

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672

5113 HSTA SB 156 - SB 227

685



Official Business

# Alaska State Legislature

## House

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

SENATE BILL 156

FILE CONTENTS

1. CS SB 156 (SA): AN ACT RELATING TO CONTRIBUTIONS FROM PERMANENT FUND DIVIDENDS FOR POLITICAL PARTIES; AND PROVIDING FOR AN EFFECTIVE DATE
2. SENATE LETTER OF INTENT FOR CS SB 156 (SA)
3. POSITION PAPER, ALASKA PUBLIC OFFICES COMMISSION
4. LETTER FROM THE REPUBLICAN PARTY OF ALASKA
5. LETTER FROM THE DEMOCRATIC PARTY OF ALASKA
6. AS 43.23.005-025
7. MEMORANDUM FROM TERRY BERNAN TO SENATOR JOSEPHSON

### FISCAL NOTES

- A. DEPARTMENT OF REVENUE, DIVISION OF ADMINISTRATIVE SERVICES: -0-
- B. DEPARTMENT OF ADMINISTRATION, ALASKA PUBLIC OFFICES COMMISSION: -0-

SENATE  
Letter of Intent  
FOR  
CSSB 156 (SA)

The Senate Committee on State Affairs has considered CSSB 156 (SA) (contributions from permanent fund dividends for political parties; efd); CSSB 173 (SA), (contributions from permanent fund dividends to the community school grant fund; efd) and CSSB 180 (SA) (contributions from permanent fund dividends for the World Eskimo-Olympics; efd).

It is the intent of the Senate Committee on State Affairs that language be inserted in all of the permanent fund dividend check-off bills which would devise a system of prioritizing the check-off programs to provide for instances where garnishments or assignments reduce the dividend, leaving insufficient funds to honor all of the programs which the individual has selected. The committee proposes that the order of prioritization be based on date of enactment. In cases where two bills have the same date of enactment, it is the intent of the committee that the bills be listed in alphabetical order.

Adopted 4/30/87

SENATE LETTER of INTENT

POSITION PAPER  
SB 156

SB 156 creates an option on the Permanent Fund Dividend Application so applicants can direct that \$25 of their dividend be donated to the political party they indicate. The Department of Revenue may use a portion of the funds to pay administrative costs.

The Department of Administration must hold the funds in trust for distribution to the political parties.

The bill has no direct impact on the Alaska Public Offices Commission. The political parties would not receive a list of the individuals who donated through this method but that would not be particularly troublesome. Under the Commission's regulations, an organization may hold a fund-raiser at which the names of contributors are not recorded so long as there are 25 or more paying participants and no one contributes more than \$50. Since SB 156 would limit the maximum donation per individual to \$25, the proposal could be considered consistent with the regulation which was designed to alleviate some of the recordkeeping burdens associated with low cost fund-raisers where large numbers of people attended.

The Commission's position on SB 156 is neutral.

Sheda Pittman 3/20/87  
Exec. Director, Alaska Public Offices Commission Date

Van Rogers / bjm 3-23-87  
Chairman, Alaska Public Offices Commission Date

# The Republican Party of Alaska



4

Jim Crawford  
Chairman

Marylin Paine  
National Committeewoman

Eldon Ulmer  
National Committeeman

Jack Wilbur  
Vice Chairman

Gall Phillips  
Secretary

Tim McKeever  
Treasurer

Charlot Thicksun  
Asst. Secretary

Lloyd Hames  
Asst. Treasurer

Dave Harbour  
Finance Chairman

Cliff Groh  
Legal Counsel

750 E. Fireweed Lane, Suite 102  
Anchorage, Alaska 99503  
(907) 276-4467

March 25, 1987

Senator Willie Hensley  
P.O. Box V  
Juneau, AK 99811

Dear Senator Hensley:

Thank you for your request for comments from the Republican Party of Alaska in regard to SB 156. This bill would provide a check off on Permanent Fund applications that would allow Alaskans to direct a portion of their dividend to support political parties.

We appreciate your recognition that political parties deserve financial support from the citizenry because of their role in charting the future of our state. We want to thank you and your fellow sponsors for their intentions.

The most important part of the bill as we read it is that it protects the Permanent Fund from administrative charges that would be incurred by the establishment of this new program. Our party has spoken strongly about defending the Permanent Fund. We believe that, even if our party benefits from a program, the program should not impair the ability of the Fund to provide for future needs of our state's citizens.

Current Alaska law forbids the contribution of money to a political party in the name of another. We strongly urge you to continue to honor that principle by slightly revising the current bill. Political parties should be given the names of those who direct a portion of their dividend to the party of their choice. That way we could thank each donor and report their contribution according to the APOC regulations.

Thank you for your efforts, and thank you for offering us the opportunity to comment on your bill.

With best regards,

  
Jim Crawford  
Chairman, Republican Party of Alaska

Committee Backup  
SB 156



# Democratic Party of Alaska

MAR 23 1987

Jack Roderick  
State Chair

March 20, 1987

Virgie King  
1st Vice Chair

State Affairs Committee  
Pouch V  
Juneau, AK 99811

Hilda Woods  
Treasurer

Dear Committee Members;

Carolyn Covington  
Secretary

This letter is in support of SB #156, which would allow individuals to donate to political parties by a "check off" system from one's Permanent Fund Dividend application.

Pegge Begich  
Finance Director

Bob Goldberg  
Legal Counsel

There seems to be public concern with the way political campaigns are financed. The common thread that runs through legislation pending before the 15th Session of the Alaska Legislature is that too much "special interest" money is bankrolling campaigns in Alaska. I see much of the campaign related legislation as intending to strengthen the political parties as a way of negating the affects of the "special interest" contributions. Senate Bill #156 works toward the goal of strengthening political parties in Alaska. This is a step in the right direction towards lessening the influence of "special interest" contributions, thereby helping to reform campaign practices in Alaska.

Doris Volske  
National Committeewoman

Vander Pearson  
National Committeeman

Chancy Croft  
Policy Commission

Peg Tileston  
Alaska Democrat

The Alaska Democratic Party is solidly behind this legislation. Thank you.

Sincerely,

*Jack Roderick*

Jack Roderick,  
Party Chair

WDB

Bill Bobrick  
Exec. Director

Susie Barnett  
Office Manager

(907) 562-3050

P.O. Box 10-4199 • Anchorage, AK 99510

M E M O R A N D U M

DATE: March 23, 1987  
TO: Senator Josephson  
FROM: Terry Berman  
Senator Hensley's Office

Some statistics you may be interested in relative to political party campaign finance are:

State Party Expenditures in 1986

Democrats	\$ 235,000
Republicans	\$ 497,000

Source: APOC

Registered Voters by Affiliation as of March 3, 1987

Democrats	66,027
Republicans	62,216
Libertarians	2,657
Other	6,034
Non-partisan	<u>159,866</u>
TOTAL	296,800

Source: Division of Elections

TB/mjs

No. 302



STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

REQUEST: \_\_\_\_\_

Bill Version: CSSB 156 (SA)  
Publish Date: \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: Contributions from PFD's to political parties  
Sponsor: Hensley, et al  
Requestor: Senate Finance

Agency Affected: Revenue  
BRU: Administrative Services  
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	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)

Prepared by: John Binkley  
Division: Senator John Binkley, Co-chairman  
Senate Finance Committee

Phone: 465-4985  
Date: April 29, 1987

Approved by Commissioner: \_\_\_\_\_  
Agency: \_\_\_\_\_

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

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

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

B

REQUEST: \_\_\_\_\_

Bill Version: CS SB 156 Jun  
Publish Date: \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: An act relating to contributions  
from permanent fund...  
Sponsor: Hensley, Cochill, et. al.  
Requestor: Senate State Affairs

Agency Affected: Administration  
BRU: Alaska Public Offices Commission  
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	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:**                      0                      0                      0                      0                      0                      0

FULL-TIME						
PART-TIME						
TEMPORARY						

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

Prepared by: Theda Pittman *Theda Pittman*  
Division: Alaska Public Offices Commission

Phone: 276-4176  
Date: 3/20/87

Approved by Commissioner: Jean Rogers *Jean Rogers*  
Agency: Chairman, Alaska Public Offices Commission

Date: 3-23-87

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

S B

157

PUBLIC OPINION MESSAGE

PF

DEAR: REPRESENTATIVE ULMER

NAME: CHARLES RICHMOND  
TITLE:  
ADDRESS: BOX 60101  
CITY: FAIRBANKS ZIP: 99706  
PHONE: 479-2388  
BILL NO:  
SUBJECT: PERMANENT FUND  
MESSAGE: I AM OPPOSED TO USING ANY EARNINGS FROM THE PERMANENT FUND TO  
MAKE UP FOR BUDGET SHORTFALLS WITHOUT THE VOTE OF THE PEOPLE.  
AN

POHID: 07092150  
DATE: 02/24/87  
TIME: 09:21:50  
LIONAME: FAIRBANKS LIO

COPIES: REPRESENTATIVES SENATORS

BOYER	BENNETT
DAVIS	COGHILL
FRANK	FAHRENKAMP
KOPONEN	HALFORD
MILLER	JOSEPHSON
ADAMS	KERTTULA
BROWN	RODEY
GOLL	STURGULEWSKI
LARSON	BINKLEY
POURCHOT	DUNCAN
RIEGER	FISCHER
SWACKHAMMER	HENSLEY
WALLIS	UEHLING
BARNES	ZHAROFF
COTTEN	
GRUENBERG	
NAVARRE	
SUND	
TAYLOR	

RECEIVED FEB 25 1987



Official Business

# Alaska State Legislature

## House

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

COMMITTEE ON STATE AFFAIRS

April 3, 1987

Andres Cadiante  
Glacier Bear Fence, Inc.  
P.O. Box 32441  
Juneau, AK 99803

Dear Mr. Cadiante:

Thank you for your public opinion message regarding SB 157. The State Affairs Committee will hold a teleconference hearing on this bill on Monday, April 6, and you are invited to come testify at that time. The hearing will be held at 3:00 p.m. in room 102 of the Capitol.

Thank you, again, for sharing your opinions.

Sincerely,

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

Fran Ulmer, Chair  
State Affairs Committee

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: ANDRES CADIENTE  
TITLE: GLACIER BEAR FENCE, INC.  
ADDRESS: P.O. BOX 32441  
CITY: JUNEAU  
PHONE: 789-8660

ZIP: 99803

BILL NO:  
SUBJECT: SB 157/159 CONSTRUCTION INDUSTRY  
MESSAGE: CONCERNING SB 157/159 MANY PEOPLE WILL BE ADVERSELY AFFECTED IF THES  
ARE DELAYED FOR ONE MONTH. IT COULD DELAY PROJECTS FOR ONE YEAR. MANY EMPLOYE  
AND EMPLOYERS AND RELATED BUSINESSES MIGHT LOSE THEIR LIVELIHOODS. PLEASE HEL  
EXPEDITE.

POMID: 00161206  
DATE: 03/23/87  
TIME: 16:12:06  
LIONAME: JUNEAU LIO

*Letter  
SB(57)*



Official Business

# Alaska State Legislature

## House

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

COMMITTEE ON STATE AFFAIRS

April 3, 1987


Jody Vick  
Juneau Building Trade Council  
124 Front Street  
Juneau, AK 99801

Dear Ms. Vick:

Thank you for your public opinion message regarding SB 157. The State Affairs Committee will hold a teleconference hearing on this bill on Monday, April 6, and you are invited to come testify at that time. The hearing will be held at 3:00 p.m. in room 102 of the Capitol.

Thank you, again, for sharing your opinions.

Sincerely,

  
Fran Ulmer, Chair  
State Affairs Committee

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: JODY VICK  
TITLE: JUNEAU BUILDING TRADE COUNCIL  
ADDRESS: 124 FRONT STREET  
CITY: JUNEAU ZIP: 99801  
PHONE: 586-3050  
BILL NO: SB 157  
SUBJECT: APPROP: PF EARNINGS RESERVE TO GENERAL FD  
MESSAGE: WE URGE IMMEDIATE PASSAGE OF SB 157 AND SB 159 TO ALLOW CONSTRUCTION  
OF BRADLEY LAKE AND OTHER CAPITOL PROJECTS TO PROCEED THIS YEAR.

POMID: 00095724  
DATE: 03/18/87  
TIME: 09:57:24  
LIONAME: JUNEAU LIO

COPIES: REPRESENTATIVES

GRUSSENDORF  
HOFFMAN  
BOUCHER  
DAVIS  
DONLEY  
MARTIN  
MENARD

RECEIVED MAR 19 1987

# HOUSE COMMITTEE REPORT

(7)

Date referred: 3/13/87

FURTHER REFERRALS: Finance

DATE: 4-6-87

The State Affairs Committee has considered CSSB 157(fin)

"An Act appropriating from the earnings reserve account of the Alaska permanent fund to the general fund."

**RECOMMENDS:**

- replace with HCS CS 157 (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:**

W. J. Bourke

Larry Martin

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**SIGNING OTHER RECOMMENDATIONS:**

Scott Williams NDR ICS

Tommy Hoff DO NOT PASS

David H. Bouley NO REC

Cliff Davidson DO NOT PASS

Tom Wilson no rec

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

[Signature]

Chairman's signature

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y STATE CAPITOL  
JUNEAU, ALASKA 99811  
907 465 3800

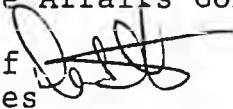
LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

April 2, 1987

SUBJECT: Title of HCS CSSB 157 (State Affairs)

TO: Representative Fran Ulmer  
Chair, House State Affairs Committee

FROM: David R. Dierdorff   
Reviser of Statutes

Enclosed is the draft committee substitute requested by Dennis Burns for your committee.

The bill passed the Senate without an effective date provision. Thus, to add an immediate effective date to the draft, it is necessary to add the standard effective date clause to the title of the bill. This raises a question under the Uniform Rules as to whether such a title change is allowed in the second house.

Uniform Rule 35 provides in part:

A motion or proposition on a subject that requires a change in the title of the bill as enacted in the house of origin, other than a clerical or technical change is not in order in the second house.

It is my opinion that a change in the title of a bill regarding the effective date is a technical change permitted under Rule 35. This has been the position taken by this office since 1984.

The vote on passage of a bill occurs separately from the vote on the effective date section. Failure to adopt a special effective date does not defeat the bill itself or serve to rescind action in passing the bill. This is because under Article II, Sec. 14 of the state constitution a bill may become law upon a majority vote of the membership of each house. Under Article II, Sec. 18 it is only the special effective date itself that requires a two-thirds vote.

Uniform Rule 39(f) provides

(f) If a bill or portion of a bill contains material which has an effective date other than the date which is 90 days after the bill becomes law, the bill must contain a section or sections setting out the proposed effective date or dates. The section or sections relating to the effective dates must be approved by an affirmative vote of two-thirds of the full membership of each house. If a section setting out an effective date fails to receive the required two-thirds vote in either house, the section is void and without effect and is deleted from the bill. The fact that a bill contains a section which sets out an effective date shall also be noted in the title of the bill.

It is clear that changing the title to reflect whether an effective date is adopted or fails is required as a technical matter. This conclusion appears to be further supported in Rule 35 itself which provides in part

When the amendments to the body of a bill affect the numbering of sections, or passage or failure of the effective date clause affects the title, the clerk or secretary may accomplish the necessary changes without formal motion, and the changes shall be noted in the journal.

The issue has come up as to whether a bill passed by one house with an effective date and passed by the other with no effective date constitutes the same bill for purposes of determining whether identical legislation has passed each body of the legislature. Upon the advice of the attorney general that identical legislation had not passed both bodies, the governor returned SCSHB 207 am S (H failed eff. date) unsigned. (See 1980 House Journal, p. 2240 and 1980 Senate Journal, p. 1781) Legislative counsel advised that the bill became effective without the governor's signature as ch. 177, SLA 1980 and the superior court upheld the validity of the enactment. (Alaska Legislative Council v. Hammond, case no. 4FA-80-1689, Superior Court for the Fourth Judicial District.)

While we believe that the addition of effective date language to the title is permitted under the rules, I should point out that as a practical matter it may not be necessary to add an effective date to this bill. The amount to be

Representative Ulmer  
Page 3  
April 2, 1987

appropriated will not be certain (and the appropriation made by the bill can not be executed) until the annual financial report is published. Although the statute (AS 37.05.210(2)) requires publication by October 16, in the past two years it has not been published until early in the following year. I understand that the new commissioner promises to use every effort to meet the statutory deadline. Even if that occurs, it would be after the effective date of this bill without a special effective date. Consequently, the only advantage to an immediate effective date would be to encumber the necessary funds at an earlier date. That, of course, is a policy question for you to determine.

In any event, if you choose to add an effective date, we believe that that action is allowed under the Uniform Rules even though it may create some procedural delays.

DRD:mkr  
m10/088

Enclosure

Original sponsor: Rules/Governor

Funding Information

General Fund	\$ (174,900,000)
Other Funds	174,900,000
	<u>\$ -0-</u>

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 157 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act appropriating from the earnings reserve  
7 account of the Alaska permanent fund to the general  
8 fund; and providing for an effective date."

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

10 \* Section 1. An amount not to exceed \$174,900,000 that is sufficient to  
11 offset any negative amount in the "Available Fund Equity/Balance" for the  
12 general fund as reported for June 30, 1987, on the "State of Alaska, All  
13 Fund Types and Account Groups, Combined Balance Sheet" in the annual finan-  
14 cial report for fiscal year 1987 published under AS 37.05.210(2), is appro-  
15 priated from the earnings reserve account of the Alaska permanent fund  
16 (AS 37.13.145) to the general fund.

17 \* Sec. 2. This Act takes effect immediately under AS 01.10.070(c).  
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29

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

Bill Version : HCS CS SB 157  
 Publish Date : \_\_\_\_\_

REQUEST: \_\_\_\_\_

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

Title: Appropriating from earnings  
reserve account of AK PF to GF

Sponsor: Governor

Requestor: \_\_\_\_\_

Agency Affected: Permanent Fund Corporation

BRU: \_\_\_\_\_

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

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

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-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-
<b>TOTAL OPERATING</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

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

REVENUE	0-174.9M	-0-	-0-	-0-	-0-	-0-
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	0-174.9M	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	<b>0-174.9M</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

**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 sep. rate page if necessary)

Prepared by: Fran Ulmer, Chair

Division: House State Affairs Committee

Phone: 465-4963

Date: April 7, 1987

Approved by Commissioner: \_\_\_\_\_

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

Agency: \_\_\_\_\_

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

SENATE BILL 157

FILE CONTENTS

1. SB 157: AN ACT APPROPRIATING FROM THE EARNINGS RESERVE ACCOUNT OF THE ALASKA PERMANENT FUND TO THE GENERAL FUND; AND PROVIDING FOR AN EFFECTIVE DATE.
2. GOVERNOR'S TRANSMITTAL LETTER FOR HOUSE BILL 166, DATED MARCH 3, 1987
3. PUBLIC OPINION MESSAGE FROM CHARLES RICHMOND WITH RESPONSE FROM REPRESENTATIVE ULMER
4. POSITION PAPER FROM ASSOCIATION FOR THE PROTECTION OF THE PERMANENT FUND WITH LETTER FROM REPRESENTATIVE ULMER
5. PUBLIC OPINION
6. PROPOSED HOUSE CS FOR CS FOR SENATE BILL NO. 157 (STATE AFFAIRS)

### FISCAL NOTE

- A. PERMANENT FUND CORPORATION FOR HOUSE BILL 166

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y STATE CAPITOL  
JUNEAU ALASKA 99811  
907 465 3800

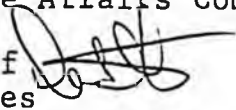
LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

April 2, 1987

SUBJECT: Title of HCS CSSB 157 (State Affairs)

TO: Representative Fran Ulmer  
Chair, House State Affairs Committee

FROM: David R. Dierdorff   
Revisor of Statutes

Enclosed is the draft committee substitute requested by Dennis Burns for your committee.

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Uniform Rule 39(f) provides

(f) If a bill or portion of a bill contains material which has an effective date other than the date which is 90 days after the bill becomes law, the bill must contain a section or sections setting out the proposed effective date or dates. The section or sections relating to the effective dates must be approved by an affirmative vote of two-thirds of the full membership of each house. If a section setting out an effective date fails to receive the required two-thirds vote in either house, the section is void and without effect and is deleted from the bill. The fact that a bill contains a section which sets out an effective date shall also be noted in the title of the bill.

It is clear that changing the title to reflect whether an effective date is adopted or fails is required as a technical matter. This conclusion appears to be further supported in Rule 35 itself which provides in part

When the amendments to the body of a bill affect the numbering of sections, or passage or failure of the effective date clause affects the title, the clerk or secretary may accomplish the necessary changes without formal motion, and the changes shall be noted in the journal.

The issue has come up as to whether a bill passed by one house with an effective date and passed by the other with no effective date constitutes the same bill for purposes of determining whether identical legislation has passed each body of the legislature. Upon the advice of the attorney general that identical legislation had not passed both bodies, the governor returned SCSHB 207 am S (H failed eff. date) unsigned. (See 1980 House Journal, p. 2240 and 1980 Senate Journal, p. 1781) Legislative counsel advised that the bill became effective without the governor's signature as ch. 177, SLA 1980 and the superior court upheld the validity of the enactment. (Alaska Legislative Council v. Hammond, case no. 4FA-80-1689, Superior Court for the Fourth Judicial District.)

While we believe that the addition of effective date language to the title is permitted under the rules, I should point out that as a practical matter it may not be necessary to add an effective date to this bill. The amount to be

Representative Ulmer  
Page 3  
April 2, 1987

appropriated will not be certain (and the appropriation made by the bill can not be executed) until the annual financial report is published. Although the statute (AS 37.05.210(2)) requires publication by October 16, in the past two years it has not been published until early in the following year. I understand that the new commissioner promises to use every effort to meet the statutory deadline. Even if that occurs, it would be after the effective date of this bill without a special effective date. Consequently, the only advantage to an immediate effective date would be to encumber the necessary funds at an earlier date. That, of course, is a policy question for you to determine.

In any event, if you choose to add an effective date, we believe that that action is allowed under the Uniform Rules even though it may create some procedural delays.

DRD:mkr  
m10/088

Enclosure

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

HSA

4-1-87

3:00p.m.



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

File  
SB157  
+  
-SB159 7

March 20, 1987

Mr. Pat Steward  
President  
Associated General Contractors  
P.O. Box 4-2500  
Anchorage, AK 99509

Dear Pat,

The purpose of this letter is to clarify this administration's policy regarding capital spending in Fiscal Year 1988 and in those years immediately following.

For the last few years the state has adopted the practice of appropriating all public revenues, beyond the operating expenses of government, for capital projects. Probably this led to some short-term political benefits for the Legislature, but it led to instability elsewhere. O and M costs were created without any thought as to who would pay for them. Also, my impression was that Alaska contractors were unable to make any long-term plans. Politicians don't think past the next election, but a \$200,000 piece of equipment has to pay for itself over several years.

I came into office with a budget deficit of around \$800 million. I can't print the money; I have to pay those bills out of public revenues. As a result my proposed capital budget is only \$58 million. It may be expanded somewhat, but the end product will be in no way comparable to the past. We are trying to maximize the available money by putting up matching funds to attract federal dollars where we can, but still the amount will be small compared to the oil-boom days.

\*

We do expect the impounded FY 1987 projects to be released as soon as the Legislature applies Permanent Fund reserve money to the deficit. The Senate has done so in part, but the House has a number of members who object to using Permanent Fund earnings for government purposes and the bills are still sitting there. That particular logjam will probably break pretty soon and the projects can go to bid.

MAR 27 1987

REC'D

March 20, 1987

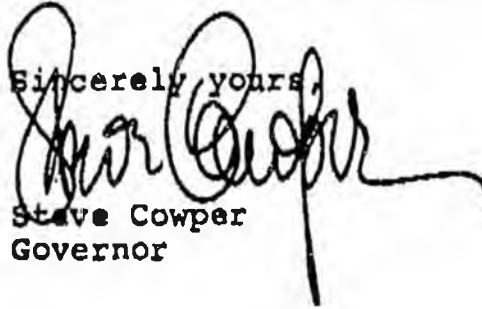
In the future I hope to set an ongoing figure of \$200 - \$250 million per year in ongoing general fund capital spending, exclusive of maintenance. Assuming our proposed revenue proposals are adopted, we should have enough to handle that amount over time. The money will become available because of reductions in the state's debt service and from earnings on a proposed budget reserve account of approximately \$1 billion.

The budget reserve account is important because without it a two-dollar downward fluctuation in crude oil prices will cause the schools to close. I want to start with a \$300 million deposit and add \$150 million a year until we have reached an amount which represents one-half of total state spending. Assuming a reserve account of \$1 billion, the earnings available for capital expenditures should be from \$60 to \$100 million per years, depending on interest rates.

As you know, I grew up in the road construction business. My father was head of the Carolinas Branch of the AGC in the '50s, and if he had not been disabled in an accident I would be a contractor today instead of a politician. Even in the best of times being a contractor is a risky business. I think the state should take steps to bring some stability to its capital budget process. In the short run that may be painful but over the long haul I think it will help Alaska contractors as well as the Alaskan economy in general.

My best to your membership. We will pull through this transition period. The Alaska of the future will be a better place for all of us.

Sincerely yours,



Steve Cowper  
Governor

Original sponsor: Rules/Governor

1 IN THE SENATE BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 157 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act appropriating from the earnings reserve  
7 account of the Alaska permanent fund to the general  
8 fund."

*change #15 read  
this title*

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

*on SB 157  
GF - on - 175  
142*

*Make Joint  
App.*

10 \* Section 1. (a) An amount calculated under (b) of this section is  
11 appropriated from the earnings reserve account in the permanent fund  
12 (AS 37.13.145) to the general fund.

13 (b) The amount that may be appropriated under (a) of this section is  
14 the lesser of:

- 15 (1) ~~\$154,000,000~~, or *175 on 142.8*
- 16 (2) \$882,000,000 less the total of - *5045*

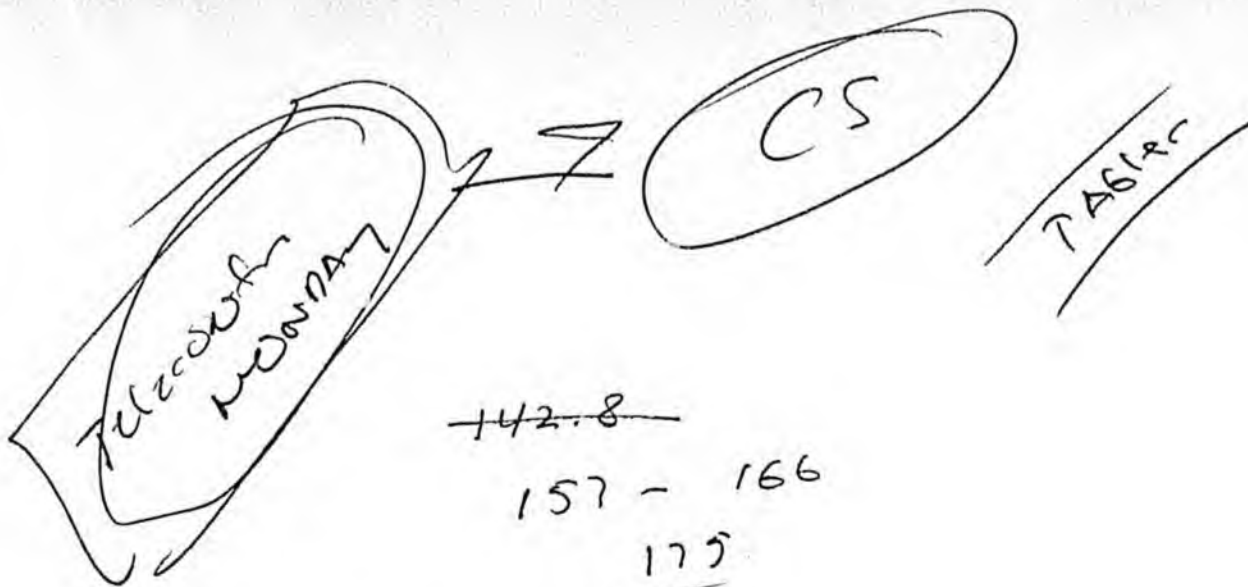
17 (A) the sum transferred from the budget reserve fund  
18 (AS 37.05.156) to the general fund by legislation enacted by the First  
19 Session of the Fifteenth Legislature;

20 (B) the total of appropriations made from the Railbelt  
21 energy fund (AS 37.06.153) by legislation enacted by the First Session  
22 of the Fifteenth Legislature that were formerly funded by the general  
23 fund; and

24 (C) the amount obtained by subtracting the January 1987  
25 revenue forecast for fiscal year 1987 prepared by the Department of  
26 Revenue from the March 1987 revenue forecast.

*Detail*

*SB 157  
Revenue?*



~~142.8~~  
 157 - 166  
175

① SEC. 1  
 SA CS  
174.9

② effect date  
 sect 2. 7th effect increased  
 effective date

③ Title amended TOO

As Amended to file  
 157  
 JZ

b. h. 21

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y STATE CAPITAL  
JUNEAU, ALASKA 99811  
907 465 3800

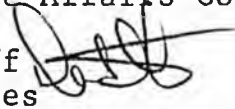
LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 2, 1987

SUBJECT: Title of HCS CSSB 157 (State Affairs)

TO: Representative Fran Ulmer  
Chair, House State Affairs Committee

FROM: David R. Dierdorff   
Revisor of Statutes

Enclosed is the draft committee substitute requested by Dennis Burns for your committee.

The bill passed the Senate without an effective date provision. Thus, to add an immediate effective date to the draft, it is necessary to add the standard effective date clause to the title of the bill. This raises a question under the Uniform Rules as to whether such a title change is allowed in the second house.

Uniform Rule 35 provides in part:

A motion or proposition on a subject that requires a change in the title of the bill as enacted in the house of origin, other than a clerical or technical change is not in order in the second house.

It is my opinion that a change in the title of a bill regarding the effective date is a technical change permitted under Rule 35. This has been the position taken by this office since 1984.

The vote on passage of a bill occurs separately from the vote on the effective date section. Failure to adopt a special effective date does not defeat the bill itself or serve to rescind action in passing the bill. This is because under Article II, Sec. 14 of the state constitution a bill may become law upon a majority vote of the membership of each house. Under Article II, Sec. 18 it is only the special effective date itself that requires a two-thirds vote.

Uniform Rule 39(f) provides

(f) If a bill or portion of a bill contains material which has an effective date other than the date which is 90 days after the bill becomes law, the bill must contain a section or sections setting out the proposed effective date or dates. The section or sections relating to the effective dates must be approved by an affirmative vote of two-thirds of the full membership of each house. If a section setting out an effective date fails to receive the required two-thirds vote in either house, the section is void and without effect and is deleted from the bill. The fact that a bill contains a section which sets out an effective date shall also be noted in the title of the bill.

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Representative Ulmer  
Page 3  
April 2, 1987

appropriated will not be certain (and the appropriation made by the bill can not be executed) until the annual financial report is published. Although the statute (AS 37.05.210(2)) requires publication by October 16, in the past two years it has not been published until early in the following year. I understand that the new commissioner promises to use every effort to meet the statutory deadline. Even if that occurs, it would be after the effective date of this bill without a special effective date. Consequently, the only advantage to an immediate effective date would be to encumber the necessary funds at an earlier date. That, of course, is a policy question for you to determine.

In any event, if you choose to add an effective date, we believe that that action is allowed under the Uniform Rules even though it may create some procedural delays.

DRD:mkr  
m10/088

Enclosure

w01387X  
Dierdorff  
4/2/87

Original sponsor: Rules/Governor

Funding Information

General Fund	\$(174,900,000)
Other Funds	174,900,000
	\$ -0-

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 157 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act appropriating from the earnings reserve  
7 account of the Alaska permanent fund to the general  
8 fund; and providing for an effective date."

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

10 \* Section 1. An amount not to exceed \$174,900,000 that is sufficient to  
11 offset any negative amount in the "Available Fund Equity/Balance" for the  
12 general fund as reported for June 30, 1987, on the "State of Alaska, All  
13 Fund Types and Account Groups, Combined Balance Sheet" in the annual finan-  
14 cial report for fiscal year 1987 published under AS 37.05.210(2), is appro-  
15 priated from the earnings reserve account of the Alaska permanent fund  
16 (AS 37.13.145) to the general fund.

17 \* Sec. 2. This Act takes effect immediately under AS 01.10.070(c).  
18  
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## Alaska Permanent Fund Corporation

### FINANCIAL PROJECTIONS (in millions)

as of March 20, 1987

FY	PRINCIPAL					INCOME					Reserves		
	FY Begin Balance	Appropriations	Dedicated State Revenues*	Inflation Proofing	FY End Balance	Inflation Proofing Shortfall	Net Income	Distributions			General Fund	Add (Delete)	FY End Balance
								Dividends	Per Capita Dividends**	Inflation Proofing			
78			54		54		2				1		
79	54		84		139		8				7		
80	139		344		483		32	12			12		
81	483	900	385		1,769		150	28			28	59	59
82	1,769	800	401		2,969		368	71	\$1,000.00		71	195	244
83	2,969	400	421	231	4,021		471	103	\$386.15	231	110	110	354
84	4,021	300	366	151	4,838		530	175	\$331.29	151		204	557
85	4,238	300	368	235	5,741		658	217	\$404.00	235		205	763
86	5,741		323	216	6,281		1,021	303	\$556.26	216		501	1,264
87	6,281	1,264	150	148	7,643		1,047	339	\$723.21	148	154	355	355
88	7,643		165	320	8,329		781	422	\$726.20	320		33	394
89	8,329		137	511	9,026		331	454	\$842.16	511		( 134)	261
90	9,026		206	554	9,787		395	478	\$883.53	554		( 147)	114
91	9,787		194	586	10,567	13	942	471	\$865.58	536		( 114)	
92	10,567		211	539	11,317	108	1,006	467	\$953.98	539			
93	11,317		225	579	12,121	113	1,077	498	\$907.67	579			
94	12,121		230	622	12,973	120	1,153	532	\$965.71	622			
95	12,973		230	665	13,368	127	1,233	568	\$1,023.35	665			
96	13,868		229	710	14,807	136	1,318	608	\$1,095.60	710			
97	14,807		231	757	15,795	146	1,406	650	\$1,167.14	757			
98	15,795		231	805	16,831	156	1,499	694	\$1,242.19	805			
99	16,831		228	856	17,915	167	1,597	741	\$1,320.33	856			
0	17,915		223	909	19,047	179	1,699	790	\$1,402.17	909			
1	19,047		217	955	20,228	191	1,805	841	\$1,487.32	955			
2	20,228		215	1,022	21,466	204	1,917	894	\$1,575.97	1,022			
3	21,466		210	1,033	22,753	218	2,033	950	\$1,668.12	1,033			
4	22,758		208	1,146	24,111	232	2,155	1,009	\$1,763.84	1,146			
5	24,111		205	1,212	25,529	247	2,282	1,070	\$1,853.60	1,212			
-----													
Cumulative Totals:	3,964		6,742	14,822	25,529	2,357	29,905	13,437	\$25,110.43	14,822	333	1,264	
-----													

ASSUMPTIONS: 1.92% Inflation Rate FY 87  
13.94% Rate of Return FY 87

4.00% Inflation Rate FY 88  
9.00% Rate of Return FY 88

\* SOURCE: Alaska Department of Revenue  
88% Case Forecast - March 1987

Original sponsor: Rules/Governor

Funding Information

General Fund	\$ (174,900,000)
Other Funds	174,900,000
	\$ <u>-0-</u>

IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

HOUSE CS FOR CS FOR SENATE BILL NO. 157 (State Affairs)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act appropriating from the earnings reserve account of the Alaska permanent fund to the general fund; and providing for an effective date."

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

\* Section 1. An amount not to exceed \$174,900,000 that is sufficient to offset any negative amount in the "Available Fund Equity/Balance" for the general fund as reported for June 30, 1987, on the "State of Alaska, All Fund Types and Account Groups, Combined Balance Sheet" in the annual financial report for fiscal year 1987 published under AS 37.05.210(2), is appropriated from the earnings reserve account of the Alaska permanent fund (AS 37.13.145) to the general fund.

\* Sec. 2. This Act takes effect immediately under AS 01.10.070(c).



Official Business

**COMMITTEE:**  
HOUSE STATE AFFAIRS

---

**DATE:** 4-1-87

**Subject of meeting:**  
HB 154  
CSSB 157  
HB 166

# SIGN-IN

NAME	ADDRESS	PHONE	REPRESENTING	If testifying, which Bill #?
Pat Shaw	Box 022036 Juneau 99802	586-1457 586-1710	self	HB 154
John Hancock	Dept of Rev	465-2343	State	NO HB 154
✓ Bill Schneider	Assoc General Contractors <small>Box 4-2509 Anchorage 99509</small>	561-5354	AGC	SB 157
Jim Kelly	APFC	2047	APFC	SB 157
✓ Pat Steward	President - A.G.C. <small>134 W. Prudhoe Bay Box 4-2509 Anch. 99509</small>	586-1740	AGC	SB 157
✓ Mary Hallman			OMB	SB 157

**POTENTIAL IMPACTS ON THE PERMANENT FUND**

**IF THE INCOME TAX PROPOSAL**

**AND/OR THE ELF PROPOSAL**

**ARE NOT ADOPTED**

Office of the Governor  
Division of Policy

March/24/1987

OVERVIEW OF POTENTIAL  
PERMANENT FUND IMPACTS,  
FY 87 - FY91

Introduction:

The Four-Year Outlook that Governor Cowper has adopted points out the need to address Alaska's fiscal problems through a variety of cost-cutting measures and new revenue sources. The new revenue sources which he has proposed include a personal income tax, suspension of the Economic Limit Factor (ELF) for the Prudhoe Bay oil field, and the use of Permanent Fund reserves to eliminate the FY87 and FY88 budget deficits.

The projections in this packet show the estimated effects on the Permanent Fund if the Governor's income tax proposal and/or his ELF proposal were not adopted, and the revenue thereby foregone had to be made up from Permanent Fund earnings. (A summary of the required draws on the Permanent Fund is included.)

Base Case:

This projection shows the current status and outlook for the Permanent Fund, based on the most recent Alaska Permanent Fund Corporation projection (February 28, 1987). The earnings and inflation assumptions shown are those used by the Corporation in making its projections, and are employed in all of the projections included here.

Case 1:

This projection shows the effects on the Permanent Fund if the Fund's earnings were used just to meet the FY87 and FY88 budget deficits identified in the Four-Year Outlook. As can be seen, this would produce inflation-proofing shortfalls three years sooner than under the Base Case, resulting in the loss of \$186 million in inflation-proofing deposits to the Fund's principal. Because of the lost earnings this would entail, the Fund's principal by the end of FY91 would be about \$189 million less than under the Base Case.

Case 2:

This projection shows the effects on the Permanent Fund if the Fund's earnings were used to meet the FY87 and FY88 deficits, and to make up the revenue that would be needed if the Governor's income tax proposal were not adopted. As can be seen, this would produce inflation-proofing shortfalls as early as FY89, resulting in the loss of more than \$1.1 billion in inflation-proofing deposits to the Fund's principal. Because of this, the Fund's principal by FY91 would be more than \$1.16 billion less than under the Base Case.

Case 3:

This projection shows the effects on the Permanent Fund if the Fund's earnings were used to meet the FY87 and FY88 deficits, and to make up the revenue that would be needed if the Governor's ELF proposal were not adopted. As can be seen, this also would produce inflation-proofing shortfalls as early as FY89, and would result in the loss of about \$628 million in inflation-proofing deposits to the Fund's principal. Because of this, the Fund's principal by FY91 would be about \$656 million less than under the Base Case.

Case 4:

This projection shows the effects on the Permanent Fund if the Fund's earnings were used to meet the FY87 and FY88 deficits, and to make up the revenue that would be needed if neither the Governor's income tax proposal nor his ELF proposal were adopted. As can be seen, this would produce inflation-proofing shortfalls by FY89, and would result in the loss of about \$1.47 billion in inflation-proofing deposits to the Fund's principal. Because no inflation-proofing funds would be available by FY90, part of the draws for FY90 and FY91 would have to come directly out of funds otherwise available for Dividends. Because of this, the Fund's principal by FY91 would be more than \$1.55 billion less than under the Base Case.

23-Mar-87

**BASE CASE**  
**2/28/87 PERMANENT FUND PROJECTION**  
**INCLUDES FEBRUARY 1987 STOCK SALE**

**PRINCIPAL**

**INCOME**

**Distributions:**

**Reserves:**

FY	FY Start Balance	Appropriations	Dedicated Revenue	Inflation-Proofing	FY End Balance	Inflation-Proofing Shortfall	Distributions:				Reserves:		
							Net Income	Dividends	Per Capita Dividends	Inflation-Proofing	General Fund	Add (Delete)	FY End Balance
87	6,281	1,264	103	147	7,795	0	1,046	389	\$723	147	0	510	510
88	7,795	0	137	317	8,249	0	789	423	\$788	317	0	49	559
89	8,249	0	160	505	8,913	0	838	455	\$845	505	0	(122)	438
90	8,913	0	167	545	9,624	0	889	480	\$887	545	0	(135)	302
91	9,624	0	162	587	10,373	0	943	473	\$869	587	0	(117)	186
<b>Total:</b>					10,373	0	4,505	2,220	\$4,112	2,101	0		186

Ann. Avg. = \$822

**ASSUMPTIONS:**

	FY87	FY88	After FY88
Rate of Return	13.97%	9.0%	9.0%
Inflation	1.92%	4.0%	6.0%

30th Percentile Revenue Forecast (January 1987)

**EFFECTS:**

- o First inflation-proofing shortfall occurs in FY93 (not shown).
- o Total inflation-proofing shortfall through FY91 is zero.
- o FY91 end balance (principal) is \$10,373 million.

Source: Division of Policy, Office of the Governor

23-Mar-87

**CASE 1**  
**DRAWS FOR FY87 AND FY88 DEFICITS**

**PRINCIPAL**

FY	FY Start Balance	Appropriations	Dedicated Revenue	Inflation-Proofing	FY End Balance	Inflation-Proofing Shortfall
87	6,281	1,264	103	147	7,795	0
88	7,795	0	137	317	8,249	0
89	8,249	0	160	505	8,913	0
90	8,913	0	167	494	9,573	50
91	9,573	0	162	449	10,184	136
<b>Total:</b>					10,184	186

**INCOME**

Net Income	Distributions:			General Fund	Reserves:	
	Dividends	Per Capita Dividends	Inflation-Proofing		Add (Delete)	FY End Balance
1,046	389	\$723	147	142.8	367	367
776	421	\$785	317	150.3	(113)	254
809	451	\$837	505	0	(146)	108
858	472	\$872	494	0	(108)	0
910	461	\$848	449	0	0	0
<b>4,399</b>	<b>2,194</b>	<b>\$4,065</b>	<b>1,912</b>	<b>293.1</b>		<b>0</b>

Ann. Avg. = \$813

**ASSUMPTIONS:**

	FY87	FY88	After FY88
Rate of Return	13.97%	9.0%	9.0%
Inflation	1.92%	4.0%	6.0%

30th Percentile Revenue Forecast (January 1987)

**EFFECTS:**

- o First inflation-proofing shortfall occurs in FY90.
- o Total inflation-proofing shortfall through FY91 is \$186 million.
- o FY91 end balance (principal) is \$189 million lower than Base Case.

Source: Division of Policy, Office of the Governor

23-Mar-07

**CASE 2**  
**DRAWS FOR FY87 AND FY88 DEFICITS,**  
**AND NO INCOME TAX**

**PRINCIPAL**

**INCOME**

**Distributions:**

**Reserves:**

FY	FY Start Balance	Appropriations	Dedicated Revenue	Inflation-Proofing	FY End Balance	Inflation-Proofing Shortfall	Distributions:				Reserves:		
							Not Income	Dividends	Per Capita Dividends	Inflation-Proofing	General Fund	Add (Doloto)	FY End Balance
87	6,281	1,264	103	147	7,795	0	1,046	389	\$723	147	142.8	367	367
88	7,795	0	137	317	8,249	0	776	421	\$785	317	233.3	(196)	171
89	8,249	0	160	268	8,676	237	801	450	\$835	268	255.0	(171)	0
90	8,676	0	167	89	8,931	441	825	467	\$864	89	269.0	0	0
91	8,931	0	162	117	9,210	429	849	451	\$828	117	282.0	0	0
<b>Total:</b>					<b>9,210</b>	<b>1,107</b>	<b>4,297</b>	<b>2,178</b>	<b>\$4,035</b>	<b>938</b>	<b>1,182.1</b>		<b>0</b>

Ann. Avg. = \$807

**ASSUMPTIONS:**

	FY87	FY88	Alt or FY88
Rate of Return	13.97%	9.0%	9.0%
Inflation	1.92%	4.0%	6.0%

30th Percentile Revenue Forecast (January 1987)

**EFFECTS:**

- o First inflation-proofing shortfall occurs in FY88.
- o Total inflation-proofing shortfall through FY91 is \$1.107 billion.
- o FY91 end balance (principal) is \$1.163 billion lower than Base Case.

Source: Division of Policy, Office of the Governor

23-Mar-87

**CASE 3**  
**DRAWS FOR FY87 AND FY88 DEFICITS,**  
**AND NO ELF**

**PRINCIPAL**

**INCOME**

FY	FY Start Balance	Appropriations	Dedicated Revenue	Inflation-Proofing	FY End Balance	Inflation-Proofing Shortfall	Distributions:				Reserves:		
							Not Income	Dividends	Per Capita Dividends	Inflation-Proofing	General Fund	Add (Delete)	FY End Balance
87	6,281	1,264	103	147	7,795	0	1,046	389	\$723	147	142.8	367	367
88	7,795	0	137	317	8,249	0	776	421	\$785	317	237.6	(201)	167
89	8,249	0	160	415	8,824	89	801	450	\$835	415	102.4	(167)	0
90	8,824	0	167	258	9,248	281	839	469	\$867	258	112.6	0	0
91	9,248	0	162	307	9,717	258	879	455	\$837	307	116.9	0	0
<b>Total:</b>					<b>9,717</b>	<b>628</b>	<b>4,341</b>	<b>2,184</b>	<b>\$4,047</b>	<b>1,444</b>	<b>712.3</b>		<b>0</b>

Ann. Avg. = \$809

**ASSUMPTIONS:**

	FY87	FY88	After FY88
Rate of Return	13.97%	9.0%	9.0%
Inflation	1.92%	4.0%	6.0%

30th Percentile Revenue Forecast (January 1987)

**EFFECTS:**

- o First inflation-proofing shortfall occurs in FY89.
- o Total inflation-proofing shortfall through FY91 is \$628 million.
- o FY91 end balance (principal) is \$656 million lower than Base Case.

Source: Division of Policy, Office of the Governor

## CASE 4

DRAWS FOR FY87 AND FY88 DEFICITS,  
NO ELF, AND NO INCOME TAX

## PRINCIPAL

FY	FY Start Balance	Appropriations	Dedicated Revenue	Inflation-Proofing	FY End Balance	Inflation-Proofing Shortfall
87	6,281	1,264	103	147	7,795	0
88	7,795	0	137	317	8,249	0
89	8,249	0	160	84	8,492	421
90	8,492	0	167	0	8,659	520
91	8,659	0	162	0	8,821	529
<b>Total:</b>					8,821	1,470

## INCOME

Net Income	Distributions:				Reserves:	
	Dividends	Per Capita Dividends	Inflation-Proofing	General Fund	Add (Delete)	FY End Balance
1,046	389	\$723	147	142.8	367	367
776	421	\$785	317	320.6	(284)	84
793	435	\$808	84	357.4	(84)	0
808	427	\$787	0	381.6	0	0
824	425	\$780	0	398.9	0	0
<b>Total:</b>	<b>2,097</b>	<b>\$3,883</b>	<b>548</b>	<b>1,601.3</b>		<b>0</b>

Ann. Avg. = \$777

## ASSUMPTIONS:

	FY87	FY88	After FY88
Rate of Return	13.97%	9.0%	9.0%
Inflation	1.92%	4.0%	6.0%

30th Percentile Revenue Forecast (January 1987)

Source: Division of Policy, Office of the Governor

## EFFECTS:

- o First Inflation-proofing shortfall occurs in FY89.
- o Total Inflation-proofing shortfall through FY91 is \$1.47 billion.
- o FY91 end balance (principal) is \$1.552 billion lower than Base Case.
- o Inflation-proofing funds not available in FY90 and FY91, so part of draws come directly out of Dividends.

24-Mar-87

**COMPONENTS OF ANNUAL DRAWS  
ON PERMANENT FUND EARNINGS**

FY 87 - FY91

**DRAWS FOR CASE 1 :**

	FY87	FY88	FY89	FY90	FY91
Deficits	142.8	150.3			
<b>Total:</b>	<b>142.8</b>	<b>150.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**DRAWS FOR CASE 3 :**

	FY87	FY88	FY89	FY90	FY91
Deficits	142.8	150.3			
No ELF		87.3	102.4	112.6	116.9
<b>Total:</b>	<b>142.8</b>	<b>237.6</b>	<b>102.4</b>	<b>112.6</b>	<b>116.9</b>

**DRAWS FOR CASE 2 :**

	FY87	FY88	FY89	FY90	FY91
Deficits	142.8	150.3			
No Income Tax		83.0	255.0	269.0	282.0
<b>Total:</b>	<b>142.8</b>	<b>233.3</b>	<b>255.0</b>	<b>269.0</b>	<b>282.0</b>

**DRAWS FOR CASE 4 :**

	FY87	FY88	FY89	FY90	FY91
Deficits	142.8	150.3			
No Income Tax		83.0	255.0	269.0	282.0
No ELF		87.3	102.4	112.6	116.9
<b>Total:</b>	<b>142.8</b>	<b>320.6</b>	<b>357.4</b>	<b>381.6</b>	<b>398.9</b>

Source: Division of Policy, Office of the Governor



## Alaska Permanent Fund Corporation

### FINANCIAL PROJECTIONS (in millions)

as of March 20, 1987

FY	PRINCIPAL						INCOME					RESERVES	
	FY Begin Balance	Appropriations	Dedicated		Inflation Proofing Shortfall	FY End Balance	Net Income	Distributions			General Fund	Add (Delete)	FY End Balance
			State Revenues*	Inflation Proofing				Per Capita Dividends**	Inflation Proofing				
78			54		54	2					1		
79	54		84		139	8					7		
80	139		344		483	32	12				12		
81	483	900	385		1,769	150	28				28	59	59
82	1,769	800	401		2,969	368	71	\$1,000.00			71	135	244
83	2,969	400	421	231	4,021	471	103	\$366.15	231	110	110	110	354
84	4,021	300	366	151	4,833	530	175	\$331.29	151			204	557
85	4,833	300	368	235	5,741	658	217	\$404.00	235			205	763
86	5,741		323	216	6,281	1,021	303	\$556.26	216			581	1,264
87	6,281	1,264	150	143	7,843	1,047	389	\$723.21	143	510			
88	7,843		165	320	8,329	747	418	\$779.54	320			3	3
89	8,329		187	357	8,872	795	446	\$828.14	357			( 3)	
90	8,872		206	380	9,458	846	466	\$862.03	380				
91	9,458		194	446	10,098	901	455	\$835.72	446				
92	10,098		211	515	10,825	962	446	\$815.82	515				
93	10,825		225	555	11,605	1,031	476	\$867.06	555				
94	11,605		230	596	12,431	1,105	509	\$922.65	596				
95	12,431		230	638	13,299	1,182	544	\$983.44	638				
96	13,299		229	682	14,210	1,264	582	\$1,048.48	682				
97	14,210		231	727	15,168	1,350	623	\$1,117.83	727				
98	15,168		231	775	16,173	1,440	666	\$1,190.52	775				
99	16,173		228	824	17,225	1,535	711	\$1,266.56	824				
0	17,225		223	875	18,323	1,634	758	\$1,345.65	875				0
1	18,323		217	929	19,469	1,737	808	\$1,428.53	929				1
2	19,469		215	985	20,669	1,845	860	\$1,514.36	985				2
3	20,669		210	1,043	21,922	1,953	914	\$1,603.90	1,043				3
4	21,922		208	1,105	23,235	2,076	971	\$1,696.35	1,105				4
5	23,235		205	1,169	24,609	2,199	1,031	\$1,793.52	1,169				5
-----													
Cumulative Totals:	2,964		6,742	13,902	24,609	2,699	23,892	12,573	\$24,301.92	13,902	739	1,264	
-----													

ASSUMPTIONS: 1.92% Inflation Rate FY 87  
13.54% Rate of Return FY 87

4.00% Inflation Rate FY 83  
9.00% Rate of Return FY 83

\* SOURCE: Alaska Department of Revenue  
201 Case Forecast - March 1987

STATUS QUD EXCEPT FOR FY 87 ONLY,  
EARNINGS RESERVE TO GENERAL FUND

5.00% Inflation Rate FY 83-05  
9.00% Rate of Return FY 83-05

\*\* SOURCE: Population Projections From  
DOR Revenue Source Book - Page 44

S B

173

# HOUSE COMMITTEE REPORT

(7)

Date referred: 5/1/87

FURTHER REFERRALS: Finance

DATE: 5-13-87

The State Affairs Committee has considered CSSB 173(SA)

"An Act relating to contributions from permanent fund dividends to the community school grant fund; and providing for an effective date."

**RECOMMENDS:**

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

**ADOPTS:**  \_\_\_\_\_ letter of intent

**ATTACHES NEW FISCAL NOTE(S):**

- fiscal impact  same as previous fiscal note published \_\_\_\_\_
- zero fiscal note  same as previous zero fiscal note published \_\_\_\_\_
- zero with analysis

**SIGNING DO PASS:**

*C. G. Baker*  
 \_\_\_\_\_  
*Tom M... ..*  
 \_\_\_\_\_  
*Cliff Davidson*  
 \_\_\_\_\_  
*John Wilson*  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**SIGNING OTHER RECOMMENDATIONS:**

*Les Hill*  
 \_\_\_\_\_  
*Larry ... ..*  
 \_\_\_\_\_  
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 \_\_\_\_\_

*John Wilson*  
 \_\_\_\_\_  
 Chairman's signature

Original sponsors: Uehling, Hensley,  
Josephson, et al.

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE  
2 CS FOR SENATE BILL NO. 173 (State Affairs)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FIFTEENTH LEGISLATURE - FIRST SESSION  
5 A BILL

6 For an Act entitled: "An Act relating to contributions from permanent fund  
7 dividends to the community school grant fund; and  
8 providing for an effective date."

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

10 \* Section 1. AS 43.23 is amended by adding a new section to read:

11 Sec. 43.23.016. CONTRIBUTIONS FROM DIVIDENDS. (a) The depart-  
12 ment shall prepare the permanent fund dividend application to allow an  
13 applicant to elect to have money subtracted from the dividend check  
14 and contributed to the community school grant fund (AS 14.36.020).

15 (b) The amount of each contribution elected under (a) of this  
16 section is \$5. Contributions shall be deposited in a special dividend  
17 contribution account in the general fund and allocated by the depart-  
18 ment in accordance with the contribution elections made by applicants  
19 except that the department shall use money in the account to pay  
20 administrative costs incurred under this section.

21 \* Sec. 2. This Act takes effect July 1, 1987.

↓ \* §24 senate budget



Official Business

# Alaska State Legislature

## House

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

SENATE BILL 173

FILE CONTENTS

1. CS SB 173 (SA): AN ACT RELATING TO CONTRIBUTIONS FROM PERMANENT FUND DIVIDENDS TO THE COMMUNITY SCHOOL GRANT FUND; AND PROVIDING FOR AN EFFECTIVE DATE
2. SENATE LETTER OF INTENT FOR CS SB 173 (SA)
3. MEMORANDUM FROM SENATOR UEHLING TO REPRESENTATIVE ULMER, DATED MAY 4, 1987
4. PAMPHLET: "ALASKA ASSOCIATION FOR COMMUNITY EDUCATION"
5. AS 14.36.010

### FISCAL NOTES

- A. DEPARTMENT OF REVENUE, ADMINISTRATIVE SERVICES: -0-
- B. DEPARTMENT OF EDUCATION, EDUCATION PROGRAM SUPPORT, COMMUNITY SCHOOLS: -0-

SENATE  
Letter of Intent  
FOR

CSSB 173 (SA)

The Senate Committee on State Affairs has considered CSSB 156 (SA) (contributions from permanent fund dividends for political parties; efd); CSSB 173 (SA), (contributions from permanent fund dividends to the community school grant fund; efd) and CSSB 180 (SA) (contributions from permanent fund dividends for the World Eskimo-Olympics; efd).

It is the intent of the Senate Committee on State Affairs that language be inserted in all of the permanent fund dividend check-off bills which would devise a system of prioritizing the check-off programs to provide for instances where garnishments or assignments reduce the dividend, leaving insufficient funds to honor all of the programs which the individual has selected. The committee proposes that the order of prioritization be based on date of enactment. In cases where two bills have the same date of enactment, it is the intent of the committee that the bills be listed in alphabetical order.

Adopted 4/30/87.

SENATE LETTER OF INTENT



Official Business

# Alaska State Legislature

## Senate

SENATOR RICK UEHLING

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

### Senate Finance Committee

#### M E M O R A N D U M

TO: Representative Fran Ulmer  
Chair, House State Affairs Committee

FROM: Senator Rick Uehling

SUBJECT: SB 173, "An Act relating to contributions from  
Permanent Fund Dividends for Community Schools"

DATE: May 4, 1987

I have asked staff to provide to provide the following background and analysis to SB 173, "An Act relating to contributions from Permanent Fund Dividends for Community Schools."

SB 173 establishes a Permanent Fund Dividend Check-off of 5 dollars for Community Schools programs. Community Schools are established under AS 14.36.010 to allow citizens of a local community to establish programs at local schools which meet local educational, cultural, social and recreational needs.

There are currently 313 Community School sites throughout the State. Using more than 2,987 local instructors and over 33,175 local volunteers, classes are provided to over \*1,016,960 participants in one or more classes.

With the proposed elimination of State funds in the Governor's budget for Community Schools, I and many other Legislators are looking for other ways to fund this program. I believe the Permanent Fund Dividend Check-off of 5 dollars can be an important way to reduce general fund dollars without eliminating the program completely. I believe it is important to note that Community Schools were in existence prior to Prudhoe Bay.

As a reference, the 5 dollar Permanent Fund Dividend Check-off for the Olympics raised 765,050 dollars.

The Senate State Affairs Committee Substitute creates PFD Check-off programs within the Department of Revenue. This was an attempt to standardize all PFD Check-off legislation.

\* Participants are counted by the number of classes they register for and attend.

# What is Our Purpose?

To meet the basic needs of Alaskans by securing local resources to solve community problems. Using the public school system as a focal point, Community Schools meet these basic needs, and the educational, social, cultural, and recreational interests as well.

**The Community Schools Act, established in 1974 gives every school district in Alaska the opportunity to enrich the lives of its citizens through Community Education.**  
State statute #14.36.010 code

# Community Education Facts 1985-1986

Community Education Sites	313	Contact hours	320,934
Full time staff	248	Participants in one or more Programs	1,016,960
Community Education instructors	2,987	Community Education volunteers	33,175
Agencies using Community Education	341	State Funds	\$4,075,400
Programs	21,076	Local/Matching Funds	\$6,173,434

# What is a Community School?

A school is used by community residents as a central point for activities, meetings, and classes to make the community a

better place to live. The resources available are used to meet the needs and interests of the people.



# How Does This Happen?

Community education utilizes one of Alaska's largest public investments, the public schools. The program allows citizens to become involved in decision making at local levels. Community schools in Alaska recognize that learning is a life-long process and provides educational activities for all

ages. Community schools works with agencies to meet community needs, and expands agencies' programs through the use of school facilities. Community education expands the education of our children through community resources, and promotes the family unit as the foundation of a strong neighborhood.



# What We Want?

A policy statement incorporated into the Public School Foundation Program identifying funds to be spent on community school programs

—OR—

Reinstate Community Schools grant at 1986-1987 maintenance level funding.

## Services

The diversity of Community Schools enables it to work as a delivery system for agencies, facilitate resources, and combine professional and volunteer skills to meet basic needs and solve community problems.

- Formal and informal continuing education for all ages
- Recreation for all ages
- Curriculum enrichment programs for schools
- Senior citizen health programs
- Child care services
- Physical fitness programs
- Tutorial and special help programs
- Special events (carnivals, potlucks, health fairs, bazaars)
- Health programs (drug education, suicide prevention, counseling)
- Preschool

**For More Information Contact:**  
**Alaska Association For**  
**Community Education**  
**P.O. Box 103302**  
**Anchorage, Alaska 99510**  
**(907) 264-4366**



Alaska Association For <sup>MAR 16 1987</sup>  
Community Education

P.O. Box 103302 • Anchorage, Alaska 99511  
264-4366



223



STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

Bill Version : CSSB 171 (SA)  
Publish Date : \_\_\_\_\_

REQUEST: \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: Contributions from permanent  
fund dividends to community schools  
Sponsor: Hehling, et al  
Requestor: Senate Finance

Agency Affected: Dept. of Revenue  
BRU: Administrative Services

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	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)

\_\_\_\_\_

Prepared by: *John Binkley*  
Division: Senator John Binkley, Co-chairman  
Senate Finance Committee

Phone: 465-4085  
Date: April 9, 1987

Approved by Commissioner: \_\_\_\_\_  
Agency: \_\_\_\_\_

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

Distribution (by preparer):

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

187



STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

REQUEST: \_\_\_\_\_

Bill Version: SB-173 (SA)  
Publish Date: 3/31

Revision Date: \_\_\_\_\_  
Title: ...contributions from permanent  
fund dividends for community schools...  
Sponsor: Senator Uehling, et al  
Requestor: Senate State Affairs

Agency Affected: Education  
BRU: Education Program Support  
Components: Community Schools

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	0	0				
MISCELLANEOUS						
TOTAL OPERATING						

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

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

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)

The department has no way of knowing how much revenue would be generated under this bill.

Prepared by: Steve Hole  
Division: Commissioner's Office

Phone: 465-2800  
Date: March 23, 1987

Approved by Commissioner: Marshall L. Lind  
Agency: Education

Date: March 23, 1987

Distribution (by preparer):

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

S B

180

# HOUSE COMMITTEE REPORT

(7)

Date referred: 5/1/87

FURTHER REFERRALS: Finance

DATE: 5-13-87

The State Affairs Committee has considered CSSB 180(SA)

"An Act relating to contributions from permanent fund dividends for the World Eskimo-Indian Olympics; and providing for an effective date."

**RECOMMENDS:**

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

**ADOPTS:**  \_\_\_\_\_ letter of intent

**ATTACHES NEW FISCAL NOTE(S):**

- fiscal impact  same as previous fiscal note published \_\_\_\_\_
- zero fiscal note  same as previous zero fiscal note published \_\_\_\_\_
- zero with analysis

**SIGNING DO PASS:**

*Bob Parker*

*Sam M... ..*

*Mike Miller*

*Cliff Davidson*

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**SIGNING OTHER RECOMMENDATIONS:**

*David Douley NO REC*

*Terry Martin No Rec.*

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

*[Signature]*  
Chairman's signature



Official Business

# Alaska State Legislature

## House

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

SENATE BILL 180

FILE CONTENTS

1. CS SB 180 (SA): AN ACT RELATING TO CONTRIBUTIONS FROM PERMANENT FUND DIVIDENDS FOR THE WORLD ESKIMO-INDIAN OLYMPICS; AND PROVIDING FOR AN EFFECTIVE DATE
2. SENATE LETTER OF INTENT FOR CS SB 180 (SA)

FISCAL NOTE

- A. DEPARTMENT OF REVENUE, ADMINISTRATIVE SERVICES: -0-

SENATE  
Letter of Intent  
FOR

CSSB 180 (SA)

The Senate Committee on State Affairs has considered CSSB 156 (SA) (contributions from permanent fund dividends for political parties; efd); CSSB 173 (SA), (contributions from permanent fund dividends to the community school grant fund; efd) and CSSB 180 (SA) (contributions from permanent fund dividends for the World Eskimo-Olympics; efd).

It is the intent of the Senate Committee on State Affairs that language be inserted in all of the permanent fund dividend check-off bills which would devise a system of prioritizing the check-off programs to provide for instances where garnishments or assignments reduce the dividend, leaving insufficient funds to honor all of the programs which the individual has selected. The committee proposes that the order of prioritization be based on date of enactment. In cases where two bills have the same date of enactment, it is the intent of the committee that the bills be listed in alphabetical order.

Adopted 4/30/87.

SENATE LETTER OF INTENT

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE



REQUEST: \_\_\_\_\_

Bill Version: CSSB 180 (SA )  
Publish Date: \_\_\_\_\_

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

Agency Affected: Dept. of Revenue  
BRU: Administrative Services

Title: Act relating to the World Eskimo-Indian Olympics

Sponsor: Bennett, et al

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

Requestor: Senate Finance

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

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)

\_\_\_\_\_

Prepared by: *John Binklev*  
Division: Senator John Binklev, Co-Chairman  
Senate Finance Committee

Phone: 465-1985  
Date: April 9, 1987

Approved by Commissioner: \_\_\_\_\_  
Agency: \_\_\_\_\_

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

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

SB

201



Official Business

# Alaska State Legislature

## House

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

SENATE BILL 201

FILE CONTENTS

1. CS SB 201 (SA): AN ACT RELATING TO THE LOCAL AGRICULTURAL AND FISHERIES PRODUCT PREFERENCE; AND PROVIDING FOR AN EFFECTIVE DATE
2. POSITION PAPER, DEPARTMENT OF ADMINISTRATION
3. AS 36.30

FISCAL NOTE

- A. DEPARTMENT OF ADMINISTRATION. GENERAL SERVICE AND SUPPLY: -0-



Original sponsors: Josephson, Szymanski,  
Fahrenkamp, et al.

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 201 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the local agricultural and fish-  
7 eries product preference; and providing for an effec-  
8 tive date."

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

10 \* Section 1. AS 36.15.050 is amended to read:

11 Sec. 36.15.050. USE OF LOCAL AGRICULTURAL AND FISHERIES PRODUCTS  
12 REQUIRED IN PURCHASES WITH STATE MONEY. (a) When agricultural prod-  
13 ucts are purchased using state money, only agricultural products  
14 harvested in this state shall be purchased whenever [COMPETITIVELY]  
15 priced no more than seven percent above products harvested outside the  
16 state, available, and of like quality compared with agricultural  
17 products harvested outside the state.

18 (b) When fisheries products are purchased using state money,  
19 only fisheries products harvested or processed within the jurisdiction  
20 of the state shall be purchased whenever [COMPETITIVELY] priced no  
21 more than seven percent above products harvested or processed outside  
22 the jurisdiction of the state, available, and of like quality compared  
23 with fisheries products harvested or processed outside the jurisdic-  
24 tion of the state.

25 (c) In [AS USED IN] this section,

26 (1) "agricultural products" includes, but is not limited  
27 to, dairy products, timber and lumber harvested in the state and  
28 products manufactured in the state from timber and lumber that has  
29 been harvested in the state;

1                   (2) "state money" includes state reimbursement to municipi-  
2 palities and school districts for school or related construction,  
3 foundation funding for education, municipal assistance, revenue shar-  
4 ing, and state funds for capital projects.

5 \* Sec. 2. AS 36.15.050 is amended by adding new subsections to read:

6           (d) A solicitation for the purchase of agricultural or fisheries  
7 products shall specify the requirement that products harvested in the  
8 state shall be used where possible. If state money is used to pur-  
9 chase agricultural or fisheries products harvested outside the state,  
10 the officer responsible for the purchase shall certify in writing the  
11 reasons that products harvested in the state were not purchased.

12           (e) If a contractor fails to comply with this section, the  
13 purchasing agency shall withhold the state money until the contractor  
14 complies. If a municipality or a school district fails to comply with  
15 this section, the department responsible for disbursing the state  
16 money to the municipality or school district shall withhold the money  
17 until the municipality or school district complies.

18           (f) An interested party, as defined in AS 36.30.699, may seek  
19 administrative or judicial review of the award of a contract in vio-  
20 lation of this section.

21           (g) Compliance with this section is not required if an exception  
22 to this section is mandated for participation in a federal program.

23 \* Sec. 3. AS 36.30.336 is amended to read:

24           Sec. 36.30.336. APPLICATION. Notwithstanding other provisions  
25 of this chapter, AS 36.30.322 - 36.30.338 apply to all procurements  
26 subject to this chapter [AS 36.30], except as provided in AS 36.15.050  
27 [AS 36.30.170(b) AND 36.30.322(b)].

28 \* Sec. 4. Section 3 of this Act takes effect on the effective date of  
29 sec. 2, ch. 106, SLA 1986.



Official Business

# Alaska State Legislature

## House

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

SENATE BILL 201

FILE CONTENTS

1. CS SB 201 (SA): AN ACT RELATING TO THE LOCAL AGRICULTURAL AND FISHERIES PRODUCT PREFERENCE; AND PROVIDING FOR AN EFFECTIVE DATE
2. POSITION PAPER, DEPARTMENT OF ADMINISTRATION
3. AS 36.30
4. PROPOSED HOUSE COMMITTEE SUBSTITUTE FOR SB 201

### FISCAL NOTE

- A. DEPARTMENT OF ADMINISTRATION, GENERAL SERVICE AND SUPPLY: -0-

POSITION PAPER  
SB 201



The bill provides that when State funds, including State grants to a municipality or school district, are used to purchase agricultural products, only products harvested in the state may be purchased when they are priced at no more than 7% more than other products and they are available and of like quality.

The bill also provides that when State funds, including State grants to a municipality or school district, are used to purchase fisheries products, only products harvested or processed within the jurisdiction of the state may be purchased when they are priced at no more than 7% more than other products and they are available and of like quality.

The bill requires that solicitations for agricultural or fisheries products contain the requirement that products harvested in Alaska will be used where possible and that the purchasing officer must certify, in writing, the reasons why Alaskan products were not purchased. If a contractor fails to comply with this section the purchaser may withhold funds until the contractor complies. An interested party may seek administrative or judicial review of a contract awarded in violation of this section.

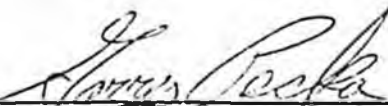
The Department of Administration is unable to calculate the fiscal impact passage of this legislation would have upon municipalities. The requirement to include municipal grants would have an insignificant affect on the cost to the department administering the grant program. It is likely some of the smaller communities receiving municipal grants would have difficulty providing the administrative review required by Section 3(e). The department supports inclusion of municipal grants in legislation relating to the local agricultural and fisheries product preference.

Procedures would be developed and put in place which provide a means for State agencies to monitor contracts for compliance.

The Department of Administration is neutral on this bill.

  
\_\_\_\_\_  
Robert J. Link, Director  
Division of General Services & Supply

3/27/87  
Date

  
\_\_\_\_\_  
Commissioner Garrey Peska  
Department of Administration

3/27/87  
Date

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE



Bill Version: CS SB 201 SA  
Publish Date: 3-31

REQUEST \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: An Act related to local  
agricultural and fisheries product  
preference  
Sponsor: Josephson et al.  
Requestor: \_\_\_\_\_

Agency Affected: Department of Administration  
BRU: General Services & Supply

Components: Purchasing

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
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

It is not possible to determine the fiscal impact of reduced competition and potentially higher prices caused by this bill.

Prepared By: Robert J. Link *Robert J. Link* Phone: 465-2250  
Division: General Services & Supply Date: March 26, 1987

Approved by Commissioner: Garrey Peska *Garrey Peska* Date: 3/27/87  
Agency: Department of Administration

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

S B

2 2 7

# HOUSE COMMITTEE REPORT

(7)

Date referred: 5/6/87

FURTHER REFERRALS: Finance

DATE: 5-13-87

The State Affairs Committee has considered CSSB 227(SA)

"An Act relating to claims of state agencies to permanent fund dividends."

**RECOMMENDS:**

- replace with HCS SB 227 (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:**

Terry Marton

Legna Hoffman

Mr. Walker

Cliff Davidson

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**SIGNING OTHER RECOMMENDATIONS:**

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\_\_\_\_\_

\_\_\_\_\_

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\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

[Signature]  
Chairman's signature

Original sponsors: Uehling and Faiks

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 227 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to claims of state agencies to  
7 permanent fund dividends."

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

9 \* Section 1. AS 43.23 is amended by adding a new section to read:

10 Sec. 43.23.067. CLAIMS OF STATE AGENCIES. (a) AS 09.38 does  
11 not apply to permanent fund dividends taken to satisfy debts under  
12 AS 43.23.065(b)(4). Notwithstanding AS 09.35, execution on a claim  
13 under AS 43.23.065(b)(4) may be accomplished by delivering a certified  
14 claim to the department containing the following information:

15 (1) the name and social security number of the individual  
16 whose dividend is being claimed;

17 (2) the amount the individual owes to the agency; and

18 (3) a statement that

19 (A) the debt has not been contested, or, if contested,  
20 that the issue has been resolved in favor of the agency; and

21 (B) if the debt has been contested and resolved in  
22 favor of the agency, no appeal is pending, the time limit for  
23 filing an appeal has expired, or the appeal has been resolved in  
24 favor of the agency.

25 (b) Upon receipt of a claim under (a) of this section the de-  
26 partment shall notify the individual of the claim. The notice shall  
27 be sent to the address provided in the individual's permanent fund  
28 dividend application and must provide the following information:

29 (1) the identity of the agency that has made the claim;

1 (2) the amount of the claim;

2 (3) notice that the amount of the permanent fund dividend  
3 that does not exceed the amount of the claim shall be paid to the  
4 agency unless the agency releases the claim or the individual requests  
5 a hearing on the validity of the claim from the agency making the  
6 claim within 10 days after the date the notice is sent by the  
7 department.

8 (c) If a hearing is requested by an individual under (b)(3) of  
9 this section, the agency making the claim shall notify the department.  
10 The agency making the claim is responsible for affording the individ-  
11 ual a hearing on the validity of the claim. A hearing is not required  
12 under this subsection on the validity of the debt that forms the basis  
13 for the claim. AS 44.62.330 - 44.62.630 apply to the hearing. If no  
14 notice of a request for a hearing or release of the claim is received  
15 by the department from the agency, the department shall pay the amount  
16 of the permanent fund dividend that does not exceed the amount of the  
17 claim to the agency making the claim.



Official Business

# Alaska State Legislature

## House

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

SENATE BILL 227

FILE CONTENTS

1. AN ACT RELATING TO CLAIMS OF STATE AGENCIES TO PERMANENT FUND DIVIDENDS
2. MEMORANDUM FROM SENATOR DEALING TO REPRESENTATIVE OLIVER, DATED MAY 3, 1987
3. SECTIONAL ANALYSIS OF SB 227
4. AS 43.23.055

### FISCAL NOTE

- A. DEPARTMENT OF EDUCATION, POSTSECONDARY EDUCATION, STUDENT LOAN ADMINISTRATION AND STUDENT LOAN FUND, DATED MAY 3, 1987: -5670,000-
- B. DEPARTMENT OF EDUCATION, POSTSECONDARY EDUCATION, STUDENT LOAN ADMINISTRATION AND STUDENT LOAN FUND, DATED 4-8-87: --
- C. DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT, OCCUPATIONAL LICENSING: --
- D. DEPARTMENT OF REVENUE, ADMINISTRATIVE SERVICES: 16,500

# STATE OF ALASKA THE LEGISLATURE

## LEGISLATIVE AFFAIRS AGENCY

POUCH Y STATE CAPITOL  
JUNEAU, ALASKA 99811  
907 465 3800

MEMORANDUM

April 8, 1987

SUBJECT: Sectional analysis of SB 227

TO: Senator Rick Uehling

FROM: Tamara Brandt Cook *TBC*  
Director  
Division of Legal Services

Here is the sectional analysis that you requested of SB 227 dealing with claims of state agencies to permanent fund dividends.

Sec. 1. A new section is added providing that AS 09.38 (Alaska Exemptions Act) does not apply to a dividend taken to satisfy a debt of a state agency. Execution on such a claim is accomplished by delivering a certified claim to the Department of Revenue containing certain information. Upon receipt of the claim the department is required to notify the individual and provide certain information, including notice that the individual may request a hearing within 10 days after the date the notice is sent by the department. AS 44.62.330 - 44.62.630 (Administrative Procedure Act) apply to a hearing requested by an individual. If no request for a hearing is received, the department is required to pay the amount of the permanent fund dividend that does not exceed the amount of the claim to the agency making the claim.

You have also asked whether the bill presents due process problems. I believe the bill would survive a due process challenge because the individual whose dividend is being claimed is given notice of that fact and accorded a hearing on the claim at his request. The hearing is subject to provisions of the Administrative Procedure Act that relate to administrative hearings, which set out procedures to be followed in the hearing and includes the opportunity to appeal a final administrative order to the superior court (AS 44.62.560). It is only when no request for a hearing is received that the department may proceed to pay money from the dividend to the agency making the claim.

TBC:mkr  
m10/121

320



STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

REQUEST: \_\_\_\_\_  
Revision Date: May 5, 1987  
Title: Claims to Permanent Fund  
Dividend  
Sponsor: Uehling, Paiks  
Requestor: Senate Finance

Bill Version: SB 227  
Publish Date: April 16, 1987

Agency Affected: Education  
BRU: Postsecondary Education  
Components: Student Loan Admin.  
Student Loan Fund

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	N.A.	-0-	-0-	-0-	-0-	-0-

CAPITAL	N.A.	(670.0)	(300.0)	(300.0)	(300.0)	(300.0)
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REVENUE						
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FUNDING: (Thousands of Dollars)

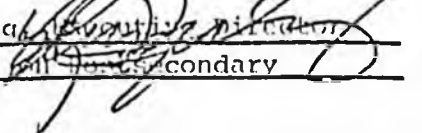
GENERAL FUND	N.A.	(670.0)	(300.0)	(300.0)	(300.0)	(300.0)
FEDERAL FUNDS						
OTHER						
TOTAL	N.A.	(670.0)	(300.0)	(300.0)	(300.0)	(300.0)

POSITIONS:

FULL-TIME	N.A.	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Loan impact is estimated at \$670,000 based upon what would have been recovered in FY 87. This will vary with dividend amount and default rate.

Prepared by: Kerry D. Romesburg  Phone: 465-2854  
Division: Alaska Commission on Postsecondary Education Date: May 5, 1987  
Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
Agency: \_\_\_\_\_

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



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

**REQUEST:** \_\_\_\_\_

Bill Version : SB 227  
Publish Date : 4-1-87

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

Agency Affected: Education

Title : Re: Claims to Permanent  
Fund Dividends

BRU: Postsecondary Commission

Sponsor: Uehling, Faiks

Components: Student Loan Admin.

Requestor: Senate State Affairs

Student Loan Fund

**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						
<b>TOTAL OPERATING</b>	N.A.	-0-	-0-	-0-	-0-	-0-

<b>CAPITAL</b>	N.A.	-----	see attached	-----		
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<b>REVENUE</b>						
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND	N.A.	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	N.A.					

**POSITIONS:**

FULL-TIME	N.A.	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

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

(see attached page)

Prepared by : Kerry D. Romesburg, Executive Director Phone : 465-2854  
Division : Postsecondary Education Commission Date : 4-2-87

Approved by Commissioner : \_\_\_\_\_ Date : \_\_\_\_\_  
Agency : \_\_\_\_\_

**Distribution (by preparer) :**

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

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



Bill Version: SB 227 ,HB 223  
Publish Date: 4/1/87

REQUEST: \_\_\_\_\_

Revision Date: 4/13/87

Agency Affected: Commerce & Economic Dev.

Title: An Act relating to claims of state agencies to permanent fund dividends.

BRU: Occupational Licensing

Sponsor: Senators Uehling and Faiks

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

Requestor: Senator Uehling

**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
<b>TOTAL OPERATING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**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)**

(See Attached)

Prepared by: Jennifer Strickler, Management Analyst  
Division: Occupational Licensing

Phone: 465-2144  
Date: 4/13/87

Approved by Commissioner: J. Anthony Smith  
Agency: Commerce and Economic Development

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

- 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**