

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672

5364 SLAB SB 161 - SB 224

936

SB

161

Alaska State Legislature



M  
Schedule  
Next  
Week

PRESIDENT  
907-465-3755

JAN FAIKS  
POST OFFICE BOX V  
JUNEAU, ALASKA 99811

Senate

March 20, 1987

MEMORANDUM

TO: Senator Tim Kelly, Chairman  
Senate Labor and Commerce Committee

FROM: Senator Jan Faiks  
President of the Senate

SUBJECT: Background on Senate Bill 161  
An Act relating to the names of certain  
financial institutions

Senate Bill 161 has been referred to your committee for consideration. The purpose of this bill is to enable state-chartered savings institutions to change their corporate titles to that of a savings bank.

Federal regulations have a similar provision which allows federally chartered savings associations to use the word "bank" in their titles. SB 161 would give Alaska chartered savings and loan associations parity with competing federal institutions.

I would appreciate the committee's consideration of the legislation at its earliest convenience. Should you need any additional information, please let me know.

Thank you.

OUT OF SESSION

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

# Alaska State Legislature



PRESIDENT  
907-465-3755

JAN FAIKS  
POST OFFICE BOX V  
JUNEAU, ALASKA 99811

Senate

March 20, 1987

## MEMORANDUM

TO: Senator Tim Kelly, Chairman  
Senate Labor and Commerce Committee

FROM: Senator Jan Faiks *Jan Faiks*  
President of the Senate

SUBJECT: Committee Hearings on Senate Bill 161,  
An Act relating to the names of certain  
financial institutions.

I would appreciate your scheduling hearings before your committee on Senate Bill 161, an Act relating to the names of certain financial institutions.

This bill was introduced in the Senate on March 4, 1987, and was referred to the Labor and Commerce Committee as its first committee of referral.

Enclosed is a memo which gives background information on this bill. Should you or the committee members need additional information, please let me know.

Your consideration of my request will be appreciated.

OUT OF SESSION

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



SB

162

# STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

March 16, 1987

## POSITION PAPER

RE: SB 162 -- "An Act relating to fisheries business tax refunds to local government; and providing for an effective date."

SPONSOR: Senator Zharoff

### Program Effects of Bill:

Section 1 of the bill amends existing language in AS 43.75.130(a) to provide for a new subsection (d) as well as several minor "house cleaning" wording changes.

Section 2 of the bill amends AS 43.75.130 by adding a new subsection (d) which provides for a five-year phasing in of the sharing of fish tax revenues between cities and boroughs in the instance of new borough formation.

Section 3 of the bill provides for an immediate effective date for the Act.

### Comments:

The existing State Fisheries Business Tax law provides for a "refund" of this state tax to municipalities in whose jurisdiction the tax was collected. In the case of unified municipalities and cities in the unorganized borough, 50 percent of the tax revenue collected within municipal boundaries is returned. However, cities located within a borough must in turn share 50 percent of their fish tax refund with the surrounding borough. In other words, such a city would receive only 25 percent of the fish tax collected within its jurisdiction; the other 25 percent would go to the borough.

The state fish tax provides a significant and relatively stable portion of total revenues for many cities presently located outside of organized boroughs. The formation of a borough which would include such cities would result in sudden and substantial revenue losses for these cities. Cities located within the new borough have no guarantee of receiving any of this funding back from the borough. The prospect of such a revenue shock represents a clear disincentive to borough formation. Providing for a phased transition into the sharing of fish tax revenues from cities to new boroughs would reduce the severity of the shock to city operations; consequently, reducing the disincentive to borough formation.

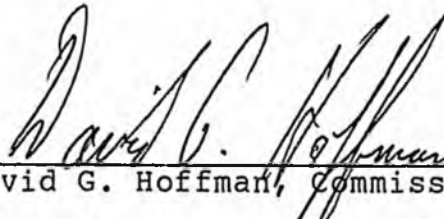
STEVE COWPER, GOVERNOR

P.O. BOX B  
JUNEAU, ALASKA 99811-2100  
PHONE: (907) 465-4700

949 E. 36TH AVENUE, SUITE 400  
ANCHORAGE, ALASKA 99508-4302  
PHONE: (907) 563-1073

SB 162  
March 16, 1987  
Page Two

The establishment of strong, self-sufficient, local and regional government throughout Alaska is a longstanding goal of the Department of Community and Regional Affairs. The Department endorses practical measures which provide incentives, or reduce existing disincentives, with regard to borough formation. The measures provided for in this bill appear to be straightforward in effect and relatively simple in their implementation. The Department therefore supports the expeditious passage of this bill.

  
\_\_\_\_\_  
David G. Hoffman, Commissioner

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

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

Bill Version : HB 162  
Publish Date : \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: An Act relating to fisheries  
business tax refunds to local gov't  
Sponsor: Senator Zharoff  
Requestor: Senate L & C Committee

Agency Affected: Community & Regional Affs.  
BRU: Local Government Assistance  
Components: Statewide Assistance

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

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

**FUNDING: (Thousands of Dollars)**

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

**POSITIONS:**

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

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

Prepared by: Michael Cushing, Planner  
Division: Municipal & Regional Assistance

Phone: 465-4750  
Date: 3/16/87

Approved by Commissioner: David G. Hoffman  
Agency: Community & Regional Affairs

Date: 3-16-87

Distribution (by preparer):

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

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

Bill Version: SB 162

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

REQUEST \_\_\_\_\_

Revision Date: 3/10/87

Title: An Act relating to fisheries  
business refunds to local governments

Sponsor: Zharoff

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

Agency Affected: Revenue

BRU: Audit

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: See attached.

Prepared By: Steven E. Kettel  
Division: Audit

Phone: 465-2320

Date: 3/10/87

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

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

Date: 3/18/87

Distribution (by Agency preparing fiscal note):

Legislative Finance

Legislative Sponsor

Requestor

Office of Management and Budget

Impacted Agency(ies)

Senate Secretary

Fiscal Note Analysis  
Senate Bill 162  
Prepared 3/10/87

The communities of Sand Point, King Cove, Akutan, False Pass and Nelson Lagoon will soon be incorporating to form a new borough within the state. AS 43.75.130(a) currently provides that to each unified municipality and to each city located within an unorganized borough, 50 percent of the amount of fisheries business tax revenue collected in the municipality will be refunded by the commissioner of revenue to these agencies. The cities named above have in past years received this 50 percent share. However, when a city lies within an organized borough, the city and the borough each receive a 25 percent share. Therefore, in order to phase in an anticipated reduction in shared revenues to these areas, SB 162 amends AS 43.75.130 by adding a new subsection (d) to minimize the revenue impact on the impacted cities.

AS 43.75.130(d) provides that the commissioner of revenue shall pay to each city in a borough that is incorporated after the effective date of this Act: 45 percent of the taxes collected during the calendar year in which incorporation occurs; 40 percent of the taxes collected during the first calendar year following the year of incorporation; 35 percent of the taxes collected during the second calendar year; and 30 percent of the taxes collected during the third calendar year.

Subsection (d) also provides that the commissioner shall pay to each borough that is incorporated after the effective date of this Act: 5 percent of the taxes collected during the calendar year in which the borough is incorporated; 10 percent during the first calendar year after incorporation; 15 percent during the second calendar year; and 20 percent during the third calendar year.

The Act is to take effect immediately under AS 01.10.070(c).

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

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

Bill Version : SB 162  
Publish Date : \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: Relating to Fisheries Business Tax  
Refunds to Local Government  
Sponsor : Zharoff  
Requestor : \_\_\_\_\_

Agency Affected : Revenue  
BRU : \_\_\_\_\_  
Components : \_\_\_\_\_

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

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						
<b>CAPITAL</b>						
<b>REVENUE</b>						
		-0-	-0-	-0-	-0-	-0-

**FUNDING: (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

Prepared by : Robert Elliott *RE*  
Division : Research Section  
Approved by Commissioner : [Signature]  
Agency : \_\_\_\_\_

Phone : 465-2173  
Date : 3/12/87  
Date : 3/12/87

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

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

Bill Version: SB 162

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

REQUEST \_\_\_\_\_

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

Title: An act relating to fisheries  
business tax refunds to local gov't

Sponsor: Zharoff

Requestor: Senate Labor & Commerce

Agency Affected: Revenue

RPU: Administrative Services

Component's: \_\_\_\_\_

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: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

There is no measurable administrative impact on this division.  
The accounting for shared taxes will be made slightly more complex.

Prepared By: Ervin B. Jones  
Division: Administrative Services

Phone: 465-2313  
Date: 3/17/87

Approved by Commissioner: [Signature]  
Agency: Revenue

Date: 3/18/87

Distribution (by Agency preparing fiscal note):

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



**SENATOR FRED F. ZHAROFF**  
**ALASKA STATE LEGISLATURE**

P.O. BOX 405, KODIAK, ALASKA 99615 (907) 486-5259

DURING SESSION:

P.O. BOX V, JUNEAU, ALASKA 99811 • (907) 465-3473 • 465-3474

DISTRICT N

ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PRIBILOF ISLANDS • SHUMAGIN ISLANDS

MEMORANDUM

TO: Senator Tim Kelly, Chairman  
Senate Labor & Commerce Committee

FROM: Senator Fred F. Zharoff

DATE: March 12, 1987

SUBJ: Scheduling for SB 162

Recently, SB 162, An Act Relating to Fisheries Business Tax Refunds to Local Government, and Providing for an Effective Date, which I sponsored was introduced and referred to the Labor & Commerce Committee.

I sponsored this bill in response to the potential formation of a new borough in the East Aleutians region. Communities in the region are concerned that upon formation of the borough, one half of the raw fish taxes presently disbursed to the communities will be disbursed to the new borough. This bill would reduce the immediate financial impact to the communities of the formation of a borough by gradually reducing the fish tax disbursement to the community and gradually increasing the fish tax disbursement to the borough.

For the benefit of the committee, I have attached information regarding the formation of this borough. In addition, I have requested, and hope to receive in the near future, position papers and fiscal notes from the Departments of Revenue and Community & Regional Affairs regarding this bill. I would appreciate your consideration in scheduling a hearing on this measure.

Thank you.

# CITY OF KING COVE

P.O. Box 37 • King Cove, Alaska 99612 • (907) 497-2340

January 12, 1987

The Honorable Fred Zharoff  
P.O. Box 405  
Kodiak, Alaska 99615

RE: Establishing a Borough Government in the Aleutians East Region

Dear Senator Zharoff:

The six communities of the Aleutians East region, Akutan, Cold Bay, False Pass, King Cove, Nelson Lagoon and Sand Point, are pursuing possible formation of a borough government. On November 10, 1986, leaders from the above communities met to examine concerns facing the region and the merits of forming a borough as a way to address these concerns. The general consensus of the 27 persons that participated in this meeting was:

- o there are a number of serious financial, capital improvement project, political and other problems facing the region;
- o community leaders should meet again early in 1987 to make a more informed decision on establishing a Borough;
- o additional information must be gathered and examined before community leaders decide if the area should incorporate an Aleutians East Borough;
- o an Aleutians East Borough is probably the best way for residents to address many of the region's problems; and
- o incorporation of an Aleutians East Borough may soon be necessary.

This consensus reflects an awareness that the serious financial problems facing the State and Aleutians East communities will require the region to examine ways to raise additional local revenues to maintain service delivery.

In addressing forming a borough, community leaders identified concerns which may be impediments to establishing a Borough. Three of these concerns, which are identified below and

described in the attached topical papers, are ones which will require legislative assistance and action to accomplish. The region asks for your support and direction in helping to relieve the problems caused by these impediments.

The three concerns which require legislative attention include:

1) Effect of Establishing a Borough Government on Revenues for Education Services that the Region will Receive. The concern centers on the potential of significantly decreased revenues to the district for education if a Borough is established. The existing State School Foundation Funding Formula does not include provisions to address the merging of three school districts into a single district. The region needs assistance from you to work with the Departments of Education and Revenue, and fellow legislators to ensure the Borough School District receives a level of education funds equal to those which would have been provided to the Aleutians REAA and King Cove and Sand Point School Districts.

2) Shared Fish Tax Distribution - Borough/Cities: The concern centers on the loss of State Shared Fish Tax (Fishery Business Taxes) revenues to the region's four cities if a Borough is established. This occurs because the present law requires cities in the organized borough to equally share raw fish tax revenues they would receive with a borough, while a city in the unorganized borough receives a full share of these taxes. The region proposes the existing law be amended to allow a three year phase-out of the amount of revenue the cities will lose to a borough. This amendment is fully explained in the attached issue paper and will require legislative action.

3) Borough Formation Assistance Funds: The region needs approximately \$30,000 and assistance from the Department of Community and Regional Affairs (DCRA) to complete its efforts to form a Borough. To date, the region has used FY 85 Regional Strategy Funds from DCRA to fund its organizational efforts. These funds are now exhausted. The region would use the funds to conduct meetings of regional representatives, gather data, prepare its incorporation petition and publish public information. The region will need the funds to conduct these activities in March -December 1987.

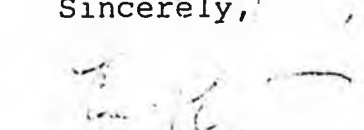
These three issues, if they can be resolved, will lessen the impediments and provide incentives to establish a Borough. The region will keep you apprised of our efforts to pursue Borough formation and is available to further discuss the above three concerns with you. In addition you and your staff are invited to participate in the next meeting of community leaders, which is tentatively scheduled for the first week of February in Anchorage.


Also, enclosed for your review is information that has been produced on the Aleutians East Borough. This information includes:

- o Aleutians East Regional Government Study, March 1986 report;
- o Executive summary of the above report, March 1986;
- o Aleutians East Regional Government Study, Issues/Data Update paper, October 31, 1986, which was distributed to representatives that attended the November 10, 1986 meeting;
- o Aleutians East Borough - Why Is It Being Considered?, brochure, January 1987, which was distributed on January 9, 1987 to all box holders in the Aleutians East region.

We would appreciate the opportunity to discuss the region's concerns with you when you pass through Anchorage on your way to Juneau.

Sincerely,

  
Lamar J. Cotten  
City Administrator

  
Wayne Marshall  
City Manager

1689 'C' Street  
Anchorage, Alaska 99501  
276-2700

STATE FISHERIES BUSINESS (RAW FISH) TAX

DESCRIPTION OF PRESENT DISTRIBUTION SYSTEM FOR STATE FISHERIES BUSINESS TAX REVENUES: Existing State law provides that the State and cities in the Unorganized Borough equally share, 50%-50%, State Fisheries Business Tax revenues (for fish delivered within city boundaries). However, if a borough exists, the State receives its 50% share, but the borough and cities within the borough must equally share the other 50% of revenues. Thus, if an Aleutians East Borough is established, cities which presently receive 50% of State Fisheries Tax revenues see this amount decrease to 25% of the State tax, a loss of half of the cities' present fish tax revenues.

The cities of Akutan, King Cove and Sand Point, and to a lesser extent, Cold Bay, receive a large amount of their municipal revenues from State Fish Tax revenues. For example, the following represents revenues received for FY 86 and FY 87:

	<u>Akutan</u>	<u>King Cove</u>	<u>Sand Point</u>	<u>Cold Bay</u>
FY 86	\$121,000	\$410,000	\$ 88,000	(about)\$2,500
FY 87	\$356,000	\$327,000	\$114,000	(about,\$2,500

In short, the above cities received a total of \$621,500 in FY 86, and \$800,000 in FY 87.

DESCRIPTION OF CONCERN: In examining Borough formation, the present distribution method causes significant concern among the cities in the Aleutians East region. If a Borough is established, each city would immediately lose a significant amount of its local revenue base to the new Borough. This loss, when coupled with projected decreases in State Municipal Assistance (elimination of this program has been publicly discussed by Governor Cowper's administration), State Revenue Sharing and State School Foundation funds, will make it extremely difficult for these cities to absorb the loss of half of the State Fish Tax monies. This revenue loss is heightened because it occurs in one year; the year the borough is incorporated.

The City of King Cove's budget and revenues are used to illustrate the extent of loss. In FY 86, King Cove had general operating revenues of about \$1,000,000. Of these, \$411,000 or about 41%, were obtained from the 50% disbursement of State Shared Fish Tax revenues. If a borough existed in FY 86, King Cove would have lost about \$205,000 or 20% of its general operating revenue base to the borough.

Similarly, in FY 87, about 35% (\$327,000) of King Cove's revenues are from State Shared Fish Tax revenues; or a loss of about 18% of its operating funds if a borough existed. Akutan obtains an even greater percentage of its operating funds than King Cove from State Shared Fish Tax revenues, while Sand Point receives a lesser, but significant amount.

Collectively, the Aleutians East region cities view the present method for distributing State Shared Fish Tax revenues as a disincentive to establishing a borough. This revenue loss (if a borough is established), combined with the projected losses in other State assistance funds, and little, if any, decrease in services which the cities deliver, except for education, will cause severe shortfalls in City budgets. The cities need a way to mitigate these losses so they, like the State, can gradually adjust to reduced revenues. Specifically, the Aleutians East region cities need time to adjust to the elimination of half of the Fish Tax Revenues which they presently receive.

LEGISLATIVE ASSISTANCE NEEDED: Cities in the Aleutians East region as well as those in other coastal areas which may pursue borough formation, would benefit from a phased reduction in the amount of State Shared Fish Tax revenues, rather than an abrupt immediate reduction of half of these revenues. The intent of the phased reduction is to provide the cities with a transition period to adjust to permanent revenue losses, and to mitigate one of the disincentives for borough incorporation. Two options are recommended for legislative action to help accomplish this objective.

Option 1 - The State provides each City 75% of its full share for year one, 50% for year two, and 25% for year three, of the difference between 50% and 25% of State Shared Fish Tax revenues after a Borough is established. In addition, the Borough begins to receive its full 25% share of State revenues from the date the Borough is established.

The following illustrates how Option #1 would apply assuming a City were eligible to receive (if it had remained in the Unorganized Borough) \$400,000 in State Shared Fish Tax revenues for each of 3 years.

Year #1. City receives \$200,000, plus an additional appropriation of \$150,000 (75% of funds Borough would receive), and the Borough would receive \$200,000.

Year #2. City receives \$200,000, plus an additional appropriation of \$100,000 (50% of funds Borough would receive), and Borough would receive \$200,000.

Year #3. City receives \$200,000, plus an additional appropriation of \$50,000 (25% of funds Borough would receive ) and Borough would receive \$200,000.

Year #4 and beyond. City receives \$200,000 and Borough receives \$200,000. No additional State funds are required.

Option #1 will enable cities to adjust to the permanent loss of these revenues over a three year period, rather than in one year. Also, this provides a Borough with the funds it needs to deliver services to borough residents. This approach would require the State to provide additional revenues for a period of three years to this region (and potentially others that may establish a Borough), but would not require a permanent commitment of State funds above and beyond present State Fish Tax formula distributions. In return, the State would encourage Borough formation, a State goal, by removing one of the obstacles - immediate loss of revenues - to the Cities.

This approach is similar to the State's method of trying to reach a sustainable budget. The State is gradually reducing services/budget to a sustainable level, rather than making wholesale reductions in one year because of revenue shortfalls --- making the budget equal revenues received. This policy is being pursued even though it requires the infusion of one time sources of revenues or reserve or savings account funds into the State budget.

Option 2 - The State retains its 50% of revenues, and each city receives its 25% share, plus a graduated reduction of the borough's 25% share. The proposed distribution of a percentage of the Borough's State Shared Fish Tax revenue to the respective cities would be over 3 years. Each City would receive its respective share at the rate of 75% of Borough share -year 1, 50% of Borough share -year 2, and 25% of Borough share -year 3.

Using the same example as Option #1, \$400,000 per year in Fish Tax business done within city limits, Option #2 would result in the following:

Year #1. City would receive \$200,000, plus 75% of the Borough's allocation \$150,000, and the Borough would receive \$50,000.

Year #2. City would receive \$200,000, plus 50% of the Borough's allocation \$100,000, and the Borough would receive \$100,000.

Year #3. City would receive \$200,000, plus 25% of the Borough's allocation \$50,000, and the Borough would receive \$150,000.

Year #4 and beyond. City would receive \$200,000, but none of the borough share, and the borough would receive its full \$200,000 allocation.

This would allow cities to gradually wean themselves from reliance on fish tax revenues and mitigate one of the concerns with establishing a Borough -immediate loss of almost 20% of city revenues for at least 2 of the Aleutians East cities.

However, this approach, unlike option 1, may cause problems for Borough service delivery. The newly established borough will not receive its full share of Fish Tax revenues, and may not have adequate funds to operate. For example, in FY 87, the Aleutians East Borough (if it was established) would not have received approximately \$360,000, because the cities would retain these funds in year one using this option. In year two, this amount would decrease to about \$240,000, and in year three, would further decrease to about \$120,000, because of the graduated reduction. However, this method would not require the allocation of additional State funds, it would only require legislative action to adopt the change, and administrative action to implement it. The major disadvantage to this option from the region's perspective is the loss of funds to help the newly established borough become operational.

The communities which are considering borough formation in the Aleutians East recognize that either of these options may be difficult to achieve, but believe a phased reduction in State Shared Fish Tax revenues is needed to encourage borough formation.

March 18, 1987

Dear Honorable Members of the Senate Labor and Commerce Committee

The communities of the Aleutians East region, Akutan, Cold Bay, False Pass, King Cove, Nelson Lagoon and Sand Point, ask for your support of SB162, an Act relating to Fisheries Business Tax refunds. Our region is presently circulating the petition required to establish a borough government, and we view passage of SB162 as critical to formation of the new Aleutians East borough.

SB162 will enable the phased transfer of fish tax revenues between existing cities and newly established boroughs. This transition would occur over a period of four years and would allow the cities to adjust existing service delivery to the decrease in the amount and percentage of fish tax revenues they will receive.

Alaska Statutes stipulate that the State equally share its fish tax revenues with cities in the unorganized borough for fish harvested in city boundaries. However, if a borough exists, the State retains its 50% share, but the cities (25%) and the borough (25%) equally share the other 50%. Thus, under existing statutes, when the Aleutians East Borough is established, the cities will lose one-half of the fish tax revenues they have traditionally received.

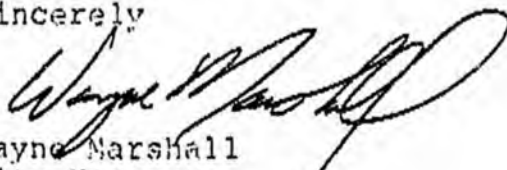
The amount of fish tax the cities receive varies each year, but the loss of one-half of this tax would generally result in a 15% - 20% decrease in Akutan's and King Cove's annual operating revenues, and a 5% - 10% decrease in Sand Point's revenues. Simply stated, this revenue loss, when coupled with losses in State Revenue Sharing, Municipal Assistance, Federal Revenue Sharing and other traditional sources of city revenues, is difficult to adjust to in one year. SB162 would provide cities a phased four year adjustment period by reducing the percentage of city fish tax revenues each year by 5% until the equal sharing of revenues with the borough is obtained.

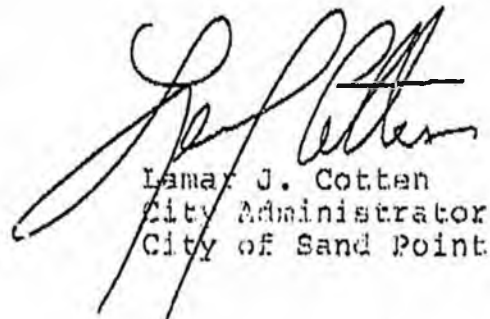
Also, this legislation will not negatively affect the newly established borough's ability to meet service delivery expenses. The borough, because of its larger boundaries, will be receiving fish tax revenues that the State has not previously shared with cities. These revenues will be collected from the area that was in the unorganized borough. SB162 structures the phase in of revenues so that as the borough undertakes delivering service which were previously done by the Cities, its percentage of revenues will increase and the city share of revenues will decrease. In four years, the borough will receive their full share.

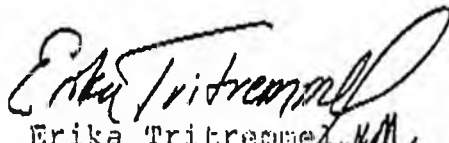
In addition, as SB162 addresses one of the disincentives that affects borough formation, its passage may encourage cities in areas other than the Aleutians East to consider establishing a borough. The Aleutians East region is pursuing Borough formation because of decreases in State and Federal expenditures in the region and the region's present and future desire to continue quality service delivery. Other areas may need to pursue borough government for similar reasons.

We ask for your support of SB162 to remove one of the disincentives affecting borough organization, particularly in the Aleutians East region. This bill will not affect the new borough's ability to deliver quality services, does not affect fish tax revenues existing boroughs and receive does not affect State revenues. In addition, it does not require any new State monies to implement.

Sincerely

  
 Wayne Marshall  
 City Manager  
 City of King Cove

  
 Lamar J. Cotten  
 City Administrator  
 City of Sand Point

  
 Erika Tritsamel  
 City Administrator  
 City of Akutan

SB

164

\*\*\*\*\*  
\*  
\* DELIVER TO: LIOCSSC  
\*  
\*  
\* ORIGINAL  
\* SENT: 05/01/87 TIME: 14:02  
\* FROM: LIOCANC  
\* SUBJECT: TELE FOR SB 164 LIST  
\* PRINT DATE: 05/01/87 TIME: 14:20  
\*  
\*\*\*\*\*

\*\*\* ANCHORAGE PARTICIPANT LIST \*\*\*

THE FOLLOWING PEOPLE ARE STANDING BY TO PARTICIPATE IN TODAYS SEM  
LABOR AND COMM ON SB 164. COMPENSATION FOR OVERTIME FOR HOSPITAL  
EMPLOYEES TELECONFERENCE.

- TO TESTIFY:
- 1.) EDWARD WILLIAMSON
  - 2.) JANE BRUNELL
  - 3.) LINDA RUSSELL
  - 4.)

TO OBSERVE:

- 1.)
- 2.)
- 3.)



Introduced: 3/5/87  
Referred: Health, Education &  
Social Services &  
Labor & Commerce

5-0774A

1 IN THE SENATE

BY THE LABOR AND COMMERCE  
COMMITTEE BY REQUEST

2

SENATE BILL NO. 164

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 compensation for overtime for  
7 hospital employees."

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

9 \* Section 1. AS 23.10.060(16) is amended to read:

10 (16) an employee of a hospital [WHOSE EMPLOYMENT INCLUDES  
11 THE PROVISION OF MEDICAL SERVICES];

*Humana Hospital  
Sharon Anderson  
used to*

*"employee of a non-profit hospital"  
medical services personal currently using this*

*Day Labor -*

*8-80*

*1) Maintenance  
2) Humana*



# Senate Labor and Commerce Committee

Senator Tim Kelly, Chairman

3/23/08

LLOYD ALLEN

REGIONAL HEALTH CARE PROVIDERS

NON-PROFITS Fed - non profit native  
CORP 638 Contracts CORPS

COULD HAVE BEEN FILED

BY PEOPLE WHO SHOULD

BE EMPLOYED AS HOSPITAL MEDICAL  
PERSONNEL

Feb 16 LTIL TO PUNLEY

FROM JAMIE ADAMS



# Senate Labor and Commerce Committee

Senator Tim Kelly, Chairman

JAMES W. KELLY

Sen. Kelly

Do not write



Senate Labor and Commerce Committee

Senator Tim Kelly, Chairman

258-6377

Lloyd Miller  
attorney - AK Native Health Board

---

SB 164

where - why - they are  
interested in a closely related  
issue - please find out  
+ call back

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

Bill Version: SB 164

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

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

Revision Date: \_\_\_\_\_  
 Title: "An Act relating to compensation  
 for overtime for hospital employees."  
 Sponsor: Senate Labor and Commerce  
 Requestor: Senate HESS

Agency Affected: Labor  
 BRU: labor Standards and Safety  
 Components: Wage and Hour

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

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

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

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

**FUNDING: (Thousands of Dollars)**

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

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

Prepared by: Tom Stuart, Director *Tom Stuart* Phone: 465-4870  
 Division: Labor Standards and Safety Date: 3/27/87

Approved by Commissioner: Jim Sampson *Jim Sampson* Date: 3/27/87  
 Agency: Labor

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

Bill No. Senate Bill 164  
Title "An Act relating to compensation  
for overtime for hospital employees"

Date March 30, 1987

Contact: Tom Stuart  
465-4870


Eileen Plate  
465-2700

Senate Bill 164 seeks to exclude all hospital employees from the overtime provisions of Alaska's wage and hour law. Under current law, only those hospital employees who provide medical services and those who are employed in a bona fide executive, administrative, or professional capacity are excluded from the overtime provisions.

There is no basis for the blanket exclusion of hospital employees as proposed in this bill. The duties of a kitchen, housekeeping, or maintenance employee of a hospital are not distinguishable from those of persons similarly employed by a hotel, for example. Persons performing such work should not be denied coverage under Alaska's overtime law simply because the employer is a hospital.

The provisions of Senate Bill 164 are contrary to the interests of Alaska's workers, and the Department is opposed to them.

APPROVED:

  
Jim Sampson, Commissioner

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

Bill Version : SB 164  
Publish Date : \_\_\_\_\_

**REQUEST:** \_\_\_\_\_  
Revision Date: \_\_\_\_\_  
Title: "An Act relating to compensation for overtime for hospital employees."  
Sponsor: Senate Labor and Commerce  
Requestor: Senate HESS

Agency Affected: Labor  
BRU: Labor Standards and Safety  
Components: Wage and Hour

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

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0	0	0	0	0	0
<b>CAPITAL</b>						
<b>REVENUE</b>						

**FUNDING: (Thousands of Dollars)**

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

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

Prepared by: Tom Stuart, Director *Tom Stuart* Phone: 465-4870  
Division: Labor Standards and Safety Date: 3/27/87  
Approved by Commissioner: Jim Sampson *Jim Sampson* Date: 3/27/87  
Agency: Labor

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

SB

181

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y STATE CAPITOL  
JUNEAU, ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 13, 1987

SUBJECT: Workers' compensation - SB 181  
TO: Senator Richard Eliason  
FROM: Michael F. Ford *M.F.*  
Legislative Counsel

You asked for an explanation of the differences between the existing AS 23.30.240 and the section as repealed and reenacted in SB 181. Existing law provides that an officer of a corporation, other than a municipal or nonprofit corporation, is an employee for purposes of workers' compensation unless the employee waives coverage. An officer of a municipal or nonprofit corporation may be covered as an employee, if the corporation elects to include the officer.

Under the repealed and reenacted section, an officer of a corporation, other than a municipal or nonprofit corporation, is not considered an employee for purposes of workers' compensation, unless the officer elects to be covered. As to municipal or nonprofit corporations, there is no substantive change in the law. The municipal or nonprofit corporation may still insure an officer as an employee for purposes of workers' compensation, in the same manner as occurs under the existing AS 23.30.240.

MFF:mkr  
m9/141



## Senate Rules Committee

Senator Richard I. (Dick) Eliason, Chairman

---

An act ~~is~~ relating to  
including corporate  
officers as employees  
for the purposes of  
workers' compensation.

(tighter title)

For an Act entitled:

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

\* Section 1. AS 23.30.240 is repealed and re-enacted to read:

Sec. 23.30.240. Executive officers of corporations, municipal corporations, and nonprofit corporations as employees. (a) An executive officer of a corporation, other than an executive officer of a municipal corporation or a charitable, religious, educational, or other nonprofit corporation, is an employee of the corporation for the purposes of this chapter. However, notwithstanding AS 23.30.245(b), an executive officer of a corporation may elect to waive coverage under this chapter. If the executive officer does so elect, the executive officer shall provide written notice of the election to the insurer of the corporation by certified mail. Such notice shall become effective the day following receipt of the notice by the insurer. When notice is provided with an initial application for coverage the election is effective concurrent with coverage provided by the insurer. If all executive officers of a corporation are eligible to waive coverage and there are no other employees, the election shall be accomplished by notice to the commissioner.

(b) An executive officer's election to waive coverage under the provisions of this chapter shall continue in effect so long as the corporation insurance policy is in effect or until the executive

officer, by written notice to the corporation insurer, revokes the election to waive that coverage.

(c) An executive officer of a municipal corporation or of a charitable, religious, educational, or other nonprofit corporation may be brought within the coverage of its insurance contract by the corporation by specifically including him in the contract of insurance. The election to bring an executive officer within the coverage continues in force for the period the contract of insurance is in effect. During that period an executive officer brought within the coverage of the insurance contract is an employee of the corporation under this chapter.

(d) Nothing in this section shall be construed to limit the responsibility of corporations to provide insurance coverage for their employees as required elsewhere in this chapter. An election to waive insurance coverage pursuant to this section may not be made a condition of employment.

(e) For the purpose of this section, an "executive officer" of a corporation, other than a municipal corporation or a charitable, religious educational, or other nonprofit corporation, means the president, vice-president, secretary, or treasurer who is an owner of at least fifteen percent of the stock of the corporation, as attested to by the secretary of the corporation, at the time of the election and at the time of the injury.

To: Mark Johnson  
From: Don Koch

For an Act entitled: "An Act relating to workers' compensation."

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

\* Section 1. AS 23.30.240 is repealed and re-enacted to read:

Sec. 23.30.240. Officers of corporations, municipal corporations, and nonprofit corporations as employees. (a) An executive officer of a corporation, other than an officer of a municipal or nonprofit corporation, is an employee of the corporation for the purposes of this chapter. However, notwithstanding AS 23.30.245(b), an executive officer of a corporation may elect to waive coverage under this chapter. If the executive officer does so elect, the officer shall provide written notice of the election to the insurer of the corporation by certified mail. Such notice shall become effective the day following receipt of the notice by the insurer. WHEN NOTICE IS PROVIDED WITH AN INITIAL APPLICATION FOR COVERAGE, THE ELECTION IS EFFECTIVE CONCURRENT WITH COVERAGE PROVIDED BY THE INSURER. IF ALL EXECUTIVE OFFICERS OF A CORPORATION ARE ELIGIBLE TO WAIVE COVERAGE AND THERE ARE NO OTHER EMPLOYEES, THE ELECTION SHALL BE ACCOMPLISHED BY NOTICE TO THE ~~INSURER~~ COMMISSIONER.

(b) An executive officer's election to waive coverage under the provisions of this chapter shall continue in effect so long as the corporate insurance policy is in effect or until the executive officer, by written notice to the corporate insurer, revokes the election to waive that coverage.

Proposed by DOL

- use term "executive officer" as it is consistent with other lang - existing lang  
- keep lang for non-profit corporation

Bill No. Senate Bill No. 181

Date March 17, 1987

Title "An Act relating to Workers' Compensation."

Contact: J. L. McClintock  
465-2790

This bill would exempt any officer of a for-profit corporation from workers' compensation coverage on the basis the officer would not be considered to be an employee, unless the officer specifically elected to be an employee for purposes of obtaining workers' compensation coverage.

Under current law an executive officer of a for-profit corporation is an employee for purposes of workers' compensation coverage unless the executive officer specifically waives coverage, subject to approval by the Commissioner of Labor. For an exemption to be approved by the commissioner, the executive officer must be elected or appointed and empowered in accordance with the charter and by-laws of a corporation and must petition the commissioner for a waiver. The petition must include:

- (1) proof of incorporation;
- (2) a copy of the minutes of the corporate meeting at which the petitioner was elected or appointed as an executive officer;
- (3) a verified statement signed by the petitioner stating an intent to waive coverage under the Act;
- (4) the petitioner's name, address, and title; and
- (5) a copy of the articles of incorporation and bylaws.  
(8 AAC 45.184)

Upon receipt of the petition and required documents, the waiver is usually approved by the commissioner.

The major difference between the provisions of this bill and current law is that under this amendment the officers are not covered unless they opt in under the Alaska Workers' Compensation Act, whereas they are now covered unless they opt out. The department's primary objection to this bill is that it removes all elements of an awareness requirement on the part of employees who may not realize or have not been informed that by assuming the title of "officer" they have relinquished all right to workers' compensation benefits under the Act for themselves or their beneficiaries. Despite the fact that most petitions for executive officer waivers are approved if all supporting paperwork is submitted, the current process does assure that employees are fully aware they are waiving all future rights to workers' compensation benefits as executive officers.

The department also opposes the bill as written because it broadens the exemption from "executive officer" to the more vague title of "officer." Fletcher, Cyclopedia of Corporations, § 269.1 at page 28-29, states: "The

**POSITION PAPER/Department of Labor**

president, vice-president, secretary and treasurer are commonly regarded as the principal or executive officers of a corporation, and the modern corporation statutes usually specifically designate them as the officers of a corporation." An "officer" of a corporation can include lower level officials with little or no influence in the actual running of the business operation. The bill also removes any statutory reference that the executive officer must be elected or appointed and empowered in accordance with the bylaws of a corporation.

Because of the increase in executive officer waiver requests over the past five years, this subject was an agenda item at the September 1986 statewide meeting of the Alaska Workers' Compensation Board. The board expressed concerns over the growing trend of small Alaska employers to include all of their employees as executive officers when, in fact, they are not bona fide officers of the corporation, to escape liability for workers' compensation coverage. This not only creates an unfair competitive market for those employers who comply with the provisions of the Act and pay premiums accordingly, but could also result in the liability of a subcontractor reverting to the prime contractor if exempted employees were found not to be bona fide executive officers. (See AS 23.30.045(a)). It was, therefore, the majority vote of the board that legislation be submitted to prohibit waivers altogether for executive officers of for-profit corporations. This is consistent with what appears to be a growing trend with other jurisdictions to eliminate executive officer waivers from workers' compensation laws or to more clearly delineate those employees who are bona fide executive officers of a corporation. According to Larson's, Workmen's Compensation Law, § 54.21(a) at page 9-218:

Under modern compensation law, the fact that a claimant is a corporate officer does not in itself bar him from recovering workmen's compensation benefits, and the normal rule must now be taken as holding that corporate executives are covered by the act.

While elimination of waivers remains the board's first choice, we also offer alternative language that would appear to not only satisfy the board's and department's concerns, but perhaps the concerns of the proponents of SB 181.

Under the department's proposed language, the executive officer is an employee unless the officer waives coverage. If the officer does elect to waive coverage the officer gives written notice to the insurer and the notice becomes effective the day following receipt by the insurer. This accomplishes three objectives: The executive officer is still considered an employee, consistent with most jurisdiction's workers' compensation laws; the waiver of coverage becomes effective immediately; and the process is entirely between the employer and insurer with no involvement at this level by the department. The burden would rest with the insurer who has a vested interest to assure that waiver of coverage under the executive officer provisions is bona fide. The proposed language more clearly delineates those employees who may be considered executive officers by specifically naming the offices to be held and by requiring stock ownership as an

indicator of bona fide executive officer status. Lastly, it provides that the effective dates of the waiver coincide with the effective dates of the corporate insurance policy, or until the executive officer revokes the election to waive coverage.

In summary, we feel the department's alternative language better serves the needs of the employer, better protects the rights of the employee, and minimizes the abuse and litigation that could result from enactment of SB 181.

APPROVED:



Jim Sampson, Commissioner  
Department of Labor

For an Act entitled: "An Act relating to workers' compensation."

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

\* Section 1. AS 23.30.240 is repealed and re-enacted to read:

Sec. 23.30.240. Officers of corporations, municipal corporations, and nonprofit corporations as employees. (a) An executive officer of a corporation, other than an officer of a municipal or nonprofit corporation, is an employee of the corporation for the purposes of this chapter. However, notwithstanding AS 23.30.245(b), an executive officer of a corporation may elect to waive coverage under this chapter. If the executive officer does so elect, the officer shall provide written notice of the election to the insurer of the corporation by certified mail. Such notice shall become effective the day following receipt of the notice by the insurer.

(b) An executive officer's election to waive coverage under the provisions of this chapter shall continue in effect so long as the corporate insurance policy is in effect or until the executive officer, by written notice to the corporate insurer, revokes the election to waive that coverage.

(c) An executive officer of a municipal or nonprofit corporation may, at the election of the municipal or nonprofit corporation, be insured for purposes of this chapter. A municipal or nonprofit corporation that elects to include an executive officer within its insurance policy shall continue to insure the officer until the insurance policy is terminated.

(d) Nothing in this section shall be construed to limit the responsibility of corporations to provide insurance coverage for their employees as required elsewhere in this chapter. An election to waive insurance coverage pursuant to this section may not be made a condition of employment.

(e) For the purpose on this section, an "executive officer" of a corporation, other than a municipal or nonprofit corporation, means the president, vice-president, secretary, or treasurer who is an owner of at least fifteen percent of the stock of the corporation, as attested to by the secretary of the corporation at the time of the election.

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

Bill Version: SB 181  
Publish Date: \_\_\_\_\_

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

Revision Date: \_\_\_\_\_  
Title: "An Act relating to workers' compensation."  
Sponsor: Eliason and Binkley  
Requestor: Senate Labor and Commerce

Agency Affected: Labor  
BRU: Workers' Compensation  
Components: Workers' Compensation

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

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		(6.5)	(6.5)	(6.5)	(6.5)	(6.5)
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0</b>	<b>(6.5)</b>	<b>(6.5)</b>	<b>(6.5)</b>	<b>(6.5)</b>	<b>(6.5)</b>
<b>CAPITAL</b>						
<b>REVENUE</b>						

**FUNDING: (Thousands of Dollars)**

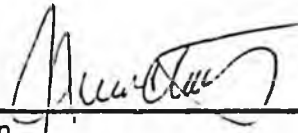
GENERAL FUND		(6.5)	(6.5)	(6.5)	(6.5)	(6.5)
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>0</b>	<b>(6.5)</b>	<b>(6.5)</b>	<b>(6.5)</b>	<b>(6.5)</b>	<b>(6.5)</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

(See attached)

Prepared by: <sup>MB</sup> Jacquelyn McClintock  Phone: 465-2790  
Division: Workers' Compensation Date: 3/17/87

Approved by Commissioner: <sup>MB</sup> Jim Sampson  Date: 3/17/87  
Agency: Labor

Distribution (by preparer):

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

## Fiscal Note Analysis

SB 181

This bill would exclude certain corporate officers from the provisions of Workers' Compensation. In doing this, the workload to the Department would be marginally decreased. We estimate 20% of a Clerk-Typist III's time would be saved. This equates to \$6,500 per year.

*1st draft*

Original sponsors: Eliason and Binkley

IN THE SENATE

BY THE LABOR AND  
COMMERCE COMMITTEE

CS FOR SENATE BILL NO. 181 (L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act allowing certain corporate executive officers to become employees for purposes of workers' compensation."

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

\* Section 1. AS 23.30.240 is repealed and re-enacted to read:

Sec. 23.30.240. CORPORATE EXECUTIVE OFFICERS AS EMPLOYEES. (a) An executive officer of a corporation, other than an executive officer of a municipal or nonprofit corporation, is an employee of the corporation for the purposes of this chapter. Notwithstanding AS 23.30.245(b), an executive officer who is the president, vice-president, secretary, or treasurer of a corporation and who owns at least 15 percent of the stock of the corporation may elect to waive coverage required under this chapter. If the executive officer elects to waive coverage, the officer shall provide written notice of the election to the insurer of the corporation by certified mail. The waiver is effective the day after receipt of the notice by the insurer, except that if notice is provided with an initial application for coverage the election is effective concurrent with coverage provided by the insurer. If all the executive officers of a corporation are eligible to waive coverage and are the corporation's only employees, the election under this subsection shall be made by written notice to the commissioner. *(The waiver is effective the day after receipt of the notice by the commissioner.)*

*Added*

(b) An executive officer's election to waive coverage under (a) of this section continues in effect as long as the corporation's

*A. 1. 1. 1.*  
insurance policy is in effect or until the officer { by written notice to the insurer if there is an insurer of the corporation, or to the commissioner if there is no insurer of the corporation, revokes the election to waive coverage. }

(c) An executive officer of a municipal or nonprofit corporation may be brought within the coverage of the corporation's insurance contract if the corporation specifically includes the executive officer in the contract of insurance. The election to bring an executive officer within the coverage continues in force for the period the contract of insurance is in effect. During that period, an executive officer brought within the coverage of the insurance contract is an employee of the corporation for purposes of this chapter.

(d) This section does not limit the responsibility of a corporation to provide insurance coverage for an employee as required by this chapter. An election to waive insurance coverage under (a) of this section may not be made a condition of employment.

*Now*  
(e) All executive officer waivers existing prior to the effective date of this legislation shall continue in effect until the expiration date of the current corporation insurance policy, or if there is no corporation insurance policy, until the election to waive coverage is revoked.

5-0779B  
Ford  
3/30/87

Original sponsors: Eliason and Binkley

IN THE SENATE

BY THE LABOR AND  
COMMERCE COMMITTEE

CS FOR SENATE BILL NO. 181 (L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act allowing certain corporate executive officers to become employees for purposes of workers' compensation."

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

\* Section 1. AS 23.30.240 is repealed and re-enacted to read:

Sec. 23.30.240. CORPORATE EXECUTIVE OFFICERS AS EMPLOYEES. (a) An executive officer of a corporation, other than an executive officer of a municipal or nonprofit corporation, is an employee of the corporation for the purposes of this chapter. Notwithstanding AS 23.30.245(b), an executive officer who is the president, vice-president, secretary, or treasurer of a corporation and who owns at least 15 percent of the stock of the corporation may elect to waive coverage required under this chapter. If the executive officer elects to waive coverage, the officer shall provide written notice of the election to the insurer of the corporation by certified mail. The waiver is effective the day after receipt of the notice by the insurer, except that if notice is provided with an initial application for coverage the election is effective concurrent with coverage provided by the insurer. If all the executive officers of a corporation are eligible to waive coverage and are the corporation's only employees, the election under this subsection shall be made by written notice to the commissioner. The waiver is effective the day after receipt of the notice by the commissioner.

(b) An executive officer's election to waive coverage under (a) of this section continues in effect as long as the corporation's

insurance policy is in effect or until the officer, by written notice to the insurer if there is an insurer of the corporation, or to the commissioner if there is no insurer of the corporation, revokes the election to waive coverage.

(c) An executive officer of a municipal or nonprofit corporation may be brought within the coverage of the corporation's insurance contract if the corporation specifically includes the executive officer in the contract of insurance. The election to bring an executive officer within the coverage continues in force for the period the contract of insurance is in effect. During that period, an executive officer brought within the coverage of the insurance contract is an employee of the corporation for purposes of this chapter.

(d) This section does not limit the responsibility of a corporation to provide insurance coverage for an employee as required by this chapter. An election to waive insurance coverage under (a) of this section may not be made a condition of employment.

(e) All executive officer waivers existing prior to the effective date of this legislation shall continue in effect until the expiration date of the current corporation insurance policy, or if there is no corporation insurance policy, until the election to waive coverage is revoked.

SB

1877

Bill No. Senate Bill 187  
Title "An Act relating to minimum  
electrical standards."

Date March 23, 1987

Contact: Tom Stuart  
465-4870

Eileen Plate  
465-2700

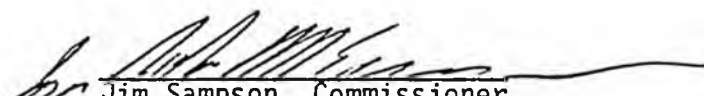
The National Electrical Code and the National Electrical Safety Code establish the State's minimum electrical standards.

These codes are updated every three years, and the 1987 editions are the most recent effort in this regard. The 1984 codes presently in effect for the state of Alaska are, therefore, outdated and will not be reprinted.

Adoption of the 1987 codes would bring Alaska's minimum standards into conformity with those commonly accepted and used by industry across the nation. The latest editions of the codes are also commonly adopted by political subdivisions in the state as the minimum standards enforced under their building inspection programs.

The Department supports Senate Bill 187 which provides for adoption of the 1987 National Electrical Code and National Electrical Safety Code. It will not have a fiscal impact on the Department.

APPROVED:

  
Jim Sampson, Commissioner  
Department of Labor

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

Bill Version : SB 187  
Publish Date : \_\_\_\_\_

**REQUEST:** \_\_\_\_\_  
Revision Date: \_\_\_\_\_  
Title: "An Act relating to minimum electrical standards ..."  
Sponsor: Duncan  
Requestor: Senate Labor and Commerce

Agency Affected: Labor  
BRU: Labor Standards and Safety  
Components: Mechanical Inspection

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

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0	0	0	0	0	0
<b>CAPITAL</b>						
<b>REVENUE</b>						

**FUNDING: (Thousands of Dollars)**

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

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

Prepared by: AD Tom Stuart, Director *Tom Stuart* Phone: 465-4870  
Division: Labor Standards and Safety Date: 3/23/87  
Approved by Commissioner: Jim Sampson *Jim Sampson* Date: 3/23/87  
Agency: Labor

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



Official Business

# Alaska State Legislature

## Senate

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

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

DATE: March 25, 1987

TO: Mark Johnsc.  
Staff Assistant  
Senate Committee on  
Labor and Commerce

FROM: Ron Whitcraft  
Staff Assistant to  
Senator Jim Duncan

RE: SB 187, An Act relating to minimum electrical standards

I am forwarding information to be used as backup for this legislation.

This bill simply represents a housekeeping motion that occurs every three years. The Department of Labor relies on the this measure to keep its minimum standards, for the State of Alaska, in line with that of the National Electrical Safety Code. As they prepare their educational presentations of the Code for those people in the State, effected by this bill, it is necessary that Alaska's minimum standards at, at least, backed by the minimum standards at the national level.

Thank you for your time and consideration on SB 187.

SB

1944

Original sponsor: Jones

1 IN THE SENATE

2 CS FOR SENATE BILL NO.194 ( )  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FIFTEENTH LEGISLATURE - FIRST SESSION  
5 A BILL

6 For an Act entitled: "An Act excluding services provided by certain taxi-  
7 cab operators from the definition of employment for  
8 unemployment compensation coverage; and providing for  
9 an effective date."

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

11 \* Section 1. AS 23.20.526(a) is amended by adding a new paragraph to  
12 read:

13 (23) service performed under contract as a taxicab operator.

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

# ALASKA STATE LEGISLATURE


*Home Address*  
3813 Denali Street  
Ketchikan, AK 99901  
907-225-9082

*While in Juneau*  
P.O. Box V  
Juneau, AK 99811  
907-465-3743

Senator Lloyd Jones

## MEMORANDUM

TO: Senate Labor and Commerce Committee

FROM: Senator Lloyd Jones 

DATE: March 27, 1987

SUBJECT: Senate Bill 194, exempting taxicab from unemployment compensation.

---

This bill would simply exclude an independent operator of a taxicab from the definition of employment.

This measure is intended to continue a model agreement which has existed between taxi operators, who have historically operated as independent contractors, and taxi companies, which have contracted for these services. This agreement, I have been informed, was the brainchild of an Anchorage taxi firm and was adopted by two Ketchikan taxicab companies.

From 1981 until 1985 this agreement was in effect for the Yellow Cab Company in Ketchikan. The Department of Labor was aware of it and expressed no objection. In April of 1985, the department changed its position and declared, in effect, the cab operators were subject to the definition of employment. And should be considered employees.

It was my hope a solution could be worked out outside of a statutory change, however, that appears to be unworkable.

I would appreciate your support of this legislation, so that the cab companies and independent cab operators could continue their previously successful cooperative business endeavor.

# STATE OF ALASKA

## DEPARTMENT OF LABOR

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

P.O. BOX 1149  
JUNEAU, ALASKA 99802  
PHONE: (907) 465-2700

April 1, 1987

Honorable Tim Kelly, Chairman  
Labor and Commerce Committee  
Alaska State Senate  
Pouch V  
Juneau, AK 99811

Dear Senator Kelly:

In response to the question raised at the Labor and Commerce Committee's March 27, 1987 hearing on Senate Bill 194, the average unemployment insurance tax rate for taxicab operators in 1987 is 4.63% (employer share = 4.03%; employee share = .6%). This rate is applicable to the first \$21,500 earned by each employee.

Also, enclosed is a summary of the criteria used by the Workers' Compensation Board in making independent contractor status determinations, which the committee also requested.

If you have any questions concerning this, please let me know.

Sincerely,



Eileen Plate  
Legislative Liaison

Enclosure

Criteria Applied in  
Making Determinations of  
Independent Contractor Status with Respect  
to Workers' Compensation

There is no real clear cut definition of an independent contractor; however, based on four Alaska Supreme Court decisions the Board looks at the following questions when determining if a person is an independent contractor or an employee.

First. Is the purported employer's business an enterprise-for-profit employing one or more persons and therefore an employer under the Act? Under a Supreme Court ruling this question must be answered before determining whether a person is an independent contractor or an employee.

Second. Is the worker an employer or an independent contractor under the "relative nature of the work test"? This test has two main parts and each part has three subparts. These are:

1. What is the character of the claimant's work or business?
  - a) what is the degree of skill involved in the claimant's work;
  - b) to what degree is the claimant's work a separate calling or business?
  - c) to what extent can the claimant's work be expected to carry its own accident burden (insurance).
2. What is the relationship of claimant's work or business to the purported employer's business?
  - a) to what extent is the claimant's work a regular part of the employer's regular work;
  - b) is the claimant's work regular or intermittent;
  - c) is the duration of the claimant's work sufficient to amount to the hiring of continuing services as opposed to the contracting for the completion of a particular job.

Once the Board determines that an employer does fall under the Alaska Workers' Compensation Act, it then views the evidences as a whole to determine if a person is an independent contractor or an employee.

The four Alaska Supreme Court decisions pertaining to this subject are:

- Searfus v. Northern Gas Co., 472 P.2d 966 (Alaska 1970)  
Ostrel v. Alaska Workers' Compensation Board, 511 P.2d  
1061, 1063 (Alaska 1973)  
Kroll v. Reeser, 655 P.2d 753, 756 (Alaska 1983)  
Grothe v. Olafson, No. 5766, Slip op. (Alaska Feb. 18, 1983)

Bill No. Senate Bill 194

Date March 26, 1987

Title "An Act excluding services provided by certain taxicab operators from the definition of employment for unemployment compensation coverage, etc."

Contact: Joe Sitton  
465-2712

Eileen Plate  
465-2700

Senate Bill 194 seeks to categorically exclude certain taxicab operators from the definition of employment for the purposes of unemployment insurance coverage.

The Department is puzzled as to the reason for the proposed exclusion since persons, including taxicab operators, who actually are performing as independent contractors, are presently excluded from unemployment insurance coverage under AS 23.20.525(a)(10). Under this current law, a person's status as an independent contractor is shown to exist if:

(A) the individual has been and will continue to be free from control and direction in connection with the performance of the service, both under the individual's contract for the performance of service and in fact;


(B) the service is performed either outside the usual course of the business for which the service is performed or is performed outside of all the places of business of the enterprise for which the service is performed; and

(C) the individual is customarily engaged in an independently established trade, occupation, profession, or business of the same nature as that involved in the service performed;

Examination of the employee/employer relationship in this regard is appropriate, and the Department supports the application of these criteria in making such determinations.

The exemption of taxicab operators from the independent contractor test, as appears to be proposed in this bill, is not in the interest of Alaska's workers, and the Department opposes it.

APPROVED:

  
Jim Sampson, Commissioner  
Department of Labor

**POSITION PAPER/Department of Labor**

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

Bill Version : SB 194  
Publish Date : \_\_\_\_\_

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

Revision Date: \_\_\_\_\_  
Title: "An Act excluding services provided  
by certain taxicab operators..."  
Sponsor: Jones  
Requestor: Senate Labor and Commerce

Agency Affected: Labor  
BRU: Administrative Services  
Components: Unemployment Insurance

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

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

**FUNDING: (Thousands of Dollars)**

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

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: JS Joe Sitton, Director Phone: 465-4531  
Division: Employment Security Date: 3/26/87  
Approved by Commissioner: JB Jim Sampson Date: 3/26/87  
Agency: Labor

Distribution (by preparer):

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

SB

1988

1 IN THE SENATE

BY DUNCAN

2

SENATE BILL NO. 198

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 dishonored checks; amending  
7 Alaska Rules of Civil Procedure 79 and 82; and pro-  
8 viding for an effective date."

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

10 \* Section 1. AS 09.65.115(a) is repealed and reenacted to read:

11 (a) In an action against a person who issues a check that is  
12 dishonored, the plaintiff may recover the amount of the check, a  
13 returned check charge, expenses, up to a maximum of \$150 for each  
14 dishonored check, for attorney's fees, process service, and court  
15 costs, and damages in an amount equal to the greater of \$100 or three  
16 times the amount of the check. For the purposes of this section, a  
17 returned check charge may not be more than \$25 and does not require a  
18 specific cost justification. The damages recovered under this sub-  
19 section for each dishonored check may not exceed the amount of the  
20 check by more than \$1,000 and may not be awarded unless

21 (1) the plaintiff makes a written demand for payment of the  
22 check at least 15 days before filing the action; and

23 (2) the defendant fails to tender,

24 (A) before the action is filed, an amount equal to at  
25 least the amount of the check, plus a returned check charge; or

26 (B) after the filing of the action but before the case  
27 is tried, an amount equal to the amount computed under (c) of  
28 this section.

29 \* Sec. 2. AS 09.65.115(c) is repealed and reenacted to read:

1 (c) After the filing of an action under this section but before  
2 the case is tried, the defendant may satisfy the claim by tendering

3 (1) the amount of the check;

4 (2) a returned check charge; and

5 (3) payment of plaintiff's attorney's fees, process service  
6 expense, and court costs accrued before the tender; the maximum pay-  
7 ment required by this paragraph is \$150 for each dishonored check.

8 \* Sec. 3. AS 09.65.115(d) is amended to read:

9 (d) In this section

10 (1) "check" has the meaning given in AS 11.46.280;

11 (2) "dishonored" means the nonpayment of a check because of

12 (A) lack of funds;

13 (B) closure or nonexistence of an account; or

14 (C) a stop payment order issued without cause;

15 (3) "written demand" means a written notice to the issuer  
16 of a dishonored check personally delivered or sent by first class mail  
17 to the address shown on the dishonored check, or to a better address  
18 that is known by the person giving notice, advising the issuer that  
19 the check has been dishonored, and explaining the civil penalties set  
20 out in this section.

21 \* Sec. 4. AS 09.65.115(a), as amended by sec. 1 of this Act, and  
22 AS 09.65.115(c), as amended by sec. 2 of this Act, amend Alaska Rule of  
23 Civil Procedure 79 by setting a limit on the costs that may be recovered in  
24 an action under AS 09.65.115.

25 \* Sec. 5. AS 09.65.115(a), as amended by sec. 1 of this Act, and  
26 AS 09.65.115(c), as amended by sec. 2 of this Act, amend Alaska Rule of  
27 Civil Procedure 82 by setting different criteria for establishing the  
28 amount of attorney fees to be awarded in an action under AS 09.65.115.

29 \* Sec. 6. This Act takes effect immediately under AS 01.10.070(c).

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

Bill Version : SB 198  
 Publish Date : \_\_\_\_\_  
 REQUEST: \_\_\_\_\_  
 Revision Date: \_\_\_\_\_ Agency Affected : Comm. & Econ. Dev.  
 Title: An Act relating to dishonored checks  
amending Alaska Rules of Civil Procedure 79 & 82  
 Sponsor : \_\_\_\_\_ Components : \_\_\_\_\_  
 Requestor : \_\_\_\_\_

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

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

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

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

**POSITIONS:**

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

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

Prepared by: Willis F. Kirkpatrick, Director Phone: 465-2521  
 Division: Division of Banking, Securities & Corporations Date: March 25, 1987  
 Approved by Commissioner: Anthony Smith, Commissioner Date: March 25, 1987  
 Agency: Department of Commerce and Economic Development

Distribution (by preparer):

- Legislative Finance
  - Legislative Sponsor
  - Requestor
  - Office of Management and Budget
  - Impacted Agency(ies)
  - Senate Secretary
- 5683W32587a

TO: Senator Jim Duncan

FROM: Gary L. Jenkins, Director,  
Governmental Relations, NFIB/Alaska

SUBJECT: Justification-SB 198

DATE: March 20, 1987

The amendments to the current law are intended to clarify the specific intent of the original act to insure that it is properly interpreted by the courts. In applying the provisions of the current law the courts have been applying the law as follows:

A. If a business takes a bad check writer to court and obtains a judgement, several judges have taken the position that the triple damage provision supplants the returned check charge and the reimbursement of costs provision resulting in it costing more to obtain the judgement than it is possible to recover.

This legislation will modify existing law to clarify the provisions dealing with the payment of the fees and penalty by the writer of a bad check so that the severity of the fees and penalties will increase as the costs incurred and time involved in attempting to collect the funds due increase. The fees and penalties are to accumulate as collection efforts progress. The provisions are designed to function as follows:

(1). Level 1 - The receiver of a check is notified by his/her bank that a check has been returned unpaid. The receiver then must contact the maker of the check and request payment. If the check is made good at that time, the receiver of the check may collect a fee of up to \$25.00. At this level, there is minimal effort required so the fee is accordingly limited. This charge is to compensate the receiver of the check for the aggravation caused by the check being returned, i.e. his/her bank account being reduced without notice by the returned check, having to contact the maker of the check and attempting to collect or collecting the amount due. Normally, there are no significant costs incurred to collect the amount due.

(2). Level 2 - After the receiver of the check has made the initial contact with the maker and received no response, the next step would be to proceed with the required formal notifications and filing in court. If the maker then makes the check good prior to formal court action being taken, the receiver may collect costs, up to the maximum of \$150.00. The costs paid at this level are to be paid in addition to the returned check charge of \$25.00, thus allowing the receiver of the check to be reimbursed for the additional costs over and above the initial notification which are incurred in pursuing collection of the amount due.

(3). Level 3 - If the receiver of the check has not received payment of the amount due plus the returned check charge and costs, and subsequently obtains a judgement in court, the penalty for this level would be an amount equal to three times the amount of the check, but not more than \$1,000.00 or less than \$100.00. It is intended that this penalty is in addition to the amounts due under levels 1 and 2.

B. If an individual has written several bad checks to one or more businesses and they are subsequently turned over to a collection agency to obtain a judgement, a few judges have ruled that the maximum cost that could be reimbursed is \$150.00 even though the actual costs exceed that amount. This legislation will resolve this problem by allowing actual costs incurred up to a total of \$150.00 for each bad check.

C. In at least one case, a judge has ruled that process service expenses were not allowable. This legislation would remedy that problem.

D. At least one judge has ruled that if the writer of a bad check has moved and left no forwarding address, the person seeking the judgement must first obtain a correct address before a judgement will be rendered. This legislation will require that notification shall be sent to the address on the check unless the holder has been made aware of a better address.

SB

1999

BILL NO: SB 199

DATE: April 3, 1987

TITLE: An Act relating to  
motor vehicle dealers

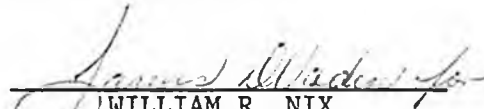
CONTACT: Charles R. Hosack  
269-5551

DEPARTMENT OF  
PUBLIC SAFETY

This bill would exempt anyone who sells only new or used trailers designed to carry a single boat from the requirement to register as a vehicle dealer. Currently these dealers are required to register every two years, pay a \$50.00 registration fee, and post a \$10,000 surety bond.

This is very special interest legislation that would only affect a small number of dealers. Due to the small impact the department does not oppose this bill, however, two potential problem areas should be pointed out. First, since these dealers would not be required to post a bond, there is no protection for the public in case of title problems. The Division of Motor Vehicles could take no action, and the only remedy available for action against the dealer would be through civil court. Second, this bill exempts only a special segment of dealers, and this could be seen as an injustice to a dealer who sells only snowmachine trailers, or a department store that sells only small utility trailers.

The department is neutral on this bill.

  
WILLIAM R. NIX  
Acting Commissioner

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

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

Bill Version: SB 199  
Publish Date: \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: An Act relating to motor vehicle  
dealers  
Sponsor: Duncan  
Requestor: Senate Labor & Commerce

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

No fiscal impact. There would be a slight reduction in revenue, estimated at less than \$1,000 annually.

Prepared by: Bill Brown  
Division: Motor Vehicles

Phone: 465-4335  
Date: 4-2-87

Approved by Commissioner: [Signature]  
Agency: Public Safety

Date: 4/2/87

Distribution (by preparer):

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

JNR  
4-2-87

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

Bill Version : SB 198  
Publish Date : \_\_\_\_\_

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

Revision Date: \_\_\_\_\_ Agency Affected: Comm. & Econ. Dev.

Title: An Act relating to dishonored checks amending Alaska Rules of Civil Procedure 79 & 82  
BRU: \_\_\_\_\_

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

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Willis F. Kirkpatrick, Director Phone: 465-2521  
Division: Division of Banking, Securities & Corporations Date: March 25, 1987

Approved by Commissioner: Anthony Smith, Commissioner Date: March 25, 1987  
Agency: Department of Commerce and Economic Development

Distribution (by preparer):

- Legislative Finance
  - Legislative Sponsor
  - Requestor
  - Office of Management and Budget
  - Impacted Agency(ies)
  - Senate Secretary
- 5683W32587a

~~PROBLEM:~~ Small businesses do not have the financial resources to challenge state government when a state agency in exercising a regulatory function, takes an action which seriously impacts or prohibits a business from operating their business. If a business takes the state to task because of some adverse action and wins, they still lose because of the high legal fees and other costs which they still must pay.

~~SOLUTION:~~ Amend Alaska law to provide that the state would have to reimburse a small business who successfully challenges the action of a state agency in exercising a regulatory function for all costs incurred to challenge the state either through an administrative hearing or in court.

For all of the above problems, NFIB/Alaska has legislation drafted which would remedy the problem. Please contact Gary Jenkins at 586-4100 for more information or for a copy of the draft legislation.

#### ISSUES ON WHICH NFIB ALASKA MEMBERS HAVE NOT YET VOTED.

~~PROBLEM:~~ The 1986 legislature adopted amendments to the contractor bonding provisions of the law which doubled the amount of the bonding required for general and speciality contractors. While the intent of the change in the law was to deal with some specific problems, the result has been that this increase will put many small contractors who are still in business and trying to survive, out of business because they are unable to obtain bonding at the new higher amounts required. Thus, the question the legislature must deal with is, are the benefits to be gained by the state from the higher bonding requirements justified in light of the fact that 10 to 20% of the small contractors will be forced out of business because they are unable to obtain the bonding? Failure of the legislature to act on this issue will result in an increasing number of individuals operating outside of the law without a license.

~~SOLUTION:~~ Amend to law to reduce the bonding requirement on small contractors. Perhaps the amount of bonding could be based on the volume of business which the contractor had in the prior year or will be qualified to bid on in the coming year. For example, if the bond amount for a General Contractor were set at 1% of the gross amount that the contractor could bid, the bond for a contractor bidding jobs under \$100,000 would be \$1,000; for \$200,000, a bond of \$2,000 and so forth. That way, as the exposure increases, so would the amount of the required bond.

~~PROBLEM:~~ The motor vehicle dealer statute is written in such a way that it includes a business selling only boat trailers for personal boats. To legally operate as a motor vehicle dealer in Alaska, a dealer is supposed to have a \$10,000 bond. This appears a little excessive for a business selling only boat trailers, especially since a dealer selling motorcycles is required to have only a \$3,000 bond.

~~SOLUTION:~~ Amend the law to delete the bonding requirement for those businesses selling only boat trailers.

SB

224



# Alaska State Legislature

SENATOR JIM DUNCAN

P. O. Box V JUNEAU, ALASKA 99811


(907) 465-4766

COMMITTEES:  
FINANCE  
RESOURCES  
BUDGET AND AUDIT

## MEMORANDUM

April 8, 1987

TO: Senator Tim Kelly, Chairman  
Senate Labor & Commerce Committee

FROM: Senator  Duncan

SUBJECT: Hearing SB 224

Senate Bill 224, An Act Relating to Insurance Premium Tax and Fire Protection has been assigned to your committee as its first committee of referral. I would like to request that you schedule this legislation for a hearing before your committee at the earliest convenience.

I have attached some backup material for your review.

ALASKA STATE FIREFIGHTERS ASSOCIATION

P.O. Box 34324  
Juneau, Alaska 99803

March 30, 1987

The Honorable Jim Duncan  
State Senator  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Dear Senator Duncan:

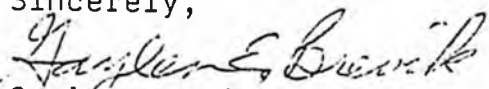
Per my conversation today with your assistant, please find enclosed copies of pertinent information from the 1985 Annual Report from the Department of Public Safety, Division of Fire Prevention. Also enclosed is information from the 1987 Budget Unit Summary from the Department of Public Safety.

This information may be useful to you as you submit the Senate version of HB 230.

Also enclosed is a copy of the letter that was submitted to Representative Ulmer that may be useful to you.

If there is anything else I can do for you, please feel free to call me at 789-7554 or 789-3429. Thank you for your support, Senator.

Sincerely,

  
Gaylen Brevik, President  
Alaska State Firefighters Association

Enclosures

**ALASKA STATE FIREFIGHTERS ASSOCIATION**

P.O. Box 34324

Juneau, Alaska 99803-4324

March 25, 1987

The Honorable Fran Ulmer  
Fifteenth Alaska State Legislature  
P. O. Box V  
Juneau, Alaska 99811

Dear Madam:

Thank you for supporting the Fire Service by submitting our Bill into legislation.

The Fire Marshal, Fire Service Training, and the Fire Commission do supply a needed service to the insurance industry.

Last year SB-376 was supposed to equalize the tax rate between foreign and domestic insurers. The statute did read 3% tax for foreign and 1.5% for domestic. With the passage of SB-376 it equaled 2.7% for both. Apparently, what was not noticed is that 92% of the industry is foreign insurers. That means over 90% of the insurance business done had a decrease in the tax levied by the State. We find that by adding the .3% back, the insurance industry will be paying what they've been paying all along. The State can collect over two million dollars.

It is important to think about the Fire Service. Each time our environment is made safer through inspections, plan reviews, training firefighters, and educating the public, the insurance industry risk decreases. This converts to millions of dollars in savings to the insurance companies.

More than twenty other states are using funds, collected from the insurance industry, for fire prevention and training. In the past, insurance companies have actually started their own fire departments to protect their insurers.

Judy Knight indicated that you may need some statistics. I have enclosed some statistics which may help. If you need more, let Bob Haag or me know.

Thank you again.

Sincerely,

ALASKA STATE FIREFIGHTERS' ASSOC.

Gaylen E. Brevik  
President

GMB:djo  
enclosures

Hazardous Conditions, such as leaks and spills, power lines down, aircraft standby and chemical emergencies where there was no ignition, and Malicious (deliberate) False Alarms calls decreased substantially from 1984 calls.

For the reader's benefit Overpressure Ruptures are steam, air, or gas vessel ruptures where there is no ensuing fire. Service Calls are such things as water removal, smoke or odor removal, animal rescue, assist police, etc. Good Intent Calls are incidents where a person, in good faith, thought there was a fire emergency which subsequently proved to be something like steam or there was smoke, but not from a hostile fire.

### MAJOR FIRES

Thirteen fires in 1985 resulted in individual losses exceeding \$500,000. Five of these occurred in Anchorage; one of these experienced \$500,000 in damage initially, then rekindled, causing an additional \$800,000 in loss. The largest single loss fire occurred in Barrow, a school district warehouse complex estimated at \$3,000,000.

#### 1985 Fires by Property Use

FIXED PROPERTY USE	# INCIDENTS	INJURIES		DEATHS	\$ LOSS
		FS	CIV	CIVILIAN	
Unclassified	2				200
Public Assembly	61	1	1		2,233,133
Educational	32				1,730,805
Institutional	21				27,105
Residential	1,260	23	51	27	14,381,553
Store/Office	138	7			5,253,545
Bus. Industry/ Utilities	53	1			3,021,334
Manufacturing	30				2,907,195
Storage	144	2	1		1,010,193
Special	1,729	3	66	2	1,358,353
<b>TOTAL</b>	<b>3,475</b>	<b>37</b>	<b>70</b>	<b>29</b>	<b>33,011,190</b>

*copied from the 1985 annual report of the  
Division of Fire Protection*

1981 - 1985 COMPARISONS

	1981	1982	1983	1984	1985
Civilian Fire Deaths	28	16	27	35	29
Deaths/Million Pop.	64.3	34.7	54.5	55.9	54.2
Civilian Injuries	84	52	70	53	70
Firefighter Injuries	46	23	42	36	37
Number of Fires	3,119	3,109	3,214	3,580	3,475
Total Calls	7,777	10,527	14,035	14,375	14,313
\$ Losses (in millions)	\$40.6	\$42.6	\$72.3	\$34.5	\$38.3
\$ Loss per capita	\$93.29	\$92.44	\$145.93	\$55.75	\$72.55

FIRE DEATHS

Once again, Alaska leads the Nation in deaths by fire, based upon the number of fatalities per million population. Of the 29 who died, 27 were in their homes, either single or multi-family dwellings.

17 were males, 12 females. 10 were under the age of 2. The continued need to install and maintain smoke detectors is demonstrated by these losses.

The discussion of fire deaths would be incomplete without examining the rates. Fairbanks, for example, appears to have the highest urban fire death rate during 1985, with 148 deaths per million population, compared to Anchorage, which was 32. Similar comparisons show Naknek, for example, to have a fire death rate per million population during 1985, of 3,333. Small communities such as this, however, must be looked at over a longer period of time, as the real picture is biased by their size and experience.

Table No. 1 in the appendices lists the fatalities in Alaska since 1979 by location. Local departments are urged to compare their fatality problem with the rest of the state.