

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672

5095 HSTA HB 537 - HCR 19

867

* Binder Reference *

LOG work

- 1 (10) disposals of obsolete material or equipment under
- 2 AS 35.20.060;
- 3 (11) agreements with providers of services under AS 47.07;
- 4 AS 47.08; AS 47.10; AS 47.17; AS 47.24; AS 47.25.195, and 47.25.310;
- 5 (12) contracts of the Department of Fish and Game for flights
- 6 that involve specialized flying and piloting skills and are not
- 7 point-to-point;
- 8 (13) purchases of income-producing assets for the state
- 9 treasury or a public corporation of the state;
- 10 (14) the purchase of books, book binding services, news-
- 11 papers, periodicals, ^{pre-grams} audio-visual materials, network information
- 12 services access, approval plans, professional memberships, archival
- 13 materials, objects of art, and items having cultural, historical, or
- 14 archaeological significance; in this paragraph
- 15 (A) "approval plans" means book selection services in
- 16 which current book titles meeting an agency's customized speci-
- 17 fications are provided to the agency subject to the right of the
- 18 agency to return those books that do not meet with the agency's
- 19 approval;
- 20 (B) "audio-visual materials" means nonbook materials,
- 21 including records, tapes, slides, transparencies, films, film-
- 22 strips, cassettes, videos, compact discs, laser discs, and items
- 23 that require the use of equipment to render them usable;
- 24 (C) "archival materials" means the noncurrent records
- 25 of an agency that are preserved after appraisal because of their
- 26 value;
- 27 (D) "network information services" means a group of
- 28 resources from which cataloging information, holdings records,
- 29 inter-library loans, acquisitions information, and other

AUDIO FOR BINDER

pre-recorded

1
2

reference resources can be obtained.

3) *

STILL require A/E - Review post Article

NO EXEMPT BIDDER, PROCUREMENT
TIDEN NOT EXEMPT FUDR
BIDDER PROCUREMENT -

THRU RODGERS

A/E BIDDER PRESENT -
PROCUREMENT PREVIOUS -

Most of times are not bidder either -
SO bidder not does not apply Article -
USE TO INCORPORATE AS A/E USE CASE 'X' J

1.5 APPLICATION

H B

5 5 4

HOUSE STATE AFFAIRS COMMITTEE

NEXT COMMITTEE: RULES

BILL: HB 554

CURRENT VERSION:

SCHEDULED: APRIL 18, 1988

SPONSOR: STATE AFFAIRS

PHONE NO: ULMER/4947

CONTACT FILE: _____

BILL SUBJECT: AN ACT ESTABLISHING "ELIZABETH PERATROVICH DAY" ON FEBRUARY 8 OF EACH YEAR

SPONSOR BACKUP: IN FILES

AFFECTED AGENCIES:

<u>DEPARTMENT</u>	<u>CONTACT/PHONE</u>	<u>COMMENT</u>
ANB	RICHARD STITT/586-1432	

FISCAL NOTES

<u>AGENCY</u>	<u>REQUESTED</u>	<u>DATED</u>	<u>FY 88 AMT</u>	<u>FY 89 AMT</u>
N/A		4/18/88	-0-	-0-

ACTION

<u>DATE</u>	<u>COMMENT</u>
4/18/88	PASSED FROM HOUSE STATE AFFAIRS

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 State Affs.

April 18 ~ 1988

HOUSE COMMITTEE REPORT

(7)

Date referred: 4/8/88

FURTHER REFERRALS:

DATE: 4-18-88

The State Affairs Committee has considered HB 554

"An Act establishing "Elizabeth Peratrovich Day" on February 8 of each year."

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:

[Handwritten signatures: John Wilson, Ed P. Barber, Terry Martin, Cliff Davidson]

SIGNING OTHER RECOMMENDATIONS:

[Handwritten signature: John Wilson]
Chairman's signature

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: AN ACT ESTABLISHING "ELIZABETH PERATROVICH DAY" ON FEBRUARY 8 OF EACH YEAR
Sponsor: STATE AFFAIRS
Requestor: _____

Agency Affected: N/A
BRU: _____
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	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: FRAN ULMER, CHAIR Phone: 465-4947
Division: HOUSE STATE AFFAIRS COMMITTEE Date: 4/18/88

Approved by Commissioner: *[Signature]* Date: _____
Agency: _____

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



Grand Camp
Alaska Native Brotherhood

Received

April 6, 1988

Representative Fran Ulmer
P O Box V Mailstop 3100
Juneau Ak 99811

Dear Representative Ulmer:

I have been informed that members of the Douglas ANB Camp have been seeking your assistance in establishing some recognition of Elizabeth Peratrovich as a prominent individual in the Native Community: Prior to the Douglas Camp, effort, Mr. Pat Paul, ANB Executive Committee member had sought your assistance in developing some recognition of Elizabeth Peratrovich.

The absence of public recognition of some of our distinguished Native People reflects poorly on our Native people. A child could conclude that since there are no visible signs of recognizing the significant achievements of some of our people, that the Tlingits and Haidas do not exist and are merely a myth or a figment of someone's imagination. The need to be recognized as a contributing factor to society is important for all races.

In the past our people filed in their memories the great deeds of our ancestors and past it on to each succeeding generation.

R.L. Olson states in his work: Social Structure and Social Life of the Tlingit in Alaska the following:

"It was said of the really high caste people, especially those of Chilkat, that they would lie awake at night for long hours thinking on the great names and great deeds of those 'through whom they had come'."

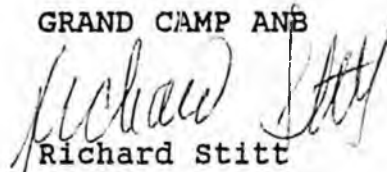
The lack of recognition of our great people has been a concern of the ANB for some time. We recognize that designating and honoring our heroes is a task that matters only to us, as Native People. It is of no concern to other societies.

The ANB, during the Sitka ANB Convention which included the celebration of our 75th year of existence. Adopted the following attached Resolution #82, Titled: Native College Graduates Recognition. Resolution #14 Titled: Written History of ANB and ANS, addresses the notion that we need to fill the void - so that our people can appreciate and feel good about their accomplishments.

Enclosed are copies of my letter to Governor Cowper. Any suggestions you may offer to aid in our efforts to establish a Elizabeth Peratrovich Day will be appreciated.

Sincerely,

GRAND CAMP ANB



Richard Stitt
Grand President

encl.
RS:cne



Grand Camp
Alaska Native Brotherhood

RESOLUTION # 82

TITLE: NATIVE COLLEGE GRADUATES RECOGNITION

WHEREAS, It was the explicit desire of our founding fathers that future generations be granted the benefits offered by educational opportunities, and

WHEREAS, Subsequent generation's have acquired credentials from post-secondary educational institutions, and

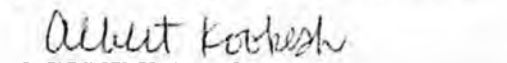
WHEREAS, These educational achievements are often not appreciated by the Native Organizations and Native Corporations; now,

THEREFORE BE IT RESOLVED, that copies of this resolution be sent to the Native Organizations and Corporations, and the Governor of the State of Alaska with the recommendation that a week be established for recognizing Native College Graduates.

ATTEST:

I certify that this resolution was adopted by the ANB-ANS Grand Camp in convention at Sitka, Alaska, during the week of November 9-12, 1987.


Richard Stitt, Grand President


Albert Kookesh, Grand Secretary



Grand Camp
Alaska Native Brotherhood

RESOLUTION # 14

TITLE: WRITTEN HISTORY OF ANB AND ANS

WHEREAS, The Alaska Native Brotherhood is the oldest Native or Indian organization in the United States, organized in 1912, and there is no written history of the organization and its main historic accomplishments. In subsequent years the Alaska Native Sisterhood was organized, and it to, has no written history, and,

WHEREAS, Due to the absence of a written history we hear various, and at times conflicting information about the Alaska Native Brotherhood and Sisterhood's history, and unfortunately, at times, the information is not based on good or true information, and,

WHEREAS, We have very few member remaining who are knowledgeable on the history of ANB and ANS, and who were active, and still are, in the ANB and ANS, we should draw on their knowledge while they are available, they are the ones who can come up with as near accurate as possible account of the ANB and ANS as many of them were practically born and raised in the organization, and to them, this is the only organization. It will take a committee of at least five to accomplish this task, and, now

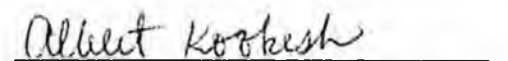
THEREFORE BE IT RESOLVED by the Alaska Native Brotherhood and Alaska Native Sisterhood in convention assembled in Sitka, Alaska on this 12th day of November, 1987 that the Grand President of the ANB is authorized to appoint a committee of at least five of the membership to undertake this task, and,

BE IT FURTHER RESOLVED that the sum of \$5000.00 be appropriated to defray the expense of this worthy project.

ATTEST:

I certify that this resolution was adopted by the ANB-ANS Grand Camp in convention at Sitka, Alaska, during the week of November 9-12, 1987.


Richard Stitt, Grand President


Albert Kookesh, Grand Secretary



Grand Camp
Alaska Native Brotherhood

March 30, 1980

Steve Cowper
The Honorable Governor
State of Alaska
P O Box A
Juneau AK 99811-0101

Dear Governor Cowper:


Attached is a resolution adopted by the ANB Executive Committee urging the State legislature to designate February 8, as Elizabeth Peratrovich Day. She was a prominent figure in our organization and was very instrumental in obtaining passage of the Alaska Anti-Discrimination Act.

Attached is an article from the Juneau Empire dated February 8, 1945, that describes her efforts to achieve the passage of the legislature.

Any influence you can expend to achieve this recognition of our past ANS President would be greatly appreciated.

Sincerely,

GRAND CAMP, ANB


Richard Stitt
Grand President

RS:cne



Grand Camp
Alaska Native Brotherhood

RESOLUTION NO. 88-2

TITLE: ELIZABETH PERATROVICH DAY

BY: ANB EXECUTIVE COMMITTEE


WHEREAS, HR #14 passed February 8, 1945 in the Legislature of the Territory of Alaska during the Seventeenth Session, Entitled "An Act to provide for full and equal accomodations, facilities and privileges to all citizens in places of public accommodation within the jurisdiction of the Territory of Alaska; to provide penalties for violations." and

WHEREAS, this was the first anti-discrimination Bill introduced and passed in Alaska and


WHEREAS, The controversial Bill was supported by the Alaska Native Brotherhood & Alaska Native Sisterhood for two contentious years prior to passage, and

WHEREAS, ANS Grand President, Elizabeth Peratrovich provided the testimony which overcome the unfavorable predispositon that existed toward Alaska Native's

THEREFORE BE IT RESOLVED, That Executive Committee of Alaska Native Brotherhood recommends that the fifteenth Alaska State Legislature officially recognize February 8th as Elizabeth Peratrovich Day, in honor of her courageous continuous endeavor to abolish discrimination in Alaska forever and was a major factor in passage of the discrimination bill.



ALBERT KOOKESH
GRAND SECRETARY



RICHARD STITT
GRAND PRESIDENT



Grand Camp Alaska Native Brotherhood

Grand President ANB
Frank C. Williams
1st Vice President
William Thomas
2nd Vice President
James Martin
Secretary
Albert Kachuk
Treasurer
Paul Young
Sergeant-At-Arms
Lawrence Grant
Grand President ANS
Evel Linn

MEMORANDUM

TO : All Camps ANB/ANS
FROM : Richard Stitt, President
ANB Grand Camp
DATE : April 24, 1987
SUBJECT : February 6, 1945 News Article

As we commemorate 75 years of service, we need to remember those in our ranks who fought the good fight.

Attached is a newspaper account of the hearing regarding the Equal Rights Bill. Mrs. Elizabeth Peratrovich certainly was outstanding in her presentation and testimony. She won many friends as she stood along side her husband, Roy Peratrovich trying to convince some opposition legislators, that discrimination is evil.

On this issue, ANB led the fight and may have been the only entity lobbying for this legislation. ANB/ANS can be proud that this effort helped all the Natives across the State.

RS:ld

Attachment

Past ANB Grand Presidents
Dr. Alfred Williams
Patrick J. Paul
Thomas Johnson

John Hope
Frank See
Dr. Walter Gossard

Richard Stitt
Steven V. Hosen
Nelson G. Frank

Frank C. Williams
Herbert Hosen
Robert R. Martin

Roy Peratrovich, Grand President Emeritus
Dr. Cyrus Paul, Sr., Grand Secretary Emeritus
Dr. Mitchell Simeon, ANB Grand President Emeritus

Juneau Empire
February 6, 1945

Super Race Theory Hit in Hearing
Native Sisterhood President Hits at "Rights" Bill Opposition

Opposition that had appeared to speak with a strong voice was forced to a defensive whisper at the close of yesterday's Senate hearing on the "Equal Rights" issue. Mrs. Roy Peratrovich, Grand President of the ANS, the last speaker to testify, climaxed the hearing by wringing volleying applause from the galleries and senate floor alike, with a biting condemnation of the "Super Race" attitude.

Reciting instances of discrimination suffered by herself and friends, she cried out against a condition that forces the finest of her race to associate with "white trash".

Answering the softvoiced question, "will this law eliminate discrimination," Mrs. Peratrovich admitted that it would not; but she queried in rebuttal, "do your laws against larceny and even murder prevent those crimes?" No law will eliminate crimes, but at least you as legislators can assert to the world that you recognize the evil of the present situation and speak your intent to help us overcome discrimination, she said.

ANS President Hits at "Rights" Bill Opposition

Declaring their opposition to the law, unless it is amended, Senators Scott, Whaley, Collins, and Shattuck spoke their feelings on the issue during the two hours of discussions while Senators Walker and Cochran held forth in favor of the law. Senator Joe Green was chairman of the committee of the whole hearing.

Senator Allen Shattuck opened the discussion by repeating a statement he declared he had already made to Roy Peratrovich, Grand President of ANS. "This bill will aggravate rather than allay the little feeling that now exists" he stated "Our Native cultures have 10 centuries of white civilization to encompass in a few decades. I believe that considerable progress has already been made, particularly in the last 50 years," Senator Shattuck declared.

ANS President Talks

Peratrovich was then asked to the stand by Senator N.R. Walker and, following questions that established his education,

background and right to speak for the Indians, Peratrovich was invited to express his views on the questions before the Senate.

He pointed out that Governor Ernest Gruening, in his report to the Secretary of the Interior, as well as in his message to the legislature, had recognized the existence of discrimination. He quoted the plank adopted by the Democratic party at its Fairbanks Convention, which favor action on the Natives behalf. Reading the names of the members of the Committee that helped to frame that plank, he pointed out that among them were members of the present Senate body.

"Only an Indian can know how it feels to be discriminated against." Peratrovich said, "either you are for discrimination or you are against it," accordingly as you vote on this bill, he added.

Has Amendment

Declaring that he had an amendment to purpose to the measure, Senator Frank Whaley read a lengthy prepared address to the Assembly, in which he labelled the measure a "lawyer's dream" and a natural in creating hard feelings between the whites and Natives." He stated his flying experience in many parts of Alaska as authority behind the opinion he had reached.

Declaring himself "personally assailed" by Senator Whaley in his remarks, Senator O.D. Cochran raised his voice for the bill, offering instances of discrimination which came, he declared, from a list of similar occurances in his own knowledge that would occupy the full afternoon to relate. As in his speech on the matter before the House, Senator Cochran made use of a theater in Nome as a prime example of an establishment where discrimination is practiced.

Senator Walker supported Senator Cochran's views, declaring that he knew of no instance where a Native died from a broken heart, but adding that he did know of situations where discrimination had forced Indian women into living lives "worse than death."

Scott Talks

Senator Tolbert Scott, in one of his rare participations in debates, spoke from the heart his feelings that the bill, as it stood, would not accomplish the purpose intended. "Mixed breeds are the source of the trouble. It is they who wish to associate with the whites. "It would have been far better had the Eskimos put up signs "no whites allowed", he said. He stated his belief that the issue was being raised to create political capitol for

some legislators and concluded that "white women have done their part" in keeping the races distinct. If white man had done as well, there would be no racial feelings in Alaska.

Liquor Problems

Speaking from his long experience among the Eskimo people in particular, Senator Grenold Collins furnished a sincere and authoritative voice in opposition to the bill. He supported Senator Scott's argument regarding mixed breeds by citing the well-behavior of the Eskimos of St. Lawrence Island. Where white men have not worked their evil. "Eskimos are not an inferior race", he stated, but they are an individual race". The pure Eskimos are proud of their origin and are aware that harm comes to them from mixing with whites. It is the mixed breed who is not accepted by either race who causes the problem. Declaring I believe in racial pride and do not think this bill will do other than arouse bitterness, Senator Collins lashed out at the sale of liquor to natives, as the root of trouble.

A motion to report progress, offered by Senator Walker, was approved, following the testimony of Mrs. Peratrovich, which terminated discussion.

H B

5 5 5

HOUSE STATE AFFAIRS COMMITTEE

NEXT COMMITTEE: FINANCE

BILL: HB 555

CURRENT VERSION:

SCHEDULED: APRIL 22, 1988

SPONSOR: JCER/KAY BROWN/CATY MCHUGH
(JOINT COMMITTEE ON ECONOMIC RECOVERY)

PHONE NO: 3784

CONTACT FILE: _____

BILL SUBJECT: AUTHORIZING AHFC TO FUND DISPOSAL OF SUBSTANDARD PUBLICLY OWNED HOUSING

SPONSOR BACKUP: IN FILES

AFFECTED AGENCIES:

<u>DEPARTMENT</u>	<u>CONTACT/PHONE</u>	<u>COMMENT</u>
REVENUE	ROYCE WELLS/2303	
AHFC	BARBARA MORRIS QUINN/786-6218	

FISCAL NOTES

<u>AGENCY</u>	<u>REQUESTED</u>	<u>DATED</u>	<u>FY 88 AMT</u>	<u>FY 89 AMT</u>
REVENUE		4/18/88	-0-	\$10,000,000

ACTION

<u>DATE</u>	<u>COMMENT</u>
4/18/88	HEARING: HELD IN COMMITTEE
4/20/88	HEARING: HELD UNTIL 4/22/88
4/22/88	COMMITTEE SUBSTITUTE ADOPTED AND PASSED FROM STATE AFFAIRS

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 State Affs:

April 18, 88

April 20, 88

April 22, 88

Alaska HOUSING FINANCE CORPORATION



April 15, 1988

The Joint Committee on Economic Recovery
Alaska State Legislature
Juneau, AK 99811

On April 15 the Alaska Housing Finance Corporation staff presented to the Board of Directors suggested legislation to help AHFC in its efforts to stabilize the Alaska residential real estate market. The Board made some changes and unanimously approved the proposal which is attached.

I recommended this proposed legislation to the Board because I believe it has the potential for helping us deal with a particularly hard-hit part of the Alaska housing market - the condominium market.

I want to stress that even if AHFC had all of the powers specified in the proposed legislation, we cannot guarantee success in our proposed market stabilization efforts since any actions involve a number of other institutions (e.g. Federal National Mortgage Association, Mortgage Guaranty Insurance Corporation, and Federal Housing Administration). However, I believe that it is far preferable to try and mitigate the severe problems facing condo owners and the condo market, rather than continuing a "business as usual" approach, with its associated difficulties of large losses, unsuitable properties, and so forth.

I realize that we are proposing a major departure from our past programs; however, it seems that extraordinary problems require extraordinary solutions.

Sincerely,

Dr. Ronald D. Lehr
Executive Director

su

Attachment

DRAFT

DRAFT

DRAFT

DRAFT

DRAFT

*Sec. . AS 18.56 is amended by adding a new section to read:

Sec. 18.56.210. MARKET STABILIZATION POWERS. (a) If the board of directors determines that it is in the state's best interest, The corporation may take appropriate action to stabilize the market price of and demand for residential housing in the state. To accomplish the purposes of this section, the corporation may:

(1) make and execute necessary agreements and conveyances under which a borrower may exchange residential housing securing a mortgage loan owned, held, or sold by the corporation for other residential housing owned by the corporation;

(2) repurchase a mortgage loan sold or pledged by the corporation for the purpose of exercising a power conferred by this section;

(3) for the purpose of qualifying residential housing situated in a condominium project for the best available financing for mortgage loans, make and execute agreements, contracts and other agreements necessary to encourage all owners who occupy units in a condominium project that is not eligible for financing under this chapter to exchange their ownership interest for a condominium unit owned by the corporation in another project;

(4) make and execute appropriate agreements with insurers, investors, and guarantors concerning the temporary removal of residential housing owned by the corporation from the resale market;

(5) demolish residential housing owned by the corporation if the corporation determines that the housing is sub-standard compared to housing available on the open market, cannot be converted to a public or charitable use, ^{or} for which there is ^{substantial} an oversupply of similar housing on the open market;

(6) convert residential housing owned by the corporation which is designed and constructed for owner, occupancy to another beneficial use ;

7
(7) make bulk sales of property owned by the corporation under procedures and terms the corporation determines are in the best interests of the corporation;

8
(8) provide financing under terms established by the board, to promote the sale of residential housing owned by the corporation;

substantive

9
(~~8~~) invest funds of the corporation in publicly - owned projects involving the destruction of residential housing if the the board of directors determines that the investment is prudent, properly secured, and in the ^{long term} best interests of the corporation;

10
(~~9~~) create subsidiary entities to implement a power conferred by this section and to provide insurance as provided in AS 18.56.093 and 18.56.095; and

11
(~~10~~) take other actions necessary, convenient, or desirable to carry out the powers granted in this subsection.

(b) The corporation shall implement the powers conferred by this section by adopting regulations under the procedures set out in AS 18.56.088.

Sec. 2. AS 45.50.572 is amended by adding a new subsection to read:

(i) AS 45.50.562 - 45.50.596 do not forbid activities of the Alaska Housing Finance Corporation to stabilize the market price of and demand for residential housing in the state as provided in AS 18.56.210.

* Sec. 3. This act takes effect immediately under AS 01.10.070(c).

DRAFT

DRAFT

DRAFT

DRAFT

DRAFT

Jony

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

ALASKA HOUSING FINANCE CORPORATION
 BOARD OF DIRECTORS
 REGULAR MEETING

APRIL 15, 1988

Tape C-8399
700

PROCEEDINGS

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. SMITH: Maybe so the Board gets the full flavor of what's out there Jay Schmidt would comment insofar as he feels it's appropriate to do so on the exchange program that he's discussed with you, Ron, and with myself.

MR. SCHMIDT: Thank you, Mr. Chairman. We have had discussions, as I said. I'd like to just point out that over the last year we, along with the cooperation of Alaska Housing have taken -- undertaken a major marketing effort targeted specifically at the condominium market. About two years ago when we first started looking at this at becoming most sensitive to the severity of the problem we made an initial decision to try to maximize return on the property, to stabilize the market, to protect the market to whatever extent we could, and to do so by the traditional aggressive marketing.

The results of the program that we ran last year and are continuing to run were encouraging. We sold more condominiums in the last year than we ever had before. But, one of the things that we learned was that there is a significant segment of the condominium market which we cannot sell. Primarily, we cannot sell the properties because of their location, the type of product, and we're faced with a situation where we have little alternative right now other than to look at programs that will take these units off the market to cut the risk, to cut the loss. And the concept that Ron was speaking

1 about regarding clearing out units, targeting the viable units,
2 strengthening those units is one that -- one that we agreed is
3 a legitimate strategy.

4 The exchange program is also a concept which we
5 think has much merit as a tool to Number (1) assist us in
6 consolidating ownership in viable projects; and Number (2) in
7 assisting homeowners who are trapped in their unit that cannot
8 move because those people can realistically only afford to hang
9 on for so long and when they are ultimately trapped in their
10 units and they cannot move both AHFC, MGIC and the State suffer.
11 So the need to provide for some (indiscernible) to allow people
12 to move to units, to homes that they are more comfortable in is
13 an important goal for us to achieve.

14 The mechanics, the specific mechanics of a
15 program of this sort, I'm not certain if we want to get into
16 those -- into those specific issues because, as Ron can
17 understand, they are rather complicated when we talk about how
18 we -- how the insurance actually works. But, in essence, what
19 we're talking about for purposes for the MGIC/AHFC relationship
20 is, is that the trade of a unit to a borrower in an existing unit
21 will be considered to be a sale of the property as required under
22 the pool policy and will result in a claim payment being made to
23 Alaska Housing. We pay the loss that we are obligated to pay on
24 a current basis, and Alaska Housing is -- has a -- they're still
25 in the position of owning a good asset, that mortgage, with the

1 borrower who is continuing to make his payments. And we are
2 left in the insurance relationship as we were previously. We
3 paid a claim and we have a good borrower. But, that does require
4 that somebody hold onto that property and figure out what to do
5 with the trade of property.

6 Now, you know, in terms of our settlement and the
7 issue that Ron alluded to of their positive and negative, we
8 have not gotten to the point of where we have been able to agree
9 as to what the specific formula will be, but we have always
10 talked about the fact that for purposes of the settlement we will
11 use realistic (indiscernible) values that we both can agree upon.
12 And I'm confident that we'll be able to work a program of this
13 sort out. It's just that we're not there right now. We're in
14 very con- -- rather conceptual stages.

15 MR. SMITH: Jay, if I could ask you a few
16 questions, and I may have this transcribed for some legislators
17 because we have -- we have many economists that like to argue
18 about Alaska from a theoretical context, and MGIC -- if I
19 understand it correctly is active in all 50 states; aren't you?

20 MR. SCHMIDT: Yes, sir.

21 MR. SMITH: And you have, as I understand it, in
22 Alaska tested the waters from auctioning to aggressively
23 marketing and analyzed all your options before you decided that
24 market stabilization makes some sense up here, haven't you?

25 MR. SCHMIDT: Well, we have not auctioned property

R & R COURT REPORTERS

810N STREET, SUITE 101
277-0572 - 277-0573808 W. 3RD AVENUE
277-88431007 W. 3RD AVENUE
272-7818

ANCHORAGE, ALASKA 99501

1 in Alaska. We have auctioned properties in other states.

2 MR. SMITH: Okay.

3 MR. SCHMIDT: But, yes, we have done a lot of
4 work reviewing the markets and the specific problems. So we
5 haven't reached this conclusion in a hasty fashion.

6 MR. SMITH: Well, I think -- 'cause one of the
7 arguments that we -- that Ron and I hear a lot in Juneau is that
8 you cannot effectively engage in market stabilization and that
9 isn't an appropriate role. And what I hear MGIC saying is you've
10 looked at the situation up here and that a market stabilization
11 program in this particular market does make sense from MGIC's
12 perspective.

13 MR. SCHMIDT: Yes, without a doubt.

14 MR. SMITH: Can you explain why you got there?

15 MR. SCHMIDT: Well, there are a couple of unique
16 factors that we have at play in Alaska. Probably the most
17 significant factor is the overwhelming position that AHFC holds
18 over the market in general and the fact that by having one player
19 to work with we can -- we can devise the attitude to make
20 relatively -- not relatively, very complex strategy work where we
21 have two or three parties, whereas in other parts of the country
22 where interests are more diverse it's extremely difficult,
23 impossible to try to achieve the same goal.

24 So the fact that we have Alaska Housing and
25 Fannie Mae and MGIC, all of whom have significant and

R & R COURT REPORTERS

810 N STREET, SUITE 101
277-0372 • 277-0373

309 W. 3RD AVENUE
277-0343

1007 W 3RD AVENUE
272-7818

ANCHORAGE, ALASKA 99501

1 concentrated exposure and all of whom have a willingness and a
2 desire to work together is a major benefit.

3 The other factors that are unique in Alaska are
4 the relative concentration of the problem within a rather small
5 geographic area. You know, we can do a lot of good in the City
6 of Anchorage and in Fairbanks and in other cities, primarily in
7 Anchorage, because the effect of our actions are multiplied on a
8 much greater and to a much greater extent in Alaska than they
9 would be if, for example, we were working in Houston. Taking
10 150 or 300 or 500 units off a market in Houston doesn't have the
11 same overall effect as it does in the City of Anchorage.

12 THE OPERATOR: Excuse me. This is the conference
13 operator and I show that John Moore is not on the line any
14 longer. Was he cut off or did he hang up voluntarily?

15 MR. SMITH: He may have hung up voluntarily,
16 Operator.

17 THE OPERATOR: Oh, okay. I'm sorry to interrupt.
18 Thank you.

19 MR. SMITH: Go ahead, Jay.

20 MR. SCHMITT: No. I think those are the two
21 major factors that come to play in Alaska that lead us to the
22 conclusion that a strategy of this sort can be successful.

23 MR. SMITH: The one other area that I think's
24 important, has your analysis indicated what effect this type of
25 strategy will have on those people who are presently in their

R & R COURT REPORTERS

810 N STREET, SUITE 101
277-0872-277-0873308 W 3RD AVENUE
277-83431007 W. 3RD AVENUE
272-7313

ANCHORAGE, ALASKA 99501

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. SMITH: How long and what's your job there, have you worked in all the states?

MR. SCHMIDT: I've been with MGIC for approximately six years. I'm a vice-president working in the claims department and I have specific responsibility for special projects. We work closely with housing agencies in -- all throughout the country, special loss, mitigation loss situations, general involvement with our REO activities as well.

MR. SMITH: So that the things that you've just been discussing with the Board are the things that you do in your normal course of business and that's your responsibility for MGIC?

MR. SCHMIDT: Yes, sir.

MR. SMITH: Thank you very much, Jay. I think it's been very helpful.

MR. SCHMIDT: Appreciate the opportunity.

MR. SMITH: Any questions from any other Board members?

1035

(END OF REQUESTED PORTION)

State of Alaska

House Majority Leader

COMMITTEES

HOUSE HEALTH, EDUCATION
AND SOCIAL SERVICES
HOUSE JUDICIARY
HOUSE RULES



Representative Max F. Gruenberg, Jr.
District 11
Spenard, Upper Midtown Anchorage

P.O. BOX V
FINEAU, ALASKA 99811
(907) 465-3718
465-4968/4986

914 CLAY COURT
ANCHORAGE, ALASKA 99503
(907) 276-6844

MEMORANDUM

TO: REPRESENTATIVE FRAN ULMER, CHAIR
HOUSE STATE AFFAIRS COMMITTEE

FROM: MAX F. GRUENBERG, JR., HOUSE CHAIR
JOINT COMMITTEE ON ECONOMIC RECOVERY

DATE: APRIL 13, 1988

RE: JOINT COMMITTEE LEGISLATION

I would appreciate your consideration of HB 555 at your earliest convenience. HB 555, "An Act authorizing the Alaska Housing Finance Corporation to fund disposal of substandard publicly owned housing; and providing for an effective date" was developed and considered by the members of the House side of the Joint Committee on Economic Recovery after hours of hearings before the Housing and Banking Subcommittee and the full House committee. This bill was then introduced at the House members' request by the House Rules Committee.

HB 555 would allow the AHFC to use a portion of its reserves, not exceeding \$10,000,000, for the demolition of substandard public housing.

I hope you can speedily schedule this bill before your committee to enhance its chances of passage this session.

If you have any questions please give Tom Begich of my staff a call at 465-3718 or 465-4968.

Thanks.

attachment

Alaska HOUSING  FINANCE CORPORATION

April 15, 1988

The Joint Committee on Economic Recovery
Alaska State Legislature
Juneau, AK 99811

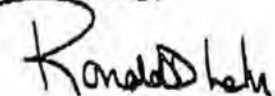
On April 15 the Alaska Housing Finance Corporation staff presented to the Board of Directors suggested legislation to help AHFC in its efforts to stabilize the Alaska residential real estate market. The Board made some changes and unanimously approved the proposal which is attached.

I recommended this proposed legislation to the Board because I believe it has the potential for helping us deal with a particularly hard-hit part of the Alaska housing market - the condominium market.

I want to stress that even if AHFC had all of the powers specified in the proposed legislation, we cannot guarantee success in our proposed market stabilization efforts since any actions involve a number of other institutions (e.g. Federal National Mortgage Association, Mortgage Guaranty Insurance Corporation, and Federal Housing Administration). However, I believe that it is far preferable to try and mitigate the severe problems facing condo owners and the condo market, rather than continuing a "business as usual" approach, with its associated difficulties of large losses, unsuitable properties, and so forth.

I realize that we are proposing a major departure from our past programs; however, it seems that extraordinary problems require extraordinary solutions.

Sincerely,



Dr. Ronald D. Lehr
Executive Director

su

Attachment

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: "An Act authorizing the Alaska housing Finance Corporation to fund disposal of substandard publicly owned housing; effective date."
 Sponsor: house rules
 Requestor: house State Affairs

Agency Affected: Revenue
 bku: Alaska housing Finance Corp.
 Components: operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 86	FY 85	FY 80	FY 81	FY 82	FY 83
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LANDS & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						
CAPITAL						
REVENUE						

BINDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER		*	*	*	*	*
TOTAL						

POSITIONS:

FULL TIME						
PART TIME						
TEMPORARY						

ANALYSIS:

* Proposal may not exceed \$10,000,000

Prepared by: Margaret Nelson Phone: 561-7500
 Division: Alaska housing Finance Corporation Date: 04/18/88
 Approved by Commissioner: Hugh Malone Date: 04/18/88
 Agency: Department of Revenue

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

Original sponsor: Rules by request/House
Members of the Joint
Committee on Economic
Recovery

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 555 ()

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing the Alaska Housing Finance Corpo-
7 ration to stabilize the market price of and the
8 demand for residential housing in the state; and
9 providing for an effective date."

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

11 * Section 1. AS 18.56 is amended by adding a new section to read:

12 Sec. 18.56.210. MARKET STABILIZATION POWERS. (a) If the board
13 of directors determines that it is in the best interest of the state,
14 the corporation may take appropriate action under this section to
15 stabilize the market price of and demand for residential housing in
16 the state. To accomplish the purposes of this section, the corpo-
17 ration may

18 (1) make and execute necessary agreements and conveyances
19 under which a borrower may exchange residential housing securing a
20 mortgage loan owned, held, or sold by the corporation for other res-
21 idential housing owned by the corporation;

22 (2) repurchase a mortgage loan sold or pledged by the
23 corporation for the purpose of exercising a power conferred by this
24 section;

25 (3) for the purpose of qualifying residential housing
26 situated in a condominium project for the best available financing for
27 mortgage loans, make and execute agreements and contracts necessary to
28 encourage all owners who occupy units in a condominium project that is
29 not eligible for financing under this chapter to exchange their

1 ownership interest for a condominium unit owned by the corporation in
2 another project;

3 (4) make and execute appropriate agreements with insurers,
4 investors, and guarantors concerning the temporary removal of residen-
5 tial housing owned by the corporation from the resale market;

6 (5) demolish residential housing owned by the corporation
7 if the corporation determines that ^{Foreclosure}

8 (A) the housing is substandard compared to housing
9 available on the open market;

10 (B) the housing cannot be converted to a public or
11 charitable use; and

12 (C) there is a substantial oversupply of similar
13 housing on the open market;

14 (6) convert residential housing owned by the corporation
15 that is designed and constructed for owner occupancy to another bene-
16 ficial use;

17 (7) make bulk sales of property owned by the corporation
18 under procedures and terms the corporation determines are in the best
19 interests of the corporation;

20 (8) provide financing under terms established by the board
21 to promote the sale of residential housing owned by the corporation;

22 (9) invest funds of the corporation in the removal and
23 disposal of substandard publicly-owned residential housing if the
24 board of directors determines that the investment is prudent, properly
25 secured, and in the long-term best interests of the corporation;

26 (10) create subsidiary entities to implement a power con-
27 ferred by this section and to provide insurance under AS 18.56.093 and
28 18.56.095; and

29 (11) take other actions necessary, convenient, or desirable

IF CORP. CAN MAKE \$10 BY BUYING HOLLYWOOD UNIT, ETC.
CAN KNOCK IT DOWN. COULD RAISE MONEY - ?
SOMEONE FROM STATE OWNED POWER

1 to carry out the powers granted in this subsection.

2 (b) The corporation shall implement the powers conferred by (a)
3 of this section by adopting regulations under AS 18.56.088.

4 * Sec. 2. AS 45.50.572 is amended by adding a new subsection to read:

5 (i) AS 45.50.562 - 45.50.596 do not prohibit activities of the
6 Alaska Housing Finance Corporation to stabilize the market price of
7 and demand for residential housing in the state under AS 18.56.210.

8 * Sec. 3. This Act takes effect immediately under AS 01.10.070(c).
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29



Official Business

Alaska State Legislature

House

Pouch V
State Capitol
Juneau, Alaska 99811

TO: Members of the House State Affairs Committee

FROM: Representative Steve Rieger, Co-Chair *SR*
Representative Kay Brown, Co-Chair *Kay*
Subcommittee on Housing and Banking of the
House Joint Economic Recovery Committee

DATE: April 18, 1988

RE: HB 555 - Authorizing AHFC to stabilize the market price
of and the demand for residential housing in the state.

The following is an overview of the above referenced bill. Suggested amendments are noted below and comments to each section are included in boldfaced type for your review. These changes were recommended by Alaska Housing Finance Corporation after their April 11, 1988 board meeting, and most changes have also been discussed by the Subcommittee on Housing and Banking.

Sec. 1 AS 18.56 is amended by adding a new section to read:

Sec. 18.56.210 MARKET STABILIZATION POWERS. (a) If the board of directors determines that it is in the [state's] corporation's best interest, the corporation may take appropriate action to stabilize the market price of and demand for residential housing in the state. To accomplish the purposes of this section, the corporation may:

(1) make and execute necessary agreements and conveyances under which a borrower may exchange residential housing securing a mortgage loan owned, held or sold by the corporation for other residential housing owned by the corporation;

(SPECIFICALLY AHFC LOANS ON LOW QUALITY TRADE UP TO HIGHER QUALITY AHFC HELD CONDOS: WOULD NOT PRE-EMPT CONDO TO HOUSE TRADE UNDER THIS LANGUAGE)

(2) repurchase a mortgage loan sold or pledged by the corporation for the purpose of exercising a power conferred by this section;

(I.E. TRADE UP/DOWN, REFINANCING ABE, EXISTING AHFC MORTGAGES)

(3) for the purpose of qualifying residential housing situated in a condominium project for the best available financing for mortgage loans, make and execute agreements, contracts and other agreements necessary to encourage all owners who occupy units in a condominium project that is not eligible for financing under this chapter to exchange their ownership interest for a condominium unit owned by the corporation in another project;

(ADDRESSES CURRENT "OWNER-OCCUPANCY" FINANCING PROBLEM IN CONDO PROJECTS AND MAY ALSO AFFECT TRADE-UP PROGRAM)

(4) make and execute appropriate agreements with insurers, investors, and guarantors concerning the temporary removal of residential housing owned by the corporation from the resale market;

(AS PER HJR 72 - HOLD FORECLOSED-UPON PROPERTIES OFF THE MARKET IN INSTANCES WHERE SUCH ACTION MAKES LONG-TERM ECONOMIC SENSE)

(5) demolish residential housing owned by the corporation if the corporation determines that the housing is substandard compared to housing available on the open market, cannot be converted to a public or charitable use, and for which there is a substantial oversupply of similar housing on the open market;

(DEMOLISH LOW QUALITY SUBSTANDARD CONDO UNITS)

(6) convert residential housing owned by the corporation which is designed and constructed for owner - occupancy to another beneficial use;

(INCLUDES MENTAL HEALTH HOUSING, SENIOR CITIZEN HOUSING, ASBA LOW INCOME HOUSING, UNIVERSITY DORM HOUSING, ETC.)

(7) make bulk sales of property owned by the corporation under procedures and terms the corporation determines are in the best interests of the corporation;

(ADDRESSES AHFC EXCESS MOBILE HOME PROBLEM (HCR 54); COULD ALSO ADDRESS OVERSUPPLY OF CONDOS)

(8) provide financing under terms established by the board, to promote the sale of residential housing owned by the corporation, if the board of directors determines that the terms of financing do not work an excessive hardship on competing individual sellers of residential housing;

(ALLOWS AHFC TO COMPETE WITH HUD, FNMA LOW FINANCING TERMS IN THE CURRENT MARKET) (NEW LANGUAGE ADDED WOULD ALSO ADDRESS CURRENT OWNER FINANCING PROBLEMS, I.E. THOSE INDIVIDUALS WHO ARE

ATTEMPTING TO SELL THEIR PROPERTY BUT ARE COMPETING WITH AHFC LOWER FINANCING/OWNER-OCCUPANCY REQUIREMENTS)

(9) invest funds of the corporation in publicly-owned projects involving the destruction of substandard residential housing if the board of directors determines that the investment is prudent, properly secured, and in the long-term best interests of the corporation;

(COULD MEAN A SECURITY INTEREST IN THE LAND IF AHFC FUNDS ARE UTILIZED FOR THIS PURPOSE.)

(10) create subsidiary entities to implement a power conferred by this section and to provide insurance as provided in AS 18.56.093 and 18.56.095; and

(ALLOWS AHFC TO SET UP SUBSIDIARY MANAGEMENT OF AHFC OWNED PROPERTIES. ALSO ALLOWS AHFC TO ESTABLISH ITS OWN MORTGAGE INSURANCE ON CERTAIN PROPERTIES. THEY DO HAVE BROAD GENERAL POWERS IN THIS AREA; HOWEVER, AT THIS TIME, AHFC IS NOT PREPARED TO ESTABLISH IN-HOUSE MORTGAGE INSURANCE PROGRAM UNTIL THEY HAVE HAD A CHANCE TO REVIEW A SIMILAR ARRANGEMENT USED BY THE STATE OF CALIFORNIA. THIS WOULD WORK TO THE BENEFIT OF AHFC IN INSURING MORTGAGES THAT MGIC, FNMA AND OTHER PMI WILL NOT TOUCH IN ALASKA, I.E. CONDO UNITS.)

(11) take other actions necessary, convenient or desirable to carry out the powers granted in this subsection.

(SIMILAR TO GENERAL AHFC POWERS PROVISION IN AS 18.56.090)

(b) The corporation shall implement the powers conferred by this section by adopting regulations under the procedures set out in AS 18.56.088.

Sec. 2 AS 45.50.572 is amended by adding a new subsection to read:

(i) AS 45.50.562 - 45.50.596 do not forbid activities of the Alaska Housing Financing Corporation to stabilize the market price of and demand for residential housing in the state as provided in AS 18.56.210.

(ANTI-TRUST PROVISION - GIVES AHFC SPECIFIC EXEMPTION AUTHORITY TO MAKE ARRANGEMENTS TO HOLD PROPERTIES OFF OF THE MARKET FOR PUBLIC PURPOSES)

Sec. 3 This act takes effect immediately under AS 01.10.070 (c).

Expanded powers - strengthen
powers - e.g. condos +
Tenants - to work as single entity

5-2091B
Bradley
4/21/88

Original sponsor: Rules/House Members
of the Joint Committee
on Economic Recovery

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 555 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing the Alaska Housing Finance Corpo-
7 ration to stabilize the market price of and the
8 demand for residential housing in the state; and
9 providing for an effective date."

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

11 * Section 1. AS 18.56 is amended by adding a new section to read:

12 Sec. 18.56.210. MARKET STABILIZATION POWERS. (a) If the board
13 of directors determines that it is in the best interest of the corpo-
14 ration, the corporation may take appropriate action under this sec-
15 tion to stabilize the market price of and demand for residential
16 housing in the state. To accomplish the purposes of this section, the
17 corporation may

18 (1) make and execute necessary agreements and conveyances
19 under which a borrower may exchange residential housing securing a
20 mortgage loan owned, held, or sold by the corporation for other res-
21 idential housing owned by the corporation;

22 (2) repurchase a mortgage loan sold or pledged by the
23 corporation for the purpose of exercising a power conferred by this
24 section;

25 (3) for the purpose of qualifying residential housing
26 situated in a condominium project for the best available financing for
27 mortgage loans, make and execute agreements and contracts necessary to
28 encourage all owners who occupy units in a condominium project that is
29 not eligible for financing under this chapter to exchange their

1 ownership interest for a condominium unit owned by the corporation in
2 another project;

3 (4) make and execute appropriate agreements with insurers,
4 investors, and guarantors concerning the temporary removal of residen-
5 tial housing owned by the corporation from the resale market;

6 (5) demolish residential housing owned by the corporation
7 if the corporation determines that

8 (A) the housing is substandard compared to housing
9 available on the open market;

10 (B) the housing cannot be converted to a public or
11 charitable use; and

12 (C) there is a substantial oversupply of similar
13 housing on the open market;

14 (6) convert residential housing owned by the corporation
15 that is designed and constructed for owner occupancy to another bene-
16 ficial use;

17 (7) make bulk sales of property owned by the corporation
18 under procedures and terms the corporation determines are in the best
19 interests of the corporation;

20 (8) provide financing under terms established by the board
21 to promote the sale of residential housing owned by the corporation if
22 the board of directors determines that the terms of financing do not
23 work an excessive hardship on competing individual sellers of residen-
24 tial housing;

25 (9) invest funds of the corporation in the removal and
26 disposal of substandard publicly-owned residential housing if the
27 board of directors determines that the investment is prudent, properly
28 secured, and in the long-term best interests of the corporation;

29 (10) create subsidiary entities to implement a power

1 conferred by this section and to provide insurance under AS 18.56.093
2 and 18.56.095; and

3 (11) take other actions necessary, convenient, or desirable
4 to carry out the powers granted in this subsection.

5 (b) The corporation shall implement the powers conferred by (a)
6 of this section by adopting regulations under AS 18.56.088.

7 * Sec. 2. AS 45.50.572 is amended by adding a new subsection to read:

8 (i) AS 45.50.562 - 45.50.596 do not prohibit activities of the
9 Alaska Housing Finance Corporation to stabilize the market price of
10 and demand for residential housing in the state under AS 18.56.210.

11 * Sec. 3. This Act takes effect immediately under AS 01.10.070(c).
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

HCPR

||

HOUSE COMMITTEE REPORT

(7)

Date referred: 3/30/87

FURTHER REFERRALS: Judiciary

DATE: 5-16-87

The State Affairs Committee has considered SSHCR 11

Proposing an amendment to Rule 22 of the Alaska State Legislature relating to caucus and other informal meetings.

RECOMMENDS:

- replace with CS ~~HC~~ SS HCR 11 (SA) 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:

Don't Ouley

D. C. Pouch

Cliff Davidson

Mark Wilson

SIGNING OTHER RECOMMENDATIONS:

Cliff Davidson NO RECS

Mark Wilson

 Chairman's signature

Cor

Original sponsors: Brown, Ellis,
Cotten, et al.

IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

CS FOR SS FOR HOUSE CONCURRENT RESOLUTION NO. 11 (State Affairs)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - FIRST SESSION

Proposing an amendment to Rule 22 of the
Alaska State Legislature relating to
caucus and other informal meetings.

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

* Section 1. Rule 22 of the Uniform Rules of the Alaska State Legisla-
ture is amended by adding a new subsection to read:

(e) The provisions of (a) - (d) of this rule do not apply to
informal meetings, including caucus meetings, that include legisla-
tors. However, that portion of the informal meeting, including a
caucus meeting, at which a majority of the membership of either house
attends and deliberates on the substance of a specific bill or resolu-
tion is open to all legislators and to the public. In addition, an
informal meeting at which a majority of the members of a committee or
subcommittee, or of a Conference Committee, Conference Committee with
limited powers of free conference, or Free Conference Committee,
attends and deliberates on the substance of a bill or resolution that
has been referred to the committee or subcommittee is open to all
legislators and to the public. Reasonable notice of an informal
meeting or portion of a meeting that is open under this subsection
shall be provided and the subject of the meeting shall be identified.



Official Business

Alaska State Legislature

House

P.O. BOX V
State Capitol
Juneau, Alaska 99811

SS HCR 11

FILE CONTENTS

1. SS HCR 11: PROPOSING AN AMENDMENT TO RULE 22 OF THE ALASKA STATE LEGISLATURE RELATING TO CAUCUS AND OTHER INFORMAL MEETINGS
2. LETTER FROM ALASKA PUBLIC INTEREST RESEARCH GROUP TO REPRESENTATIVE BROWN, DATED APRIL 7, 1987
3. MEMORANDUM FROM REPRESENTATIVE BROWN TO REPRESENTATIVE ULMER, DATED MAY 14, 1987
4. STATEMENT FROM ALASKA LEAGUE OF WOMEN VOTERS

FISCAL NOTE

- A. LEGISLATIVE AFFAIRS AGENCY, LEGISLATIVE COUNCIL, SESSION EXPENSES: -0-

Kay Brown

3

Alaska State Legislature House of Representatives

M E M O R A N D U M

TO: Rep. Fran Ulmer, Chair
State Affairs Committee

DATE: May 14, 1987

FROM: Rep. Kay Brown

RE: SS HCR 11,
proposing amend-
ments to Rule 22
of the Uniform
Rules

SS HCR 11, which proposes amendments to Rule 22 of the Uniform Rules, has been referred to the House State Affairs Committee for consideration.

Thank you for scheduling a hearing on Friday, May 15 at 3:00 p.m. The resolution does not have a fiscal impact.

The Uniform Rules do not currently require all meetings involving substantive, legislative decision-making to be open to the public. Rule 22 states that "all meetings of a legislative body" must be open; however, the Legislature has interpreted this language to allow informal meetings, including caucus meetings, to occur behind closed doors.

Substantial legislative decision-making has, in the past, occurred in such closed meetings.

Excluding the public from the crucial phases of decision-making undermines the basic principles of open and democratic government. The public has a right to know how a decision was reached -- who supported the result, and why.

SS HCR 11 amends Rule 22 to make it clear that even informal meetings must be open to the public under certain circumstances. The intent of SS HCR 11 is to require a meeting to be open if "substantive decisions" could be made at the meeting which could effectively bind a majority of either house.

It was difficult to arrive at a workable definition of such a meeting. A numerical designation of the number of legislators

attending a meeting appeared to be the most workable solution. I selected one-fourth of the membership of either house or a majority of a committee or a subcommittee.

SS HCR 11 makes it clear that informal meetings must be open to the public and reasonable notice given under three circumstances:

1. when one-fourth or more of the membership of either house attends a caucus or other informal meeting and deliberates on the substance of specific bills or resolutions;

2. when a majority of a committee meets and deliberates on the substance of bills or resolutions referred to the committee;,

and

3. when a majority of a subcommittee meets and deliberates on the substance of bills or resolutions referred to the subcommittee.

Reasonable notice could consist of a note posted on a designated bulletin board. SS HCR 11 does not require compliance with the calendaring procedures, minutes and other formal requirements of Rule 23.

Attached are statements in support of SS HCR 11 from AKPIRG and the League of Women Voters.

I thank you for your courtesy in considering SS HCR 11 and request that the Committee move this resolution to the next committee of referral.

Attachments



AKPIRG

ALASKA PUBLIC INTEREST RESEARCH GROUP

Post Office Box 1093 / Anchorage, Alaska 99510 / (907) 278-3661

Rep. Kay Brown
Box V
Juneau, AK 99811

7 April 1987

Dear Rep. Brown,

We would like to commend you and the co-sponsors of HCR 11 for the simple and meaningful clarification of the Uniform Rules that it represents in the area of open meetings. AKPIRG has been a principal voice in support of a more public, open legislative process.

Legislatively, one of the most serious shortcomings has been the tendency for the majority in one or the other house (or both) to meet "in caucus" and make substantive decisions about all manner of legislation. The interpretation of caucuses as not being subject to the rules meant that there was no way for the public to know how legislators were determining priorities, setting limits or anything else along these broad lines. In effect, that eliminated the public from affecting some of the most essential steps in lawmaking. Such disenfranchisement is never acceptable and is especially damaging in these times where painful decisions affecting basic services must be made in light of revenue shortfalls and revamped state priorities. Only the blind, the unthinking or the devious with ulterior motives would allow their right of access to the legislative process to be diminished in any way. And caucus meetings are a clear part of this process.

HCR 11 provides a clear definition, at a reasonable level, of what should be considered a caucus meeting or a meeting that could effectively constitute a meeting with binding impact on a majority in either house. If anything, it is still too liberal in defining the minimum as one quarter of either house. We would be happier to see a limit of 3 members in the Senate and 6 in the House. This is because it seems clear to us that the leadership of either chamber's ruling majority could be sufficient to make essentially binding, if not explicitly binding, decisions about legislation. The current version's one quarter means as much as nearly half of a narrow but firm majority and consequently seems well beyond the number needed to make meaningful commitments. Certainly in the Senate's history, the four most powerful majority leaders have "controlled" a full majority necessary to pass legislation.

In sum, we are very pleased at the approach taken by the



The League of Women Voters of Alaska is supportive of the concept of the Sponsor Substitute for House Concurrent Resolution 11.

We feel strongly that the public's business must be conducted in public.

It has been said, "In a democracy it is not sufficient to have a few trained persons who understand what it's all about; there must also be an alert citizenry to insist that knowledge, research, and action are properly integrated."

In electing representatives, citizens don't abrogate their rights to participate in the process of government.

The League feels it is not possible to have adequate citizen oversight of governmental actions, which is the bedrock our democracy was built on, unless substantive deliberations are conducted in public.

We urge swift passage of this resolution.

A

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

REQUEST: _____

Bill Version : HCR 11
Publish Date : 2/20/87

Revision Date: _____
Title : Proposing an amendment to Rule 22 of the
Uniform Rules. . .caucus and other meetings
Sponsor : Representative Kay Brown
Requestor : Representative Kay Brown

Agency Affected : Legislative Affairs Agency
BRU : Legislative Council
Components : Session Expenses

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						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

No fiscal impact anticipated.

Prepared by : *Pamela A. Stoops* Pamela A. Stoops, Manager Phone : 465-3850
Division : Administrative Services Date : 5/12/87
Approved by : *Warren W. Endicott* Warren W. Endicott, Executive Director Date : 5/12/87
Agency : Legislative Affairs Agency

Distribution (by preparer):

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

CORRECTION

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



AKPIRG
ALASKA PUBLIC INTEREST RESEARCH GROUP
Post Office Box 1093 / Anchorage, Alaska 99510 / (907) 278-3661

Rep. Kay Brown
Box V
Juneau, AK 99811

7 April 1987

Dear Rep. Brown,

We would like to commend you and the co-sponsors of HCR 11 for the simple and meaningful clarification of the Uniform Rules that it represents in the area of open meetings. AKPIRG has been a principal voice in support of a more public, open legislative process.

Legislatively, one of the most serious shortcomings has been the tendency for the majority in one or the other house (or both) to meet "in caucus" and make substantive decisions about all manner of legislation. The interpretation of caucuses as not being subject to the rules meant that there was no way for the public to know how legislators were determining priorities, setting limits or anything else along these broad lines. In effect, that eliminated the public from affecting some of the most essential steps in lawmaking. Such disenfranchisement is never acceptable and is especially damaging in these times where painful decisions affecting basic services must be made in light of revenue shortfalls and revamped state priorities. Only the blind, the unthinking or the devious with ulterior motives would allow their right of access to the legislative process to be diminished in any way. And caucus meetings are a clear part of this process.

HCR 11 provides a clear definition, at a reasonable level, of what should be considered a caucus meeting or a meeting that could effectively constitute a meeting with binding impact on a majority in either house. If anything, it is still too liberal in defining the minimum as one quarter of either house. We would be happier to see a limit of 3 members in the Senate and 6 in the House. This is because it seems clear to us that the leadership of either chamber's ruling majority could be sufficient to make essentially binding, if not explicitly binding, decisions about legislation. The current version's one quarter means as much as nearly half of a narrow but firm majority and consequently seems well beyond the number needed to make meaningful commitments. Certainly in the Senate's history, the four most powerful majority leaders have "controlled" a full majority necessary to pass legislation.

In sum, we are very pleased at the approach taken by the

resolution. We would recommend a slight further reduction in the minimum levels triggering mandatory openness. And we would urge defining the term "Reasonable" on line 17 as it applies to notice. We realize this may be difficult since caucus meetings sometimes must be called on an immediate basis during full floor action, but we urge a conscientious effort to quantify it nonetheless.

Again, we commend you and the other sponsors for taking this enlightened and publicly responsive approach. We look forward to seeing it, or an improved version of it, adopted soon.

Sincerely,
On behalf of the Board of Directors,



Jeffrey R. Bohman
Executive Director



The League of Women Voters of Alaska is supportive of the concept of the Sponsor Substitute for House Concurrent Resolution 11.

We feel strongly that the public's business must be conducted in public.

It has been said, "In a democracy it is not sufficient to have a few trained persons who understand what it's all about; there must also be an alert citizenry to insist that knowledge, research, and action are properly integrated."

In electing representatives, citizens don't abrogate their rights to participate in the process of government.

The League feels it is not possible to have adequate citizen oversight of governmental actions, which is the bedrock our democracy was built on, unless substantive deliberations are conducted in public.

We urge swift passage of this resolution.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE



REQUEST: _____

Bill Version : HCR 11
Publish Date : 2/20/87

Revision Date: _____
Title: Proposing an amendment to Rule 22 of the Uniform Rules. . .caucus and other meetings
Sponsor : Representative Kay Brown
Requestor: Representative Kay Brown

Agency Affected: Legislative Affairs Agency
BRU: Legislative Council
Components : Session Expenses

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						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

No fiscal impact anticipated.

Prepared by: Pamela A. Stoops, Manager
Division: Administrative Services

Phone: 465-3850
Date: 5/12/87

Approved by: Warren W. Endicott, Executive Director
Agency: Legislative Affairs Agency

Date: 5/12/87

Disunbution (by preparer):

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

HCR

15

HOUSE COMMITTEE REPORT

(7)

Date referred: 3/6/87

FURTHER REFERRALS: Finance

DATE: 4-29-87

The State Affairs Committee has considered HCR 15

Relating to funding of capital projects.

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:

W. G. Brooks
Steve [unclear]
Dave [unclear]
Larry [unclear]

SIGNING OTHER RECOMMENDATIONS:

[unclear] No Rec
[unclear] No Rec

[unclear]
 Chairman's signature



Official Business

Alaska State Legislature

P.O. Box V
State Capitol
Juneau, Alaska 99811

HCR 15 FILE CONTENTS

1. HCR 15: RELATING TO FUNDING OF CAPITAL PROJECTS
2. RESOLUTION FROM THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA, ALASKA CHAPTER, DATED FEBRUARY 23, 1987
3. "POSITION ON STATE SPENDING" BY GREATER FAIRBANKS CHAMBER OF COMMERCE, DATED MARCH 11, 1987
4. "STATE OIL TROUBLES MAY FILTER DOWN TO ALASKA CONSTRUCTION INDUSTRY," FROM PENINSULA CLARION, MARCH 25, 1987
5. LETTER FROM REPRESENTATIVE ZAWACKI TO REPRESENTATIVE ULMER, DATED APRIL 29, 1987

FISCAL NOTE

- A. OFFICE OF THE GOVERNOR, OFFICE OF MANAGEMENT AND BUDGET, DIVISION OF BUDGET REVIEW: -0-

Alaska



Chapter



THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA

HEADQUARTERS • 3201 Spenard Road • Anchorage, Alaska • P.O. Box 92500 • Anchorage, Alaska 99509
BRANCH OFFICES • Fairbanks • Juneau • Soldotna William E. Schneider, Executive Director

RESOLUTION

February 23, 1987

WHEREAS construction and repair of Alaska's infrastructure are vital to the economy of the State of Alaska; and

WHEREAS funding for construction and repair of Alaska's infrastructure has been sharply declining when compared to the funding for the operation of State government; and

WHEREAS significant jobs have been lost over the past three years in the construction industry; and

WHEREAS the voters of the State of Alaska, by a margin of 119,775 to 48,909, overwhelmingly approved an amendment to the constitution creating Article IX Section 16; and

WHEREAS Article IX Section 16 states in part: "Within this limit, at least one-third shall be reserved for capital projects and loan appropriations. . . ;" and

WHEREAS Alaska's economy and the construction industry will be adversely affected by too drastic a cut in the capital budget; and

WHEREAS an adequate capital budget is essential for the continued development and economic diversification of Alaska;

THEREFORE, BE IT RESOLVED that AGC - Alaska requests the Alaska State Legislature and the Governor to fund the construction and repair of Alaska's infrastructure at the one-third level designated in Article IX Section 16; and

BE IT FURTHER RESOLVED that AGC - Alaska urges the Alaska State Legislature and the Governor to expeditiously enact legislation providing for predictability and stability in the construction industry.

Copies of this resolution shall be sent to all members of the Alaska State Legislature and the Governor of Alaska.

Patrick J Steward
President

William E Schneider
Executive Director



Greater Fairbanks

Chamber

of Commerce

First National Center
100 Cushman Street

(907) 452-1105

P.O. Box 74446
Fairbanks, Alaska 99707

GREATER FAIRBANKS CHAMBER OF COMMERCE
POSITION ON STATE SPENDING

The Greater Fairbanks Chamber of Commerce believes that capital project funding and the permanent fund are the positive results of a decade of state investment. However, the growth in the State operating budget has reached a level we cannot support today or in the future as revenues decline with oil production volumes. Therefore, before alternate sources of revenue are committed to support the operating budget, that budget must be reduced to the point where gross expenditures are equal to or less than annual revenues.

Consistent with that position, the Greater Fairbanks Chamber of Commerce opposes, at this time, new taxes in any form whether individual or business. The Greater Fairbanks Chamber of Commerce believes stable taxation is in concert with State's goal of building a strong, diverse economy, that revenues not collected as taxes will be utilized by the private sector to build that economy.

The Greater Fairbanks Chamber of Commerce vigorously opposes long-term use of permanent fund earnings to support State operating costs. However, we recognize the need to provide transition funding of State programs and local revenue sharing during the period of budget reductions.

The Greater Fairbanks Chamber of Commerce supports the continuation of a permanent fund dividend and inflation proofing programs currently in place. We further believe that the establishment of a temporary program of infrastructure capital construction program to be in the best interest of the State.

The Greater Fairbanks Chamber of Commerce believes the implementation of these programs will provide for an orderly economic transition for the State and its people as State revenues decline. We believe the proper reduction of the State's operating budget and wise expenditures of capital funds will significantly contribute to the long-term health and growth of Alaska's economy.

DATED THIS 11th DAY OF March, 1987

BY [Signature]
Jim Hodson, Chairman of the Board

BY [Signature]
Althea St. Martin, Acting President

State oil troubles may filter down to Alaska construction industry

By MACHELE MARTIN
Staff Writer

The forecast for Alaska's construction industry doesn't appear to be too bright for the next two to three years, William Schneider, executive director of the Alaska chapter of General Contractors of America (AGC), said Tuesday at the Soldotna Chamber of Commerce meeting.

"Alaska's construction industry plays a major role because Alaska is a young state," he said. But, he added, that "the industry is only as healthy as the overall economy." The significant cutbacks in the oil industry have halted any further substantial growth in the state, he said.

Schneider pointed out in a slide presentation the overall employment loss in

Alaska. "We as an industry don't have a lot of influence on the private (i.e. oil) market," he said. "But, we may on the state's capital budget."

Since 1979 the state's capital budget has varied significantly, Schneider explained. In 1985 the capital budget was approximately \$1.3 billion. For FY 88 that budget proposal is set for an estimated \$58 million.

Schneider said that Alaskans can be thankful for military spending for land in Alaska. He said that for every \$1 of federal tax collected from gas sales in Alaska, the federal government reimburses Alaska \$6. The bulk of that \$6 is used for construction, he said. Two-thirds goes toward the actual work while the rest is

used for property acquisition and engineering.

"You can see a significant amount of federal monies coming into the state," he said. California only receives 90 cents in return for every dollar sent to Washington D.C., Schneider said. "They're what you call a donor state."

He said the Alaska capital budget should be based on need and not on leftover revenue. Also, he said, transportation is mediocre at best. "Many people can't remember when we built a new road," he said.

Schneider told chamber members that his non-profit organization is attempting to transform this depressing forecast into a very optimistic one. A coalition comprised of an AGC design

council, architects and engineers, is lobbying in Juneau for a capital projects fund. This fund could come from a portion of the Permanent Fund earnings, he said. One-third of the earnings could be deposited into a constitutionally created capital project fund. "It's an idea whose time has come," he said.

"A statewide projects study needs to be done to determine the priority of construction projects," he said. A distribution system would need to be established so that Anchorage and Fairbanks don't always get the larger portion of the capital projects pie, Schneider said. "We don't know how that system will come about but it will have to be equitable for this thing to fly," he said.



5

Alaska State Legislature

House of Representatives

P.O. BOX 783
GIRDWOOD, ALASKA 99587
(907) 783-2905

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
(907) 465-2693/2719

REPRESENTATIVE
JIM ZAWACKI
DISTRICT 7

April 29, 1987

MEMBER
COMMUNITY & REGIONAL
AFFAIRS COMMITTEE
LEGISLATIVE BUDGET &
AUDIT COMMITTEE
FINANCE SUBCOMMITTEE

Rep. Fran Ulmer, Chair
State Affairs Committee

Dear Fran,

You will note that there is a fairly substantial list of co-sponsors on House Concurrent Resolution 15, which is before you. That represents a confidence on the part of those members that the voters were serious when they passed the constitutional amendment to which it refers.

I happen to disagree with the Attorney General's opinion which holds the capital projects provision of that amendment invalid at present budget levels. It still remains that the people of Alaska did say by their vote, in very substantial numbers, that they see a need for responsible capital projects.

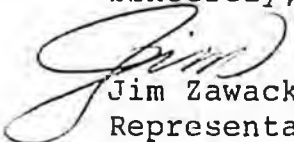
Those capital projects will help stabilize the economy of many communities right now when it is needed the most. This resolution would only express the interest of the Legislature in doing whatever little we can to help bolster the economy through some capital expenditure on capital projects.

The construction industry, the labor and crafts unions, and the general public in many communities would benefit. Passage of this resolution would, of course, have no legal effect, but it could create an awareness which might help to pass some of the capital bills which are before us.

It would also demonstrate to the people who passed the constitutional amendment -- and who elected us -- that we are paying attention to their wishes.

I hope you can see fit to support the Resolution. It is, at the very least, an expression of confidence in the past, present and future of Alaskans.

Sincerely,


Jim Zawacki
Representative

JZ:p-m

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

A

REQUEST: _____

Bill Version: HCR 15
Publish Date: 3/6/87

Revision Date: _____
Title: Relating to funding of
capital projects
Sponsor: Zawacki, Barnes, etc.
Requestor: Illmer

Agency Affected: Office of the Governor
BRU: Office of Management and
Budget, Division of Budget Review
Components: _____

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				

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		0				

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

HCR 15 requests that the Governor consider long- and short-term needs of the infrastructure of the state in requests for capital project funding, and that the Governor bring a level of predictability and stability to the construction industry of the state in future requests for state capital project funding. (see attachment)

Prepared by: Michael A. Nizica, Director Phone: 465-3616
Division: Division of Administrative Services Date: 4/28/87

Approved by Commissioner: Chad P. Koskela Date: 4/28/87
Agency: Office of the Governor

Distribution (by preparer):

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

CORRECTION

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

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

A

REQUEST: _____

Bill Version: HCR 15
Publish Date: 3/6/87

Revision Date: _____
Title: Relating to funding of
capital projects
Sponsor: Zawacki, Barnes, etc.
Requestor: Illmer

Agency Affected: Office of the Governor
BRU: Office of Management and
Budget, Division of Budget Review
Components: _____

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				

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		0				

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

HCR 15 requests that the Governor consider long- and short-term needs of the infrastructure of the state in requests for capital project funding, and that the Governor bring a level of predictability and stability to the construction industry of the state in future requests for state capital project funding. (see attachment)

Prepared by: Michael A. Nizich, Director Phone: 465-3616
Division: Division of Administrative Services Date: 4/28/87

Approved by Commissioner: Carol P. Kestler Date: 4/28/87
Agency: Office of the Governor

Distribution (by preparer):

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

Analysis of this resolution concludes that additional funding or staff would not be required in order to comply with the requests made of the Governor to include these considerations as a part of his budget review process.

HCR

19

HOUSE COMMITTEE REPORT

(7)

Date referred: 4/1/87

FURTHER REFERRALS: Finance

DATE: 4-15-87

The State Affairs Committee has considered HCR 19
Relating to dependent care benefits under the Supplemental Benefits System.

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:

[Signature]
[Signature]
[Signature]

SIGNING OTHER RECOMMENDATIONS:

[Signature] NO REC
[Signature] No Rec.

[Signature]
Chairman's signature

Alaska State Legislature

STEVE FRANK

DISTRICT 20A
Finance Committee

1125 Sunset Drive
Fairbanks, Alaska 99701
(907) 452-3421



White in Juneau
P. O. Box V
Juneau, Alaska 99811
(907) 465-3709

House of Representatives

TO: Rep. Fran Ulmer, Chair
House State Affairs Committee

FROM: Rep. Steve Frank *SS*

RE: HCR 19 - "Dependent Care Benefits under SBS

DATE: April 6, 1987

I would appreciate your scheduling a hearing for House Concurrent Resolution 19 at your earliest convenience.

The Resolution asks that the governor direct the Department of Administration to include dependent care services in the Supplemental Benefits System when they restructure the program to conform with the 1986 Tax Act. Dependent care services would thus become one of the benefits that state employees could choose under SBS.

Thank you for your consideration.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: CSHCR 19
Publish Date: _____

REQUEST _____

Revision Date: _____
Title: Relating to dependent care
benefits under SBS
Sponsor: Frank and Boyer
Requestor: House, State Affairs

Agency Affected: Administration
BRU: Retirement and Benefits
Components: Retirement and Benefits

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: Attach a separate page if necessary

Any costs required by changes in Supplemental Benefits System (SBS) will be borne by SBS participants through the program's administrative fees.

Prepared By: Michael B. Coughlin, Deputy Director Phone: 465-4470
Division: Retirement and Benefits Date: April 15, 1987

Approved by Commissioner: Garrey Peska Date: 4/16/87
Agency: Department of Administration

Distribution (by preparer):

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



Official Business

Alaska State Legislature

House

P.O. BOX V
State Capitol
Juneau, Alaska 99811

STATE AFFAIRS COMMITTEE

HOUSE CONCURRENT RESOLUTION 19

FILE CONTENTS

1. HCR 19: RELATING TO DEPENDENT CARE BENEFITS UNDER THE SUPPLEMENTAL BENEFITS SYSTEM
2. MEMORANDUM FROM REPRESENTATIVE STEVE FRANK TO HOUSE STATE AFFAIRS COMMITTEE
3. LETTER FROM MICHAEL COUGHLIN TO REPRESENTATIVE STEVE FRANK, DATED MARCH 23, 1987, AND ATTACHMENTS
4. MEMORANDUM FROM CHERIE SHELLY TO REPRESENTATIVE FRAN ULMER, DATED APRIL 15, 1987

Alaska State Legislature

STEVE FRANK

DISTRICT 20A
Finance Committee

1125 Sunset Drive
Fairbanks, Alaska 99701
(907) 452-3421



2
Jun. 1988
Alaska 99811
(907) 465-3709

House of Representatives

TO: all members, House State Affairs Committee
FROM: Rep. Steve Frank
RE: House Concurrent Resolution 19
DATE: April 15, 1987

The purpose of this resolution is to encourage the administration to include dependent care benefits in the list of options offered under the Supplemental Benefits System (SBS). This will allow state employees to pay for dependent care services with pre-tax dollars, instead of after-tax dollars.

In order to conform with the 1986 Tax Act, SBS will be revised and will requalify under a different section of the tax code (IRC 125). As such, SBS will be able to offer a dependent care plan, whereas previously their treatment by the IRS would not allow that.

Three compelling arguments for this legislation are:

- 1) as mentioned, SBS will be revised to conform to the new tax code,
- 2) the cost of dependent care will be paid for by those who opt for it, and
- 3) the state can set a standard that, hopefully, the private sector will adopt.

Probably the best model to look at regarding flexible benefit plans that offer dependent care services is the Anchorage Municipality. According to their benefits director they are pleased with the program and have about a 5.2% participation rate.

Statutory changes will be necessary later to accomplish the SBS requalifying. HCR 19 will send a message to the administration encouraging them to include dependent care in the revised SBS.

Thank you for your consideration.

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT & BENEFITS

PLEASE REPLY TO:

P.O. BOX CR
JUNEAU, ALASKA 99811-0203
PHONE: (907)465-4460

2600 DENALI ST. SUITE 401
ANCHORAGE, ALASKA 99503
PHONE (907) 277-7504

Public Employees' Retirement System
Teachers' Retirement System
Judicial Retirement System
Elected Public Officers Retirement System
National Guard Retirement System
Territorial Retirement System
Retirees' Voluntary Dental-Vision Audio Plan
Supplemental Benefits System
Group Health/Life Insurance Benefits
Deferred Compensation Plan
Public Employers Social Security Contributions

STEVE COWPER, GOVERNOR

March 23, 1987

The Honorable Steve Frank
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Frank:

I am writing to confirm my discussions with Mr. Rick Solie of your office regarding a dependent care option under the Supplemental Benefits System (SBS).

The only way that an employee may pay for dependent care on a pre-tax basis is for the employer to offer such a program through a flexible benefit plan. The SBS is not currently a flexible benefit plan in the eyes of the Internal Revenue Service.

The Tax Reform Act of 1986 will require some important changes to the SBS. The most significant change will be the requalification of the plan as a flexible benefit plan under Internal Revenue Code (IRC) 125. This qualification would allow both taxable and non-taxable benefits to be offered to employees. Dependent care benefits could then be implemented. Other changes such as having the annuity portion of SBS become a freestanding plan, rather than an integral part of the SBS as it is now, will also be required.

Mr. Solie has stated your intentions of providing some assistance to employees requiring dependent care services. I believe that the requalified SBS plan would be an ideal vehicle to provide such a benefit after the changes required by Tax Reform are accomplished.

While I am confident that legislative changes will be required in the future to accommodate changes in the program, it is not clear at this time as to the extent of these changes. I have suggested to Mr. Solie that a resolution stating the Legislature's wishes regarding dependent care be introduced this year rather than legislation. Legislation can then be drafted in the next session to provide for any benefit changes or other changes that may be required.

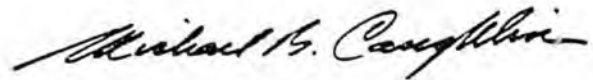
The Honorable Steve Frank

-2-

March 23, 1987

Please contact me should you have any questions or required further information on this subject.

Sincerely,



Michael B. Coughlin
Deputy Director

MBC/cam/3

cc: Marsha Hubbard
Deputy Commissioner
Administrative Management
Department of Administration

RECEIVED

MAR 05 1987

WILLIAM M.
MERCER - Meidinger
INCORPORATED

Division of Retirement & Ben

March 2, 1987

Mr. Michael B. Coughlin
Deputy Director
State of Alaska
Department of Administration
Division of Retirement & Benefits
P.O. Box CR (M0203)
Juneau, AK 99803

Re: SBS After-Tax Reform

Dear Mike:

The Tax Reform Act 1986 (TRA) requires important changes in the Supplemental Benefits System. Prior to discussing our recommendations on restructuring SBS, we believe that a brief history of SBS will be helpful.

Current Structure of SBS

A cafeteria plan, which is governed under IRC 125, permits employees to choose among various benefits. In the past, a plan had to offer both taxable and non-taxable benefits to satisfy the definition of a cafeteria plan. The only deferred compensation arrangement, allowed in a cafeteria plan, is a 401(k) profit sharing plan.

When SBS was designed in 1979, cafeteria plans and 401(k) plans were brand new. It was uncertain whether a public entity such as the State of Alaska could maintain a "profit-sharing" plan. Thus, the Supplemental Annuity Plan was established as a 401(a) Money Purchase Pension Plan, and SBS offered only non-taxable benefits.

SBS had to be structured to avoid any possibility of an employee choosing a taxable benefit to avoid being considered a cafeteria plan. For example, employer-paid group term life coverage over \$50,000 is a taxable benefit. For this reason, the maximum life insurance option in SBS was set at \$48,000, which, in conjunction with the \$2,000 of life insurance provided to all state employees, would prevent anyone from having more than \$50,000 of employer-paid life insurance.

*Impact of
SBA to introduce leg.
in 1986 for Medicare*

Mr. Michael B. Coughlin
Page Two
March 2, 1987

Tax Reform Act Changes

Since 1979, the IRS has formally approved 401(k) plans for the State of Tennessee, the Municipality of Anchorage, and other local governments. However, the Tax Reform Act of 1986 prohibits the state governments from establishing 401(k) Profit Sharing Plans after May 5, 1986 (existing plans may be continued). TRA also states that any plan which offers choices only among non-taxable benefits is now subject to the Section 125 rules. This creates a major dilemma for the Supplemental Benefits System. SBS is now considered a 125 cafeteria plan, and the only deferred compensation arrangement allowed under a cafeteria plan is a profit sharing plan. The very same law which caused SBS to become a cafeteria plan also prohibits the state from establishing a 401(k) profit-sharing plan. The inescapable conclusion is that the Supplemental Annuity Plan must be a free-standing plan, which is separate and apart from the Supplemental Benefit System. For your consideration, we recommend the following changes in the Supplemental Benefit System.

Supplemental Annuity Plan

As a freestanding plan, the Supplemental Annuity Plan should be amended so that the annual contribution, for every employee, is X% of salary up to the wage base. For example, X might be 6.13%, but need not be. The average SBS member contributes 11.3% to the Supplemental Annuity Plan. Thus, in the revised Annuity Plan, you might contribute 11.3% (up to the wage base) for each member.

This change to the Supplemental Annuity Plan can be accomplished with a relatively minor amendment to the current plan. Administration of the Supplemental Annuity Plan and all other aspects of the plan, would remain unchanged, except for the fact that each employee would have the same percentage contributed to the plan.

Supplemental Benefits System

Under the revised program, the Supplemental Annuity Plan is not technically a part of the Supplemental Benefit System. SBS is a 125 cafeteria plan which can allow employees to choose between taxable and non-taxable benefits. The new SBS could have life insurance in excess of \$50,000/year, could have a cash-option, and could have dependent care options, in addition to existing benefit options. The contribution to a new SBS would be Y%. Most likely, Y% would equal 12.26% minus X% (from the Supplemental Annuity Plan). The new SBS could also allow participants to elect additional salary deferrals (greater than Y%) in order to pay for additional SBS benefits with before-tax dollars.

Mr. Michael B. Coughlin
Page Three
March 2, 1987

Dependent Care

Section 125 allows employees to elect reimbursement of up to \$5,000 per year dependent care expenses. Under the new SBS, some of the dependent care money could come from the 7% and some from additional salary deferrals. In any event, this will be a very valuable benefit for some employees. In the Municipality of Anchorage Flexible Benefit Plan, 5.2% of the members have elected to utilize the dependent care option, at an average annual rate of approximately \$3,400. The ability to provide for this expense with before-tax dollars is a significant enhancement to SBS.

Cash Option

Because of the state's budget constraints, the lack of pay increases, and in fact pay decreases, some employees may be under financial strain. Thus, a new cash option in SBS may be appreciated by employees. Practically, cash is a necessary feature of the new plan. In the old plan, monies that did not go to health/life/disability, automatically went into the annuity plan. Now, a cash option can be the "safety valve" for monies not used for health/life/disability premiums.

Advantages

Some of the advantages of new SBS are:

- (1) The dependent care option.
- (2) The cash option.
- (3) More flexibility in adding additional benefits.
- (4) Via additional salary deferrals, employees can pay for benefits which are more costly than the 12.26% SBS contribution.
- (5) By utilizing the cash option, in conjunction with an increase in deferrals to the Deferred Compensation Plan, most employees will be able to continue to defer at least 12.26% of pay. Furthermore, employees will be able to select among investment options in DCP while they do not have investment choices in the Supplemental Annuity Plan.

Mr. Michael B. Coughlin
Page Four
March 2, 1987

- ? OPTNL
- (6) The Supplemental Life Insurance Program could be eliminated while at the same time coverage limits for life insurance under SBS could be extended. This will simplify administration as well as eliminate the cost of one program.

Disadvantages

- (1) Approximately 6% of the state employees have already maximized their contributions to the Deferred Compensation Plan. Many of these employees, depending where the X% is established in the Annuity Plan, will see a net reduction in overall salary deferrals between the Annuity Plan and DCP. If "Y" is 11.26%, then these few employees would only lose deferrals on 1% up to the wage base; i.e., the most anyone could lose would be \$440 in deferrals. Based upon June 30, 1986 data, 526 employees would lose an average of \$237 in deferrals. Of course, if an individual elects pre-tax contributions to fund dependent care or other SBS benefits, DCP plan deferrals could be further limited.
- (2) Some legislators may feel the cash option is not in the spirit of the Social Security Opt Out Program.
- (3) Very few, if any, employees will have exactly 12.26% of their pay being contributed to the annuity plan and SBS. Virtually all employees will be having additional salary deferrals, or be receiving cash. Consequently, the payroll system will have to be modified to handle this.
- (4) Employees may no longer individually select the amount contributed to the annuity plan on their behalf.

Effective Dates

The changes required by the Tax Reform Act must become effective:

- (1) January 1, 1988, if the IRS issues regulations prior to October 1, 1987; or
- (2) on January 1, 1989.

There has been no indication from the IRS that regulations will be issued by this October. Consequently, I believe it is likely that the effective date for the Tax Reform Act changes will be January 1, 1989.