

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672

5304 SJUD SB 37 - SB 50

876

Position Title		AAFIS OPERATOR		No. of Positions	1	Range/Step	15/A	Barg. Unit	GCU
Time Status		Staff Months		Location		Election District 7-15			
PFT		12		Anchorage					
Justification									
This position will be responsible for the classification and identification of minors' fingerprints processed through the Automated Fingerprint Identification System.									
Support costs of \$400 in contractual communications and \$100 for miscellaneous office supplies.									
Type of Expenditure				Amount					
1		2		3					
Salary		30.2							
Benefits		9.8							
Premium Pay									
Other									
Total Personal Services				40.0					
Travel									
Contractual				.4					
Commodities				.1					
Equipment									
Other									
Total Cost				40.5					
Funding Source for Total Cost									
Federal Receipts				1002					
G. P. Match				1003					
General Fund				1004					
				40.5					
I-A Receipts				1006					
CIP Receipts				1061					
Other									

Request For  
New Position

Agency Department of Public Safety  
BRU DPS Administration  
Component Administrative Services

Page 1 of 1  
Revised Date

FY 88

# MEMORANDUM

# State of Alaska

TO: *PM* Jos Mapranath, Director  
Administrative Services *3/16/87*

DATE: March 6, 1987

Thru: Joe Reeves, Budget Analyst

FILE NO:

FROM: Paul Conger  
Acting Supervisor, AAFIS *PC*

TELEPHONE NO:

SUBJECT: SB 37 Fiscal Note  
Rationale

## AAFIS STATISTICAL INFORMATION

The following are not computer times but the averaged operator times that it takes to accomplish functions when processing criminal tenprint cards.

Name search in APSIN..... 96 sec each  
(TI) Tenprint search in AAFIS..... 205 sec each  
(T/LT) Tenprint to Latent Search..... 174 sec each  
(TR) Tenprint register..... 12 sec each  
Screen purge (TI) screen..... 3.24 sec each  
                  (T/LI) screen..... 2.01 sec each  
                  (TR) screen..... .9 sec each  
Establish record in APSIN..... 206 sec each

For 1986 the following times were required on Criminal cards.

	<u>cards</u>		<u>seconds</u>		<u>time</u>		<u>hours</u>
APSIN name search	27,472	x	96	=	2,637,312	or	732.6
(TI)	9,347	x	205	=	1,916,135	or	532.26
(T/LI)	8,858	x	174	=	1,541,292	or	428.14
(TR)	8,858	x	12	=	106,299	or	29.5
Screen purge (9,347 x 12)+(8,858 x 2.91)				=	56,061	or	15.57
Input APSIN record	8,858	x	206	=	1,824,748	or	506.87
APSIN operator hours.....					1,239.47		
AAFIS operator input hours.....					1,005.47		
TOTAL OPERATOR HOURS.....					2,244.94		

The following is the operator time it took to search 5,037 applicant tenprint cards during 1986.

	<u>cards</u>		<u>seconds</u>		<u>time</u>		<u>hours</u>
(TI)	5,037	x	205	=	1,032,285	or	286.83
Search purge	5,037	x	195	=	982,215	or	272.8
APSIN search	5,037	x	96	=	483,552	or	134.32
TOTAL AAFIS HOURS.....					559.63		
TOTAL APSIN HOURS.....					134.32		
TOTAL HOURS.....					693.95		

Jos Mapranath memo (cont.)  
page 2

TOTAL AAFIS APPLICANT AND CRIMINAL HOURS	1,565.1
TOTAL APSIN APPLICANT AND CRIMINAL HOURS	1,373.79
TOTAL HOURS FOR SEARCHING APPLICANT AND CRIMINAL CARDS DURING 1986	2,938.89

In addition to the function performed directly with the APSIN and AAFIS computers, there are other functions directly related to the processing of Criminal and Applicant tenprint cards. These are: sorting, classifying, checking information, filing, updating, mailing, card purging from AAFIS and manual file, verifying records, combining records, and correspondence.

These functions take a total of 2,639.68 hours per year. This figure is an estimate taken from known times for such items as verifying fingerprint records 90 cards per hour, classifying fingerprints 53 cards per hour, combining records 1 file in 2.36 hours, and estimates from such activities as mailing, sorting and correspondence.

Total computer time Criminal & Applicant	2,938.89
Total other function time	2,639.68
Total time for all AAFIS related functions	5,578.57 hr.

AAFIS Work Force

two full-time positions	3,600 hours
one part-time position	1,440 hours
TOTAL AAFIS POSITIONS	5,040 hours
TOTAL TIME 1986 FOR ALL FUNCTIONS	5,578.57 hours
OVERTIME REQUIRED 1986	538.57 hours

Approximately 3,500 new arrest cards will be received by AAFIS with the implementation of Senate Bill 37. Source of this information is Crime in Alaska '85.

age	number
14	653
15	939
16	919
17	957

TOTAL 3,468

IMPACT ON AAFIS BY THE ADDITION OF THE 3,468 NEW ARRESTS

The first year after adoption of Senate Bill 37 there would be an increase of 673 man-hours of computer time and 619 man-hours of other function time. This would increase the hours of use to 6,871 man hours.

$$673 + 619 + 5,579 = 6,871$$

J. Mapranath memo (cont.)  
page 3

Total all hours by AAFIS projected after Senate Bill 37

Total All Functions		6,871 hours
Two full-time positions	3,600 hours	
One part-time position	1,440 hours	
TOTAL positions	5,040 hours	
		5,040 hours
Total overtime		1,831 hours (538.5 + 1292)

Because of the 1,831 additional hours per year that are needed to operate AAFIS when Senate Bill 37 is implemented, another position is needed to perform the job required of AAFIS. This position should be an AAFIS operator, Range 15, because about 75% of the new position time will be spent classifying and identifying fingerprints in conjunction with card searches in the computer.

S B

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Original sponsors: Faiks, Kelly, Kerttula  
and Sturgulewski

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE  
2 CS FOR SENATE BILL NO. 38 (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 recording and collection of  
7 crime statistics."

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

9 \* Section 1. AS 44.41.020 is amended by adding a new subsection to  
10 read:

11 (c) The department shall establish, and may require state and  
12 local law enforcement agencies to use, standardized methods of col-  
13 lecting and recording law enforcement and crime statistics.  
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STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

Bill Version: <sup>CS</sup> SB 38  
Publish Date: \_\_\_\_\_

REQUEST

Revision Date: \_\_\_\_\_  
Title: "An Act relating to the recording and collecting of crime statistics."  
Sponsor: Sen. Faiks  
Requestor: Senate State Affairs

Agency Affected: Public Safety  
BRU: \_\_\_\_\_  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

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

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact is anticipated.

Prepared by: Kathy Niles  
Division: Administrative Services

Phone: 465-4336  
Date: 1/23/87

Approved by Commissioner: *William R. Nix*  
Agency: Public Safety

Date: 1/23/87

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

BILL NO: SB 38

DATE: 1/23/87

TITLE: "An Act relating to the recording and collection of crime statistics."

CONTACT: Jos Mapranath  
Director  
Division of Administrative Services

DEPARTMENT OF PUBLIC SAFETY

A Legislative Audit report (06-4251-86-S) with DHSS Division of Family and Youth Services noted that the Department of Public Safety lacked the statutory authority to obtain crime statistics for the Uniform Crime Reporting System. This bill directly addresses this situation.

The Department of Public Safety's position on SB 38 is neutral. The basis for this position is because steps are already being taken to standardize reporting procedures utilized by the Uniform Crime Reporting section.

The Alaska UCR program, which collects and reports on crime offense data state-wide, is part of a network of states that report crime data to the FBI, which administers the program on the national level. Guidelines and procedures used for collecting data are developed by the FBI.

Crime data forwarded to the state UCR program is provided by 25 police agencies on a voluntary basis. The data submitted is either in an incident-based format--where each offense that occurs at a criminal incident is reported; or a summary-based format--where just the most severe offense within a criminal event is reported. Our larger police agencies, namely the Alaska State Troopers, Anchorage Police Department and Fairbanks Police Department, utilize the summary-based system whereas the smaller agencies use the incident-based reporting format. This data is then processed and forwarded to the FBI for publication in Crime in the U.S. and used on the state level for publication of Crime in Alaska.

The FBI, recognizing the problem with the different reporting methods being used, recently completed a three-year study culminating in the recommendation that all states adopt an incident-based reporting system based upon a report format designed by the FBI. As part of their study, the need for new definitions and data required by the FBI was proposed and currently the new data elements, definitions, and report design are being tested in a pilot program in South Carolina. The FBI hopes to have its new reporting system refined and ready to present to the states this year. When this occurs all reporting systems utilized by the Uniform Crime Reporting sections to collect and report crime offense data will be standardized.

The Department favors the proposal of requiring law enforcement agencies to use a standard process of reporting crime data but must point out that police agencies have been very cooperative in voluntarily providing their information in the past. However, to require standardization requires changes which could elicit resistance, especially if it entails money, by the police departments.

Since the UCR program is already moving in the direction of standardizing crime data they collect, the Department feels that the intent of this bill is already being met.

  
WILLIAM R. NIX  
Acting Commissioner

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 1/21/87 5-DAY NOTICE  
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: JUDICIARY

\*\*FISCAL NOTE(S) ATTACHED 1 \*\*  
IN ACCORDANCE WITH AS 24.08.035  
(see below)

1/19/87 DATE TURNED INTO OFFICE 1/27/87  
Mr. President:  
STATE AFFAIRS Committee considered SB 38

relating to the recording and collection of crime statistics.

and recommended:

replace with CS SB 38 (SA)  same title  
 attached amendment(s) and  new title

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

letter of intent adopted and attached

\*\* Committee  attached or  adopted fiscal note(s) *to Committee Report*  
 zero  fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature]  
[Signature]  
[Signature]  
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[Signature]  
Chairman signature and recommendation

Committee Backup Attached

# Alaska State Legislature



PRESIDENT  
907-465-3755

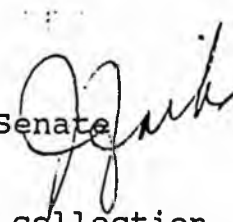
JAN FAIKS  
POST OFFICE BOX V  
JUNEAU, ALASKA 99811

## Senate

January 26, 1987

### MEMORANDUM

TO: Senator Mitch Abood, Chairman  
Senate Affairs Committee

FROM: Senator Jan Faiks, President of the Senate 

SUBJECT: Background on Senate Bill 38  
An Act relating to the recording and collection  
of crime statistics

Senate Bill 38 has been referred to your committee for consideration. This bill proposes an amendment to AS 44.41.020 to give the Department of Public Safety authority to establish and require standardized collection and recordation of law enforcement and crime statistics by local departments statewide.

The Department of Public Safety does not presently have statutory authority to require how arrest information will be classified and reported by state and local law enforcement agencies. As a result, the slightly different collection and classification procedures used by the more than 20 police jurisdictions in Alaska could distort the statewide crime statistics.

Most of the local police departments that elect to participate in the Department's system use an incident-by-incident method of reporting all criminal calls they answer. However, the State's two largest police departments, Anchorage and Fairbanks, employ different recording methods. My concern is that the inconsistencies in the classification and reporting of arrest data between local jurisdictions may not accurately reflect the level of crime in the State.

OUT OF SESSION

6060 YUKON DRIVE ANCHORAGE, ALASKA 99516 907-274-6611

AS 44.41.020 stipulates the duties of the Department of Public Safety. The new subsection to AS 44.41.020 proposed by this bill enables the Department to establish and require state and local law enforcement agencies to use standardized methods of collecting and recording law enforcement and crime statistics. It does not otherwise alter the existing statute.

AS 44.41.020 stipulates the duties of the Department of Public Safety. The new subsection to AS 44.41.020 proposed by this bill enables the Department to establish and require state and local law enforcement agencies to use standardized methods of collecting and recording law enforcement and crime statistics. It does not otherwise alter the existing statute.

The CS prepared by the State Affairs Committee requires the Department to establish such a system.

BILL NO: CSSB 38 (SA)

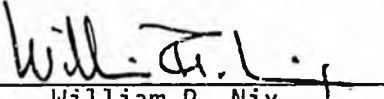
DATE: 2/04/87

TITLE: "An Act relating to the recording and collection of crime statistics."

CONTACT: Jos Mapranath  
Director  
Division of Administrative Services

A Legislative Audit report (06-4251-86-S) with DHSS Division of Family and Youth Services noted that the Department of Public Safety lacked the statutory authority to obtain crime statistics for the Uniform Crime Reporting System. This bill directly addresses this situation.

The Department of Public Safety supports CSSB 38 (SA). The bill will help us standardize the data base and address the situations identified by the Legislative auditors.

  
\_\_\_\_\_  
William R. Nix  
Acting Commissioner

FEB 5 1987

DEPARTMENT OF  
PUBLIC SAFETY

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

Bill Version: CSSB 38 (SA)  
Publish Date: \_\_\_\_\_

REQUEST

Revision Date: \_\_\_\_\_  
Title: "An Act relating to the recording and collecting of crime statistics."  
Sponsor: Sen. Faiks, Kelly, Kerttula,..  
Requestor: Senate Judiciary

Agency Affected: Public Safety  
BRU: DPS Administration  
Components: Data & Word Processing

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

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

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact is anticipated.

*JNR*  
*1/29/87* Prepared by: Kathy Niles  
Division: Administrative Services

Phone: 465-4336  
Date: 1/29/87

Approved by Commissioner: William R. Nix  
Agency: Public Safety  
Distribution (by preparer):

Date: 1/30/87

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

SB

39

*rec'd  
4-22 BK*

5-0008X ✓  
Utermohle  
4/21/87

Original sponsor: Zharoff

1 IN THE SENATE

BY THE JUDICIARY COMMITTEE

2 CS FOR SENATE BILL NO. 39 (Judiciary)

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 Real Estate Commission; and  
7 providing for an effective date."

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

9 \* Section 1. AS 08.01.010 is amended by adding a new paragraph to read:

10 (27) Real Estate Commission (AS 08.88.011).

11 \* Sec. 2. AS 08.01.050(a) is amended to read:

12 (a) The department shall perform the following administrative  
13 and budgetary services when appropriate:

14 (1) collect fees and issue receipts;

15 (2) maintain records and files;

16 (3) issue and receive application forms;

17 (4) notify applicants of acceptance or rejection of appli-  
18 cants as determined by the board or as determined by the department  
19 under AS 08.11 for audiologists, under AS 08.45 for naturopaths, or  
20 under AS 08.55 for hearing aid dealers;

21 (5) designate dates examinations are to be held and notify  
22 applicants;

23 (6) publish notice of examination;

24 (7) arrange space for holding examinations;

25 (8) notify applicants of results of examinations;

26 (9) issue licenses and certificates or temporary licenses  
27 or certificates as authorized by the board or as authorized by the  
28 department under AS 08.11 for audiologists, under AS 08.45 for naturo-  
29 paths, or under AS 08.55 for hearing aid dealers;

1 (10) issue duplicate licenses or certificates upon proof by  
2 the licensee of loss of the original and payment by the licensee of a  
3 fee of \$2 except as otherwise provided in this title;

4 (11) notify licensees of renewal dates at least 30 days  
5 before the expiration date of their licenses;

6 (12) compile and maintain current a register of licenses;

7 (13) answer routine inquiries;

8 (14) maintain files relating to individual licensees;

9 (15) arrange for printing and advertising;

10 (16) purchase supplies;

11 (17) employ secretarial help when needed;

12 (18) perform other services that may be requested by the  
13 board;

14 (19) provide investigative services to the boards estab-  
15 lished under AS 08.04, AS 08.20, AS 08.36, AS 08.64, AS 08.68, AS 08.-  
16 70, AS 08.71, AS 08.72, AS 08.80, AS 08.84, [AND] AS 08.86, and  
17 AS 08.88, for the purpose of assisting those boards in matters of  
18 professional discipline and in responding to consumer complaints.

19 \* Sec. 3. AS 08.01.065(a) is amended to read:

20 (a) The department shall adopt regulations that establish the  
21 amount and manner of payment of application fees, examination fees,  
22 license fees, registration fees, permit fees, investigation fees, and  
23 all other fees as appropriate for the occupations covered by this  
24 chapter [AND FOR REAL ESTATE BROKERS AND SALESMEN UNDER AS 08.88].

25 \* Sec. 4. AS 08.03.010(c)(18) is amended to read:

26 (18) Real Estate Commission (AS 08.88.011) -- June 30, 1991  
27 [1987].

28 \* Sec. 5. AS 08.88.031 is repealed and reenacted to read:

29 Sec. 08.88.031. EXECUTIVE SECRETARY OF COMMISSION. The

1 department shall, after consultation with the commission, employ a  
2 person, who is not a member of the commission, to serve as executive  
3 secretary for the commission. The executive secretary shall perform  
4 duties as assigned by the commission.

5 \* Sec. 6. AS 08.88.037 is amended to read:

6 Sec. 08.88.037. INVESTIGATION AND INJUNCTION. (a) The commis-  
7 sion may request the department to [, UPON ITS OWN MOTION,] conduct  
8 investigations to determine whether a person has violated a provision  
9 of this chapter or a regulation adopted under it, or to secure infor-  
10 mation useful in the administration of this chapter.

11 (b) If it appears to the department [EXECUTIVE DIRECTOR] that a  
12 person has engaged in or is about to engage in an act or practice in  
13 violation of a provision of this chapter or a regulation adopted under  
14 it and that action is warranted in the public interest, the department  
15 [EXECUTIVE DIRECTOR] shall notify all commission members by telephone  
16 or telegraph of a proposed order or action, and, if a majority of the  
17 members of the commission approve, the department [EXECUTIVE DIRECTOR]  
18 may

19 (1) after reasonable notice of and an opportunity for a  
20 hearing is given to the person, issue an order directing the person to  
21 stop the act or practice; the department [EXECUTIVE DIRECTOR] may  
22 issue a temporary order before a hearing is held; a temporary order  
23 remains in effect until a final order affirming, modifying, or revers-  
24 ing the temporary order is issued or until 15 days have elapsed after  
25 the person receives the notice and has not requested a hearing; a  
26 temporary order becomes final if the person to whom the notice is  
27 addressed does not request a hearing within 15 days after receiving  
28 the notice; if a hearing is requested, a hearing shall be conducted by  
29 a hearing officer within 30 days; the commission shall issue a final

1 order within 10 days after the hearing;

2 (2) bring an action in superior court to enjoin the act or  
3 practice and to enforce compliance with this chapter, a regulation  
4 adopted under it, or an order issued under it;

5 (3) examine or have examined the books and records of a  
6 person whose business activities require licensure under this chapter  
7 and the department [EXECUTIVE DIRECTOR] may require the person to pay  
8 the reasonable costs of the examination; and

9 (4) issue subpoenas for the attendance of witnesses, and  
10 the production of books, records, and other documents.

11 \* Sec. 7. AS 08.88.061 is amended to read:

12 Sec. 08.88.061. ASSISTANTS. The commission may use [EMPLOY]  
13 assistants to

14 (1) prepare questions on examinations;

15 (2) grade examinations [;

16 (3) INVESTIGATE ALLEGED VIOLATIONS OF THIS CHAPTER].

17 \* Sec. 8. AS 08.88.081 is repealed and reenacted to read:

18 Sec. 08.88.081. COMMISSION REGULATIONS. The commission shall  
19 adopt regulations necessary to carry out the purposes of this chapter  
20 including regulations

21 (1) pertaining to the responsibilities of persons licensed  
22 under this chapter;

23 (2) defining the grounds for revoking or suspending a  
24 license;

25 (3) establishing procedures for the conduct of examinations  
26 administered under this chapter; and

27 (4) establishing application procedures for examination,  
28 for licensing, and for registration of principal and branch offices.

29 \* Sec. 9. AS 08.88.191(b) is amended to read:

1 (b) If the commission authorizes the department to contract  
2 [CONTRACTS] with a national testing service to prepare, administer and  
3 grade examinations,

4 (1) the commission shall review the examination and approve  
5 its contents;

6 (2) application for the examination, accompanied by the  
7 proper filing fee, may be transmitted by the applicant directly to the  
8 national testing service.

9 \* Sec. 10. AS 08.88.034, 08.88.101, 08.88.111, 08.88.121, and 08.88.231  
10 are repealed.

11 \* Sec. 11. This Act takes effect immediately under AS 01.10.070(c).  
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FOR SB-39 (1987)  
MEMORANDUM


State of Alaska

TO: Michael Thill, Staff Assistant  
Senate Labor & Commerce Committee

DATE: April 30, 1986

FILE NO:

TELEPHONE NO: 465-3600

FROM: Harold M. Brown  
Attorney General  
By:   
Peter B. Froehlich  
Assistant Attorney General

SUBJECT: Proposed amendment  
to SB 487 concern-  
ing general regula-  
tion adoption  
authority

As I mentioned to you by telephone yesterday, there is an additional clarifying amendment that should be included in SB 487 on the Real Estate Commission. That amendment would correct an apparent oversight which has resulted in the absence of an explicit grant to the commission of general regulation adoption authority. Currently, AS 08.88 includes two explicit grants to the commission of specific regulation adoption authority, but no grant of the typical general regulation adoption authority usually given to occupational licensing boards and commissions.

The commission has the following explicit specific regulation adoption authority:

Sec. 08.88.081. COMMISSION REGULATIONS. The commission shall adopt regulations pertaining to the responsibilities of persons licensed under this chapter and the grounds for revoking or suspending a license.

Sec. 08.88.111. COMMISSION REGULATIONS. The commission shall adopt procedural regulations describing

(1) how it conducts an examination;

(2) how a person applies to take an examination, applies for a license, and registers that person's office.

I propose that AS 08.88.081 be amended to add a general regulation adoption authorization and at the same time consolidate the two specific authorities as follows:

\* Sec. 2. AS 08.88.081 is amended to read:

Sec. 08.88.081. COMMISSION REGULATIONS. The commission shall adopt regulations necessary to carry out the purposes of this chapter including regulations

(1) pertaining to the responsibilities of persons licensed under this chapter and the grounds for

revoking or suspending a license;

(2) describing how it conducts an examination;  
and

(3) describing how a person applies to take an examination, applies for a license, and registers that person's office.

Renumber the following sections of the bill accordingly.

Of course, AS 08.88.111 should then be repealed.

This additional amendment would clarify that the Real Estate Commission has the same general regulation adoption authority as do other agencies. We believe that the commission has this authority implicitly, even without this amendment but it would be better to make the authority explicit.

Concerning SB 487 as a whole, we believe that the bill includes both some desirable housekeeping amendments and some amendments that may not be desirable, or that at least may require more study.

Please let me know if I can provide you or the committee any further information on this proposed amendment to SB 487, or on the entire bill.

PBF:md

cc: Hon. Loren Lounsbury, Commissioner  
Dept. of Commerce & Economic Development

James Magowan, Director  
Real Estate Commission

Arthur H. Peterson  
Assistant Attorney General  
Legislation/Regulations Section

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

Bill Version: SSSB 39 (200)  
Publish Date: 4/7/87

REQUEST: \_\_\_\_\_  
Revision Date: \_\_\_\_\_  
Title: An Act relating to the  
Real Estate Commission.  
Sponsor: Senator Zharoff  
Requestor: \_\_\_\_\_

Agency Affected: Commerce and Economic Dev.  
BRU: Real Estate Commission/Occupational  
Licensing  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES	0	[62.0]	0	0	0	0
TRAVEL	0	[15.1]	0	0	0	0
CONTRACTUAL	0	[75.7]	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	[152.8]	0	0	0	0

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	[152.8]	0	0	0	0
TOTAL	0	[152.8]	0	0	0	0

POSITIONS:

FULL-TIME	0	[1]	0	0	0	0
PART-TIME	0	1	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS :

(See Attached)

Prepared by: Kathy Marshall  
Division: Occupational Licensing  
Approved by Commissioner: J. Mulholland  
Agency: Commerce and Economic Development

Phone: 465-2534  
Date: April 9, 1987  
Date: \_\_\_\_\_

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

es SSSB 39 (LAC)

SSSB 39 amends the statutes to transfer the semiautonomous Real Estate Commission within the Department of Commerce and Economic Development to the Division of Occupational Licensing within the same department. As a result, the reorganization will create a cost savings of \$152,800.00 as a one-time impact in FY 88.

The decrement of \$62,000.00 in personal services result through reclassification of certain positions currently providing support to the Real Estate Commission. In addition, one position is being reduced from full-time to part-time.

The attached forms document the costs associated with the transfer.

SSSB 39: An Act relating to the Real Estate Commission.

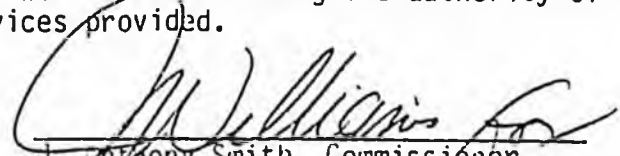
SSSB 39 transfers the Real Estate Commission in the Department of Commerce and Economic Development to the Division of Occupational Licensing, also within the Department of Commerce and Economic Development, and extends the commission to June 30, 1991. In September 1985, Legislative Audit issued a performance report on the commission which recommended it be reestablished.

The department maintains its support for continuation of the Real Estate Commission and recognizes the important functions it provides. However, the department concurs with the proposal to reestablish the commission within the Division of Occupational Licensing.

There are a number of advantages to the plan for both the State of Alaska and licensed realtors.

1. The regulation of the occupation would be more cost effective. The number of licensed realtors has decreased by approximately 50% since the Real Estate Commission became semiautonomous which has increased the cost of service provided per licensee while decreasing the commission's ability to be self-supporting. The commission was unable to generate sufficient program receipts for FY 87 to maintain its current level of expenditures. The department believes the commission can be as effectively administered under the Division of Occupational Licensing at a much lower cost. The transfer of the commission to the Division of Occupational Licensing would save approximately \$150,000.00 per year and would enable the commission to be supported by the licensing fees.
2. As indicated in the Legislative Audit, the Real Estate Commission is in dire need of regulatory and statutory revision. The Division of Occupational Licensing employs both a legislative and a regulations specialist who could more effectively assist the commission in its efforts to improve regulations and statutes.
3. The transfer of administrative responsibilities, such as budget preparation and fiscal monitoring, to the division would enable the commission and staff to concentrate their efforts on increasing services to licensees including auditing of trust accounts, recovering surety fund claims, coordinating with the Real Estate Association, and improving functions.

In summary, the department believes the transfer of the Real Estate Commission will increase efficiency without diminishing the authority of the commission or the level of services provided.

  
 J. Anthony Smith, Commissioner  
 Department of Commerce & Economic  
 Development

DATE: 4/9/87

*Back-up SSSB 39 L1C*

STATE OF ALASKA  
Office of Management & Budget  
Division of Budget Review

REVISED PROGRAM SUMMARY  
by  
BUDGET COMPONENT

CATEGORY Public Protection  
PROGRAM Consumer Protection  
AGENCY Commerce & Economic Dev  
DIVISION Real Estate Commission  
BRU Real Estate Commission  
COMPONENT

	FY '88 REQUEST	SSSB 39 Note	ADJUSTED - AUTH	ADN	ADJUSTED AUTH	ADN	ADJUSTED AUTH	ADN	ADJUSTED AUTH	ADN	ADJUSTED AUTH
70010 UNALLOCATED											
71000 PERS SVCS	300.5	-300.5	0.0								
72000 TRAVEL	36.1	-36.1	0.0								
73000 CONT SVCS	166.9	-166.9	0.0								
74000 SUPPLIES	10.3	-10.3	0.0								
75025 LAND/STRCT											
75090 EQUIPMENT											
77000 GRANTS											
78000 DEBT SVC											
TOTAL	513.8	-513.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
68515 GEN FUND											
68516 CF MATCH											
51010 FED REC											
51015 TA REC											
51080 PROG REC	513.8	-513.8	0.0								
51200 CIP REC											
FULL TIME	6.0	-6.0	0.0								
PART TIME	2.0	-2.0	0.0								
TEMPORARY MONTHS	82.0	-82.0	0.0								

STATE OF ALASKA  
Office of Management & Budget  
Division of Budget Review

REVISED PROGRAM SUMMARY  
by  
BUDGET COMPONENT

CATEGORY Public Protection  
PROGRAM Consumer Protection  
AGENCY Commerce & Economic Dev  
DIVISION Occupational Licensing  
BRU Occupational Licensing  
COMPONENT Administration

	FY '88 REQUEST	SSSB 39 Note	ADJUSTED AUTH	ADN	ADJUSTED AUTH	ADN	ADJUSTED AUTH	ADN	ADJUSTED AUTH	ADN	ADJUSTED AUTH
70010 UNALLOCATED											
71000 PERS SVCS	713.3	271.5	984.8								
72000 TRAVEL	14.1	21.0	35.1								
73000 CONT SVCS	311.9	91.2	403.1								
74000 SUPPLIES	10.4	10.3	20.7								
75000 LAB/STRICT											
75000 EQUIPMENT											
77000 GRANTS											
78000 DEBT SVC											
TOTAL	1049.7	394.0	1443.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
50010 GEN FUND											
50010 CF FUND											
51010 FED REC											
51010 TA REC											
51000 PROG REC	1049.7	394.0	1443.7								
51000 CIP REC											
FULL TIME	19.0	5.0	24.0								
PART TIME	1.0	3.0	4.0								
TEMPORARY											
POSITIONS	234.0	76.0	310.0								

SB

43

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

Bill Version: SD 43

Publish Date: 1/19/87

REQUEST \_\_\_\_\_

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

Title: An act relating to distribution of income from the Permanent Fund

Sponsor: Duncan and Kerttula

Requestor: Judiciary and Finance

Agency Affected: Revenue

BRU: Commissioner's Office

Components: Research

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Millions of Dollars)

GF - PFD	-0-	-0-	-2.12	-4.62	-7.29	-10.12
BRF	-0-	+217.79	+35.08	-0-	-0-	-0-
PF - PRIN	-0-	-0-	-0-	-66.78	-28.19	-16.18
PF - ERA	-0-	-217.79	-61.82	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

(See Attached)

Prepared By: Mary Ellen Frank *MEF*  
Division: Research Section, Commissioner's Office

Phone: 465-2174

Date: 1/29/87

Approved by Commissioner: *[Signature]*  
Agency: Revenue

Date: 1/29/87

Distribution (by Agency preparing fiscal note):

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

FISCAL NOTE ANALYSIS

SB 43

1/29/87

This interpretation assumes that the transfer to the Earnings Reserve Account (ERA), then to the Budget Reserve Fund (BRF) happens at the end of the same fiscal year, so there is never a balance in the ERA on which there are any earnings. PFD distributions are calculated from the earnings on both the principal and ERA of the Permanent Fund. Transfer of the ERA to the BRF will eliminate these earnings on ERA balance and reduce the PFD somewhat.

The BRF will get two distributions. After that, inflation proofing will use up the balance of current earnings. (The \$26.75 million difference between the ERA loss of \$61.82 million and BRF transfer of \$35.08 million goes also to the PF - principal for inflation proofing.)

The ERA is needed for inflation proofing shortfalls starting in FY89. Transfer of its balance to the BRF will cause shortfalls in inflation proofing of the Permanent Fund, and therefore reductions in the principal. This may lead to reduction of permanent fund earnings in the future and less money may be available for dividends or any other purposes.

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

January 27, 1987

SUBJECT: Distribution of income from the permanent  
fund (SB 43)

TO: Senator Jay Kerttula  
Chairman, Senate Judiciary Committee

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

Here is the sectional analysis you requested for SB 43.

Sec. 1. A cross-reference to the statute under which money is transferred to the budget reserve fund is added to the subsection establishing the budget reserve fund. Under existing law the budget reserve fund consists of appropriations and no money is automatically transferred to the fund.

Sec. 2. Under this section all the money in the earnings reserve account in the Alaska permanent fund is transferred to the budget reserve fund at the end of each fiscal year. Existing law does not provide for this transfer.

Sec. 3. The bill has an immediate effective date. This will allow the transfer to occur at the end of the current fiscal year.

TBC:mi  
045:wkmi1



**Alaska Permanent Fund Corporation**

Pouch 4-1000 Juneau, Alaska 99802

(907) 465-2047 Telex 099-46-323

M E M O R A N D U M

DATE: January 23, 1987

TO: Senator Jim Duncan

FROM: Jim Kelly *JK*  
Research & Liaison Officer

SUBJECT: Financial Projections for Senate Bill No. 43

Per your request, I have prepared two financial projections which depict the impact of your proposed legislation on future Permanent Fund balances, earnings and distributions.

Please note the inclusion in these projections of a new column entitled "Per Capita Dividends". While all other columns are in millions of dollars, this one is in actual dollars, and shows quite clearly - given the assumptions - how future per capita dividend checks would be affected by new proposals.

STATUS QUO: This financial projection shows the anticipated effects of no changes in existing law.

SENATE BILL NO. 43: This financial projection shows the effect of enacting SB43. This bill would leave the status quo unchanged except that at the end of each fiscal year, all the money in the Earnings Reserve Account in the Permanent Fund would be transferred to the Budget Reserve Fund in the General Fund.



## Alaska Permanent Fund Corporation

### FINANCIAL PROJECTIONS (in millions)

as of December 31, 1986

FY	PRINCIPAL					INCOME				ASSETS				
	FY Begin Balance	Appropriations	Dedicated State Revenues*	Inflation Proofing	FY End Balance	Inflation Proofing Shortfall	Distributions			Reserves		FY End Balance		
							Net Income	Per Capita Dividends	Inflation Dividends**	Proofing	Add (Delete)		FY End Balance	
78			54		54		2					55	7	
79	54		84		139		8					141	7	
80	139		344		483		32	12				503	8	
81	483	900	385		1,769		150	28			59	59	1,875	8
82	1,769	800	401		2,969		368	71	\$1000.00		185	244	3,302	8
83	2,969	400	421	231	4,021		471	108	\$386.15	231	110	354	4,593	8
84	4,021	300	366	151	4,838		530	175	\$331.29	151	204	557	5,531	8
85	4,838	300	368	235	5,741		658	217	\$404.00	235	206	763	6,723	8
86	5,741		323	216	6,281		1,021	303	\$556.26	216	501	1,264	7,866	8
87	6,281	1,264	103	147	7,795		799	364	\$674.84	147	289	289	8,447	8
88	7,795		137	357	8,288		768	395	\$735.23	357	16	305	8,988	8
89	8,288		160	507	8,955		817	425	\$788.56	507	( 115)	190	9,570	8
90	8,955		167	547	9,668		870	448	\$927.33	547	( 126)	64	10,181	9
91	9,668		162	551	10,381	39	925	439	\$806.05	551	( 64)		10,820	9
92	10,381		165	528	11,074	105	986	458	\$838.65	528			11,532	9
93	11,074		166	563	11,803	111	1,051	488	\$889.79	563			12,291	9
94	11,803		158	600	12,560	118	1,120	520	\$944.00	600			13,080	9
95	12,560		153	637	13,350	126	1,191	554	\$1001.55	637			13,904	9
96	13,350		146	676	14,172	134	1,265	589	\$1062.10	676			14,761	9
97	14,172		144	716	15,032	143	1,342	627	\$1125.16	716			15,658	9
98	15,032		140	757	15,929	153	1,423	666	\$1190.52	757			16,595	9
99	15,929		136	801	16,866	163	1,508	707	\$1258.56	801			17,572	9
0	16,866		130	847	17,842	173	1,596	749	\$1328.82	847			18,591	0
1	17,842		123	894	18,859	184	1,637	793	\$1402.01	894			19,652	1
2	18,859		117	943	19,919	195	1,783	840	\$1477.72	943			20,759	2
3	19,919		112	995	21,026	207	1,883	888	\$1556.31	995			21,914	3
4	21,026		110	1,049	22,184	220	1,987	938	\$1638.06	1,049			23,122	4
5	22,184		104	1,105	23,393	232	2,096	991	\$1722.72	1,105			24,334	5

#### ASSUMPTIONS

1.92% Inflation Rate FY 87  
10.85% Rate of Return FY 87

4.50% Inflation Rate FY 88  
9.00% Rate of Return FY 88

STATUS QUO INCLUDING  
PER CAPITA DIVIDENDS

6% Average Inflation Rate FY 89-05  
9% Average Rate of Return FY 89-05

\* SOURCE: Alaska Department of Revenue  
30% Case Forecast - December 1986

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



## Alaska Permanent Fund Corporation

### FINANCIAL PROJECTIONS (in millions)

as of December 31, 1986

FY	PRINCIPAL						INCOME				ASSETS		
	FY Begin Balance	Appro- priations	Dedicated State Revenues*	Inflation Proofing	FY End Balance	Inflation Proofing Shortfall	Distributions			Reserves		FY End Balance	
							Net Income	Per Capita Dividends	Inflation Proofing	Budget Reserve	Add (Delete)		FY End Balance
78			54		54		2						55
79	54		84		139		8						141
80	139		344		483		32	12					503
81	483	900	385		1,769		150	28			59	59	1,875
82	1,769	800	401		2,969		368	71	\$1000.00		185	244	3,302
83	2,969	400	421	231	4,021		471	108	\$386.15	231	110	354	4,593
84	4,021	300	366	151	4,838		530	175	\$331.29	151	204	557	5,531
85	4,838	300	368	235	5,741		658	217	\$404.00	235	206	763	6,723
86	5,741		323	216	6,281		1,021	303	\$556.26	216	501	1,264	7,866
87	6,281	1,264	103	147	7,795		799	364	\$674.84	147	289		8,159
88	7,795		137	349	8,280	8	741	392	\$729.90	349			8,672
89	8,280		160	369	8,808	138	788	419	\$777.39	369			9,227
90	8,808		167	399	9,374	139	838	439	\$809.79	399			9,813
91	9,374		162	465	10,001	107	891	426	\$782.01	465			10,427
92	10,001		165	509	10,674	102	950	442	\$807.59	509			11,116
93	10,674		166	543	11,384	107	1,014	471	\$856.81	543			11,854
94	11,384		158	579	12,120	114	1,080	501	\$909.30	579			12,521
95	12,120		153	616	12,888	121	1,149	534	\$964.96	616			13,422
96	12,888		146	653	13,687	129	1,222	569	\$1023.82	653			14,256
97	13,687		144	692	14,523	138	1,297	605	\$1085.20	692			15,128
98	14,523		140	732	15,396	147	1,375	643	\$1148.72	732			16,039
99	15,396		136	775	16,306	157	1,457	683	\$1214.74	775			16,939
0	16,306		130	819	17,255	167	1,543	724	\$1283.19	819			17,979
1	17,255		123	865	18,243	178	1,632	767	\$1354.22	865			19,019
2	18,243		117	913	19,273	189	1,725	812	\$1427.96	913			20,035
3	19,273		112	963	20,348	200	1,822	859	\$1504.26	963			21,207
4	20,348		110	1,015	21,473	212	1,923	908	\$1593.54	1,015			22,330
5	21,473		104	1,070	22,647	225	2,029	959	\$1665.76	1,070			23,605

#### ASSUMPTIONS

1.92% Inflation Rate FY 87  
10.85% Rate of Return FY 87

6% Average Inflation Rate FY 89-05  
9% Average Rate of Return FY 89-05

4.50% Inflation Rate FY 88  
9.00% Rate of Return FY 88

\* SOURCE: Alaska Department of Revenue  
30% Case Forecast - December 1986

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



**Alaska Permanent Fund Corporation**  
Pouch 4-1000 Juneau, Alaska 99802  
(907) 465-2047 Telex 099-46-323

JAN 27 1987,

M E M O R A N D U M

DATE: January 26, 1987

TO: Senator Jim Duncan

FROM: David A. Rose *David A. Rose*  
Executive Director

SUBJECT: Comparison of Four Proposals for the Disposition  
of Permanent Fund Earnings

Attached please find a memorandum prepared for me by Jim Kelly, the Corporation's Research & Liaison Officer. The memorandum addresses the projected impacts of your proposal regarding use of Permanent Fund income, as well as the impacts associated with three other proposals which were introduced last week.

You might find the comparative analysis instructive, you will certainly find it interesting. If it raises any questions, please feel free to contact Jim Kelly directly.



**Alaska Permanent Fund Corporation**

Pouch 4-1000 Juneau, Alaska 99802

(907) 465-2047 Telex 099-46-323

MEMORANDUM

DATE: January 26, 1987

TO: Dave Rose  
Executive Director

FROM: Jim Kelly *JK*  
Research & Liaison Officer

SUBJECT: Comparison of Four Proposals for the Disposition  
of Permanent Fund Earnings

Last week, in just the first five days of the 15th Alaska State Legislature, there were four significant proposals offered by the legislature and the governor regarding the future disposition of Permanent Fund income. For simplicity sake, they will be referred to in this memo as the Ellis, Duncan, Cowper and Adams proposals.

The Ellis proposal was offered in the form of House Joint Resolution No. 1. Sponsored by Representatives Ellis and Brown, this resolution, if enacted, would put in the state Constitution the statutory language which authorizes the present disposition of Permanent Fund earnings. This proposal would perpetuate the status quo.

The Duncan proposal was offered in the form of Senate Bill No. 43. Sponsored by Senator Duncan, this bill, if enacted, would leave the status quo unchanged except that at the end of each fiscal year, all the money in the Earnings Reserve Account in the Permanent Fund would be transferred to the Budget Reserve Fund in the General Fund.

The Cowper proposal was offered as part of the Budget Message given by Governor Cowper to the Joint Session of the legislature on Thursday. The governor's proposal would make available to the General Fund the entire balance of the Earnings Reserve Account on June 30, 1987 if it is needed to make up the FY 87 deficit. In addition, his proposal would deposit to the General Fund \$150 million of Fund income beginning in FY 88. Some or all of these income transfers to the General Fund would be repaid to the Permanent Fund at a later, unspecified date.

The Adams proposal was offered on the Floor of the House on Friday by Representative Adams speaking under Special Orders. In prepared

remarks, he proposed that beginning in FY 87, individual Permanent Fund Dividend checks be capped at \$500, that inflation-proofing be capped at 2% per year, and that all Fund income remaining after these two uses be appropriated to the General Fund. He noted that the caps may be needed only on a temporary basis - perhaps just long enough to set aside a sufficient amount of money to allow implementation of a cash-based budgeting system for the state.

Attached to this memorandum are four financial projections which depict the varying impacts of these four proposals on the Permanent Fund. Please note the inclusion in these projections of a new column entitled "Per Capita Dividends". While all other columns are in millions of dollars, this one is in actual dollars, and shows quite clearly - given the assumptions - how future per capita dividend checks would be affected by the four proposals.

In addition, there are also five bar charts attached which show at a glance how each of the four proposals stack up relative to each other. The charts will help you compare the differences between these four proposals in terms of their impact on projected principal growth, earnings, per capita dividend payments, inflation-proofing shortfalls, and distributions to the General Fund.

As both the financial projections and the charts show, the Ellis proposal has the most favorable impact on the future growth of Permanent Fund principal, income and dividends, while the Adams proposal has the least favorable impact in these areas. On the other hand, the Adams proposal makes the greatest amount of money available to the General Fund. As for the other two proposals, the Duncan proposal is closer to the Ellis proposal in its consequences and the Cowper proposal is closer to the Adams proposal.



## Alaska Permanent Fund Corporation

### FINANCIAL PROJECTIONS (in millions)

as of December 31, 1986

FY	PRINCIPAL					INCOME				ASSETS		FY	
	FY Begin Balance	Appropriations	Dedicated State Revenues*	Inflation Proofing	FY End Balance	Inflation Proofing Shortfall	Net Income	Distributions		Reserves			FY End Balance
								Per Capita Dividends**	Inflation Proofing	Add (Delete)	FY End Balance		
78			54		54		2					55	78
79	54		84		139		8					141	79
80	139		344		483		32	12				503	80
81	483	900	385		1,769		150	28		59	59	1,875	81
82	1,769	800	401		2,969		368	71	\$1000.00	185	244	3,302	82
83	2,969	400	421	231	4,021		471	108	\$386.15	231	110	4,593	83
84	4,021	300	366	151	4,838		530	175	\$331.29	151	204	5,531	84
85	4,838	300	368	235	5,741		658	217	\$404.00	235	206	6,723	85
86	5,741		323	216	6,281		1,021	303	\$556.26	216	501	7,856	86
87	6,281	1,264	103	147	7,795		799	364	\$674.84	147	289	8,447	87
88	7,795		137	357	8,288		768	395	\$735.23	357	16	8,988	88
89	8,288		160	507	8,955		817	425	\$788.56	507	( 115)	9,570	89
90	8,955		167	547	9,668		876	448	\$827.33	547	( 126)	10,181	90
91	9,668		162	551	10,381	39	925	439	\$806.05	551	( 64)	10,820	91
92	10,381		165	528	11,074	105	986	458	\$838.65	528		11,532	92
93	11,074		166	563	11,803	111	1,051	488	\$889.79	563		12,291	93
94	11,803		158	600	12,560	113	1,120	520	\$944.00	600		13,080	94
95	12,560		153	637	13,350	126	1,191	554	\$1001.55	637		13,904	95
96	13,350		146	676	14,172	134	1,265	589	\$1062.10	676		14,761	96
97	14,172		144	716	15,032	143	1,342	627	\$1125.16	716		15,658	97
98	15,032		140	757	15,929	153	1,423	666	\$1190.52	757		16,585	98
99	15,929		136	801	16,866	163	1,508	707	\$1258.56	801		17,572	99
0	16,866		130	847	17,842	173	1,596	749	\$1328.82	847		18,591	0
1	17,842		123	894	18,859	184	1,687	793	\$1402.01	894		19,652	1
2	18,859		117	943	19,919	195	1,783	840	\$1477.72	943		20,759	2
3	19,919		112	995	21,026	207	1,883	888	\$1556.31	995		21,914	3
4	21,026		110	1,049	22,184	220	1,987	938	\$1638.06	1,049		23,122	4
5	22,184		104	1,105	23,393	232	2,096	991	\$1722.72	1,105		24,384	5

#### ASSUMPTIONS

1.92% Inflation Rate FY 87  
10.35% Rate of Return FY 87

0% Average Inflation Rate FY 89-05  
9% Average Rate of Return FY 89-05

4.50% Inflation Rate FY 83  
9.00% Rate of Return FY 88

\* SOURCE: Alaska Department of Revenue  
10% Case Forecast - December 1986

STATUS QUO

\*\* SOURCE: Population Projections from  
DGR Revenue Source Book - Page 14



## Alaska Permanent Fund Corporation

### FINANCIAL PROJECTIONS (in millions)

as of December 31, 1986

FY	PRINCIPAL					INCOME				ASSETS		
	FY Begin Balance	Appropriations	Dedicated	Inflation	FY End Balance	Net Income	Distributions		Budget Reserve	Reserves		FY End Balance
			State Revenues*	Proofing			Inflation Proofing	Per Capita Dividends**		Inflation Proofing	Add (Delete)	
78			54		54	2						55
79	54		84		139	8						141
80	139		344		483	32	12					503
81	483	900	385		1,769	150	28			59	59	1,875
82	1,769	800	401		2,969	368	71	\$1000.00		185	244	3,302
83	2,969	400	421	231	4,021	471	108	\$386.15	231	110	354	4,593
84	4,021	300	366	151	4,833	530	175	\$331.29	151	204	557	5,531
85	4,838	300	368	235	5,741	658	217	\$404.00	235	206	763	6,723
86	5,741		323	216	6,281	1,021	303	\$556.26	216	501	1,264	7,866
87	6,281	1,264	103	147	7,795	799	364	\$674.84	147	289		8,159
88	7,795		137	349	8,280	8	741	\$729.90	349			8,672
89	8,280		160	369	8,808	138	788	\$777.39	369			9,227
90	8,808		167	399	9,374	139	838	\$809.79	399			9,813
91	9,374		162	465	10,001	107	891	\$782.01	465			10,427
92	10,001		165	509	10,674	102	950	\$807.59	509			11,116
93	10,674		166	543	11,384	107	1,014	\$856.81	543			11,854
94	11,384		158	579	12,120	114	1,080	\$909.30	579			12,621
95	12,120		153	616	12,938	121	1,149	\$964.96	616			13,422
96	12,888		146	653	13,687	129	1,222	\$1023.82	653			14,256
97	13,687		144	692	14,523	138	1,297	\$1085.20	692			15,128
98	14,523		140	732	15,396	147	1,375	\$1148.72	732			16,039
99	15,396		136	775	16,306	157	1,457	\$1214.74	775			16,989
0	16,306		130	819	17,255	167	1,543	\$1283.19	819			17,979
1	17,255		123	865	18,243	178	1,632	\$1354.22	865			19,010
2	18,243		117	913	19,273	189	1,725	\$1427.96	913			20,095
3	19,273		112	963	20,348	200	1,822	\$1504.26	963			21,207
4	20,348		110	1,015	21,473	212	1,923	\$1583.54	1,015			22,380
5	21,473		104	1,070	22,647	225	2,029	\$1665.76	1,070			23,605

#### ASSUMPTIONS

1.92% Inflation Rate FY 87  
10.65% Rate of Return FY 87

6% Average Inflation Rate FY 89-95  
9% Average Rate of Return FY 89-95

4.50% Inflation Rate FY 88  
9.00% Rate of Return FY 88

\* SOURCE: Alaska Department of Revenue  
80% Case Forecast - December 1986

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



## Alaska Permanent Fund Corporation

### FINANCIAL PROJECTIONS (in millions)

as of December 31, 1986

PRINCIPAL							INCOME					ASSETS	
FY	FY Begin Balance	Appropriations	Dedicated		Inflation		Net Income	Distributions			Reserves		FY End Balance
			State Revenues*	Inflation Proofing	FY End Balance	Proofing Shortfall		Per Capita Dividends**	Inflation Proofing	General Fund	Add (Delete)	FY End Balance	
78			54		54		2			1			55
79	54		84		139		8			7			141
80	139		344		483		32	12		12			503
81	483	900	385		1,769		150	28		28	59	59	1,875
82	1,769	800	401		2,969		368	71	\$1000.00	71	185	244	3,332
83	2,969	400	421	231	4,021		471	108	\$386.15	231	110	354	4,593
84	4,021	300	366	151	4,838		530	175	\$331.29	151	204	557	5,551
85	4,838	300	368	235	5,741		658	217	\$404.00	235	206	763	6,723
86	5,741		323	216	6,281		1,021	303	\$556.26	216	501	1,264	7,856
37	6,281	1,264	103	147	7,795		799	364	\$674.84	147			8,159
88	7,795		137	199	8,130	158	741	392	\$729.90	199	150		8,522
89	8,130		160	206	8,495	292	774	418	\$774.55	206	150		8,913
90	8,495		167	225	8,886	295	809	434	\$801.12	225	150		9,321
91	8,886		162	279	9,327	264	845	417	\$764.35	279	150		9,744
92	9,327		165	311	9,803	259	887	426	\$777.67	311	150		10,229
93	9,803		166	336	10,305	262	932	446	\$810.79	336	150		10,751
94	10,305		158	361	10,824	266	979	467	\$846.40	361	150		11,291
95	10,824		153	387	11,363	272	1,027	490	\$884.39	387	150		11,853
96	11,363		146	413	11,922	278	1,078	515	\$924.61	413	150		12,437
97	11,922		144	440	12,507	284	1,130	540	\$966.60	440	150		13,047
98	12,507		140	468	13,115	290	1,185	567	\$1009.97	468	150		13,682
99	13,115		136	498	13,749	297	1,242	595	\$1054.91	498	150		14,344
0	13,749		130	528	14,407	304	1,302	624	\$1101.55	528	150		15,030
1	14,407		123	550	15,090	312	1,364	654	\$1149.70	550	150		15,743
2	15,090		117	593	15,800	320	1,428	685	\$1199.49	593	150		16,484
3	15,800		112	527	16,539	328	1,494	717	\$1250.95	527	150		17,255
4	16,539		110	563	17,311	336	1,554	751	\$1304.35	563	150		18,062
5	17,311		104	700	18,115	345	1,636	786	\$1359.51	700	150		18,902

#### ASSUMPTIONS

1.92% Inflation Rate FY 87  
10.35% Rate of Return FY 87  
4.50% Inflation Rate FY 88  
9.00% Rate of Return FY 88

6% Average Inflation Rate FY 89-95  
9% Average Rate of Return FY 89-95

\* SOURCE: Alaska Department of Revenue  
20% Case Forecast - December 1986

FY 87 EARNINGS RESERVE ACCOUNT TO GENERAL FUND,  
AND BEGINNING IN FY 88, \$150 MILLION OF EARNINGS  
TO GENERAL FUND AHEAD OF INFLATION-PROOFING

\*\* SOURCE: Population Projections from  
DCR Revenue Source Book - Page 44



## Alaska Permanent Fund Corporation

### FINANCIAL PROJECTIONS (in millions)

as of December 31, 1986

PRINCIPAL							INCOME					ASSETS			
FY	FY Begin Balance	Appro- priations	Dedicated		Inflation		Net Income	Distributions			Reserves		FY End Balance	FY	
			State Revenues*	Inflation Proofing	FY End Balance	Proofing Shortfall		Per Capita Dividends**	Inflation Proofing	General Fund	Add (Delete)	FY End Balance			
78			54		54		2				1		55	78	
79	54		84		139		8				7		141	79	
80	139		344		483		32	12			12		503	80	
81	483	900	385		1,769		150	28			28	59	1,375	81	
82	1,769	800	401		2,969		368	71	\$1000.00		71	185	244	3,302	82
83	2,969	400	421	231	4,021		471	108	\$386.15	231	110	110	354	4,593	83
84	4,021	300	366	151	4,838		530	175	\$331.29	151		204	557	5,531	84
85	4,838	300	368	235	5,741		658	217	\$404.00	235		206	763	6,723	85
86	5,741		323	216	6,281		1,021	303	\$556.26	216		501	1,264	7,866	86
87	6,281	1,264	103	153	7,801		799	272	\$500.00	153	375			8,073	87
88	7,801		137	159	8,096	199	742	271	\$500.00	159	312			8,368	88
89	8,096		160	165	8,421	330	771	273	\$500.00	165	333			8,694	89
90	8,421		167	172	8,759	344	801	274	\$500.00	172	355			9,033	90
91	8,759		162	178	9,099	357	833	276	\$500.00	178	379			9,375	91
92	9,099		165	185	9,450	371	865	277	\$500.00	185	403			9,727	92
93	9,450		166	192	9,808	385	898	279	\$500.00	192	427			10,087	93
94	9,808		158	199	10,165	399	932	281	\$500.00	199	452			10,445	94
95	10,165		153	206	10,524	413	955	282	\$500.00	206	477			10,806	95
96	10,524		146	213	10,883	427	999	284	\$500.00	213	501			11,167	96
97	10,883		144	221	11,248	441	1,032	286	\$500.00	221	526			11,534	97
98	11,248		140	228	11,616	456	1,057	288	\$500.00	228	551			11,904	98
99	11,616		136	235	11,937	470	1,101	289	\$500.00	235	577			12,276	99
0	11,987		130	242	12,359	485	1,135	291	\$500.00	242	602			12,650	0
1	12,359		123	250	12,731	499	1,171	293	\$500.00	250	628			13,024	1
2	12,731		117	257	13,105	514	1,205	295	\$500.00	257	653			13,400	2
3	13,105		112	264	13,432	529	1,240	297	\$500.00	264	679			13,779	3
4	13,432		110	272	13,853	544	1,276	299	\$500.00	272	704			14,153	4
5	13,863		104	279	14,247	559	1,311	302	\$500.00	279	731			14,543	5

#### ASSUMPTIONS

1.92% Inflation Rate FY 87  
10.55% Rate of Return FY 87

5% Average Inflation Rate FY 89-05  
3% Average Rate of Return FY 89-05

4.50% Inflation Rate FY 88  
9.00% Rate of Return FY 88

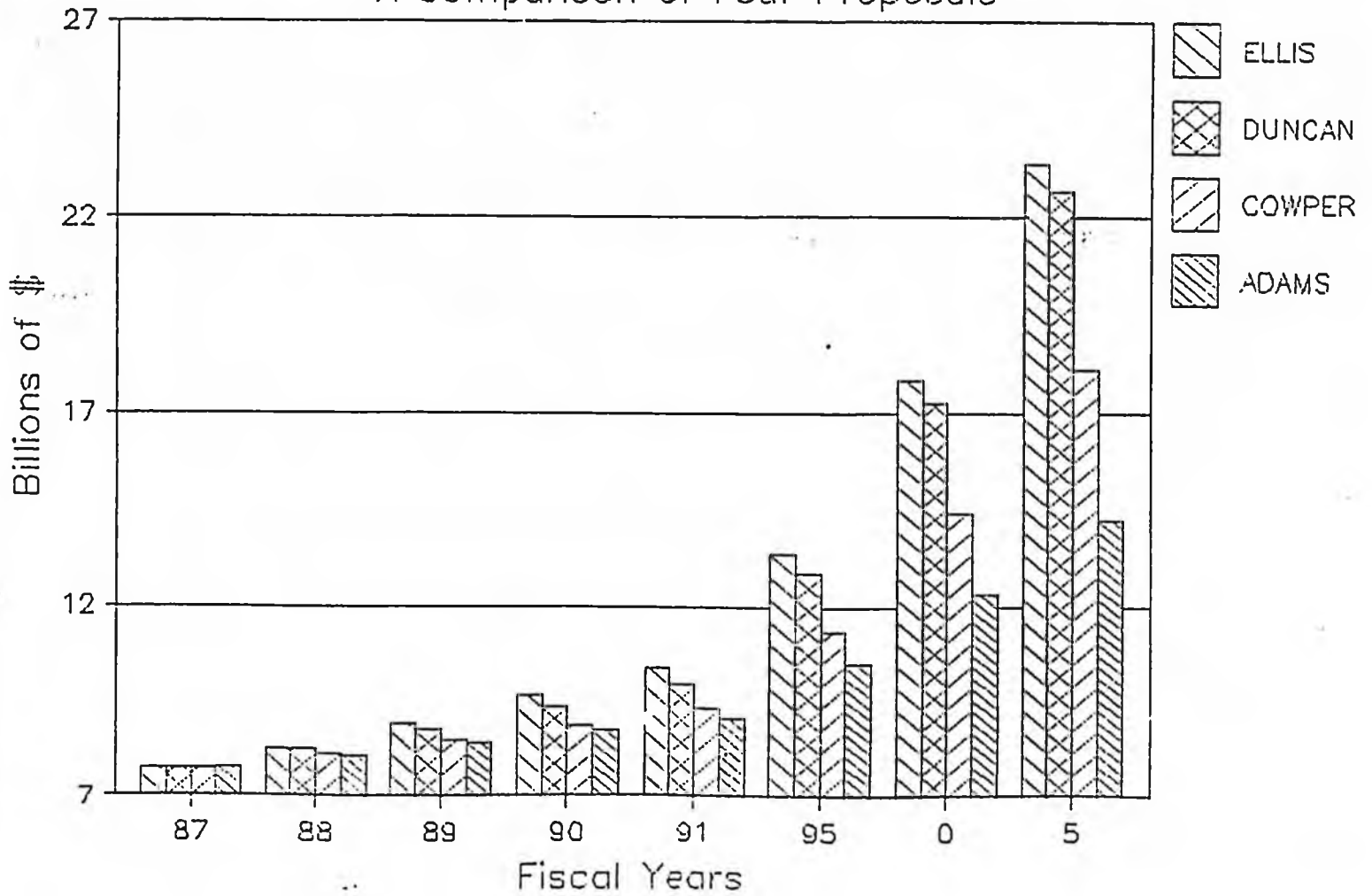
\* SOURCE: Alaska Department of Revenue  
00% Case Forecast - December 1986

CAP THE DIVIDENDS AT \$500 PER CAPITA, CAP INFLATION  
PROOFING AT 2%, REMAINING INCOME TO GENERAL FUND

\*\* SOURCE: Population Projections from  
DCR Revenue Source Book - Page 44

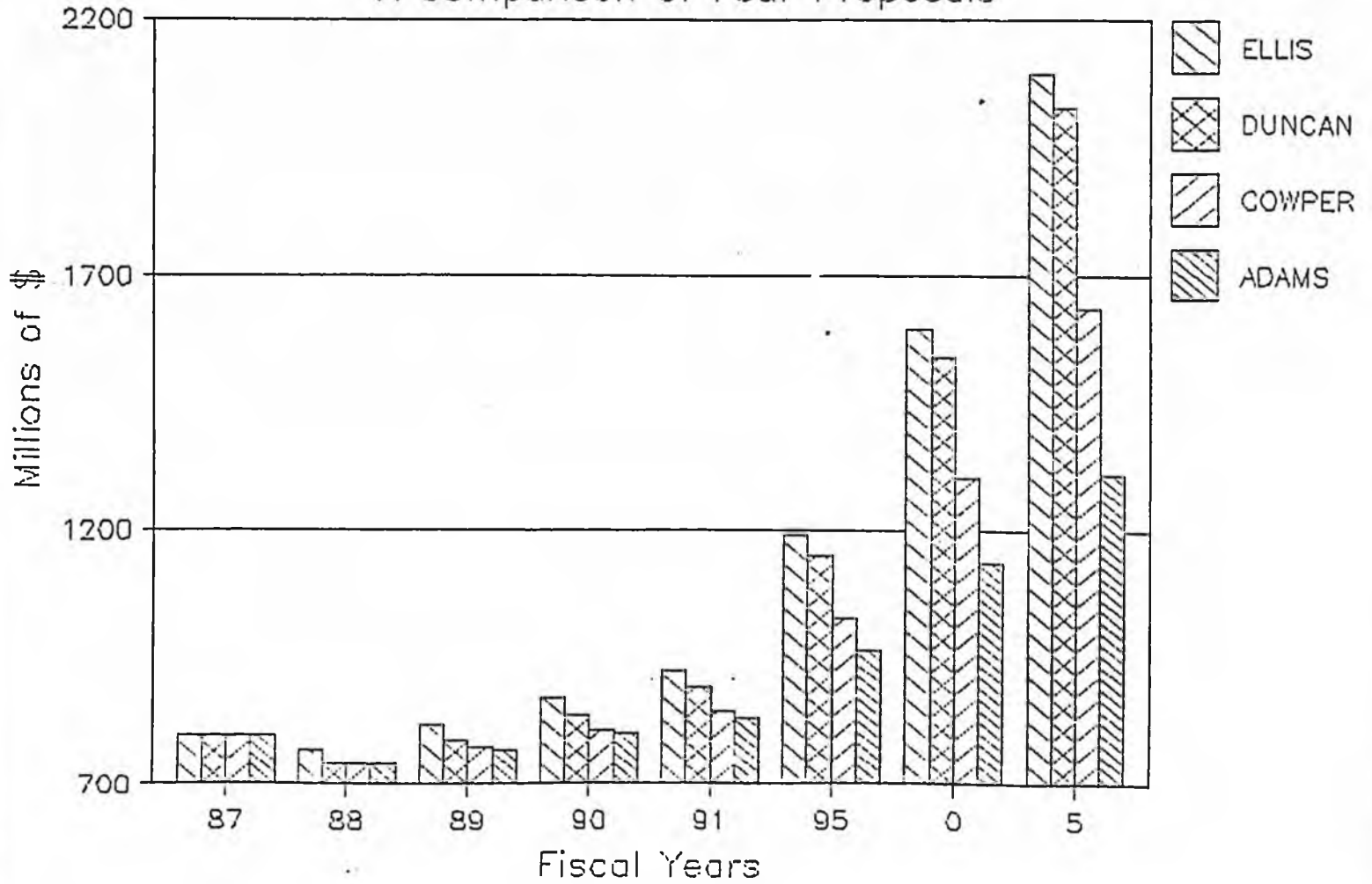
# Projected Growth of Fund Principal

A Comparison of Four Proposals



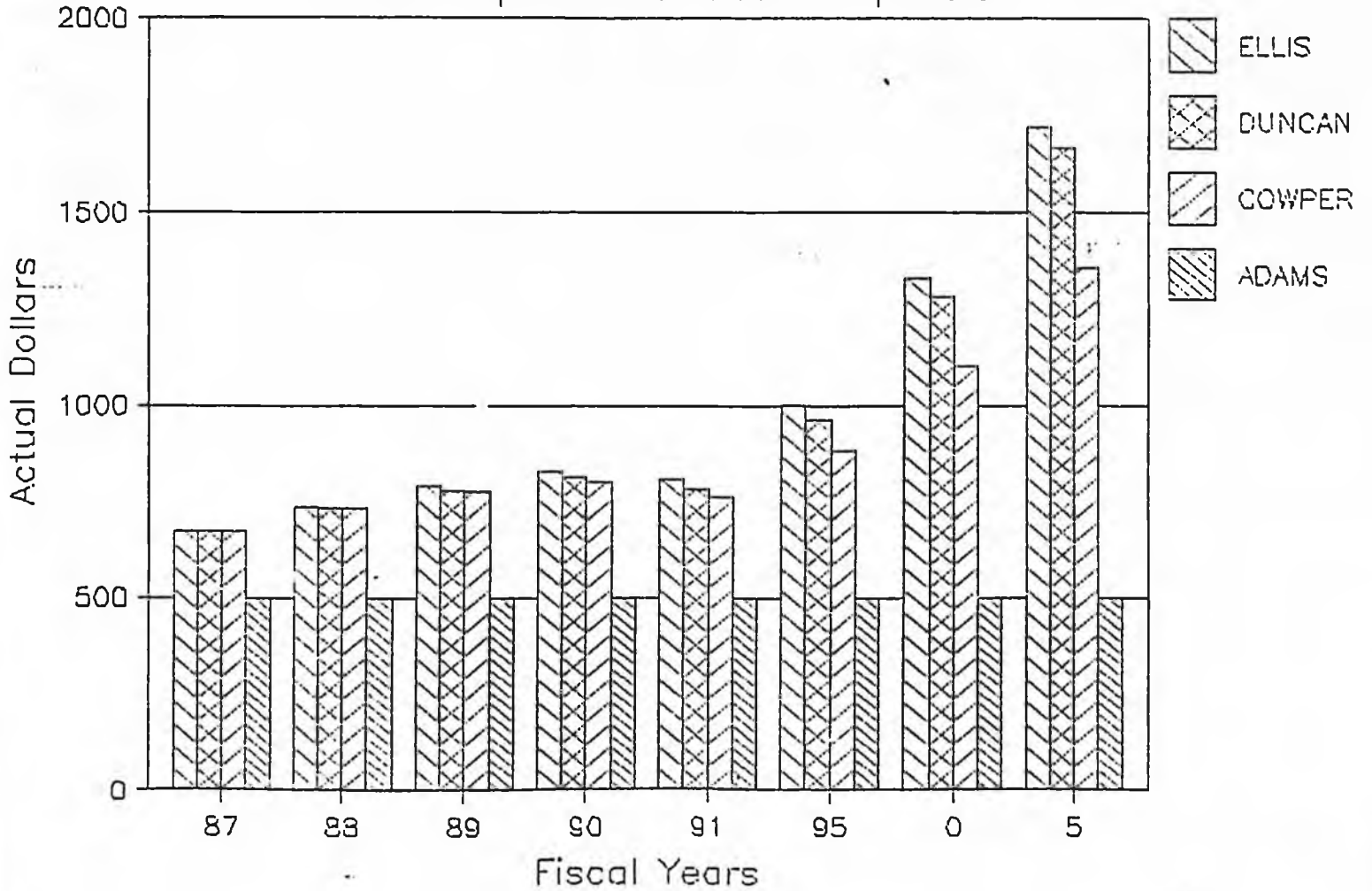
# Permanent Fund Projected Earnings

A Comparison of Four Proposals



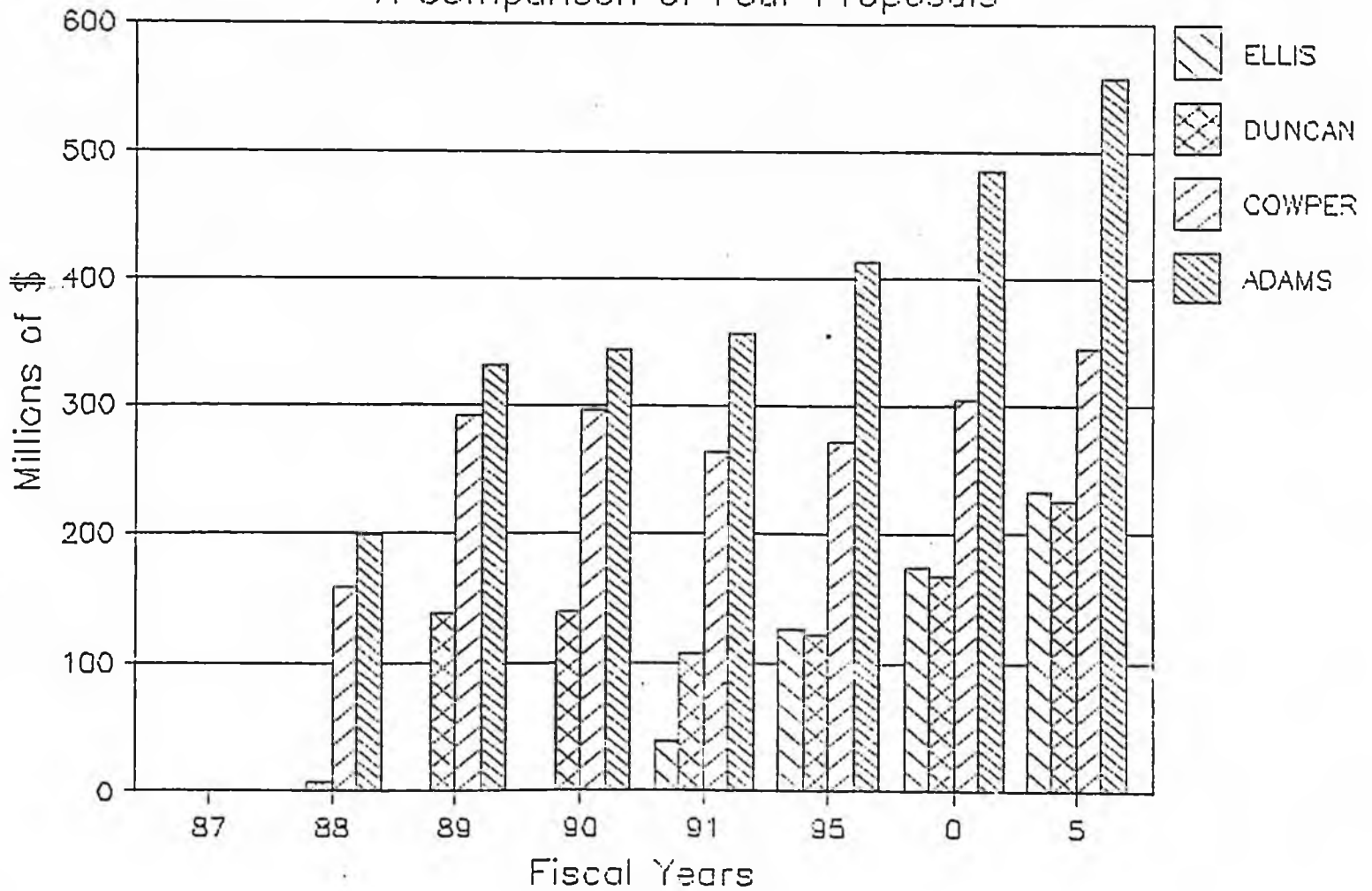
# Projected Per Capita PF Dividends

A Comparison of Four Proposals



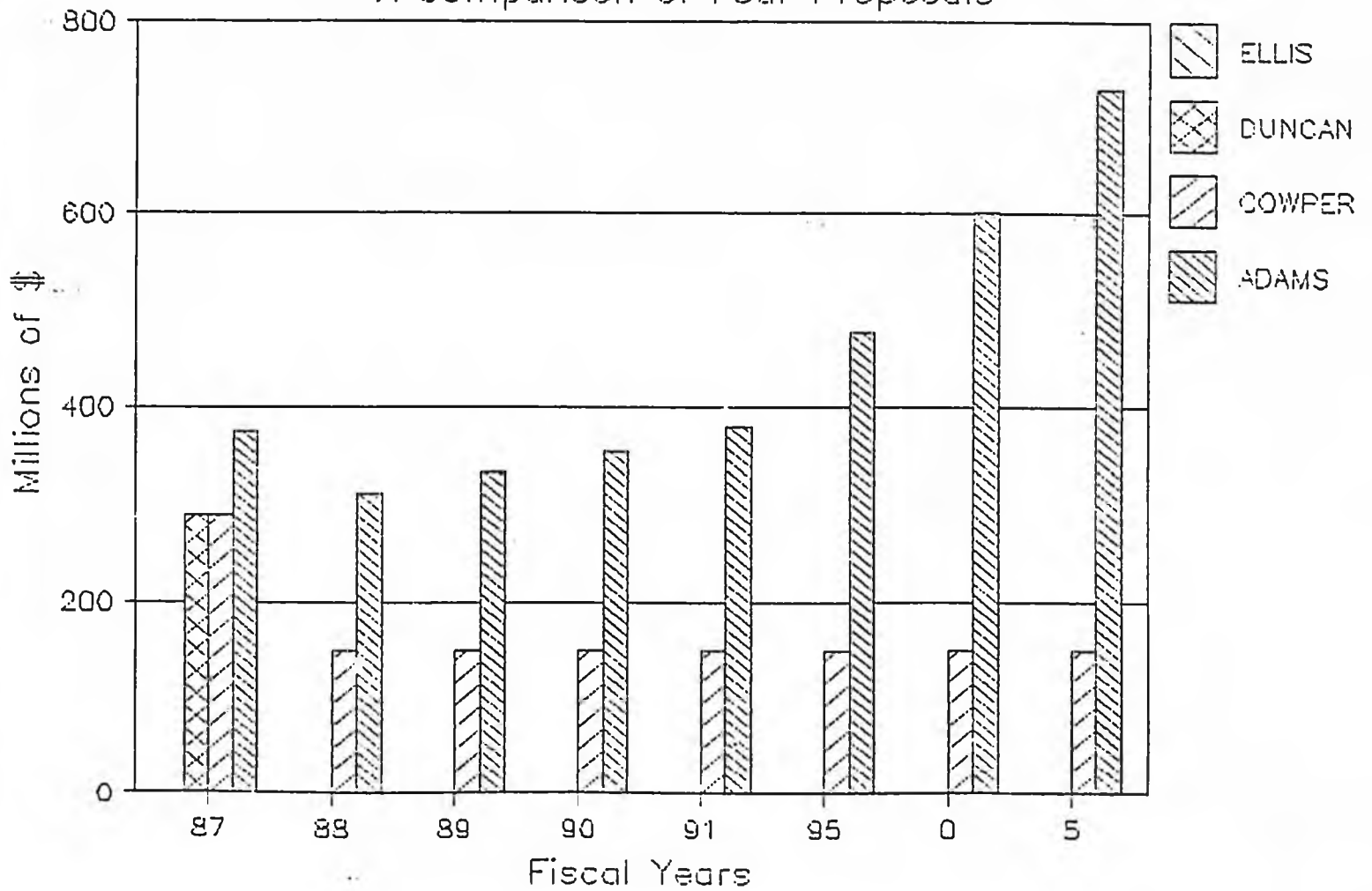
# Projected Inflation-Proofing Shortfalls

## A Comparison of Four Proposals



# Projected Fund Income to General Fund

## A Comparison of Four Proposals



SB

46

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

Bill Version: SB 46  
Publish Date:

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

Revision Date: \_\_\_\_\_ Agency Affected: Alaska Court System  
Title: An Act relating to the BRU: Appellate Courts  
payment of certain tax obligations...  
Sponsor: Kerttula Components:  
Requestor: \_\_\_\_\_

<b>EXPENDITURES/REVENUES:</b>		(Thousands of Dollars)					
	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92	
OPERATING							
Personal Services	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .	
Travel	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .	
Contractual	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .	
Supplies	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .	
Equipment	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .	
Land & Structures	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .	
Grants & Claims	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .	
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	
CAPITAL	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .	
REVENUE	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .	

<b>FUNDING:</b>		(Thousands of Dollars)					
General Funds	0.0	0.0	0.0	0.0	0.0	0.0	
Federal Funds	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .	
Other	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .	
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	

<b>POSITIONS:</b>							
Full-time	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .	
Part-time	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .	
Temporary	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .	

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

No fiscal impact.

Prepared by: Robert G. Fisher, Fiscal Officer Phone: 264-8215  
Division: Alaska Court System Date: 2-2-87  
Approved by: *Stephanie J. Cole* Date: 2-2-87  
Agency: Alaska Court System

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

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

January 21, 1987

SUBJECT: Sectional analysis of SB 46  
TO: Senator Jay Kerttula, Chair  
Judiciary Committee  
FROM: Theresa L. Bannister *tb*  
Legislative Counsel

You have requested a sectional analysis of the above described bill.

As a preliminary matter, note that a sectional analysis or summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Section 1 states the legislative intent of the bill.

Section 2. AS 43.05.240(e) requires a taxpayer to pay the taxes, penalties, and interest that the department has determined to be due, within 30 days after receiving the department's formal hearing decision, even if the person files an appeal to the Superior Court. Prohibits the court from allowing the person to postpone the payment during an appeal, unless the court determines that the person does not have sufficient assets to make the payment.

AS 43.05.240(f) indicates how the funds received under AS 43.05.240(e) are to be disposed of.

Section 3 indicates how sec. 2 changes Alaska Court Appellate Rule 603.

Section 4 indicates the tax years to which sec. 2 applies.

If I can be of further assistance, please advise.

TLB:mkr  
m8/033

## Rule 603. Stays.

## (a) Civil Appeals.

(1) *Automatic Stay*. Stays of execution or enforcement of district court judgments shall be as set forth in District Court Civil Rule 24(a).

(2) *Stay Upon Appeal - Supersedeas Bond*. When an appeal is taken, the appellant may obtain a stay of proceedings to enforce the judgment by filing a supersedeas bond with the district court, or with the superior court in administrative appeals, not later than 30 days after the date shown in the clerk's certificate of distribution on the judgment or the date of mailing or delivery of the administrative order appealed from. The bond shall be conditioned for the satisfaction in full of any judgment (including interest and costs) which may be given against the appellant by the superior court, or for satisfaction in full of the judgment (including interest and costs) of the district court if the appeal is dismissed. The bond shall comply with the provisions of Civil Rule 80.

(3) *Proceedings on Stay*. When an appeal is taken, the district court judge or magistrate shall enter a written order indicating whether or not the proceedings to enforce a judgment have been stayed. If the proceedings are stayed, and process has been issued to enforce the judgment, the judge or magistrate must recall the same by written notice to the officer holding the process. Thereupon the process must be returned to the magistrate, and all property seized or levied upon by virtue of such process must be released if it has not been sold, and in cases of civil arrest, the person arrested must be released from custody. This subdivision of this rule shall not be construed as making any stay retroactive or as invalidating any proceedings or levies prior to the time the stay becomes effective.

(b) Criminal Appeals. If a sentence of imprisonment is imposed, admission to bail shall be allowed and the sentence stayed, pending appeal. A sentence to pay a fine or a fine and costs may be stayed, if an appeal is taken, by the district judge or magistrate or by the superior court upon such terms as the court deems proper. During appeal the court may require the defendant to deposit the whole or any part of the fine and costs in

II: APPELLATE  
RULES

INDEX

the registry of the superior court, or to give bond for the payment thereof, or to submit to an examination of assets, and it may make an appropriate order to restrain the defendant from dissipating his assets. An order placing the defendant on probation shall be stayed if an appeal is taken. (Supreme Court Order 439 effective November 15, 1980; amended by Supreme Court Order 554 effective April 4, 1983)

**Rule 604. Record.**

**(a) Preparation of Record.**

The record on appeal shall be prepared in conformity with Rule 210, unless otherwise ordered by the superior court. The clerk of the trial courts shall prepare the record on appeal in an appeal of district court judgments. The administrative agency shall prepare the record on appeal in an appeal of an administrative decision. All reasonable costs incurred in connection with preparing the record on appeal shall be borne by the appellant; in the instance of a cross-appeal, the costs may be apportioned. The preparing agency may require in advance the costs as reasonably estimated by the agency.

**(b) Time.** The time for certification of the record on appeal shall run from service of the notice required by Rule 602 (b)(1) on the person who is to prepare the record. If the record is to be prepared by the clerk with whom the notice of appeal was initially filed, the time for certification of the record shall run from the date of filing of the notice of appeal.

**(c) Power of Court to Correct or Modify Record of District Court.** If any differences arise as to whether the record on appeal truly discloses what occurred in the district court, the difference shall be submitted to and settled by the superior court and the record made to conform to it. If anything material to either party is omitted from the record on appeal by error or accident or is misstated therein, the parties by stipulation, or the superior court on motion or of its own initiative may direct that the omission or misstatement shall be corrected, and if necessary that a supplemental record shall be certified and transmitted by the district court. (Supreme Court Order 439 effective November 15, 1980)

Superior court order which would have exempted all administrative appeals from the bond requirements of the appellate rules was invalid. *State, Dept. of Public Safety v. Wilkinson*, Op. No. 2875, 688 P2d 939 (Alaska 1984).

### Appellate Rule 603

#### Cases

An employer must make a showing of irreparable damage as well as filing a supersedeas bond in order to obtain a stay of a disability award in worker's compensation cases. *Wise Mechanical Contractors v. Bignell*, Op. No. 2329, 626 P2d 1085 (Alaska 1981).

A monetary enforcement judgment on an administrative order may be stayed as a matter of right upon the posting of an appropriate supersedeas bond under this rule. *Pipeliners Union v. Alaska State Commission*, Op. No. 2820, 681 P2d 330 (Alaska 1984).

In a consolidated review and enforcement proceeding pertaining to an order of the Alaska State Commission for Human Rights, the court could enter an enforcement judgment before entering a judgment on the appeal. *Pipeliners Union v. Alaska State Commission*, Op. No. 2820, 681 P2d 330 (Alaska 1984).

Superior court improperly stayed the payment of taxes during its review of administrative agency's order where the supersedeas bond filed with the court for the principal amount of taxes due did not include costs and interest. *City of Nome v. Catholic Bishop of Northern Alaska*, Op. No. 2986, 707 P2d 870 (Alaska 1985).

Even if AS 29.53.390(a), which authorizes judicial review of a disputed tax assessment, were interpreted to require payment of taxes before appeal, this rule supersedes it. *City of Nome v. Catholic*

*Bishop of Nome Alaska*, Op. No. 2986, 707 P2d 870 (Alaska 1985).

### Appellate Rule 605

#### Cases

Defendant's waiver of the right to file a brief on appeal to superior court was not revoked by supreme court's remand for a determination on the merits of the appeal, hence waiver was effective as to defendant's second appeal on the same issues. *Milne v. Anderson*, Op. No. 1587, 576 P2d 109 (Alaska 1978).

### Appellate Rule 609

#### Cases

The superior court may extend the time for filing an appeal from an administrative agency decision if the appellant shows that enforcement of the appeal deadline would result in surprise and injustice to the appellant. *Owsichek v. Alaska Guide Licensing and Control Board*, Op. No. 2328, 627 P2d 616 (Alaska 1981).

Where superior court exercised its discretion and granted a "trial de novo on the record" on appeal of an administrative decision by a city manager dismissing a police officer, appellate court review would be of the superior court's decision affirming the dismissal rather than the administrative decision itself. *Kott v. City of Fairbanks*, Op. No. 2642, 661 P2d 177 (Alaska 1983).

Superior court order which would have exempted all administrative appeals from the bond requirements of the appellate rules was invalid. *State, Dept. of Public Safety v. Wilkinson*, Op. No. 2875, 688 P2d 939 (Alaska 1984).



ALASKA DEPARTMENT OF REVENUE  
DIVISION OF AUDIT  
BRIEFING TO JOINT SPECIAL COMMITTEE ON STATE'S TAX POLICY  
ANCHORAGE SEPTEMBER 11, 1986

THE APPEALS PROCESS AND DISPUTED TAX DOLLARS

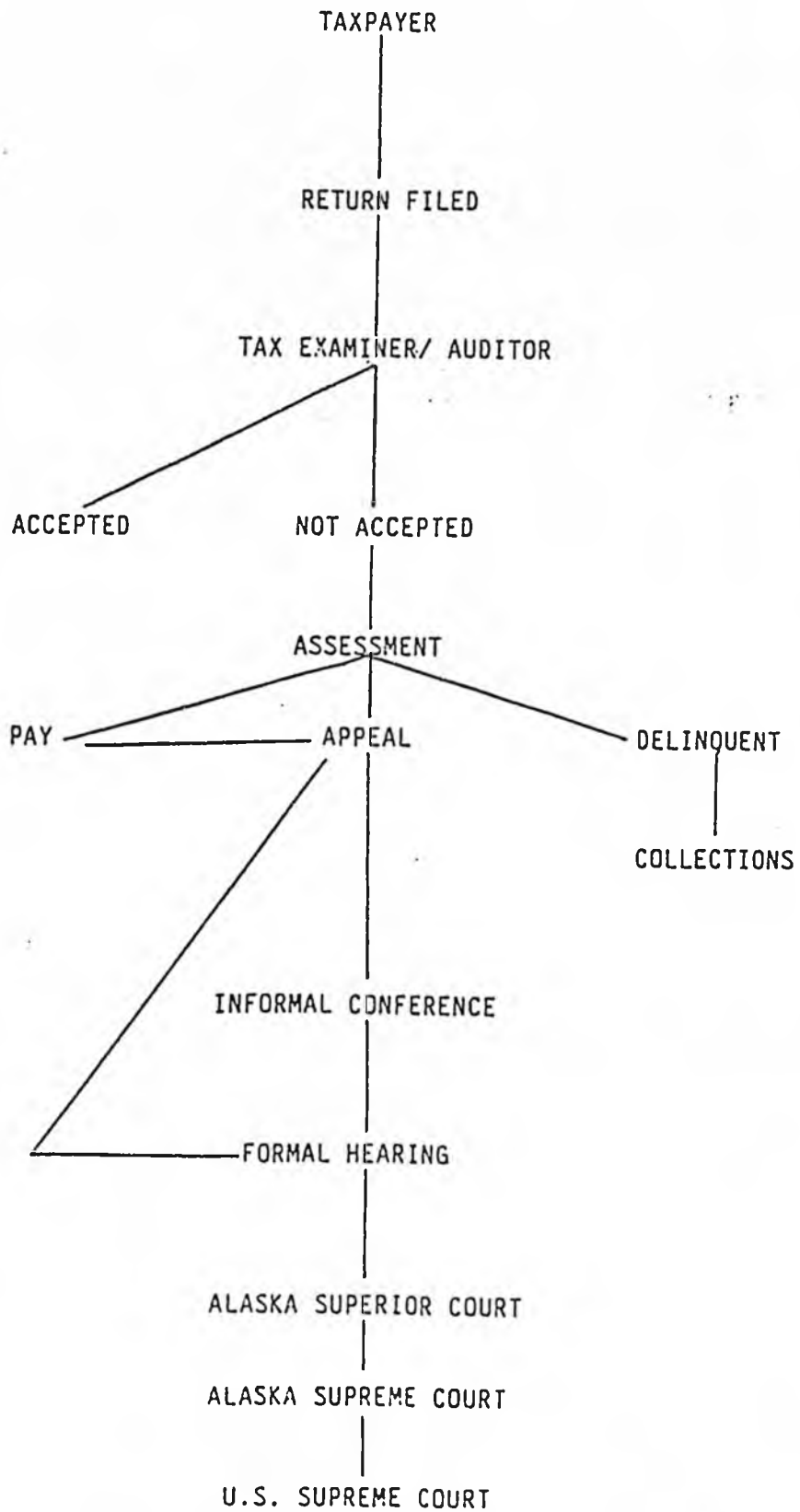
1. Introduction
2. An Overview of the Audit and Appeals Process
3. An Overview and Explanation of the Accounts Receivable
4. Time Frames for Resolution of Appealed Assessments
5. Current Efforts to Resolve Outstanding Appeals
6. Audit issues of major impact

Prepared By:

Division of Audit  
September 8, 1986

DEPARTMENT OF REVENUE

APPEAL PROCESS



ALASKA DEPARTMENT OF REVENUE  
TAX ACCOUNTS RECEIVABLE SUMMARY  
 September 8, 1986

TAX TYPE	STATUTE	VALUE OF ACCOUNTS	NOTICES OF ASSESSMENT	APPEALED	DELINQUENT AND ASSIGNED	CURRENTLY COLLECTA
OIL & GAS CORP INC	AS 43.21	\$ 796,082,574.95	\$ .00	\$ 796,082,574.95	\$ .00	\$
OIL & GAS PRODUCTION	AS 43.55	162,364,658.57	.00	162,363,756.03	902.54	-
CORPORATE INCOME	AS 43.20	53,228,126.63	441,076.07	50,115,569.11	2,529,105.92	142,37
INDIVIDUAL INCOME	AS 43.20	13,069,990.76	289,982.60	3,813,588.26	8,492,500.07	473,91
FISHERIES—PRE FY87	AS 43.75	9,581,615.38	9,213.91	1,561,787.27	6,678,940.56	1,331,67
MOTOR FUEL—PRE FY87	AS 43.40	3,163,030.85	47,170.92	469,560.47	2,644,666.77	1,63
BUSINESS LIC GR RCPT	AS 43.70	2,671,333.27	.00	2,245,258.35	308,545.52	117,52
MINING	AS 43.65	2,257,196.66	210,233.12	2,046,963.54	.00	
WITHHOLDING	AS 43.20	1,630,804.08	.00	.00	1,492,345.84	138,45
SALMON ENHAN—PRE FY87	AS 43.76	955,871.26	.00	490,542.97	382,598.01	82,73
OIL & GAS PROPERTY	AS 43.56	375,463.31	5,759.49	.00	173,438.04	196,26
SEAFOOD MARKETING	AS 16.51	200,258.68	105.35	50,429.32	144,495.15	5,22
ESTATE	AS 43.31	132,871.76	97,956.59	29,243.96	5,671.21	
ALCOHOLIC BEVERAGE	AS 43.60	57,793.31	.00	.00	57,793.31	
CIGARETTE	AS 43.50	2,756.53	.00	.00	2,756.53	
AVERAGE WHOLESALE	AS 43.80	2,300.00	.00	.00	2,300.00	
MOTOR FUEL - AV.	AS 43.40	2,287.00	2,287.00	.00	.00	
COIN OPERATED DEVICE	AS 43.35	2,126.08	.00	.00	1,986.32	139
SALMON ENHAN. - NSE	AS 43.76	1,492.26	.00	.00	1,492.26	
<b>TOTAL TAX RECEIVABLE (A)</b>		<b>\$1,045,782,551.34</b>	<b>\$1,103,785.05</b>	<b>\$1,019,269,274.23</b>	<b>\$22,919,538.05</b>	<b>\$2,489,954.</b>
PERCENT OF TOTAL VALUE		100.00%	0.11%	97.46%	2.19%	0.
PERCENT OF WORKABLE VALUE					90.20%	9.

TAX TYPE	STATUTE	NUMBER OF ACCOUNTS	NOTICES OF ASSESSMENT	APPEALED	DELINQUENT AND ASSIGNED	CURRENTLY COLLECTABL
INDIVIDUAL INCOME	AS 43.20	1,314	45	234	871	164
CORPORATE INCOME	AS 43.20	671	92	374	168	37
OIL & GAS PRODUCTION	AS 43.55	580	0	579	1	0
WITHHOLDING	AS 43.20	363	0	0	271	92
MOTOR FUEL—PRE FY87	AS 43.40	268	15	110	137	6
FISHERIES—PRE FY87	AS 43.75	219	1	25	139	54
BUSINESS LIC GR RCPT	AS 43.70	108	0	33	46	29
SALMON ENHAN—PRE FY87	AS 43.76	87	0	14	68	5
SEAFOOD MARKETING	AS 16.51	54	1	8	43	2
OIL & GAS CORP INC	AS 43.21	34	0	34	0	0
MINING	AS 43.65	29	15	14	0	0
OIL & GAS PROPERTY	AS 43.56	19	3	0	15	1
ALCOHOLIC BEVERAGE	AS 43.60	9	0	0	9	0
COIN OPERATED DEVICE	AS 43.35	6	0	0	4	2
ESTATE	AS 43.31	6	2	1	3	0
AVERAGE WHOLESALE	AS 43.80	2	0	0	2	0
CIGARETTE	AS 43.50	1	0	0	1	0
MOTOR FUEL - AV.	AS 43.40	1	1	0	0	0
SALMON ENHAN. - NSE	AS 43.76	1	0	0	1	0
<b>TOTAL TAX ACCOUNTS (B)</b>		<b>3,772</b>	<b>175</b>	<b>1,426</b>	<b>1,779</b>	<b>392</b>
PERCENT OF TOTAL ACCOUNTS		100.00%	4.64%	37.80%	47.16%	10.39
PERCENT OF WORKABLE ACCOUNTS					81.94%	18.06

ALASKA DEPARTMENT OF REVENUE  
APPEALED TAX ASSESSMENTS BY APPEAL LEVEL

September 8, 1986

TAX TYPE	STATUTE	VALUE			
		OF ACCOUNTS	CONFERENCE	FORMAL	COURT
OIL & GAS CORP INC	AS 43.21	\$ 796,082,574.95	\$415,735,726.42	\$380,346,848.53	\$ .00
GAS PRODUCTION CORPORATION	AS 43.55	162,363,756.03	155,815,089.12	6,171,496.34	377,170.57
INDIVIDUAL	AS 43.20	50,115,569.11	32,888,824.73	9,034,818.38	8,191,926.00
BUSINESS LIC GR RCPT	AS 43.70	3,813,588.26	3,753,923.70	59,664.56	.00
MINING	AS 43.65	2,245,258.35	1,420,740.46	603,726.17	220,791.72
FISH, FREEZER SHIP	AS 43.75	2,046,963.54	2,046,963.54	.00	.00
SALMON ENHAN. - COOK	AS 43.76	1,561,787.27	1,103,109.89	454,507.73	4,169.65
MOTOR FUEL - HWY	AS 43.40	490,542.97	490,542.97	.00	.00
SEAFOOD MARKETING	AS 16.51	469,560.47	424,262.08	45,298.19	.00
ESTATE	AS 43.31	50,429.32	50,164.84	264.48	.00
		29,243.96	29,243.96	.00	.00
<b>TOTAL TAX RECEIVABLE (A)</b>		<b>\$1,019,269,274.23</b>	<b>\$613,758,591.91</b>	<b>\$396,716,624.38</b>	<b>\$8,794,057.94</b>
PERCENT OF TOTAL VALUE		100.00%	60.22%	38.92%	0.86%

TAX TYPE	STATUTE	NUMBER			
		OF ACCOUNTS	CONFERENCE	FORMAL	COURT
INDIVIDUAL INCOME	AS 43.20	234	226	8	0
CORPORATE INCOME	AS 43.20	374	297	56	21
BUSINESS LIC GR RCPT	AS 43.70	33	19	12	2
FISHERIES—PRE FY87	AS 43.75	25	14	10	1
MOTOR FUEL—PRE FY87	AS 43.40	110	107	3	0
SEAFOOD MARKETING	AS 16.51	8	7	1	0
OIL & GAS CORP INC	AS 43.21	34	21	13	0
MINING	AS 43.65	14	14	0	0
ESTATE	AS 43.31	1	1	0	0
OIL & GAS PRODUCTION	AS 43.55	579	504	73	2
SALMON ENHAN. - COOK	AS 43.76	14	14	0	0
<b>TOTAL TAX ACCOUNTS (B)</b>		<b>1,426</b>	<b>1,224</b>	<b>176</b>	<b>26</b>
PERCENT OF TOTAL ACCOUNTS		100.00%	85.83%	12.34%	1.82%

ALASKA DEPARTMENT OF REVENUE  
AGING OF APPEALED TAX ASSESSMENTS

September 8, 1986

TAX TYPE	STATUTE	VALUE OF ACCOUNTS	LESS THAN 1 YEAR	1 YEAR TO LESS THAN 2 YEARS	2 YEAR TO LESS THAN 5 YEARS	5 YEARS OR OLDER
OIL & GAS CORP INC	AS 43.21	\$ 796,082,574.95	\$275,237,156.20	\$436,778,244.98	\$ 60,039,980.49	\$24,027,193.
OIL & GAS PRODUCTION	AS 43.55	162,363,756.03	2,413,708.33	121,859,592.48	20,741,532.20	17,348,923.
CORPORATE INCOME	AS 43.20	50,115,569.11	3,430,983.75	18,160,728.86	19,353,962.71	9,169,893.
INDIVIDUAL INCOME	AS 43.20	3,813,588.26	490,971.23	925,106.34	2,325,156.56	354.
BUSINESS LIC GR RCPT	AS 43.70	2,245,258.35	.00	305,598.75	1,662,028.28	27,631.
MINING	AS 43.65	2,046,963.54	1,036,507.95	411,742.76	598,712.83	.
FISHERIES—PRE FY87	AS 43.75	1,561,787.27	906,953.25	.00	577,841.02	76,993.
SALMON ENHAN—PRE FY87	AS 43.76	490,542.97	475,546.66	11,256.39	3,739.92	.
MOTOR FUEL—PRE FY87	AS 43.40	469,560.47	49,396.46	374,865.82	.00	45,298.
SEAFOOD MARKETING	AS 16.51	50,429.32	43,129.73	.00	7,299.59	.
ESTATE	AS 43.31	29,243.96	29,243.96	.00	.00	.
<b>TOTAL APPEALED</b>		<b>\$1,019,269,274.23</b>	<b>\$284,113,597.52</b>	<b>\$578,827,136.38</b>	<b>\$105,310,253.60</b>	<b>\$51,018,286.</b>
<b>PERCENT OF TOTAL VALUE</b>		<b>100.00%</b>	<b>27.87%</b>	<b>56.79%</b>	<b>10.33%</b>	<b>5.00%</b>

TAX TYPE	STATUTE	VALUE OF ACCOUNTS	LESS THAN 1 YEAR	1 YEAR TO LESS THAN 2 YEARS	2 YEAR TO LESS THAN 5 YEARS	5 YEARS OR OLDER
OIL & GAS PRODUCTION	AS 43.55	579	93	8	437	41
CORPORATE INCOME	AS 43.20	374	152	41	141	40
INDIVIDUAL INCOME	AS 43.20	234	42	47	130	15
MOTOR FUEL—PRE FY87	AS 43.40	110	12	95	0	3
OIL & GAS CORP INC	AS 43.21	34	6	9	15	4
BUSINESS LIC GR RCPT	AS 43.70	33	0	12	18	3
FISHERIES—PRE FY87	AS 43.75	25	6	0	18	1
MINING	AS 43.65	14	2	2	10	0
SALMON ENHAN—PRE FY87	AS 43.76	14	4	7	3	0
SEAFOOD MARKETING	AS 16.51	8	5	0	3	0
ESTATE	AS 43.31	1	1	0	0	0
<b>TOTAL APPEALED</b>		<b>1,426</b>	<b>323</b>	<b>221</b>	<b>775</b>	<b>107</b>
<b>PERCENT OF TOTAL ACCOUNTS</b>		<b>100.00%</b>	<b>22.65%</b>	<b>15.50%</b>	<b>54.35%</b>	<b>7.50%</b>

OIL AND GAS TAXES OUTSTANDING  
ON SEPTEMBER 2, 1986

INCOME TAX (CHPT. 21)	\$489,158,736
PRODUCTION TAX (CHPT. 55)	<u>94,760,523</u>
TOTAL OIL AND GAS TAXES	\$583,919,259

*← This include  
du penalties  
or  
interest*

TAX ASSESSED WITHIN:

6 MONTHS	\$170,086,196		
12 MONTHS	2,248,117		
18 MONTHS	6,997,314		
24 MONTHS	335,097,693	57.37%	88.12%
36 MONTHS	10,722,320	1.83%	
OVER 36 MONTHS	<u>58,767,619</u>	10.05%	
	\$583,919,259	100.00%	

NUMBER OF ALL TAX ACCOUNTS	1,426	100.00%
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OIL & GAS ACCOUNTS:

INFORMAL CONFERENCE	525	36.81%
FORMAL HEARING	<u>86</u>	<u>6.03%</u>
TOTAL	611	42.84%

Prepared By:  
Division of Audit  
September 8, 1986

NEWS RELEASE

For Further Information  
Contact:

Mary Nordale  
or  
Bruce Bothelo (465-2301)  
Hal Brown (465-3600)

STATE OF ALASKA, ARCO ALASKA ANNOUNCE AGREEMENT  
January 13, 1986

JUNEAU--The Alaska Department of Revenue and ARCO Alaska, Inc. announced today that they have entered into an agreement which will substantially resolve a long-standing dispute over tax liabilities owed under the Alaska Oil Production Tax for oil produced on Alaska's North Slope and from Cook Inlet. ARCO has agreed to pay a lump sum payment of \$243 million on or before January 15, 1986. ARCO Alaska, Inc. is a subsidiary of Atlantic Richfield Company. An Atlantic Richfield spokesman stated that Atlantic Richfield's 1986 profits will not be affected by the payment because previously established financial reserves are sufficient to cover the cost of the settlement.

The agreement, which is the result of extensive negotiations between ARCO and the State, was executed this week by Commissioner of Revenue, Mary A. Nordale and Harold M. Brown, Attorney General for the State of Alaska. Harold C. Heinze, President of ARCO Alaska, Inc. and Senior Vice President of Atlantic Richfield Company, has signed it for ARCO.

Commissioner Nordale observed: "This Settlement Agreement marks the end of a long dispute and culminates years of intensive audit work done by several people in the Department of Revenue in close cooperation with the Department of Law. I believe it has resulted in a fair and equitable resolution of several very complex legal and audit problems."

Mr. Heinze of ARCO stated: "The agreement reached with the State of Alaska is a reasonable resolution of complex and difficult issues. The settlement ends continuing uncertainty and avoids costly and protracted litigation."

-MORE-

Attorney General Harold Brown commented: "Although the State was prepared to litigate this matter to its ultimate conclusion, I am convinced that this is an excellent settlement which in fact, serves the best interest of the people of the State of Alaska."

The Oil and Gas Properties Production tax is responsible for approximately 43% of the State's annual general fund revenues. In Fiscal Year 1985, the total production tax collected from the Alaska producers was \$1,389,400,000. The payment of \$243,000,000 relates primarily to tax periods 1980 through most of 1985 and is in addition to those taxes already paid by ARCO.

Under the terms and provisions of Alaska tax statutes, the terms and conditions of the agreement may not be disclosed.

~~same subjects~~

\$243-

Severance Tax  
'80-'85

ongoing effect -

# Arco to pay \$315 million in oil-price case

By ROGER GILLOTT  
The Associated Press

ADN

1/28/86

LOS ANGELES — Atlantic Richfield Co. said Monday it has agreed with the U.S. Energy Department to pay \$315 million in restitution and fines for alleged violations of federal oil-price controls from 1978 until 1981.

The settlement resulted in a \$164 million after-tax loss provision in the fourth quarter, causing Arco's net income for the three months ended Dec. 31 to drop to by 50 percent to \$142 million, or 73 cents per share, compared with year-earlier profits of \$285 million, or \$1.15 per share.

For the full year, the company showed a loss of \$202 million, or 94 cents per share, compared to a year earlier when it earned \$567 million, or \$5.36 per share.

Besides the loss provision in the Energy Department case, the full-year deficit reflects a previously announced \$1.5 billion writeoff

because of the company's massive restructuring.

Arco's revenues for the fourth period declined to \$5.45 billion from \$5.99 billion and for the year dropped to \$22.49 billion from \$24.58 billion.

Separately, Arco announced plans to sell what it called "certain small and geographically remote" oil- and gas-producing operations in the Lower 48 states and to cut 2,000 of 7,000 workers.

The company also said it will consolidate its Lower 48 oil and gas operations into Arco Oil and Gas Co. Currently the operations are divided between Arco Oil and Gas and Arco Exploration Co.

Arco spokesman Al Greenstein said the company intends to sell about 700 of its 1,000 oil-field properties in the Lower 48 states, but that the properties to be sold account for only about 10 percent of Arco's production.

Most of the fields on the auction block are in the mid-continent and Rocky Mountain regions, although all sections of the country will be affected, Greenstein said. The company will retain most of its onshore and offshore operations in California and Gulf Coast, as well as Alaska.

The settlement calls for Arco to pay \$313 million in restitution and \$2 million in civil penalties. The Energy Department will allocate the restitution money to those who were overcharged, but a specific list of recipients has not been disclosed.

Although it agreed to make the payments, Arco didn't admit any wrongdoing.

The government had contended that the alleged overcharges were accomplished through oil trades with smaller oil-trading concerns, including Marc Rich & Co. In October 1984, Marc Rich pleaded guilty to fraud in its oil trading.

1/14/86

## Arco and Alaska Settle Tax Case For \$243 Million

By FREDERICK ROSE

*Staff Reporter of THE WALL STREET JOURNAL*  
LOS ANGELES—Atlantic Richfield Co. said it agreed to pay the state of Alaska \$243 million as part of a tax settlement covering the company's oil production on the North Slope and Cook Inlet fields in Alaska.

Arco said the payment won't directly affect earnings because reserves covering the amount were taken in prior years. The agreement with Alaska relates primarily to tax periods from 1980 through most of 1985, it said.

Arco's dispute with Alaska is one of a number of cases centering on the company's valuation of crude oil produced in the state. Details of Arco's prices haven't been disclosed and the company said that its new pact with the state forbids disclosure of the details of the production-tax settlement.

Still to be resolved is a separate dispute with the state over royalties paid on the same oil production. Also, the Internal Revenue Service is auditing company calculations of windfall-profit taxes payable on Alaska oil production.

The agreement, reached with Arco's Arco Alaska Inc. unit, calls for the company to make a single, lump-sum payment of \$243 million by tomorrow. Harold C. Heinze, president of the unit and a senior vice president of the parent company, called the pact "a reasonable resolution of complex and difficult issues."

Arco's agreement with Alaska is the latest step in the Los Angeles-based oil company's efforts to settle a number of tax and regulatory disputes.

Last month, Arco disclosed that it had offered to pay the federal Energy Department \$225 million to settle department claims that the company violated federal oil-price controls. The agency hasn't yet decided to accept that offer, an Arco spokesman said. In a filing last month with the Securities and Exchange Commission, Arco said it planned to take a charge of either \$225 million or the actual amount of any settlement against 1985 fourth-quarter earnings.

In 1984, Arco ended a long disagreement with regulators over rates charged on the trans-Alaska pipeline system. The company agreed to repay \$50 million to shippers, including itself.

In an interview earlier this month, Lodwick Cook, Arco's chairman and chief executive officer, said the company wants "to move into the next couple of years with the decks cleared." He said the proposed agreement with the Energy Department was intended "to get this behind us on some reasonable basis."

Arco periodically has taken charges against its earnings for these prospective claims. At Dec. 31, 1984, the reserves amounted to \$690 million, before income tax.

# State reports \$965 million in unpaid taxes

## Oil companies dispute \$850 million

By PATTI EPLER  
Daily News business reporter

Nearly \$1 billion in state taxes remain unpaid this week, most by oil companies that are contesting hundreds of millions of dollars in tax assessments, state officials say.

The increasing amount of uncollected taxes has some legislators drafting legislation aimed at speeding up the state's system for appealing tax assessments and freeing

the money for use by state government.

As of Tuesday, about \$965 million in taxes still are unpaid, according to state Department of Revenue figures.

More than \$850 million are taxes the oil companies have appealed, appeals that are awaiting resolution by state hearing officers or the courts. Some of the unpaid taxes date back as far as 1972.

See Back Page, STATE

Continued from Page A-1

That money was not taken into account when state officials drew up next year's budget because it has not been collected and is not considered available for spending, said Steve Kettel, chief of the department's audit division.

Some of the taxes are on liquor, cigarettes, seafood, fisheries and other corporations not involved in the oil and gas business.

About \$21 million are taxes that have been ruled delinquent and that the state can collect, said Jim Leet, chief of enforcement operations for the department.

State officials, citing privacy laws, would not disclose how much money was disputed by specific oil companies.

Hank Rosenthal, a spokesman for ARCO Alaska Inc., said he didn't know how much in taxes ARCO has contested to date. He noted that

currently are valued at about \$40 billion and said \$850 million isn't an unusual percentage to be in contention.

Rosenthal emphasized that the money shouldn't be considered as back taxes or as being "owed" by the oil companies because it may turn out that the companies don't owe the amounts the state has assessed.

Rep. Sam Cotten, D-Eagle River, and Rep. Al Adams, D-Kotzebue, are drafting a five-part report on oil revenue to be presented to the legislature next month. The centerpiece is the unpaid tax accounts and how to deal with that issue, Cotten said Thursday.

While many legislators aren't enthusiastic about increasing taxes on the oil industry, Cotten said, most are interested in finding ways to collect back taxes.

Under the state's appeal process, taxes can remain uncollected for years while disputes make their way from hearing officers to judges.

Cotten said taxpayers, especially large corporations, are encouraged to dispute tax assessments because they can hang on to the money for long periods, investing it or collecting interest.

The state affords taxpayers a two-stage appeal process if the taxpayer doesn't agree with the state's tax assessment after an audit has been conducted. The first is an informal review or conference during which many problems are resolved, said Bruce Botelho, deputy commissioner for taxation.

If that doesn't work, the taxpayer can appeal to the

commissioner and the case is assigned to a hearing officer for a decision, he said.

If the taxpayer still disagrees with the decision, he can file suit in state court, Botelho said.

Taxpayers are not required to pay the assessed amounts until all appeals are exhausted, he said.

Cotten said he and other legislators likely will introduce bills in the upcoming legislative session that would require prepayment of the assessed amounts.

"The ideal thing would be to put the money up front and leave it in escrow," he said. "The reason to do it is to encourage an early resolution" of the back tax disputes.

Cotten said the legislature also should make sure that the Department of Revenue has enough staff working on resolving tax disputes so that the money can be collected and put to use by the state.

SB

50

SENATE AMENDMENT

BY: \_\_\_\_\_

TO: \_\_\_\_\_ CS for SENATE BILL NO. 50 (C+RA)

TO: SECTION 4 \_\_\_\_\_ HOUSE BILL NO. \_\_\_\_\_

Sec 29.06.510(a) Election is amended to read:

(a) The Local Boundary Commission shall immediately notify the director of elections of its acceptance of a dissolution petition. Within 30 days after notification, the director of elections shall order an election in the municipality to determine whether the voters desire dissolution. The election must be held at least 30 and not more than 90 days after the election order unless such timing would cause the election to be held between May 1 and November 1. If

SENATE AMENDMENT

BY: \_\_\_\_\_

TO: \_\_\_\_\_ SENATE BILL NO. \_\_\_\_\_

TO: \_\_\_\_\_ HOUSE BILL NO. \_\_\_\_\_

the director of elections receives  
notification after April 1, but before  
October 1, the election shall be  
held within 60 days after November

1. A person who is a voter  
of the municipality may vote in  
the dissolution election.

(TURN IN ORIGINAL AMENDMENT TO SENATE SECRETARY'S OFFICE.  
THE AMENDMENT WILL BE NUMBERED, COPIED AND DISTRIBUTED.)

CSSB 50 (C&RA)

LEGISLATIVE INTENT

Existing laws apparently will not permit the dissolution of a city government in a community unless that community suffers drastic reductions in its population and/or economy. The legislature recognizes that there are other circumstances under which the dissolution of a city government may be warranted. Such circumstances include those where:

1. the residents of a community have abandoned their city government;
2. alternative entities exist through which essential services\* may be delivered in the absence of city government; and
3. dissolution would not be adverse to the interests of the community served by the city, the region in which the city is located, and the state, i.e., dissolving primarily to void a viable tax base.

It may be considered to be in the best interest of the state, under the provisions of Section 2 of this Act, for any city to be dissolved where such circumstances exist.

- \* Definition of "essential services": Basic municipal services providing for the health, safety, and welfare of the residents, such as police and fire protection services and maintenance of public facilities, i.e., water and sewer systems; washeterias; community buildings, etc.

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 2/12/87 5-DAY NOTICE  
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: JUDICIARY  
FINANCE

\*\*FISCAL NOTE(S) ATTACHED yes \*\*  
IN ACCORDANCE WITH AS 24.08/035  
(see below)

1/19/87

DATE TURNED INTO OFFICE 3/11/87

Mr. President:

COMMUNITY & REGIONAL AFFAIRS Committee considered SB 50  
relating to dissolution of a municipality,

and recommended:

replace with CS SB 50 (C+RA)  same title  
 attached amendment(s) and  new title

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

letter of intent adopted and attached

\*\* Committee  attached or  adopted fiscal note(s)  
 zero  fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature]  
[Signature]  
[Signature]  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Rick Halford DO NOT PASS  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Arless Sturgulewski  
Chairman signature and recommendation

Committee Backup Attached

Do Pass

NO. 114

ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

REQUEST: <sup>CS</sup> SB 50 (C+RA) M&A

Bill Version: CS SB 0050 (M&A)  
Publish Date: 02/22/87 5-11-87

Revision Date: \_\_\_\_\_  
Title: "An Act relating to dissolution  
of a municipality."  
Sponsor: Senator Binkley  
Requestor: Senate C&RA

Agency Affected: Community & Regional Affairs  
BRU: Local Government Assistance  
Components: Local Boundary Commission

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 & STRUCTU						
GRANTS, CLAIMS						
MISCELLANEOI						
TOTAL OPER,	-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	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS :

Prepared by: Douglas B. Griffin  
Division: Municipal and Regional Assistance

Phone: 465-4750  
Date: 02/06/87

Approved by Commissioner: [Signature]  
Agency: Community and Regional Affairs

Date: 2-6-87

Distribution (by preparer):

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

Senator Johne Binkley

MAR 16 1987



Alaska State Senate  
P.O. Box V • Juneau, Alaska 99811 • (907) 465-4985

Finance Committee  
Co-Chairman

M E M O R A N D U M

*Butt*

March 12, 1987

TO: SENATOR JAY KERTTULA, CHAIRMAN  
Senate Judiciary Committee

FROM: SENATOR JOHNE BINKLEY *Johne*

Subj: CSSB 50: "An Act relating to the dissolution of a municipality."

Residents and local elected officials of several small cities in Alaska have expressed an interest or desire in dissolving their municipal government. State laws provide standards and procedures for dissolution. However, existing regulations do not specifically address voluntary dissolution of active municipalities.

Existing regulations only pertain to dissolution of a community which effectively ceases to function as a governmental entity. State statutes require that, in order to dissolve, a municipal government must be free of debt and must cease to exercise its mandatory powers or it must be determined to no longer meet the standards of incorporation. Administrative regulations require that all three standards must be met in order for a municipal government to dissolve.

In 1984, residents of the City of Akiachak initiated a petition for the dissolution of their city. The matter was brought before the Alaska Local Boundary Commission twice (once upon reconsideration) in 1985. The Commission denied the petition principally because it found that Akiachak failed to meet two of the standards of dissolution of a municipality: (1) the community did not fall below the minimum standards for incorporation; and (2) the city must cease for two or more consecutive years to exercise virtually any of its municipal powers. The Commission determined that the City of Akiachak continued to function in certain respects (e.g., administration of grants). Akiachak has appealed the Commission's decision to the State Superior Court.

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Section 1 of this bill amends the standards by which the Local Boundary Commission is petitioned by requiring a petition signed by a number of voters of the municipality greater than 50 percent of the number of votes cast in the previous general election in that community.

Section 2 of this bill provides provides that the Local Boundary Commission determines whether the municipality meets the standards for dissolution and the dissolution is "in the best interest of the state."

Section 3 of this bill establishes standards for the election process for dissolution by requiring approval by a number of voters greater than 50 percent of the number of people registered to vote in that municipality.

The assets of the dissolved municipality are to be distributed either to another municipality or to the state. If the assets are are to remain within the community, the state would enter into contracts regarding the use of the assets with any person or organization, including a nonprofit corporation formed under the laws of the state or a Native council (IRA or traditional) formed under 25 U.S.C. 476. The contracting entity would be required, under existing state regulations, to waive sovereign immunity (if applicable) and be accountable for the use and maintenance of the assets, with a provision in the contract that: (1) the assets be used for a specified purpose; (2) the assets be used to provide services to residents without regard to race, color, creed, religion, or national origin; and (3) the contracting entity is liable for claims arising out of the use or management of the assets.

# Alaska State Legislature

ARLISS STURGULEWSKI, Chairman  
TIM KELLY, Vice Chairman  
RICK HALFORD  
MIKE SZYMANSKI  
FRED ZHAROFF



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JUNEAU, ALASKA 99811  
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## Senate Community and Regional Affairs Committee

TO: Senate C&RA Members March 10, 1987

FROM: Senate C&RA Staff 

RE: CSSB 50 (C&RA) - Dissolution of a municipality

At the last hearing on this bill a number of concerns were raised. This CS addresses those concerns.

An attempt has been made to have the process mirror the incorporation process. Citizens wishing to dissolve a municipality could file a petition with the Local Boundary Commission (LBC).

✓ If the the petition was signed by a number of voters of the municipality greater than 50 percent of the votes cast within the municipality at the last general election and if the LBC determined that the dissolution was in the state's best interest, it would accept the petition.

If the LBC accepted the petition, the director of elections would then conduct an election on the question and if dissolution was approved by a majority of the registered voters in the municipality, the dissolution would take effect.

The section of the original bill that dealt with succession has been deleted. Existing law would remain and assets could be handled through existing contracting procedures as suggested by the Department of Law.

Existing law is attached.

**Sec. 29.06.460. Petition.** (a) Voters of a municipality may file a dissolution petition with the department in the form prescribed by the department. The petition must be signed by a number of voters equal to at least 25 percent of the number of votes cast in the last regular election in that municipality.

(b) The petition must include

- (1) the name of the municipality;
- (2) maps, documents, and other information showing that the municipality meets the standards for dissolution. (§ 5 ch 74 SLA 1985)

**Sec. 29.06.470. Standards.** (a) Except as provided in (b) of this section, voters of a municipality may petition for dissolution when the municipality is free of debt, or, if in debt, each of its creditors is satisfied with a method of repayment and

(1) it no longer meets the minimum standards prescribed for incorporation by AS 29.05, or former AS 29.18.030 if it is a third class borough; or

(2) the municipality ceases to use each of its mandatory powers.

(b) Voters of a city in a borough may petition for dissolution of the city if the borough consents to assume the city's rights, powers, duties, assets, and liabilities. The consent must be ratified by a majority of borough voters voting on the question. (§ 5 ch 74 SLA 1985)

**Sec. 29.06.480. Review.** (a) The department shall review a dissolution petition for content and signatures, and shall return a deficient petition for correction or completion.

(b) If the petition contains the required information and signatures, the department shall investigate the proposal. (§ 5 ch 74 SLA 1985)

**Sec. 29.06.490. Report and hearing.** (a) The department shall report its findings to the Local Boundary Commission with its recommendation regarding the dissolution of a municipality.

(b) The Local Boundary Commission shall hold at least one public hearing in the municipality proposed to be dissolved. (§ 5 ch 74 SLA 1985)

**Sec. 29.06.500. Decision.** (a) If the Local Boundary Commission determines that a municipality fails to meet the standards for dissolution, it shall reject the petition. If the commission determines that the municipality meets the standards, it shall accept the petition.

(b) A Local Boundary Commission decision under this section may be appealed under the Administrative Procedure Act (AS 44.62). (§ 5 ch 74 SLA 1985)

**Sec. 29.06.510. Election.** (a) The Local Boundary Commission shall immediately notify the director of elections of its acceptance of a dissolution petition. Within 30 days after notification, the director of elections shall order an election in the municipality to determine whether the voters desire dissolution. The election must be held at least 30 and not more than 90 days after the election order. A person who is a voter of the municipality may vote in the dissolution election.

(b) The director of elections shall supervise the election in the general manner prescribed by the Alaska Election Code (AS 15). The state shall pay all election costs.

(c) The director of elections shall certify the election results. If dissolution is approved, the director of elections shall declare that the municipality is dissolved effective on the date of certification. (§ 5 ch 74 SLA 1985)

**Sec. 29.06.520. Succession.** The government succeeding to a dissolved municipality succeeds to all its rights, powers, duties, assets, and liabilities. (§ 5 ch 74 SLA 1985)

**Sec. 29.06.530. Application.** AS 29.06.450 — 29.06.530 apply to home rule and general law municipalities. (§ 5 ch 74 SLA 1985)

## Chapter 08. Classification of Municipalities.

### Section

10 — 50. [Repealed]

*Secs. 29.08.010 — 29.08.045. Classification of municipalities. [Repealed, § 88 ch 74 SLA 1985, effective January 1, 1986.]*

*Sec. 29.08.050. Transition. [Repealed, § 44 ch 21 SLA 1985, effective May 10, 1985.]*

## Chapter 10. Home Rule Municipalities.

### Article

1. Charters (§§ 29.10.010 — 29.10.100)
2. Home Rule Limitations (§ 29.10.200)

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Effective date of chapter. — Section 90, ch. 74, SLA 1985 provides: "This Act takes effect January 1, 1986."

# STATE OF ALASKA

STEVE COWPER, GOVERNOR

## LOCAL BOUNDARY COMMISSION

949 EAST 36TH AVENUE, SUITE 404  
ANCHORAGE, ALASKA 99508  
PHONE: (907) 561-8586

February 27, 1987

The Honorable Henry Springer, Chairman  
House Committee on Community &  
Regional Affairs  
Pouch V  
Juneau, AK 99811

Dear Representative Springer:

The Alaska Local Boundary Commission convened last evening to formally consider the version of draft CS HB 65 which was discussed during the February 20, meeting of your committee. I am pleased to inform you that the Local Boundary Commission considers the draft revision to be a significant improvement to the original bill. All five members of the commission voted unanimously to strongly support the legislation embodied in the draft CS HB 65.

While the Local Boundary Commission unanimously supports the draft CS HB 65, we do feel that there are two changes that might be made that would strengthen the bill. These are the inclusion of a "best interest" standard and the prohibition of conducting dissolution elections by mail. The suggested additions are explained below.

### BEST INTEREST STANDARD

The Commission believes that amending the proposed AS 29.06.470(a)(3) to add a requirement that "dissolution is determined by the Local Boundary Commission to be in the best interests of the state, the region and the territory served by the municipality proposed to be dissolved" would strengthen the bill. This additional standard would apply in those instances where dissolution has been requested by a majority of the registered voters.

The reason the Commission desires this addition is simple. The Alaska Constitution and state laws have, since statehood, uniformly recognized the need and importance of a state commission to deal with the creation of municipal governments, modifications of municipal government boundaries and the dissolution of municipal governments. The language of the draft CS HB 65 currently does not ensure a deliberative role for the state in dissolution proceedings.

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Without language such as that suggested by the Local Boundary Commission, no safeguards exist against wholesale dissolution of municipalities. Conceivably, any and every current and future municipal government could easily meet the standards set out in the draft CS HB 65. While the Commission does not suggest that a significant number of the 159 municipalities in the state would seek to dissolve if this bill became law, we do feel it would enhance the bill to include a reasonable safeguard.

We suggest that situations will arise which will require discretionary application and deliberation of state level concerns. Thus, it seems prudent to include provision of language which would allow the commission to serve this legitimate role. We feel a "best interest" standard does just this.

#### ELECTIONS BY MAIL

The commission would also like to see the inclusion of statutory provisions to preclude the conduct of municipal dissolution elections by mail under AS 15.20.800. While it may be appropriate to conduct certain state elections by mail, the Commission opposes elections by mail either for municipal incorporation or dissolution. Our objections to conducting such elections by mail are numerous and have been conveyed to the Division of Elections. In general, we find that the significance of such elections and public preference warrant conducting municipal incorporation and dissolution elections in the conventional manner.

Thank you for this opportunity to comment on the proposed CS HB 65. We feel that the draft CS HB 65 will permit the Local Boundary Commission to respond fully to the current issues relating to dissolution. However, we do feel that our two suggestions will further improve the bill. Please feel free to contact the Local Boundary Commission should you require clarification of any points.

Sincerely,



For

Robert O. Eder, Chairman  
Local Boundary Commission

The Honorable Henry Spinger  
February 27, 1987  
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cc: The Honorable Arliss Sturgulewski  
Chair, Senate C&RA  
The Honorable John Binkley  
sponsor SB 50  
The Honorable Lyman Hoffman  
sponsor HB 65  
C.B. Bettisworth, Member, LBC  
Bert Greist, Member, LBC  
Dave Hanson, Member, LBC  
Jo Anderson, Member, LBC  
David G. Hoffman, Commissioner, DCRA  
Marty Rutherford, Director, MRAD/DCRA

Original sponsor: Binkley

1 IN THE SENATE

BY THE COMMUNITY AND  
REGIONAL AFFAIRS COMMITTEE

2 CS FOR SENATE BILL NO. 50 (C&RA)

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 dissolution of a municipality."

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

8 \* Section 1. AS 29.06.470(a) is amended to read:

9 (a) Except as provided in (b) of this section, voters of a  
10 municipality may petition for dissolution when the municipality is  
11 free of debt, or, if in debt, each of its creditors is satisfied with  
12 a method of repayment and

13 (1) the municipality [IT] no longer meets the minimum  
14 standards prescribed for incorporation by AS 29.05, or former AS 29.-  
15 18.030 if it is a third class borough; [OR]

16 (2) the municipality ceases to use each of its mandatory  
17 powers; or

18 (3) dissolution is requested by petition on a form provided  
19 by the department signed by a number of voters of the municipality  
20 proposed to be dissolved greater than 50 percent of the number of  
21 votes cast in the last general election in that municipality.

22 \* Sec. 2. AS 29.06.500(a) is amended to read:

23 (a) If the Local Boundary Commission determines that a munic-  
24 ipality fails to meet the standards for dissolution, it shall reject  
25 the petition. If the commission determines that the municipality  
26 meets the standards under AS 29.06.470(a)(1) or (2), it shall accept  
27 the petition. (If the commission determines that the municipality  
28 meets the standards under AS 29.06.470(a)(3) and that dissolution of  
29 the municipality is in the best interest of the state, it shall accept

1        the petition.

2        \* Sec. 3. AS 29.06.510(c) is amended to read:

3                (c) The director of elections shall certify the election re-  
4        sults. If dissolution is approved by a number of voters greater than  
5        50 percent of the number of people registered to vote in the municipi-  
6        pality, the director of elections shall declare that the municipality  
7        is dissolved effective on the date of certification.  
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