

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672

4754 HJUD SB 79 - SB 91

8672

Representative Ellis

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November 18, 1987

Sec. 47.10.390 defines "approved program for runaway minors" as a residential or nonresidential program approved by the department under AS 47.10.310, and defines "runaway minor" as a person under 18 who is evading the person's legal custodian (the traditional concept of a runaway minor) or as a person under 21 who is in need of services for the protection of health and welfare and who is without a place of shelter in which supervision and care of the person is available (based on New York State's concept of "homeless youth").

EHH:mkr
m13/083

FISCAL NOTE

REQUEST

Revision Date: 3/16/88
Title: "An Act relating to runaway and missing minors."
Sponsor: Sen. Rodey
Requestor: House Judiciary

Agency Affected: Public Safety
BRU: Alaska State Troopers
Components: Detachments

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY88	FY89	FY90	FY91	FY92	FY93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUNDS						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Francis C. Allan
Division: Alaska State Troopers

Phone: 269-5691
Date: 3/16/88

Approved by Commissioner: *Francis C. Allan*
Agency: Public Safety

Date: 3-16-88

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

**STATE OF ALASKA 1988 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: Bill Version: *HCS* CS SB 79
 Publish Date: 2/19/88

Revision Date: 02/25/88 Agency Affected: Alaska Court System
 Title: An act relating to runaway and BRU: Trial Courts
 missing minors
 Sponsor: Rodey, Faiks, Fischer, ... Components:
 Requestor: HESS

EXPENDITURES/REVENUES:	(Thousands of Dollars)					
OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
Personal Services
Travel
Contractual	9.0	9.0	9.0	9.0	9.0
Supplies
Equipment
Land & Structures
Grants & Claims
TOTAL OPERATING	0.0	9.0	9.0	9.0	9.0	9.0

CAPITAL:

REVENUE:

FUNDING:	(Thousands of Dollars)					
General Funds	0.0	9.0	9.0	9.0	9.0	9.0
Federal Funds	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .
Other	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .
TOTAL	0.0	9.0	9.0	9.0	9.0	9.0

POSITIONS:

Full-time	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .
Part-time	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .
Temporary	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact.

Prepared by: Jan Strandberg, General Counsel Phone: 264-8228
 Division: Alaska Court System Date: 02/25/88

Approved by: Stephanie E. Cole, Deputy Director Date: 02/25/88
 Agency: Alaska Court System

- Distribution (by requester):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management & Budget
 - Impacted Agency(ies)
 - Senate Secretary

Fiscal Analysis: HCS for CSSB 79

This bill will require court hearings before a minor can be placed in a juvenile detention facility as well as hearings to determine if a minor is in civil contempt. Based on an approximate hearing time of 30 minutes each and on a population of 180 per year (as estimated in DHSS' position paper), this bill will increase court time by 90 hours. Because this impact does not warrant the addition of a permanent master, the court system intends to contract state-wide for special master's services based on an average of \$100 per hour.

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HCS CSSB 79 (HESS)
PUBLISH DATE: HOUSE 2/10/88

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to runaway
and missing minors.
Sponsor: Rodey, et al.
Requestor: _____

Agency Affected: Health and Social Services
BRU: Youth Services
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

N/A

Prepared by: Yvonne M. Chase, Director
Division: Division of Family and Youth Services

Phone: 465-3170
Date: 02-09-88

Approved by Commissioner: Myra M. Monson, Commissioner
Agency: Department of Health and Social Services

Date: 2-16-88

Distribution (by preparer):

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

STATE OF ALASKA
1988 LEGISLATIVE SESSION

HCS
BILL VERSION: CS SB 79
PUBLISH DATE: 5/7/87

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An Act relating to runaway
minors..."
Sponsor: Senator Rodey
Requestor: Senate Finance

Agency Affected: Dept. of Administratio
BRU: Public Defender Agency

Components: Third Judicial District

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	F 93
PERSONAL SERVICES		172.8	179.7	186.9	194.4	202.2
TRAVEL		-0-	-0-	-0-	-0-	-0-
CONTRACTUAL		10.0	10.4	10.8	11.2	11.6
SUPPLIES		3.0	3.1	3.2	3.3	3.4
EQUIPMENT		4.5				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		190.3	193.2	200.9	208.9	217.2

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND		190.3	193.2	200.9	208.9	217.2
FEDERAL FUNDS						
OTHER						
TOTAL		190.3	193.2	200.9	208.9	217.2

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

(See attached)

Prepared by: Dana Fabe, Public Defender
Division: Public Defender Agency

Phone: 279-7541
Date: 1/25/88

Approved by Commissioner: John Andrews
Agency: Department of Administration

Date: 2/1/88

Distribution (by preparer):

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

FEB 7 1988

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. ¹¹⁵CS SB 79

This bill will authorize peace officers to place runaway minors into juvenile detention facilities if they are in violation of a court Child in Need of Aid placement order. This law differs drastically from the current law which does not permit runaways to be "incarcerated" in a detention facility. Once the runaway has been placed to juvenile detention, he or she has a right to a hearing within 48 hours. Each runaway will have the right to an attorney at this hearing which will amount to a criminal contempt proceeding for violation of the court order. In fact, criminal contempt requires a jury trial prior to use of incarceration as a penalty and thus some of these juvenile runaways will qualify for jury trial. Despite the statute's characterization of this proceeding as a "civil" contempt proceeding, it is more akin to criminal contempt due to the fact that the runaway will not "hold the keys of his release in his own pocket," the identifying factor for civil contempt.

In Anchorage alone, it is estimated that there are as many as twelve hundred runaway minors. Even if only some percentage of these minors will qualify for juvenile detention under this bill, each case will involve numerous court hearings and the possibility of trial, as noted above. Based on the expectation that these cases will be concentrated in Anchorage and Fairbanks, the Public Defender Agency is requesting an Attorney III and a Legal Secretary I for Anchorage and an Attorney III for Fairbanks for a total of 189.9.

BUDGET ANALYSIS

100	Anchorage - Attorney III	66.0	
	Legal Secty I	32.4	
	Fairbanks - Attorney III	74.4	172.8
200	Travel		-0-
300	Contractual: Space, phone, etc.		10.0
400	Supplies: Law library, office, etc.		3.0
500	Equipment: One time		<u>4.5</u>
	TOTAL		190.3

Position Title Attorney III		No. of Positions 1	Range/Step 22/A	Org. Unit PX
Time Status PFT	Staff Months 12.0	Location Anchorage		Election District 92
Type of Expenditure		Justification		
		<i>JKS</i>		
		CS SB 79 would authorize detention of runaway minors and mandate detention for repeat offenders. Juveniles detained under this act would be entitled to representation so the Public Defender Agency is requesting an Attorney III and a Legal Secretary I for Anchorage and an Attorney III for Fairbanks.		
Amount				
1	2	3		
Salary	49,140			
Benefits	16,834			
Premium Pay				
Other				
Total Personal Services		65,974		
Travel		-0-		
Contractual		5,000		
Commodities		1,000		
Equipment		1,500		
Other				
Total Cost		73,474		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	73,474		
GF Program Receipts	1005			
Other				

**Request For
New Position**

Agency Department of Administration
 BRU Public Defender Agency
 Component Third Judicial District

FY 89

Page 3 of 5
 Revised Date 1/25/88

Position Title Legal Secretary I		No. of Positions 1	Range/Step 10/A	Org. Unit GGU
Time Status PFT	Staff Months 12.0	Location Anchorage		Election District 92
Type of Expenditure		Justification		
1	2	3		
Salary	22,020	<i>HCS</i> CS SB 79 would authorize detention of runaway minors and mandate 30 days detention for repeat offenders. Juveniles detained under this act would be entitled to representation so the Public Defender Agency is requesting one Attorney III and a Legal Secretary I for Anchorage and an Attorney III for Fairbanks.		
Benefits	10,339			
Premium Pay				
Other				
Total Personal Services	32,359			
Travel		-0-		
Contractual		-0-		
Commodities		1,000		
Equipment		500		
Other				
Total Cost		34,859		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	34,859		
GF Program Receipts	1005			
Other				

**Request For
New Position**

Agency Department of Administration
 BRU Public Defender Agency
 Component Third Judicial District

Page 4 of 5
 Revised Date 1/25/88

FY 89

Position Title Attorney III		No. of Positions 1	Range/Step 22/A	Barg. Unit PX
Time Status PFT	Staff Months 12.0	Location Fairbanks		Election District 94
Type of Expenditure		Justification		
		<i>CS</i>		
		CS SB 79 would authorize detention of runaway minors and mandate detention for repeat offenders. Juveniles detained under this act would be entitled to representation so the Public Defender Agency is requesting an Attorney III and a Legal Secretary I for Anchorage and an Attorney III for Fairbanks		
Amount				
1	2	3		
Salary	56,244			
Benefits	18,129			
Premium Pay				
Other				
Total Personal Services	74,373	74,373		
Travel		-0-		
Contractual		5,000		
Commodities		1,000		
Equipment		1,500		
Other				
Total Cost		81,873		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	81,873		
GF Program Receipts	1005			
Other				

**Request For
New Position**

Agency Department of Administration
 BRU Public Defender Agency
 Component Fourth Judicial District

FY 89

Page 5 of 5
 Revised Date 1/25/88

FISCAL NOTE

REQUEST:

Revision Date: 1/21/88
Title: "An Act relating to runaway and missing minors."
Sponsor: Rodey, Faiks, et al.
Requestor: Judiciary, Finance

Agency Affected: Administration
BRU: Office of Public Advocacy

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0	204.5	212.7	221.2	230.0	239.2
TRAVEL		15.0	15.6	16.2	16.8	17.5
CONTRACTUAL		148.9	154.9	161.1	167.5	174.2
SUPPLIES		4.0	4.2	4.4	4.6	4.8
EQUIPMENT		15.0	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	387.4	387.4	402.9	418.9	435.7

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	387.4	387.4	402.9	418.9	435.7
FEDERAL FUNDS						
OTHER						
TOTAL	0	387.4	387.4	402.9	418.9	435.7

POSITIONS:

FULL-TIME	0	4.0	4.0	4.0	4.0	4.0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Brant McGee
Division: Office of Public Advocacy

Phone: 274-1684

Date: 1/20/88

Approved by Commissioner: John Andrews
Agency: Department of Administration

Date: 2/1/88

Distribution (by preparer):

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSCSSB 79

PERSONAL SERVICES

Anchorage

2	Associate Attorney II Positions Salary & Benefits 55,016 x 2 = 110,032	110.0
1	Legal Secretary - Civil Section Salary & Benefits = 32,363	32.2

Fairbanks

1	Associate Attorney II Salary & Benefits = 62,150	62.2
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	Subtotal Personal Services	204.5
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TRAVEL

Additional travel funds to accommodate caseload increase.	15.0
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15.0

CONTRACTUAL

Approximately 200 cases in Rural Areas @ 687.56 = 137,512	137.5
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Additional Office Space in Anchorage for 2 Associate Attorney II positions. 380 sq.ft. x 2.50 = 950.00 950.00 x 12 months = 11,400	11.4
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	Subtotal Contractual	148.9
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SUPPLIES

Misc. stationary, library and office supplies for 4 new positions. 1,000 x 4 = 4,000	4.0
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4.0

EQUIPMENT

Office furniture and equipment for 3 professional positions. 3,000 x 3 = 9,000	9.0
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Office furniture and equipment for Legal Secretary position = 6,000	6.0
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	Subtotal Equipment	15.0
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Page 2 of 5	TOTAL	387.4
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387.4

Position Title Associate Attorney II		No. of Positions 2	Range/Step 19/A	Barg. Unit X
Time Status PFT	Staff Months 24	Location EBA-Anchorage		Election District 8
Justification				
The Anchorage OPA office presently has 2 associate attorney positions which handle GAL appointments and 2 attorney positions who handle a combined caseload of GAL appointments and other civil litigation matters. Because of the anticipated increase in GAL appointments to runaways under this legislation, OPA estimates that at least 2 additional associate attorneys would be needed to handle the increased workload.				
Type of Expenditure		Amount		
1	2	3		
Salary 40,236 X 2	80,472			
Benefits 14,780 X 2	29,560			
Premium Pay				
Other				
Total Personal Services		110,032		
Travel				
Contractual				
Commodities				
Equipment				
Other				
Total Cost		110,032		
Funding Source for Total Cost				
Federal Receipts 1002				
G. F. Match 1003				
General Fund 1004		110,032		
GF Program Receipts 1005				
Other				

**Request For
New Position**

Agency Administration
 BRU Office of Public Advocacy
 Component _____

Page 3 of 5
 Revised Date _____

FY 89

Position Title Legal Secretary I		No. of Positions 1	Range/Step 10/A	Barg. Unit G
Time Status PFT	Staff Months 12	Location EBA-Anchorage		Election District 8
Type of Expenditure		Amount		
1	2	3		
Salary	22,020			
Benefits	10,343			
Premium Pay				
Other				
Total Personal Services		32,363		
Travel				
Contractual				
Commodities				
Equipment				
Other				
Total Cost		32,363		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	32,363		
GF Program Receipts	1005			
Other				
Justification				
<p>The Anchorage civil section presently has one legal secretary who provides clerical support to 4 professional positions, 2 Vista volunteers, and the VGAL program. This one clerical position will not be able to absorb the workload increase which will be created by 2 additional associate attorney positions handling a full GAL caseload. Therefore, an additional Legal Secretary I position will be required to handle clerical support for the 2 associate attorney positions.</p>				

**Request For
New Position**

Agency Administration
 BRU Office of Public Advocacy
 Component _____

Page 4 of 5
 Revised Date _____

FY 89

Position Title Associate Attorney II		No. of Positions 1	Range/Step 19/A	Bag. Unit X
Time Status PFT	Staff Months 12	Location JBA-Fairbanks		Election District 16
Justification				
The Fairbanks OPA office has only one associate attorney position which is devoted to GAL appointments. This one positions would not be able to absorb the additional GAL appointments to runaway cases, nor can the other 3 attorney positions absorb the anticipated increase caused by this bill. OPA estimates that at least one additional associate attorney position for the Fairbanks office would be needed to handle the increased workload in GAL appointments.				
Type of Expenditure		Amount		
1	2	3		
Salary	45,972			
Benefits	16,178			
Premium Pay				
Other				
Total Personal Services		62,150		
Travel				
Contractual				
Commodities				
Equipment				
Other				
Total Cost		62,150		
Funding Source for Total Cost				
Federal Receipts	1002			
G. Match	1003			
General Fund	1004	62,150		
GF Program Receipts	1005			
Other				

**Request For
New Position**

Agency Administration
 BRU Office of Public Advocacy
 Component _____

Page 5 of 5
 Revised Date _____

FY 89

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

Bill Version: CS SB 79 (Jud)
Publish Date: _____

REQUEST: _____

Revision Date: 14 May, 1987
Title: An act relating to runaway minors;

Agency Affected: Health and Social Services
BRU: Youth Services

Sponsor: Sen Rodey, et al
Requestor: _____

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		0	0	0	0	0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		0	0	0	0	0

CAPITAL						
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REVENUE						
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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)

Prepared by: Michael Thill
Division: Senator Zharoff's Staff

Phone: 465-4922
Date: 14 May, 1987

Approved by Commissioner: Senator Zharoff
Agency: Senate Finance Committee

Date: 14 May, 1987

Distribution (by preparer):

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

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

Bill Version: CSSB 79(Jud) 6
Publish Date: _____

REQUEST: _____

Revision Date: 14 May, 1987

Agency Affected: Administration

Title: "An act relating to runaway minors"

BRU: Office of Public Advocacy

Sponsor: Sen Rodey, et al.

Components: _____

Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		0	0	0	0	0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		0	0	0	0	0

CAPITAL						
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REVENUE						
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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)

Prepared by: Michael Thill

Phone: 465-4922

Division: Senator Zharoff's Staff

Date: 14 May, 1987

Approved by Commissioner: Senator Zharoff

Date: 14 May, 1987

Agency: Senate Finance Committee

Distribution (by preparer):

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

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____

Bill Version: CSSB 79(Jud) al
Publish Date: _____

Revision Date: 14 May, 1987

Title: "An act relating to runaway minors"

Agency Affected: Dept of Administration
BRU: Public Defender

Sponsor: Sen Rodey et al.

Requestor: _____

Components: Third Judicial District
Fourth Judicial District

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		0	0	0	0	0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		0	0	0	0	0

CAPITAL						
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REVENUE						
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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	0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Michael Thill
Division: Senator Zharoff's Staff

Phone: 465-4922
Date: 14 May, 1987

Approved by Commissioner: Senator Zharoff
Agency: Senate Finance Committee

Date: 14 May, 1987

Distribution (by preparer):

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

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

Bill Version : CS SB No. 79
Publish Date : _____

REQUEST: _____
Revision Date: _____
Title : An Act relating to runaway
and missing minors.
Sponsor : Rodev, et al.
Requestor : _____

Agency Affected: Health and Social Services
BRU: Youth Services
Components : _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES	-0-	230.6	230.6	230.6	230.6	230.6
TRAVEL		0.5	0.5	0.5	0.6	0.6
CONTRACTUAL		18.0	19.1	20.2	21.4	22.7
SUPPLIES		12.9	13.7	14.5	15.4	16.3
EQUIPMENT		7.8	8.3	8.8	9.3	9.9
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	269.8	272.2	274.6	277.3	280.1

CAPITAL	-0-	760.0	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of Dollars)

GENERAL FUND		1029.8	272.2	274.6	277.3	280.1
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	1029.8	272.2	274.6	277.3	280.1

POSITIONS:

FULL-TIME	-0-	5.0	5.0	5.0	5.0	5.0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See Attached

Prepared by: Yvonne M. Chase, Director Phone: 465-3170
Division: Division of Family and Youth Services Date: 4/15/87

Approved by Commissioner: Myra M. Munson, Commissioner Date: 4/15/87
Agency: Department of Health and Social Services

Distribution (by preparer):

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. SB 79

In an average year, approximately 500 runaways in Anchorage, and an additional 500 runaways statewide are handled by the Division of Family and Youth Services. In addition, statewide averages indicate that approximately 900 runaways are taken into emergency custody annually. Approximately 2/3 of emergency runaways are female and 1/3 are male.

Preliminary analysis also indicates that approximately 180 (or 20%) of the runaway population placed in temporary custody by the Division of Family and Youth Services subsequently run from their temporary placement location. Of this 180, 90 generally occur in Anchorage (60 female, 30 male), and the other 90 occur statewide (again, 60 female and 30 male). Assuming all 180 runaways are eventually taken into emergency custody by police and detained for an average of 10 days, the following scenario can be constructed:

1. McLaughlin Youth Center (MYC) - 600 detention days for girls; 300 detention days for boys.
2. Fairbanks Youth Facility (FYF) - 100 detention days (includes both girls and boys).
3. Juneau Youth Facility - 45 detention days (includes both girls and boys).

ANALYSIS

Given these estimates, additional detention beds would be required as follows:

McLaughlin -

female: $60 \times 10 \text{ days} = 600 \text{ person days} - 365 = 1.6 \text{ average daily population}$

male: $30 \times 10 \text{ days} = 300 \text{ person days} - 365 = .82 \text{ average daily population}$

Fairbanks Youth Facility -

$11 \text{ runaways total} \times 10 \text{ days} = 110 \text{ person days} - 365 = .30 \text{ average daily population}$

Other (Juneau Youth Facility, Nome, Bethel) -

one bed each to accommodate anticipated increase in average daily population.

CAPITAL COSTS - Given the above, a total increase of 7 new detention beds will be required. Average cost of construction per bed is \$100,000 in Anchorage, Fairbanks and Juneau, and \$130,000 per bed in Nome and Bethel. Total CIP cost - \$760,000.

OPERATING COSTS - The Division of Family and Youth Services would realize an increased demand on PFT staff to accommodate the increase in client population. Minimal impact would be an increase in one shift and would translate into four additional Youth Counselor I positions, and one additional Youth Counselor III position. Total position costs is reflected in the personal services line item (\$230.6).

Related travel, contractual, and commodities are prorated on a percentage basis of total increase in staff.

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____
 Revision Date: _____
 Title: "An Act relating to runaway and missing minors."
 Sponsor: Sen. Rodev, Faikes et al.
 Requestor: H&SS Committee

Bill Version : CSSB 79
 Publish Date : _____

Agency Affected: Department of Law
 BRU: Legal Services
 Components: Operations

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		*	*	*	*	*
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		*	*	*	*	*
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Please see attached analysis.

Prepared by: Thomas A. Judson, Deputy Director Phone: 465-3672
 Division: Administrative Services Date: April 8, 1987
 Approved by Commissioner: Grace Berg Schaible, Atty. Gen. Date: April 8, 1987
 Agency: Department of Law

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)
 - Senate Secretary

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSSB 79

An attorney will need to consult with, and represent in court, the Department of Health and Social Services in its efforts to obtain detention and civil contempt orders. The bill is also likely to result in the need for additional consultation and representation as the department will be required to assume custody of minors whose parents, based on the statutory right conferred upon them in section 1 of the bill, do not consent to the return of a minor to the home.

It is not possible to predict the level of additional activity that this will generate, but there will be some. The Department of Law is facing severe budget reductions in the coming fiscal year. To the extent that this bill results in a substantial body of new legal work, it will be necessary to seek a supplemental appropriation beginning in FY 88.

HOUSE COMMITTEE REPORT

2/19

(7)

5/16/87

~~Finance~~

Date referred:

FURTHER REFERRALS:

January

DATE: 2-17-88

The Health, Education and Social Services Committee has considered CSSB 79 (Jud) am

"An Act relating to runaway and missing minors."

RECOMMENDS:

- replace with HCSCSSB 79 (HESS) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

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

SIGNING OTHER RECOMMENDATIONS:

[Signature]
 Chairman's signature
[Signature]

S B

8 6

STATE OF ALASKA THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Judiciary:

5-16-87

HOUSE COMMITTEE REPORT

(7)

Date referred: 5/5/87

FURTHER REFERRALS:

5/16
Ruler

DATE: 5-16-87

The Judiciary Committee has considered CSSB 86(Res) (B)

"An Act establishing Alaska Garden Week; and providing for an effective date."

RECOMMENDS:

- replace with HCS CSSB 86 (Jud) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published 2-4-87
- zero with analysis

SIGNING DO PASS:

[Signature]

[Signature]

SIGNING OTHER RECOMMENDATIONS:

[Signature]

[Signature]

[Signature]

Chairman's signature



Alaska State Legislature

SENATOR JIM DUNCAN

P. O. Box V JUNEAU, ALASKA 99811

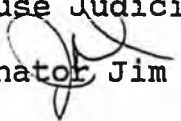
(907) 465-4766

COMMITTEES:
FINANCE
RESOURCES
BUDGET AND AUDIT

MEMORANDUM

May 7, 1987

TO: Representative John Sund, Chair
House Judiciary Committee

FROM:  Senator Jim Duncan

SUBJECT: Senate Bill 86, Alaska Garden Week

I would ask that you either waive Senate Bill 86, Alaska Garden Week, or schedule a hearing as soon as possible.

S.B. 86 establishes the first week in June as the official time of observance of the benefits to Alaskan's of gardening. I sponsored the bill at the request of the local chapter of the National Council of State Garden Clubs. Many states have already enacted this type of legislation, which permanently establishes Garden Week.

Your favorable action on this request will be appreciated.

Attachment

HOUSE COMMITTEE REPORT

(9)

Date referred: 3/16/87

FURTHER REFERRALS:

Judiciary

DATE: _____

The Resources Committee has considered CSSB 86(Res)

"An Act establishing Alaska Garden Week; and providing for an effective date."

RECOMMENDS:

- replace with _____ the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

Jan Carter

William H. Harrison

W. H. Still

Chris Dandrese

Herbert Springs

W. H. Harrison

John Hoff

SIGNING OTHER RECOMMENDATIONS:

Write memo - see rec.

Jan Carter

Chairman's signature

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

SENATE
BILL VERSION CS SB 86(R)
PUBLISH DATE: 2/4/87

REQUEST _____

Revision Date: _____ Agency Affected: Administration

Title: Establishing Alaska Garden Week. BRU: _____

Sponsor: Duncan Components: _____

Requestor: Senate State Affairs _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS:

This bill does not affect the Department of Administration.

Prepared By: Michael P. McPherson Phone: 465-2200
Division: Commissioner's Office Date: 2/3/87

Approved by Commissioner: Garrey Peska Date: _____
Agency: Department of Administration

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary



National Council of State Garden Clubs, Inc.

Providence, Ky.

April 16, 1986

Dear Legislative Chairman,

National Council of State Garden Clubs, Inc. would like to have all garden clubs celebrate National Garden Week from June 1-7. This is the time to have flower shows, displays in malls, radio and television programs, talk shows, etc. to proclaim to everyone that we, as gardeners, are showing "Pride In The Land".

I am enclosing an article by our publicity chairman, Mrs. Harold V. Pasley, which will give some ideas on how to accomplish this observance. This would be an excellent time to recruit new gardeners and increase our membership.

A number of our states have enacted in their state legislatures a bill to establish "Garden Week" the first full week in June of each year, while other states have asked Mayors and Governors to issue a proclamation which would proclaim the first week in June as Garden Week.

A proclamation would expire after June 7th, however, legislation would remain from year to year. The real importance is that we let everyone know that this week is the time for a celebration of better gardening and a more beautiful America.

National Council of State Garden Clubs, Inc. does not participate in political activity, and if you desire to seek legislation for setting this date, it must be done on an individual basis.

Please help your president make plans for an exciting observance of this week. Let's show America that we are dedicated to "Gardening With Pride In The Land."

Sincerely,

Geneva Blue

Geneva Blue (Mrs. J. Murray)



National Council of State Garden Clubs, Inc.

Providence, Ky.

March 31, 1986

RECEIVED
MAY 23 1986

Dear Legislative Chairman:

Within the past year, commercial interests related to gardening combined their efforts to have National Garden Week established in April rather than June as National Council of State Garden Clubs, Inc. has proposed and promoted.

Through Senator Mark Hatfield of Oregon, SJR 136 was introduced in the U. S. Senate and was passed on June 18, 1985. Soon after, a corresponding House Joint Resolution (HJR 266) was introduced by Representative Luken of Ohio. This HJR has been referred to the Post Office/Civil Service Committee.

Since the legislation to establish National Garden Week from June 1-8 seems to be in trouble in Washington, National Council wishes to have this legislation introduced and passed in all State Legislatures by April 1987.

Some states have already passed this legislation, and we would like to know the status of this legislation in every state. I know that the Kentucky Legislature enacted this legislation in 1983.

Please investigate the status of your state, and I would appreciate your informing me of your findings as quickly as possible. It is important that this date be set by an act of the legislature rather than by proclamation as a proclamation expires after June 8th. If your legislature is not in session, -however, this date could be set by a Proclamation which would be most helpful this year.

I would also appreciate you sending me a Legislative Report on other legislative activities in your state by April 30th.

Sincerely,

Geneva Blue

Mrs. J. Murray Blue (Genev.
National Legislative Chair
300 West Main Street
Providence, Ky. 42450

NATIONAL GARDEN WEEK

JUNE 1 - 7

With the theme of our National Council President, Mrs. John N. Fehrer "Pride in the Land" in particular focus this year, members of our 10,553 garden clubs will celebrate NATIONAL GARDEN WEEK June 1 - 7, the first full week in June. Although observances will be varied in form, NATIONAL GARDEN WEEK is an event which brings a sense of togetherness among us and a sense of pride in membership in a garden club federated with the National Council of State Garden Clubs, Inc., the largest organization in the world devoted to gardening in its broad context. Community residents will respond favorably to well-planned observances and these provide our organization with visibility in a very positive way--the ideal climate for securing new club members.

A strong, nation-wide effort to project NATIONAL GARDEN WEEK and "PRIDE IN THE LAND" is now in progress under the direction of Mrs. Graem Yates, Fourth Vice-President and Promotion Coordinator, National Council of State Garden Clubs, Inc., who has completed plans with the McDonald Corporation to carry this message:

SHOW PRIDE IN THE LAND
OBSERVE NATIONAL GARDEN WEEK, JUNE 1 - 7
NATIONAL COUNCIL OF STATE GARDEN CLUBS, INC.

on its community service readerboards located in the interior of each restaurant throughout our country.

NATIONAL GARDEN WEEK is our opportunity to tell the story of gardening and its benefits; aesthetic, economic and therapeutic and to tell the story of the importance of garden clubs. Let it be known that the idea of a NATIONAL GARDEN WEEK originated in The National Council of State Garden Clubs.

Whatever may be the form of observance, do relate it to your garden club, your state federation and our National Council of State Garden Clubs, Inc. and to our National Council President's theme "Pride in the Land".

Television and radio stations schedule community service time with advance reservation. It will be an educational experience to participate in a "talk show" not only discussing horticultural practices but also explaining selected National Council programs relating them to your area when applicable, our conservation and environmental concerns and our contributions to the betterment of our country: In a shopping mall, set up a display or a "how to do" exhibit including information about your own club and its projects. Place an artistic design in a location where it can be appreciated. Plan something special for garden therapy.

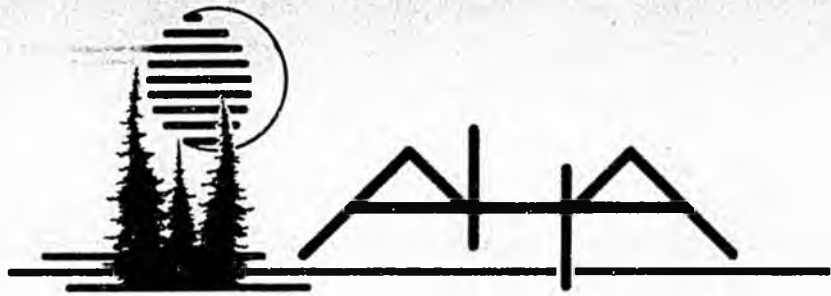
Within the past year, commercial interests related to gardening, combined their efforts and introduced SJR 136 in the U.S. Senate to hold a "National Gardening Week" beginning on April 13, 1986. The Resolution passed in the Senate on June 18, 1985. Soon thereafter, a corresponding Resolution was introduced in the House of Representatives (HJR 266) which is, as of this writing, yet in the Post Office/Civil Service Committee. It is understood that, should this Resolution become a reality, its duration would be for one year.

Be that as it may, together we will continue on to work, without interruption, for our NATIONAL GARDEN WEEK,

So much work has already been done in that direction by so many people in our organization that it seems in order to proceed to accomplish what is evident our members want, a NATIONAL GARDEN WEEK, in perpetuity.

A number of our states have enacted in their state legislatures a Bill to establish a Garden Week the first full week in June of each year. It is the goal that all states will have such legislation by June 1987, the conclusion of the present biennium. We will then have achieved a NATIONAL GARDEN WEEK for always. Mrs. J. Murray Blue, National Council Legislation Chairman, will direct this activity.

Celebrate NATIONAL GARDEN WEEK June 1-7, with pride in your membership and "Pride in the Land".



Alaska Horticultural Association

March 17, 1987

The Honorable Jim Duncan
Senate
P. O. Box V
Juneau, Ak 99811

Dear Senator Duncan:

During National Agriculture Week, the Alaska Horticultural Association would like to remind you that horticulture plays an important part in agriculture in Alaska. We are very pleased that Senator Jim Duncan has introduced legislation to declare June 1 - 7, Alaska Garden Week.

We would like to thank the Senate for passing Senate Bill 86 which establishes Alaska Garden Week.

Respectfully,

Chuck Lewis
President

S B

87

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Judiciary:

5-2-87

HOUSE COMMITTEE REPORT

referred: /3/87

FURTHER REFERRALS: Finance

DATE: 5-2-87

Judiciary

Committee has considered

CSSB 87(L&C)

ct relating to the credit card interest rate that may be charged by
in financial institutions."

RECOMMENDATIONS:

replace with _____

[] the same title

attached amendment(s)

[] a new title

[] do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] additional referral to the _____ Committee

ISSUES: [] _____ letter of intent

YES NEW FISCAL NOTE(S):

[] fiscal impact

[] same as previous fiscal note published _____

[] zero fiscal note

[] same as previous zero fiscal note published 2/11/87

[] zero with analysis

YES DO PASS:

[Signature]

[Signature]

SIGNING OTHER RECOMMENDATIONS:

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]
Chairman's signature

Original sponsor: Labor & Commerce
Committee

BY THE LABOR AND
COMMERCE COMMITTEE

1 IN THE SENATE

2

CS FOR SENATE BILL NO. 87 (L&C)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the credit card interest rate

7

that may be charged by certain financial institu-

8

tions."

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

10 * Section 1. AS 06.05.209(b) is amended to read:

11

(b) A bank may issue a credit card or other similar credit-

12

granting device to a customer for obtaining money, goods, services or

13

anything else of value and the bank, when credit is extended under

14

this section, may impose a service charge at a monthly rate that

15

results in an annual rate not in excess of 17 percent on the out-

16

standing balance [THE LIMITS FOR SERVICE CHARGES PROVIDED IN AS 45.-

17

10.120(c)]. However, in addition, when cash is advanced under this

18

section, the bank may impose a setup charge that [WHICH] does not

19

exceed three percent of the funds advanced, or \$12, whichever is less,

20

except that on loans of under \$100 a minimum not exceeding \$3 may be

21

charged.

100 = 33.00 charge

*Ann Exp - Optima Card fee 15
Ann Exp Green CI 4.40
annual fee → 55*

TESTIMONY BEFORE SENATE LABOR & COMMERCE COMMITTEE

Mr. Chairman, my name is Wes Coyner and I am representing the Alaska Bankers Association who support passage of CSSB87.

What this bill will do is provide a single legal maximum interest rate on the outstanding balances on credit cards.

Under current Alaska law we have a two tier interest rate structure which is outdated and works to the disadvantage of the less affluent consumer.

It provides for maximum rate of 18% on the first \$1,000 owed on local bank cards and a lower rate on balances over \$1,000 that floats at five points above the federal discount rate. The rate on balances over \$1,000 is now 10.5%. That is the problem - rates are too high on balances under \$1,000 and too low on balances over \$1,000.

As a result of our current two tier system approximately 150,000 Alaskans who have VISA and MASTERCARD cards issued by Alaska banks, are not getting the full benefits of falling interest rates in todays market.

In addition, current statute places Alaska banks, who offer credit cards, at a competitive disadvantage with out of state banks who have captured approximately half of the Alaska credit card market. Ironically, most of those banks charge a higher interest rate than local banks and higher than that proposed in this bill.

Further, existing law discourages Alaska banks from issuing new cards, which in turn effects the number of people employed in their card operations and forces many Alaskans to use out of state cards at higher rates than Alaska law allows. State laws do not apply to out-of-state banks who issue cards under more liberal laws of their home states. Thirteen states have no limit and all but five states allow rates that vary from 18% to 30%.

The credit card market in Alaska is becoming increasingly competitive, but because other card issuers are operating under another states more favorable law, or federal regulation, Alaska's banks are seriously disadvantaged.

For example, Alaska National Bank of the North recently sold their credit card operation to Seattle First National Bank, which unfortunatley eliminated about 14 jobs in Alaska. Now, because Seafirst operates under Washington State law, they will be offering their card in Alaska at a 15% rate.

Another example, two Credit Unions in Alaska governed by Federal Regulations that allow an interest rate of up to 21%, are offering their cards at 13.9% and 16%.

Existing law and federal regulations allows our competitors in state and from out of state to do things that we cannot do, and our law in its present form is not beneficial to lower income consumers.

We have a situation in which most of Alaska-issued card owners (approximately 2/3), who carry relatively low balances, wind up paying the maximum 18%, while a minority of the more affluent, who qualify for the premium bank cards with larger credit lines, can carry large balances and pay 10.5% on some of it. Consequently, to make up for lower earnings on this money, banks must push the rate to the maximum 18% on the lower balances. This has the effect of the more affluent using the cards as a source of cheap consumer credit and being subsidized by the average consumer who carries a smaller credit balance.

Our current structure has created inequities for both businesses in Alaska, who want to provide jobs, and for the small or average consumer who desires a lesser interest rate.

Passage of CSSB87 would correct those inequities.

Banks would be able to compete on even terms with out of state banks by providing more cards to Alaskans seeking them, thereby expanding their card base, which in turn can lead to expanded operations and employment which we all know is desperately needed in Alaska now.

Most consumers would benefit by having one rate to consider rather than the confusing two tier system that now penalizes the lower balance user.

For those who are concerned about a maximum rate of 17% as set forth in CSSB87, remember that the maximum rate cannot be charged in todays competitive market if you want to survive and expand your card base, which Alaska card issuers want desperately to do.

A good example is the Credit Unions mentioned earlier - even though they can charge rates of up to 21% under Federal Regulations their current rates are 5-7% less than the maximum allowable.

In this regard, one of the two remaining Alaska banks offering credit cards will commit, in todays market, to a single or blended rate of 16.5% or less, with passage of CSSB87. Thus, immediately reducing the 18% rate currently being paid by approximately two thirds of that banks card holders.

The other bank also intends to be very competitive and both banks are desirous of expanding their market base, which by design, has been relatively stagnant for several years because of our restrictive rate limits.

To expand their base and attract new customers, they must offer rates comparable to those available from other institutions both in state and out.

Alaska banks welcome that competition and encourage the customer to shop for their card - however - they want to be able to compete by the same rule as outside card issuers. CSSB87 will accomplish that to a degree.

Through this bill we are asking you to allow Alaska banks, who are employing Alaskans and want to expand their card operations, and quite likely increase employment, the same opportunity afforded non-Alaskan businesses and those governed by Federal Regulation.

Also keep in mind, the 17% maximum rate called for in this bill is less than the maximum rate in 44 of the other states.

Our current, out of step law, no longer protects or benefits the average consumer who it was designed to protect, and has put Alaska banks into a disadvantaged position against out of state card issuers.

CSSB87 will correct these problems and benefit both the consumer and Alaska banks to compete on more equal terms.

ALASKA WOMEN'S LOBBY

POST OFFICE BOX 10-1571, ANCHORAGE, ALASKA 99510

Testimony on SB 87

The two-tier system which this legislation seeks to change was created in order to protect consumers during periods of high interest rates.

The banking industry now feels it must have a single rate system because it is too limited in the amount of interest it may charge to those with higher balances and therefore has no choice but to charge the maximum interest to the average consumer.

Interestingly, even during the periods of high interest rates the average consumer was still charged the maximum interest allowed by statute. Indeed, the Division of Banking testified at the House Labor and Commerce Committee that at no time since the 1960's have consumers had relief from the maximum interest rate.

We do not wish to stand in the way of the change to a single rate system if the change will result in a substantial and guaranteed savings to the majority of card-holders.

But what we are guaranteed in SB 87 is that those consumers who carry large balances will see an immediate increase of $6\frac{1}{2}$ percent while those with smaller balances will see their rates decreased only 1 percent.

Since the major amounts of cash lent by the banks are to those with the larger balances - it is the banks and not the consumers who stand to benefit the most by passage of this bill.

We would like to note that despite a sluggish economy Alaskan banks have experienced continued growth. According to recent reports in the Juneau Empire the First National Bank of Anchorage's total assets are up \$106 million compared to the first quarter of 1986. Deposits are also up by \$76 million and the National Bancorp of Alaska announced a 2.4 percent increase in deposits.

There is legislation moving through Congress now, which if passed, would impose a national ceiling on credit card interest rates. The rate they are proposing would float at eight percentage points above the yield on one-year Treasury securities. It would be 13.8 percent today.

We feel that if we must move away from a system created to protect consumers then we should provide a substantial savings to the majority of consumers and we would urge you to consider lowering the ceiling to 16 percent or less.

We would ask you to consider that the federal discount rate or the cost of money is currently between 5-6 percent and that surely the 10 percent difference between that rate and 15 or 16 percent is wide enough to allow a sufficient profit to the banks while allowing a real savings to the average consumer.

Thank you for your consideration.

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum

Current and previous levels

Federal Reserve Bank	Short-term adjustment credit and seasonal credit ¹			Extended credit ²						Effective date for current rates
				First 60 days of borrowing		Next 90 days of borrowing		After 150 days		
	Rate on 9/26/86	Effective date	Previous rate	Rate on 9/26/86	Previous rate	Rate on 9/26/86	Previous rate	Rate on 9/26/86	Previous rate	
Boston	5½	8/21/86	6	5½	6	6½	7	7½	8	8/21/86
New York		8/21/86								8/21/86
Philadelphia		8/22/86								8/22/86
Cleveland		8/21/86								8/21/86
Richmond		8/21/86								8/21/86
Atlanta		8/21/86								8/21/86
Chicago		8/21/86								8/21/86
St. Louis		8/22/86								8/22/86
Minneapolis		8/21/86								8/21/86
Kansas City		8/21/86								8/21/86
Dallas		8/21/86								8/21/86
San Francisco	5½	8/21/86	6	5½	6	6½	7	7½	8	8/21/86

Range of rates in recent years³

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1973	7½	7½	1978— Aug. 21	7¾	7¾	1982— July 20	11½-12	11½
1974— Apr. 25	7½-8	8	Sept. 22	8	8	Aug. 23	11½	11
30	8	8	Oct. 16	8-8½	8½	Aug. 2	11-11½	11
Dec. 9	7½-8	7¾	20	8½	9½	16	11	10½
16	7¼	7¾	Nov. 1	8½-9½	9½	27	10-10½	10
1975— Jan. 6	7¼-7¾	7¾	3	9½	9½	30	10	10
10	7¼-7¾	7¾	1979— July 20	10	10	Oct. 12	9½-10	9½
24	7¼	7¾	Aug. 17	10-10½	10½	13	9½	9½
Feb. 5	6¾-7¼	6¾	20	10½	10½	Nov. 22	9-9½	9
7	6¾	6¾	Sept. 19	10½-11	11	26	9	9
Mar. 10	6¼-6¾	6¼	21	11	11	Dec. 14	8½-9	9
14	6¼	6¼	Oct. 8	11-12	12	15	8½-9	8½
May 16	6-6¼	6	10	12	12	17	8½	8½
23	6	6	1980— Feb. 15	12-13	13	1984— Apr. 9	8½-9	9
1976— Jan. 19	5½-6	5½	19	13	13	13	9	9
23	5½	5½	May 29	12-13	13	Nov. 21	8½-9	8½
Nov. 22	5¼-5½	5¼	30	12	12	26	8½	8½
26	5¼	5¼	June 13	11-12	11	Dec. 24	8	8
1977— Aug. 30	5¼-5¾	5¼	16	11	11	1985— May 20	7½-8	7½
Sept. 31	5¼-5¾	5¼	July 28	10-11	10	24	7½	7½
Oct. 2	5¾	5¾	29	10	10	1986— Mar. 7	7-7½	7
Oct. 26	6	6	Sept. 26	11	11	10	7	7
1978— Jan. 9	6-6½	6½	Nov. 17	12	12	Apr. 21	6½-7	6½
20	6½	6½	Dec. 5	12-13	13	23	6½	6½
May 11	6½-7	7	8	13	13	Aug. 21	6	6
12	7	7	1981— May 5	13-14	14	July 11	5½-6	5½
July 3	7-7¼	7¼	8	14	14	Aug. 21	5½	5½
July 10	7¼	7¼	Nov. 2	13-14	13	22	5½	5½
			6	13	13	In effect Sept. 26, 1986	5½	5½
			Dec. 4	12	12			

1. After May 19, 1986, the highest rate within the structure of discount rates may be charged on adjustment credit loans of unusual size that result from a major operating problem at the borrower's facility.

2. A temporary simplified seasonal program was established on Mar. 8, 1985, and the interest rate was a fixed rate ½ percent above the rate on adjustment credit. The program was re-established on Feb. 18, 1986; the rate may be either the same as that for adjustment credit or a fixed rate ½ percent higher.

3. Applicable to advances when exceptional circumstances or practices involve only a particular depository institution and to advances when an institution is under sustained liquidity pressures. As an alternative, for loans outstanding for more than 150 days, a Federal Reserve Bank may charge a flexible rate that takes into account rates on market sources of funds, but in no case will the rate charged be less than the basic rate plus one percentage point. Where credit provided to a particular depository institution is anticipated to be outstanding for an unusually prolonged period and in relatively large amounts, the time period in which each

rate under this structure is applied may be shortened. See section 201.3(b)(2) of Regulation A.

4. Rates for short-term adjustment credit. For description and earlier data see the following publications of the Board of Governors: *Banking and Monetary Statistics, 1914-1941*, and *1941-1970: Annual Statistical Digest, 1970-1979, 1980, 1981, and 1982*.

In 1980 and 1981, the Federal Reserve applied a surcharge to short-term adjustment credit borrowings by institutions with deposits of \$500 million or more that had borrowed in successive weeks or in more than 4 weeks in a calendar quarter. A 3 percent surcharge was in effect from Mar. 17, 1980, through May 7, 1980. There was no surcharge until Nov. 17, 1980, when a 2 percent surcharge was adopted; the surcharge was subsequently raised to 3 percent on Dec. 5, 1980, and to 4 percent on May 5, 1981. The surcharge was reduced to 3 percent effective Sept. 22, 1981, and to 2 percent effective Oct. 12. As of Oct. 1, the formula for applying the surcharge was changed from a calendar quarter to a moving 13-week period. The surcharge was eliminated on Nov. 17, 1981.

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Credit cards competitive?

THE ASSOCIATED PRESS

WASHINGTON - The chairman of a Senate Banking subcommittee is warning banks that issue Visa and MasterCard credit cards to begin competing on interest rates or risk new legal curbs on the rates they can charge.

Sen. Christopher Dodd, D-Conn., opening a hearing by his consumer affairs subcommittee, said Tuesday he disliked the idea of a national cap on interest rates, calling such a ceiling "a simple - and wrong - solution to a complicated problem."

Georgia Lawmakers Vote to Kill Rate Ceiling on Credit Cards

Special to the American Banker

ATLANTA — Georgia's General Assembly has voted to give credit card issuers within the state complete freedom to set their own interest rates and fees.

The bill, approved Thursday, abolishes the state's 18% ceiling on annual interest rate charges and the \$12 limit on annual fees. It also permits the establishment of special credit card banks in Georgia, a feature that proponents say will create hundreds of new jobs.

The House passed the measure 138 to 34 and immediately sent it to the Senate, where it was approved by a 42-to-1 vote. The bill requires the governor's signature to become law.

Rep. James M. Beck, D-Valdosta, sponsor of the bill in the House, said deregulation of rates and fees would allow banks to offer a wider variety of credit cards here. He also predicted that as many as a dozen financial institutions would open credit card banks here within a year.

"I can't overemphasize the employment aspect of the bill," he said. "That's what it's all about. But we can't have one part [new banks] without the other [credit card deregulation]."

Under the bill, a credit card bank would have to employ at least 50 people or contract with a Georgia credit card processing company that employs

at least 250 people.

Rep. Jack Connell, D-Augusta, sought an amendment in the House that would have lowered the required number of employees at a Georgia processor. He said he wanted to open the card processing business to more small companies. The amendment lost on a voice vote.

Other representatives claimed banks would respond to the bill by raising their interest rates and fees.

"The \$12 fee will be \$45 in no time flat," said Rep. William S. Jackson, D-Martinez.

Rep. Rudolph Johnson, D-Lake City, who offered an amendment that would have lowered the ceiling on interest rates from 18% to 14%, said bankers have not let credit card rates follow other market rates downward.

Mr. Beck and other proponents warned, however, that if the bill failed, Georgia banks might choose to move their credit card operations to a deregulated state.

The deregulation of credit cards applies only to cards issued by financial institutions, including banks, savings institutions, and credit unions.

It does not affect cards issued by department stores and other retailers, who are limited in Georgia to a 21% annual interest rate. They are not permitted to charge an annual fee. ■

Alaska laws keep card rates high



tim bradner

You might not have noticed, but the interest you pay on your VISA or MasterCard depends very much on whether it was issued by an "Outside" bank like Citibank or Bank of America, or an Alaska bank. It can make a real difference, because the interest charged by local banks can be considerably less. But not as cheap as it could be. Therein lies an interesting story.

This is hard to believe, but sadly true: Alaska's law restricting interest rates on credit cards puts local banks at a competitive disadvantage with out-of-state financial institutions, results in local consumers paying higher rates, raises the possibility of local jobs being eroded and, surprisingly, results in a minority of relatively affluent Alaskans being, in effect, subsidized by the rest of us.

You'd think legislators would rush to change this. In fact, they tried to. A bill did pass both the House and Senate, but it died in the confusion during final hours of the legislative session.

The law governing these interest rates is relatively obscure, a relic of the days of high interest rates, high inflation and the notion that economic problems can be solved by price controls and government regulation. But because of it, out-of-state financial institutions have been able to market their own credit cards aggressively here, capturing about half the Alaska charge card market. Because Alaska's limitations on interest don't apply to them, they can charge higher rates as well.

Alaska is one of five states that still have laws restricting interest rates on

locally issued credit cards that are lower than they would be on the open market. However, the problem is not so much the limit but the way the limit is structured.

We have a "two-tier" limit in Alaska, a top rate of 18 percent on the first \$1,000 owed, and a lower interest rate, applying to balances over \$1,000, that "floats" at five points over the federal discount rate. The discount rate has been falling, so this lower rate is now about 11.5 percent.

Like any price control, these limits create shortages and market distortions. The shortage is in the ability of the local banks to offer their lower-cost credit card services to large numbers of Alaskans, many of whom then turn to cards issued by out-of-state financial institutions to which the Alaska limits do not apply. Rates charged on these cards approach 20 percent. For example, Citibank and Bank of America charge 19.8 percent for their VISA and MasterCard accounts, as does Sears with its new Discover card.

But the most bizarre distortion is this:

The "two-tier" structure of Alaska's law creates a situation in which most of Alaska-issued card owners who carry relatively low balances wind up paying the maximum 18 percent, while a minority of the more affluent, who qualify for the premium bank cards with larger credit lines, can carry large balances and pay 11.5 percent on some of it. In effect, they are using the cards as a source of cheap consumer credit and are being subsidized by the rest of us who pay 18 percent.

This is the crux of the matter. Alaska bank earnings are marginal when servicing charge card accounts at 11.5 percent. To make up for lower earnings on this money, they must push the rate to the legal 18 percent maximum on the other money lent. Even with that, bank card services are no big money-maker for local banks.

Credit card operations are more complex and costly than conventional bank lending because of added costs in processing, handling and mailing. What this means is that to stay in the business, local banks must keep costs to a minimum, particularly the inevitable bad debt losses. They can do this by being very restrictive to whom they issue cards.

This has made Alaska a happy hunting ground for out-of-state financial institutions that are regulated under more liberal laws of their home states. With modern communications and data-processing technology, they locate card

See Page J-5, CREDIT

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CREDIT: Laws keep rates high

Continued from Page J-1

operations in states with liberal laws and can aggressively promote their cards nationwide because they charge higher rates and have a huge volume to make up losses. Local banks, in contrast, have less volume, less margin and higher costs, partly because they maintain their operations and people here.

The legislation that died in Juneau would have wiped out this lower "tier" of interest limitation to leave just one limit on the total of the amount owed. In fact, in final versions of the bill, the top "cap" would have been reduced from 18 to 17 percent.

But the actual rate would be determined by competitive market forces here and would "float" down to around 16.5 percent, Alaska bank officials say. Because there no longer would be a need to subsidize the lower limit, rates for most people would go down. But the overall return to the banks would increase. A greater margin would permit more liberal card-issuing, more volume, an ability to capture back more market share from the Outsiders, and lower interest rates on charge cards for most Alaskans.

Cynics doubt rates would actually fall. Local bankers point to other states with relatively high legal limits, or even no limits, where actual rates, established by market competition, are lower. They point to Washington, where the legal ceiling is 18 percent but Seafirst and Rainier banks charge 15 percent on their cards.

Critics respond: the Alaska banking community is small and dominated by a few big banks. There might not be enough competition for market forces to bring down rates.

Most legislators finally grasped the subtle complexities of this issue, though not in time to see a change in the law this year. It's tempting in politics to rely on the notion that government can "fix" a problem with a regulation or a control. It's more difficult to see the long-range effects or to really trust that free-market forces and deregulation in the financial community can really benefit consumers.

If legislators do allow interest rate deregulation, it will be interesting indeed to see how free-market forces will actually perform.

□ Tim Bradner writes for an Alaska economic reporting service.

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

CREDIT: Laws keep rates high

Continued from Page J-1

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□ Tim Bradner writes for an Alaska economic reporting service.

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STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Judiciary:
1987 - May 13

HOUSE COMMITTEE REPORT

referred: 4/29/87

FURTHER REFERRALS:

DATE: 5-13-87

The Judiciary Committee has considered SB 88

an Act relating to increases or surcharges to automobile insurance premiums."

RECOMMENDS:

- replace with HCS SB 88 (L+C) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

NOTES: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published 2-13-87
- zero with analysis

SIGNING DO PASS:

[Handwritten signatures]

SIGNING OTHER RECOMMENDATIONS:

[Handwritten signature]

 Chairman's signature

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: SB 88

Bill Version: _____
Publish Date: _____

Revision Date: _____
Title: An Act relating to increases or surcharges to automobile insurance premiums
Sponsor: Labor & Commerce Committee
Requestor: _____

Agency Affected: Commerce & Economic Development
BRU: Insurance
Components: Public Protection

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE	0.0	0.0	0.0	0.0	0.0	0.0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: John L. George, Director Phone: 465-2515
 Division: Division of Insurance Date: February 10, 1987
 Approved by Commissioner: J. Anthony Smith Date: February, 1987
 Agency: Commerce and Economic Development

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)
 Senate Secretary

SB 88: "An Act relating to increases or surcharges to automobile insurance premiums."

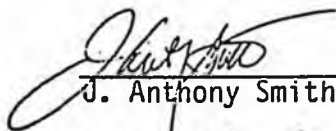
The Department of Commerce and Economic Development is in favor of this legislation.

The legislation proposes to introduce two exceptions to legislation adopted in 1984. That legislation, Ch. 62, SLA 1984, enacted AS 21.36.420, which requires that before a premium increase for automobile insurance can be applied, the insurer must first have sent a notice to the insured that the increase would take place. The statute also required that an insured be advised that he or she may request a hearing in Alaska before the insurer or its rating organization to appeal the application of the increased rate. The 1984 legislation provided for no exceptions.

The intent expressed during hearings held on the bill and by the sponsor was to provide notice of any rate increase for automobile insurance and entertain cases to provide an appeal mechanism for persons aggrieved by the rate changes because of points or surcharges applied to an insured. The proposed bill clarifies the notice of change provision by recognizing that there are situations where a lengthy period between notice and application does not really add to public protection and may, in fact, impair market availability. For example, change of car, addition of a young driver, or additional vehicles do increase the price of insurance and insureds know this is fact. Increases in such cases are not a surprise and a revision to the notice provision does not impact public protection.

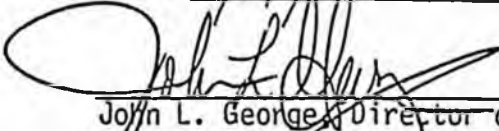
The real issue addressed with this proposal is the notice of a right to a hearing when a rate increase occurs. That feature is not reasonable in those cases where there is a change wrought by the insured and he is told that it will have a rate impact, or when an increase is due to a general rate increase which has been reviewed and approved by the Division of Insurance.

Our concern is that the absence of reasonable exceptions provides the opportunity for frivolous requests for hearings that would eventually burden the state with unnecessary hearings. This does not impair the ability of a person aggrieved by the application of the rating system from a hearing on the manner in which the system is applied if there is reason to believe that another application would be appropriate.



J. Anthony Smith, Commissioner

Date: 2/19/87



John L. George, Director of Insurance

Date: 2/18/87

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REPLY TO JUNEAU

April 29, 1987

Representative John Sund
Alaska State Legislature
P. O. Box V (MS 3100)
Juneau, Alaska 99811

Re: Senate Bill 88

Dear Representative Sund:

I am writing to you on behalf of State Farm Insurance Company and Allstate Insurance Company regarding Senate Bill 88, which was introduced and passed by the House during the last legislative session as House Bill 476 but remained in the Senate Rules Committee when the session ended. This bill has been introduced by the Senate Labor and Commerce Committee this session. It passed the Senate on unanimous vote on March 19, 1987, passed out of the House Labor and Commerce Committee on April 28, 1987 and is now before the House Judiciary Committee, its final referral.

Senate Bill 88 deals with premium increases in automobile insurance policies, and was introduced at our request to correct an ambiguity in AS 21.36.420, which was added by the legislature in 1984 via House Bill 16. We enclose herewith a copy of AS 21.36.420 for your information as well as a copy of the Department of Commerce and Economic Development's 1987 Position Paper favoring the legislation and the accompanying zero fiscal note.

The ambiguity Senate Bill 88 was designed to correct is contained in subsection (d) of AS 21.36.420:

An insurer that increases the premium or adds a surcharge to an automobile insurance policy shall give written notice of the increase or surcharge at least 15 days before it takes

Rep. John Sund
April 29, 1987
Page 2

effect, stating the reason for the change and the right of appeal under AS 21.39.090.

If this subsection is read literally, it could be interpreted to require an insurer to send an insured a statement of reasons for change in premium and a statement of the notice of right to appeal every time a premium is increased, regardless of the reason for the premium increase. Such a requirement would significantly affect the practical consequences of the way we presently do business. For example, when a general rate increase is approved by the Division of Insurance, our insureds receive at least fifteen days notice of this increase, and a brief explanation of the reasons for the increase. To present an insured with a statement telling them that they have a statutory right to appeal a premium increase already approved by the Division of Insurance is illusory, because the Department has already approved the increase. It in fact would be illegal for us to charge anything but the approved rate. To suggest by means of a notice that our insured has a right of appeal not only is misleading, but could generate wasteful litigation and/or administrative hearings.

The more practical problems we face are where our insured calls and tells us that he has either added a youthful driver to his policy or purchased a new car. If we follow the literal dictates of the present statute, we simply would not be able to accept coverage in either instance until at least fifteen days after the request was made in order to assure that our insured has been informed of his proper statutory right of notice and appeal. The same would be true of where our insured moves to a higher rated area. We would not be able to accept coverage unless our insured is able to contact us early enough so we can provide the fifteen day notice of increase and right of appeal. We do not believe that anyone intended AS 21.36.420 to have this effect, and we believe Senate Bill 88 would correct this ambiguity and thus urge its passage.

The present version of Senate Bill 88 requires written notice of the increase stating the reason for the change and the right of appeal in all instances except to: (1) a premium increase resulting from a change requested by an insured if the insured is notified at the time of the request that his or her premium will change, or (2) a rate increase approved by the Director if the insurer gives written notice to the insured of the rate increase at least fifteen days before the expiration date of the affected policy, which is

Rep. John Sund
April 29, 1987
Page 3

when the increase would of course take effect. We do not believe these changes would affect in any way the original intent which prompted the enactment of AS 21.36.420. On the contrary, SB 88 would correct a negative effect not intended by the original legislation.

This is SB 88's third year in the Legislature. No one has ever testified against it or otherwise opposed it. It simply seems to get buried because it is so non-controversial. We urge that that not happen again this year. State Farm and Allstate have expended much time, effort and money in their earnest attempts to correct this statutory ambiguity. No one stands to lose by passage of SB 88 -- it benefits everyone. The insurers benefit by not having to send out meaningless, misleading notices. The State benefits by not getting wrapped up in unnecessary, futile appeals and administrative hearings. And perhaps most importantly, for your concerns, the consumer benefits by being able to get immediate coverage in those situations where it is requested without having to wait out the statutory notice period.

We respectfully urge your consideration in promptly calendaring SB 88 for a House Judiciary hearing or alternatively, in light of the innocuous nature of the bill, waiving the Judiciary Committee referral.

Please contact me as soon as possible with any questions or concerns you might have.

Sincerely,

HUGHES THORSNESS GANTZ
POWELL & BRUNDIN

By: 

Donna P. Walker

Enclosure
DPW/mh
1744A

cc: Members of the House Judiciary Committee

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TELECOPIER: 479-8478

200 CHENEGA STREET
P.O. BOX 767
VALDEZ, ALASKA 99686
TELEPHONE (907) 835-2988

HAND DELIVERED

January 16, 1987

DAVID H. THORSNESS
JAMES M. POWELL
BRIAN J. BRUNDIN
MARCUS R. CLAPP*
KENNETH P. JACOBUS
GARY W. GANTZ
JERRY E. MELCHER
JOE M. HUDDLESTON
SIGURD E. MURPHY
RICHARD D. THALER
CARL J. D. BAUMAN
FRED B. ARVIDSON
DENNIS M. BUMP*
MARY K. HUGHES
FRANK A. PFIFFNER
RALPH R. BEISTLINE*
GORDON J. TANS
R. CRAIG HESSER
ROBERT L. MANLEY
JAMES M. GORSKI
TIMOTHY R. BYRNES
JAMES M. SEEDORF
RONALD E. NOEL*
FREDERICK J. ODSER
MICHAEL L. LESSMEIER**
STEVEN S. TERVOOREN
MATTHEW K. PETERSON

JOSEPH R. D. LOESCHER
KENNETH D. LOUGEE*
EARL M. SUTHERLAND
JOHN B. THORSNESS
GREGORY W. LESSMEIER*
JOHN V. ACOSTA*
DONNA P. WALKER***
WILLIAM M. WALKER***
DANIEL M. WOLO
DAVID S. CARTER
MARILYN MAY
LAWRENCE V. ALBERT
JOHN G. FRANK**
ANN S. BROWN*
BRIAN O. BJORKQUIST
JAMES N. BARKELEY
THOMAS R. LUCAS
TIMOTHY R. REDFORD
SHELTON E. WINTERS**
DOUGLAS R. SMITH
JOHN J. NOVAK
JOHN H. TINDALL
DAVID H. KNAPP
MICKALE C. CARTER
JOSEPH S. SLUSSER*
JAMES F. KLASEN

*FAIRBANKS OFFICE
**JUNEAU OFFICE
***VALDEZ OFFICE

Senator Tim Kelly
Alaska State Legislature
Pouch V (MS 3100)
Juneau, Alaska 99811

Re: House Bill 476

Dear Senator Kelly:

I am writing to you on behalf of State Farm Insurance Company and Allstate Insurance Company regarding House Bill 476, introduced and passed by the House during the last legislative session but remained in the Senate Rules Committee when the session ended. This bill deals with premium increases in automobile insurance policies, and was introduced at our request to correct an ambiguity in AS 21.36.420, which was added by the legislature in 1984 via House Bill 16. We enclose herewith a copy of AS 21.36.420 for your information as well as a copy of the Department of Commerce and Economic Development's 1986 Position Paper favoring the legislation.

The ambiguity House Bill 476 was designed to correct is contained in subsection (d) of AS 21.36.420:

An insurer that increases the premium or adds a surcharge to an automobile insurance policy shall give written notice of the increase or surcharge at least 15 days before it takes effect, stating the reason for the change and the right of appeal under AS 21.39.090.

Senator Tim Kelly
January 15, 1987
Page 2

If this subsection is read literally, it could be interpreted to require an insurer to send an insured a statement of reasons for change in premium and a statement of the notice of right to appeal every time a premium is increased, regardless of the reason for the premium increase. Such a requirement would significantly affect the practical consequences of the way we presently do business. For example, when a general rate increase is approved by the Division of Insurance, our insureds receive at least fifteen days notice of this increase, and a brief explanation of the reasons for the increase. To present an insured with a statement telling them that they have a statutory right to appeal a premium increase already approved by the Division of Insurance is illusory, because the Department has already approved the increase. It in fact would be illegal for us to charge anything but the approved rate. To suggest by means of a notice that our insured has a right of appeal not only is misleading, but could generate wasteful litigation and/or administrative hearings.

The more practical problems we face are where our insured calls and tells us that he has either added a youthful driver to his policy or purchased a new car. If we follow the literal dictates of the present statute, we simply would not be able to accept coverage in either instance until at least fifteen days after the request was made in order to assure that our insured has been informed of his proper statutory right of notice and appeal. The same would be true of where our insured moves to a higher rated area. We would not be able to accept coverage unless our insured is able to contact us early enough so we can provide the fifteen day notice of increase and right of appeal. We do not believe that anyone intended AS 21.36.420 to have this effect, and we believe House Bill 476 would correct this ambiguity and thus urge its passage.

The present version of House Bill 476 requires written notice of the increase stating the reason for the change and the right of appeal in all instances except to: (1) a premium increase resulting from a change requested by an insured if the insured is notified at the time of the request that his or her premium will change, or (2) a rate increase approved by the Director if the insurer gives written notice to the insured of the rate increase at least fifteen days before the expiration date of the affected policy, which is when the increase would of course take effect. We do not believe these changes would affect in any way the original intent which prompted the enactment of AS 21.36.420. On the

HUGHES THORSNESS GANTZ POWELL & BRUNDIN
ATTORNEYS AT LAW

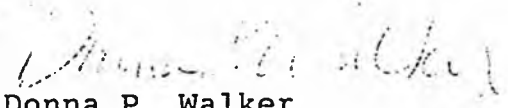
Senator Tim Kelly
January 15, 1987
Page 3

contrary, HB 476 would correct a negative effect not intended by the original legislation.

We do hope this ambiguity can be corrected this session and kindly request you calendar the bill. We will be happy to provide any assistance or further information you might desire. Thank you.

Sincerely,

HUGHES THORSNESS GANTZ
POWELL & BRUNDIN

By: 
Donna P. Walker

Enclosures
DPW/mh
1435A


cc: Senator Jan Faiks

CSHB 476: "An Act relating to automobile insurance premiums."

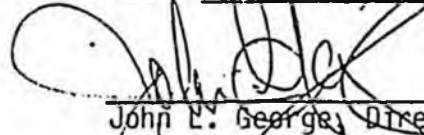
The department is in favor of this legislation. This proposal is intended to correct a deficiency in Ch 62 SLA 1984. The sponsor of that bill was attempting to provide an appeal mechanism for persons aggrieved by automobile insurance rate increases resulting from surcharges for an accident or violation appearing on that person's driving record, and which is alleged to be inappropriate.

Alaska Statute 21.36.420(d) was structured to require a notice of all premium increases by an insurer. The notice gives a reason for the increase and the right to an appeal under AS 21.39.090. It is not clear whether a notice of reason and notice of right to appeal is required on increases resulting from other than a change in the individual driving record. Such increases are subject to rate review and approval by the State before use and we believe that a right to appeal on top of the review process would be unduly wasteful of state resources.

This bill would clarify the requirement for notice by specifying the circumstances in which the notice is necessary and the scope of notice required. It does provide recourse for surcharges or increases that are not appropriate because a person was not convicted of a violation or at fault in an accident. We do not object to the notice of premium increase on approved rate filings because it is a fair thing to do. It does generate additional cost for the insurer which will ultimately be passed along to the consumer. It is, however, a reasonable and fair requirement.


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

Date: 3/3/86


John E. George, Director of Insurance

Date: 3/3/86

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 476
Title: Automobile Insurance Premium

Sponsor: M. M. Miller
Requestor: John L. George
Date of Request: February 19, 1986

FISCAL DETAIL

Agency Affected: Division of Insurance
BRU: _____

Components: _____

EXPENDITURES / REVENUES : (Thousands of Dollars)

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

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

FUNDING: (Thousands of dollars)

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

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary.

Prepared by: John L. George, Director
Division: DIVISION of Insurance

Phone: 465-2515
Date: February 19, 1986

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

Date: February 19, 1986

Distribution (by Agency preparing fiscal note):

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



Alaska State Legislature

Senate

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

January 27, 1987

MEMORANDUM

To: Senate Labor & Commerce Committee Members

From: Senator Tim Kelly, Chairman *TDK*
Labor & Commerce Committee

Subject: Proposed Committee Bill regarding Automobile
Insurance Premiums

Attached is a copy of proposed committee legislation to clarify a significant ambiguity regarding increases to automobile insurance premiums.

Last year, HB 476, which contained identical language, unanimously passed the House of Representatives. While favorably considered by Senate committees, the Rules Committee was unable to place the bill on the calendar in the closing days of the legislative session.

To my knowledge little opposition to this legislation has surfaced and the bill enjoys the support of the Division of Insurance.

Please let me know if you have objections or concerns about introducing this legislation as a committee bill.

IN THE SENATE

BY THE LABOR AND
COMMERCE COMMITTEE

SENATE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to increases or surcharges to automobile insurance premiums."

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

* Section 1. AS 21.36.420(d) is amended to read:

(d) An insurer that increases the premium or adds a surcharge to an automobile insurance policy shall give written notice of the increase or surcharge at least 15 days before it takes effect, stating the reason for the change and the right of appeal under AS 21.39.090.

This subsection does not apply to a

(1) premium increase resulting from a change requested by an insured, if the insured is notified at the time the request is made that the amount of the insured's premium will change as a result of the requested policy change; or

(2) rate approved by the director if the insurer gives written notice of a premium increase to the insured at least 15 days before the renewal date of the affected policy.

S B

9 1

STATE OF ALASKA
THE LEGISLATURE

POUCH V - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Judiciary:

1987 - April 28

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2

SENATE BILL NO. 91

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act limiting liability for activities of the
7 Alaska National Guard."

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

9 * Section 1. AS 26.05 is amended by adding a new section to read:

10 Sec. 26.05.145. IMMUNITY FROM TORT LIABILITY. The state, its
11 employees and representatives, and individual members of the Alaska
12 National Guard, acting in an official capacity, are not civilly liable
13 in tort actions for injuries to persons or property arising from
14 National Guard activities occurring during training or duty under 32
15 U.S.C. secs. 316, 502, 503, 504, or 505.

FISCAL NOTE

REQUEST:

Revision Date: January 11, 1988
Title: An Act limiting liability for activities of the Alaska National Guard
Sponsor: Rules Committee
Requestor: Governor

Agency Affected: Military & Veterans Affairs
BRU: Alaska National Guard
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary) Passage of this bill will have no effect on the operating budget of the Alaska National Guard BRU. The fiscal benefit expected due to the passage of this bill will be the reduced exposure of the state to future liabilities, future claims, and future claims defense costs in the risk management program of the Department of Administration.

Prepared by: Jeff Morrison Phone: 465-4600
Division: Administrative & Support Services, DMVA Date: 1/19/88

Approved by Commissioner: MG John Schaeffer Date: 1/19/88
Agency: Department of Military & Veterans Affairs

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

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Dept. of Military & Veterans Affairs
 Title: An act limiting liabilities for BRU: Alaska National Guard
 activities of the Alaska National Guard
 Sponsor: Rules Committee Components: _____
 Requestor: Governor Cowper

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	(50.0)	(50.0)	(50.0)	(50.0)	(50.0)
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	(50.0)	(50.0)	(50.0)	(50.0)	(50.0)
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	(50.0)	(50.0)	(50.0)	(50.0)	(50.0)
TOTAL	0	(50.0)	(50.0)	(50.0)	(50.0)	(50.0)

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

The fiscal benefit is difficult to project because the State insurance deductible has varied, also this bill will only affect future claims. There could, however, be substantial savings in claims defense costs.

Prepared By: Donald J. Hitchcock *[Signature]* Phone: 465-2180
 Division: Risk Management Date: January 18, 1988

Approved by Commissioner: John M. Andrews *[Signature]* Date: 1/20/88
 Agency: Department of Administration

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

John H.

Re: SB91

Gary Bowen suggested we
try copying virtually the same
language of the Washington bill
as a CS. Here it is. Please
call me.

Jeff Morrison
DMVA

465-4600

Proposed HCS for SB91, for consideration by the House Judiciary Committee:

1. Delete section 1 of SB91.
2. Add a new section 1 and 2, to read as follows:

*Section 1. PURPOSE. The legislature recognizes that Congress in 1981 amended the federal tort claims act to permit persons injured or damaged as a result of national guard training activities to sue the United States, and recognizes that Congress has established comprehensive administrative programs to compensate members of the military forces for injuries they may incur while performing training for national defense.

The legislature finds that Congress has recognized that the nation as a whole derives benefit from the training conducted by the Alaska National Guard, and that the training is conducted in accordance with the federal military directives and programs.

In view of this congressional action, it is the intent of the legislature that the State of Alaska and its officers, employees, and agents have no risk of legal liability for injuries or damages arising from Alaska National Guard training or duty when that training or duty is done in furtherance of the national defense.

*Section 2. AS 26.05 is amended by adding a new section to read:
Section 26.05.145. IMMUNITY FROM TORT LIABILITY. Neither the State of Alaska, its officers, employees, or agents, nor any member of the militia may be held liable in any civil action for damages arising out of any of the activities of the military forces of the State of Alaska while engaged in activities during which the officers, employees, agents, or members are considered employees of the federal government under the federal tort claims act, 26 U.S.C. Sec 2671 et seq.



DEPARTMENTS OF THE ARMY AND THE AIR FORCE

HEADQUARTERS, ALASKA NATIONAL GUARD
OFFICE OF THE STAFF JUDGE ADVOCATE
3601 "C" STREET, SUITE 626
ANCHORAGE, ALASKA 99503-5989
(907) 249-1375 • (AV) 317-626-1375

18 March 1988

John Sund
House of Representatives
Post Office Box V
Juneau, Alaska 98111

Subject: Senate Bill 91

Dear Representative Sund:

On behalf of the Adjutant General, the Alaska National Guard, and the Department of Military and Veterans Affairs I write to express interest in seeing Senate Bill 91 positively endorsed by the House Judiciary Committee. The bill is the product of the cumulative experience of many states. Alaska is one of the few states that to date has not enacted protective legislation to insure that the state is not held liable in tort for federally mandated training of the National Guard.

In order to appreciate the National Guard perspective on this matter, some background may be in order. In the early 1970s the President and Congress of the United States determined that the National Guard should become a more integral and functioning part of our national defense forces. Therefore, in the last decade, Alaska National Guard units have intensified the complexity and frequency of their military training with active duty units of the Army, the Air Force, as well as the other services.

Then in 1981 Congress amended the Federal Tort Claims Act to permit suits against the United States for injuries or damage resulting from National Guard training. Until that time, persons who were injured because of National Guard activities had no recourse against the federal government and could seek redress only against the state military department concerned or against the individual Guardsperson. Congress so acted because nearly all of the training conducted by National Guard units today is done in accordance with procedures, programs, and direction issued by the United States Department of Defense through both Army and Air Force operational commands. Since the United States funds approximately 95% of all National Guard activities, it is appropriate that the United States should assume financial responsibility for this often hazardous training.

After the 1981 amendment to the Federal Tort Claims Act, a number of states amended their laws to provide that the state would not be liable for National Guard training accidents when the training or duty is being conducted pursuant to federal statutory requirements or authorization. As noted above, Alaska has not responded to this change in federal law.

Often the impetus for such remedial legislation is not provided until a law suit demonstrates the need to respond. A case in point is the recent experience of the State of Washington.

In 1983, while conducting weekend training at Fort Lewis, a Washington National Guard unit was involved in an accident which resulted in the death of 2 soldiers, and the injury of 4 others who were assigned at Fort Lewis. Those individuals or their estates sued the state of Washington alleging negligence. The state moved to dismiss the suit on grounds that the state of Washington ought not to bear the cost and trauma of defending suits arising out of national defense training (Emsley v. State, 106Wn.2d 474).

Ultimately, the Washington Supreme Court rejected the appeal and held there was no bar in Washington to the suit. The concurring judges noted that this legislative omission "should be corrected by the Legislature." The Washington legislature at the urging of the Washington National Guard and with the consent of the Washington Trial Lawyers Association followed the judicial suggestion and adopted the following statutory language:

"Neither the state of Washington, its officers, employees, or agents nor any member of the militia may be held liable in any civil action for damages arising out of any of the activities of the military forces of the state of Washington while engaged in activities during which the officers, employees, agents, or members are considered employees of the federal government under the federal tort claims act, 26 U.S.C. Sec. 2671 et seq."

California has also recently addresses this issue. Section 816 of the California Government Code states:

"A public entity is not liable for injury arising out of any activity conducted by a member of the California National Guard pursuant to Section 316, 502, 503, 504, or 505 of Title 32 of the United States Code and compensated pursuant to the Federal Tort Claims Act.

It is the intent of the Legislature, in enacting this section, to conform state law regarding liability for activities of the National Guard to federal law as expressed in Pub'ic Law 97-124.

(Added by Stats.1982, c.616,p. 2600, s 1.)"

Idaho has recently adopted a statute similar in language to Senate Bill 91. Although worded somewhat differently, these statutory enactments from sister states reflect their public policy, to wit, to immunize the State in cases where the federal government has agreed to be responsive in damages under the Federal Tort Claims Act (FTCA). By adopting Senate Bill 91 Alaska would be following the lead of other western/northwestern states in asserting immunity from federally mandated training of the National Guard.

The National Guard operates in one of three duty statuses. It may be called to active federal service by the President in which case the Guard is merged with the active forces. The torts committed by active duty soldiers incident to their employment as soldiers of the United States is compensated under the FTCA. Another status is that of state active duty where the Governor calls members of the National Guard to state active duty under AS 26.05.070. Torts which occur incident to this duty status subject the state to tort liability. SB 91 would not affect the liability of the State of Alaska during periods of state active duty. AS 26.05.140 immunizes officers and enlisted members of the militia for acts done in an official capacity. AS 26.05.150 immunizes commander of the militia for exercises in judgement. The most common status of the National Guard is that in which the National Guard participates in reserve component training under Title 32 United States Code (USC). Although this is a federally paid and federally mandated training function, it is often referred to as "state status". The state status refers to the fact that the Adjutant General who is appointed by the Governor, is in command of the National Guard during training under Title 32 USC. It is this concept of state status that potentially exposes the State of Alaska to liability for training mandated by federal authorities. Under the Federal Constitutional scheme the discretionary power to determine the training necessary for the militias of the various states is vested in the Congress. The operational authority has been vested in the states. Article 1, Section 8 of the U.S. Constitution provides that the Congress shall have power...

To provide for organizing, arming, and disciplining the militia and for governing such part of them as may be employed in the service of the United States, reserving to the states respectively the appointment of the officers and the authority of training the militia according to the discipline prescribed by Congress...

Congress has mandated that the discipline, including training of the National Guard conform to that of the active components of the Army and Air Force. 32 USC 501 (a). Although the Governor is the commander and chief during these periods of training, the failure to conduct the training as prescribed by federal authorities could result in the loss of federal recognition and the federal funding which goes with that recognition. Since it is unlikely that the Governor would ever refuse to conduct the federally mandated National Guard training during service under Title 32 USC, the potential for exposure is great notwithstanding that the Governor has virtually no discretion over the type and manner of training. Under these circumstances it seems inappropriate that the State of Alaska should be responsible for any personal injury or property damage which occurs incident to this training.

In the 1981 Amendments to the FTCA Congress determined that federal government responsibility for personal injury or property damage incident to National Guard training should be coextensive with that for the Army and the Air Force Reserve. Since there is no state responsibility for Army or Air Force Reserve training, it seems appropriate that the state should assert immunity. The United States has waived sovereign immunity under the FTCA and has consented to be responsible in damages just as

though it were a private citizen. The law to be applied is the law of the situs of the injury. In other words, an Alaskan injured incident to National Guard training would have a remedy against the United States and the applicable tort law is that of Alaska. I understand that there is some apprehension in the House Judiciary Committee that Senate Bill 91 would leave Alaskans without a remedy in the event of personal injury or property damage which incurred incident to National Guard training. This is not so. Alaskans injured incident to National Guard training do have a remedy and that remedy is against the federal authority who has directed the training.

One final matter which should be mentioned. The question has been raised concerning why someone would sue the State of Alaska if the federal government will respond in damages. The answer may be found in Alaska's collateral source rule. As an attorney you understand that the collateral source rule means that settlement by one tortfeasor is not a set off against other tortfeasors. Therefore, assuming that someone were to obtain a settlement from the United States under FTCA or even achieve judgement, there would be no prohibition against then re-litigating those issues vis a vis the State of Alaska. Without passage of Senate Bill 91 it would be possible for anyone injured by National Guard Training to pursue both a federal and state remedy and achieve a double recovery!

Alaska Air National Guard deployments outside the State of Alaska are not unusual. Often these deployments are overseas. As this letter was being composed, elements of the Alaska Air National Guard were in Panama. Personal injury and property damage incident to military operation overseas (outside the United States) are subject to the Military Claims Act. Damage incident to military operations inside the United States or its' territories are subject to the FTCA.

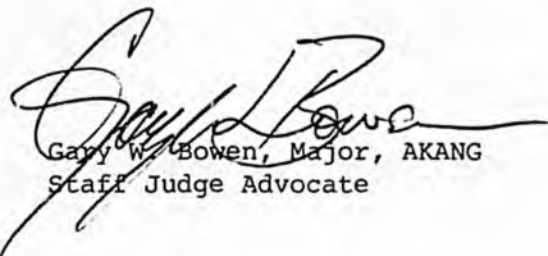
Notwithstanding these federal remedies, without Senate Bill 91, claims could be prosecuted against the U.S. under the FTCA and against the State of Alaska. It is not clear that the public policy of Alaska should be that the whole world has a cause of action against the state for damages occurring incident to training ordered by federal authorities.

I hope the foregoing explains why the National Guard and the Department of Military and Veterans Affairs believes that this bill is in the best interest of the state and in the best interest of the whole body politic of the State of Alaska. The bill would not leave residents of the State of Alaska remediless in the event of torts perpetrated by the Alaska National Guard. The FTCA give them a remedy under the laws of the State of Alaska.

If this letter raises additional questions or if you would like further explanation about the matters contained herein, please do not hesitate to ask. I would be happy to arrange a meeting with National Guard attorneys if such would be of assistance to you. Additionally, I can arrange for a meeting with the active Army and Air Force Judge Advocates who can explain how the FTCA works to remedy personal injury or

property damage incident to training and operation of the armed forces of the United States. On behalf of the Department of Military and Veterans Affairs I earnestly solicit your support for this bill and request that it be favorably endorsed by the House Judiciary Committee.

FOR THE ADJUTANT GENERAL

A handwritten signature in cursive script, appearing to read "Gary W. Bowen".

Gary W. Bowen, Major, AKANG
Staff Judge Advocate

PUBLIC LAW 97-124 [H.R. 3799]; December 29, 1981

FEDERAL TORT CLAIMS—
NATIONAL GUARD

For Legislative History of Act, see p. 2692

Act to extend the Federal tort claims provisions of title 28, United States Code, to acts or omissions of members of the National Guard, and to provide that the remedy under those provisions shall be exclusive in medical malpractice actions involving members of the National Guard.

Federal tort
claim provisions
for National
Guard members.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2671 of title 28, United States Code, is amended—

(1) in the second paragraph, by inserting "members of the National Guard while engaged in training or duty under section 816, 502, 503, 504, or 505 of title 32," after "naval forces of the United States,"; and

(2) in the third paragraph, by inserting "or a member of the National Guard as defined in section 101(3) of title 32" immediately after "United States".

Sec. 2. Section 1089(a) of title 10, United States Code, is amended by inserting "the National Guard while engaged in training or duty under section 816, 502, 503, 504, or 505 of title 32," after "armed forces,".

Repeal.

Sec. 3. Section 834 of title 32, United States Code, and the item relating to such section in the section analysis of chapter 3 of such title, are repealed.

10 USC 1089
note.

Sec. 4. The amendments made by this Act and the repeal made by section 3 of this Act shall apply only with respect to claims arising on or after the date of the enactment of this Act.

Approved December 29, 1981.

LEGISLATIVE HISTORY—H.R. 3799 (S. 267):

HOUSE REPORT No. 97-384, Pt. 1 (Comm. on the Judiciary).

SENATE REPORT No. 97-297 accompanying S. 267 (Comm. on the Judiciary).

CONGRESSIONAL RECORD, Vol. 127 (1981):

Dec. 15, considered and passed House.

Dec. 16, considered and passed Senate, in lieu of S. 267.