRACT FOR THE PURPOSE OF FUNDING THE

16

DEFERRED COMPENSATION PROGRAM PROVIDED FOR IN THIS CHAPTER, FOR THE

17

EMPLOYEE.]

18

* Sec. 2. AS 39.45.030 is amended to read:

19

Sec. 39.45.030. INVESTMENT AUTHORITY. The administrator of the

20

state or political subdivision deferred compensation program is au-

21

thorized, subject to contracts with individual employees, to invest

22

the funds held under a deferred compensation program in

23

(1) fixed and variable life insurance and annuity con-

24

tracts;

25

(2) shares of or deposits in insured state or federal char-

26

tered credit unions in the state;

27

(3) shares of or deposits in insured state or federal char-

28

tered savings and loan associations in the state;

29

(4) deposits in insured mutual savings banks in the state;

1 and

2 (5) deposits in insured state and national banks in the
3 state.

4 * Sec. 3. AS 39.45.030 is amended by adding a new subsection to read:

5 (b) In this section, "insured" means insured by the federal
6 government or an agency of the federal government.