

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5523 SSTA SB 251 - SB 273

SB

251



Alaska Court System
State of Alaska

OFFICE OF ADMINISTRATIVE DIRECTOR

KARLA L. FORSYTHE
STAFF COUNSEL

303 K Street
Anchorage, Alaska 99501

(907) 264-8228

April 15, 1987

Representative Jay Kerttula
Alaska State Legislature
P. O. Box V
Juneau, Alaska 99811

Dear Senator Kerttula:

I am writing with regard to Senate Bill 251, an act relating to ignition interlock devices. There are several minor points regarding this bill that I wanted to bring to your attention.

Paragraph (c) on page 2 provides that a court imposing a condition of probation under this section would issue to the defendant a certificate valid for the duration of the probation. The court system would implement this provision by giving the defendant a copy of the judgment with the conditions of probation on it, rather than a separate piece of paper called a certificate.

On page 4, new language would provide that probation may be conditioned as provided in AS 12.55.102. It is unclear how this provision would impact the AS 28.15.181 prohibition on granting a limited license (except during the last 60 days of the 90-day revocation for a first time DWI offender). The same comment applies to identical language which appears on page 5.

Thank you for the opportunity to comment. Please let me know if you have any questions.

Sincerely,

Karla L. Forsythe
Staff Counsel

KLF:bs

cc: Senator Mitchell Abood
Arthur H. Snowden, II, Administrative Director

RECEIVED
APR 21 1987

SB

253

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 4.15.87 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: FINANCE

**FISCAL NOTE(S) ATTACHED **
IN ACCORDANCE WITH AS 24.08.035
(see below) **Gov.s zero fiscal note attached**

DATE TURNED INTO OFFICE 4.22.87

Mr. President:

STATE AFFAIRS Committee considered SB 253

retirement benefits; efd.

and recommended:

[] replace with CS _____ [] same title
[] attached amendment(s) and [] new title

[X] do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to _____

[] letter of intent adopted and attached

** Committee [X] attached or [] adopted fiscal note(s)
[X] zero [] fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Jan Fair
Paul V. Bl
Walter Kennedy

William H. ...
Chairman signature and recommendation

[] Committee Backup Attached



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 9, 1987

The Honorable Jan Faiks
President of the Senate
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Faiks:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the state's retirement systems. The bill makes miscellaneous amendments to statutes providing for the teachers' (TRS), public employees' (PERS), judicial (JRS), and elected public officers' (EPORS) Retirement Systems. A section-by-section description of the bill follows.

Section 1 of the bill amends AS 14.25.160(b). Currently, that section provides for a death benefit of \$500 payable to a deceased TRS member's designated beneficiary if the member is survived by dependent children. Clearly, this provision was meant to benefit the dependent children, at least indirectly. However, under a literal interpretation of this section, the \$500 benefit is payable to the designated beneficiary even if the designated beneficiary is not the person responsible for the member's surviving dependent children. In accordance with the obvious intent of the legislature in providing this benefit, the amendment clarifies that the \$500 benefit is payable only if the designated beneficiary is the surviving dependent child or is the parent or guardian responsible for the surviving dependent child.

Section 2 of the bill amends AS 14.25.162(b). Under AS 14.25.162(b)(2), a survivor's allowance of 35 percent of a deceased TRS member's base salary is paid to the member's surviving spouse if there are dependent children. This provision is also clearly meant to benefit the dependent children, at least indirectly, and to alleviate financial burden incurred by a person who is responsible for a deceased member's dependent children. However, the surviving spouse of a deceased member is not necessarily the parent of or even the person responsible for the surviving dependent children.

The amendment clarifies that the 35 percent survivor's allowance is payable to the surviving spouse if the surviving spouse is legally responsible for a surviving dependent child.

If there is no surviving spouse, 10 percent of a deceased member's base salary is paid to each court-appointed guardian of a surviving dependent child. Under the division's longstanding interpretation of this provision, if all of the deceased member's surviving dependent children have the same guardian, 10 percent is paid to the guardian. If the dependent children have separate court-appointed guardians, each guardian is paid 10 percent. However, if the court appoints more than one person (for example, an aunt and uncle) to serve jointly as guardian of one or more dependent children, 10 percent is paid to the guardians jointly. The amendment codifies this longstanding interpretation by the division.

A reference in AS 14.25.162(b)(3) to AS 14.25.160(a) is changed to AS 14.25.166, to correctly indicate the location of the description of "beneficiaries," which was relocated in 1982.

Section 3 of the bill amends AS 14.25.164(b). A reference to AS 14.25.160(a) is changed to AS 14.25.166, to correctly indicate the location of the description of "beneficiaries," which was relocated in 1982.

Section 4 of the bill amends AS 22.25.030 by adding a new subsection that provides for the manner of payment of the contributions made to JRS by a judge if there are no survivors entitled to benefits or if less than the amount contributed by the judge has been paid after payment of all survivor's benefits. This amendment is consistent with provisions in PERS and TRS and with an amendment to EPORS in sec. 8 of this bill.

Section 5 of the bill adds a new section to AS 22.25. The new section requires persons who claim entitlement to death benefits under JRS to provide evidence of that entitlement. It also provides that a person who claims entitlement to death benefits under JRS is not entitled to receive from the system any benefits already paid by the commissioner if the commissioner does not receive notification of a claim before 10 days after the judge's death. This section is consistent with provisions added last year by ch. 117, SLA 1986 to PERS, TRS, and the National Guard and Naval Militia Retirement System. Failure to include the provision in amendments to JRS statutes was an oversight.

SCS CSHB 252(Fin), which became ch. 82, SLA 1986, and SCS CSHB 237(Jud), which became ch. 117, SLA 1986, passed the legislature on May 11 and 12, 1986, respectively. Both bills contained amendments to JRS. Section 8 of SCS CSHB 252(Fin) amended AS 22.25.030(b) to remove the provision that the right of a surviving spouse to survivor's benefits under JRS ends upon remarriage of the surviving spouse. Section 22 of SCS CSHB 237(Jud), which passed the legislature one day later, added new AS 22.25.035. Through apparent oversight, the new section contained the same provision that was deleted in the other bill. Section 6 of the attached bill amends AS 22.25.035 to remove that provision, making it consistent with AS 22.25.030(b).

Section 7 of the bill amends AS 39.35.330(b). Under the division's longstanding interpretation of this subsection, which was first adopted as a regulation in 1966, periods of leave without pay are totaled in a calendar year to determine whether more than 10 days have been taken during the year for purposes of determining creditable service. The amendment clarifies AS 39.35.330(b), in accordance with the longstanding administrative interpretation.

Section 8 of the bill provides that the right of a surviving spouse to receive survivor's benefits under EPORS continues upon remarriage of the surviving spouse. This is consistent with similar changes to JRS enacted last year (see sec. 6).

This section also provides for the manner of payment of the contributions made to EPORS by a member if there are no survivors entitled to benefits or if less than the amount contributed by the member has been paid after payment of all survivor's benefits. This amendment is consistent with provisions in PERS and TRS and with the amendment to JRS in sec. 4 of this bill.

Section 9 corrects an error in sec. 57, ch. 82, SLA 1986. Under that section, sec. 43, ch. 82, SLA 1986, which provided for payment of interest on underpayments and overpayments by and to the system was made applicable only to PERS-covered employees hired after the effective date of the Act. Sec. 43, like sec. 2, ch. 82, SLA 1986, which includes the same provision for TRS and which was not limited in its application, was meant to apply to all PERS-covered employees, regardless of date of hire.

Al 253

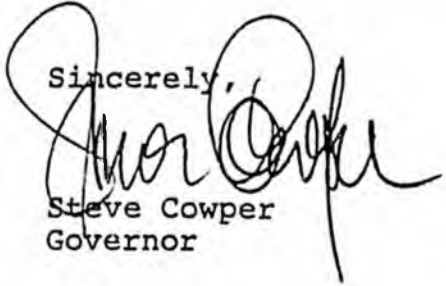
Hon. Jan Faiks

Page 4

Section 10 repeals AS 39.35.525, which limits to 30 the number of years that may be considered for purposes of computing benefits for an employee enrolled as a peace officer or fireman.

Section 11 of the bill provides for an immediate effective date.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper", written over the typed name below.

Steve Cowper
Governor

No. 227

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: JA253
Publish Date: 4-10-87

REQUEST _____

Revision Date: _____ Agency Affected: Administration
Title: An act relating to retirement BRU: Retirement and Benefits
benefits, and providing for an effective date
SPONSOR: Rules Committee Components: Retirement and Benefits
Requestor: _____

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	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE	0.0	0.0	0.0	0.0	0.0	0.0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS:

Technical amendments.

Prepared By: R. J. Statnaker Phone: 465-4470
Division: Retirement and Benefits Date: April 6, 1987
Approved by Commissioner: Garrey Peska Date: 4/7/87
Agency: Department of Administration

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

SB

254

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 9, 1987

The Honorable Jan Faiks
President of the Senate
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Faiks:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to implementation of the classification study that is being completed by the division of personnel in the Department of Administration.

In 1983, the legislature authorized the division of personnel to undertake a major classification study. \$500,000 were included in an appropriation to the Department of Administration for this purpose in sec. 32, ch. 107, SLA 1983, p. 10, l. 23. That appropriation was amended twice to extend the lapse date to June 30, 1986. Sec. 214, ch. 171, SLA 1984, and sec. 405, ch. 105, SLA 1985.

This bill provides for a lower-cost method of implementing classification actions recommended by the study than would presently be allowed under personnel rules and collective bargaining agreements. Salaries for classified and partially exempt state employees are based on ranges and steps within ranges. See AS 39.27.011 (not applicable to employees covered by a collective bargaining agreement, but illustrative of the range-and-step system). Currently, when an employee's position is reclassified to a higher pay range, the employee is paid at the step in the new range that provides the employee with a salary increase of at least one step over that in the former range. When the pay range for a class of work is increased, all employees are paid at the same step in the new range as the employees' steps in the old range. Additionally, when an incumbent employee's position is reclassified or the class of work is assigned to a lower pay range, the employee's pay is "frozen" at the former salary rate until merit increases cause the lower pay rate to exceed the frozen rate. Under the personnel rules, this freezing lasts no more than two years; however, the two-year limitation does not apply to all classified employees as a result of some collective bargaining agreements.

This bill alters the method of step placement for employees in the classified service and partially exempt service whose positions are being moved upward or downward as a result of the classification study. The major feature of the bill is the system of sub-steps created for each salary range at rates below the steps in the salary schedule. It is anticipated that this system will be in the form of a table or schedule that one may visualize as being to the left of the schedule in AS 39.27.011(a), with Sub-step I being immediately to the left of Step A, and Sub-step II being immediately to the left of that, etc., in diminishing dollar amounts, through Sub-step VI.

AS 23.40.210 is amended in sec. 1 of the bill by adding a new subsection that prohibits negotiations for any collective bargaining provision that conflicts with the bill's new method of step placement in proposed AS 39.27.013(b) (sec. 2 of the bill). Proposed AS 23.40.210(b) requires public employee unions and the state to include a system of sub-steps in their collective bargaining agreements, and allows the state and the unions to negotiate over the dollar amounts to be assigned each sub-step. This provision takes effect immediately and would apply to ongoing contract negotiations. Section 5 of the bill. However, the bill does not alter rights or obligations under any existing collective bargaining agreement. Section 4 of the bill.

Section 2 of the bill creates a new section, proposed AS 39.27.013, to specifically provide for implementation of the classification study. Proposed AS 39.27.013(a) provides for the creation of six sub-steps to supplement the salary schedule in AS 39.27.011(a). The sub-steps would maintain the same integration as the steps in that salary schedule. As provided in AS 39.25.140(e) for personnel rules, the sub-steps would not be adopted under the Administrative Procedure Act, but they would be published in the Alaska Administrative Register and Code for informational purposes.

Proposed AS 39.27.013(b)(1) provides that an employee whose job is moved to a higher salary range will be paid at the lowest step or sub-step that does not reduce the employee's salary. Conversely, an employee moving to a lower range will be paid at the step or sub-step in the lower range that equals the employee's current salary. Proposed AS 39.27.013(b)(2). If no step or sub-step in the lower range provides the same salary, the employee will be assigned to the highest step or sub-step in the appropriate salary range, but the employee's pay will be temporarily "frozen" for up to 2 years. If merit increases or adjustments to the salary

schedule cause the rate of the assigned step or sub-step to exceed the employee's frozen rate, the employee's salary automatically "thaws" or reverts to the rate for the assigned step or sub-step. Employees who don't fall into this category receive their frozen rate for up to two years; then their pay decreases to the rate of the assigned step or sub-step. These measures are designed to minimize the costs of implementing the study, while treating incumbent employees fairly.

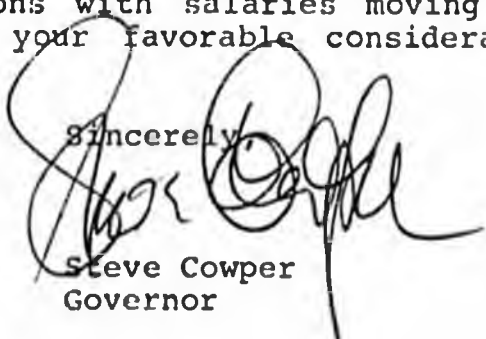
An employee hired after implementation of the classification study will be placed at the outset in the lowest step or sub-step in the salary range corresponding to the employee's classification. Proposed AS 39.27.013(c)(1). A higher step or sub-step may be assigned under certain conditions, as is currently allowed under personnel rules. (See 2 AAC 07.-320.) Proposed AS 39.27.013(c)(2).

For purposes of other aspects of personnel administration, a sub-step is the functional equivalent of a step. The sub-step provisions and methods of step placement in proposed AS 39.27.013 supersede conflicting personnel rules. AS 39.-27.013(e).

Sections 3 and 6 provide for the annual repeal of the lowest sub-step in each range, i.e., the one with the lowest dollar amount, beginning January 16, 1999. An employee being paid at the rate of a sub-step upon its repeal will automatically move up to the next sub-step or step. Section 3. The sub-step system and method of step placement for implementing the classification study take effect immediately and are repealed January 16, 1994. Sections 5 and 7. (It should be noted that no date for implementation of the study is actually mandated by this bill.)

This bill is an important measure that allows the state to properly align its classification system at relatively little initial expense. It also protects for up to two years employees in classifications with salaries moving dramatically downward. I urge your favorable consideration of this bill.

Sincerely,



Steve Cowper
Governor

No. 228

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Law Log: 73-87-0023
Bill Version: SB254
Publish Date: _____

REQUEST _____

Revision Date: _____
Title: "An act relating to implementa-
tion of a classification study."
Sponsor: Rules at request of Governor
Requestor: _____

Agency Affected: _____
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	0	141.5	(1,657.4)	(7,489.6)	(18,190.3)	(16,781.5)
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANT, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	141.5	(1,657.4)	(7,489.6)	(18,190.3)	(16,781.5)
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	121.5	(1,127.0)	(5,542.3)	(13,460.8)	(12,586.1)
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	20.0	(530.4)	(1,954.3)	(4,729.5)	(4,195.4)
TOTAL	0	141.5	(1,657.4)	(7,489.6)	(18,190.3)	(16,781.5)

POSITIONS:	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS:

See attached.

Prepared By: Diana DeSimone *DD* Phone: 465-4430
 Division: Department of Administration Date: April 7, 1987
 Approved by Commissioner: Garrey Peska *[Signature]* Date: April 7, 1987
 Agency: Department of Administration

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

FISCAL NOTE ANALYSIS

50254

Background:

The Legislature appropriated \$500.0 thousand in 1983 to fund the only comprehensive review of the total classification system since statehood. The study results are now scheduled for implementation on January 16, 1988. This bill amends the Personnel Act to allow for a gradual implementation similar to the manner of implementation used by other public employers on studies of this scope. The bill provides a one-time exception to the current Personnel Rules (AS 39.25.150, 2 AAC 07) regarding pay upon the movement of an employee to a higher salary range and a modification of the basic salary schedule in AS 39.27.011. These changes result in substantial reductions to the cost of implementation of the Classification Study results. This bill provides the only mechanism to express and discuss the financial impacts of the study.

Under current collective bargaining agreements and Personnel Rules, when a position is reallocated to a higher pay range, all incumbents retain the same step in the higher range. The FY 88 (half year) cost for implementing the Classification Study under current agreements and Personnel Rules would be \$17,018.6 thousand.

Effect of Bill:

This bill will provide, instead, that the pay of all employees moving to higher pay ranges will be set at the lowest step in the higher range that does not provide a decrease.

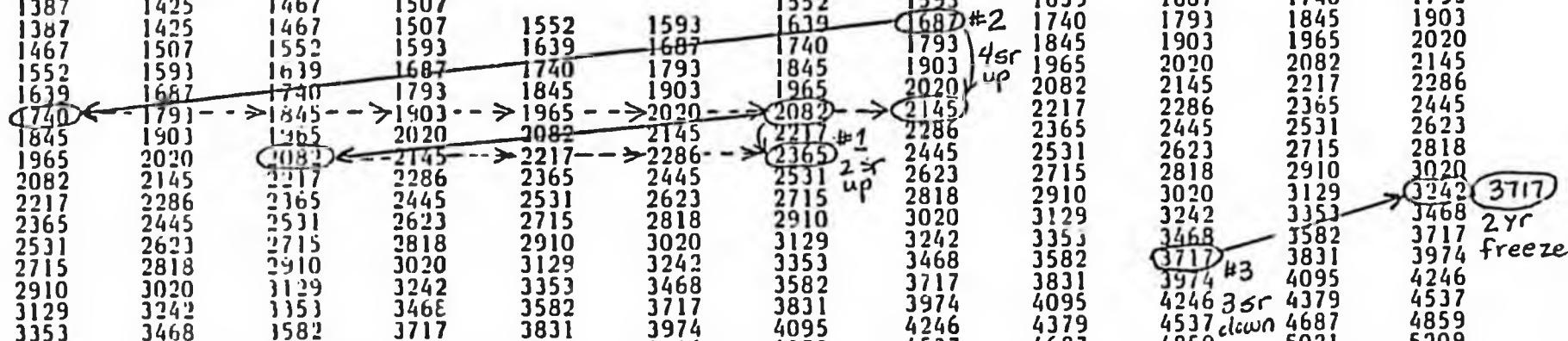
In addition to the provision that employees move to the lowest step that does not provide a decrease, the bill adds six temporary substeps to the lower end of each range of the salary schedule. These substeps will allow reclassified employees to move up to the appropriate new range, while not receiving an immediate increase unless they are currently at least four ranges below the range recommended in the Classification Study. Thus, only those employees who require the greatest change in range with the change in systems will receive an initial increase. The six additional substeps are for the purpose of phasing in the study's implementation. One substep will be abolished each year until all employees are on steps of the present basic salary schedule.

A Table from AS 39.27.011 plus proposed substeps is presented on the following page.

The difference in the movement of employees from a lower to a higher range assignment under current rules and under the proposed legislation is illustrated in the following examples:

SALARY SCHEDULE WITH SUBSTEPS

RANGE NUMBER	STEP VI	STEP V	STEP IV	STEP III	STEP II	STEP I	STEP A	STEP B	STEP C	STEP D	STEP E	STEP F	
5								1387	1425	1467	1507	1552	1593
6	1387	1425						1467	1507	1552	1593	1639	1687
7	1387	1425	1467	1507				1552	1593	1639	1687	1740	1793
8	1387	1425	1467	1507	1552	1593		1639	1687	1740	1793	1845	1903
9	1467	1507	1552	1593	1639	1687		1740	1793	1845	1903	1965	2020
10	1552	1593	1639	1687	1740	1793		1845	1903	1965	2020	2082	2145
11	1639	1687	1740	1793	1845	1903		1965	2020	2082	2145	2217	2286
12	1740	1793	1845	1903	1965	2020		2082	2145	2217	2286	2365	2445
13	1845	1903	1965	2020	2082	2145		2217	2286	2365	2445	2531	2623
14	1965	2020	2082	2145	2217	2286		2365	2445	2531	2623	2715	2818
15	2082	2145	2217	2286	2365	2445		2531	2623	2715	2818	2910	3020
16	2217	2286	2365	2445	2531	2623		2715	2818	2910	3020	3129	3242
17	2365	2445	2531	2623	2715	2818		2910	3020	3129	3242	3353	3468
18	2531	2623	2715	2818	2910	3020		3129	3242	3353	3468	3582	3717
19	2715	2818	2910	3020	3129	3242		3353	3468	3582	3717	3831	3974
20	2910	3020	3129	3242	3353	3468		3582	3717	3831	3974	4095	4246
21	3129	3242	3353	3468	3582	3717		3831	3974	4095	4246	4379	4537
22	3353	3468	3582	3717	3831	3974		4095	4246	4379	4537	4687	4859
23	3582	3717	3831	3974	4095	4246		4379	4537	4687	4859	5021	5209
24	3831	3974	4095	4246	4379	4537		4687	4859	5021	5209	5385	5568
25	4095	4246	4379	4537	4687	4859		5021	5209	5385	5568	5773	5990
26	4246	4379	4537	4687	4859	5021		5209	5385	5568	5773	5990	6206
27	4379	4537	4687	4859	5021	5209		5385	5568	5773	5990	6206	6442
28	4537	4687	4859	5021	5209	5385		5568	5773	5990	6206	6442	6666
29	4687	4859	5021	5209	5385	5568		5773	5990	6206	6442	6666	6901
30	4859	5021	5209	5385	5568	5773		5990	6206	6442	6666	6901	7144



55251

- 1) Under current provisions, an employee at Range 12, Step A (\$2,082) whose position is moved to Range 14 upon study implementation, would move to Range 14, Step A (\$2,365). Under this bill, the employee would move to Range 14, Substep IV (\$2,082) and then would be eligible for step increases each year within the appropriate range. Please see example number One for a two salary range increase (2 sr up) in the salary table on page 3.
- 2) Under current provisions, an employee at Range 8, Step B (\$1,687) whose class is moved to Range 12 upon study implementation, would move to Range 12, Step B (\$2,145). Under this bill, the employee would move to Range 12, Substep VI (\$1,740) and then would be eligible for step increases each year within the correct range. Please see example number Two for a four range increase (4 sr up) in the salary table on page 3.

Consistent with the Personnel Rules (2 AAC 07.345,(e)), this bill will limit frozen pay provisions for employees reclassified to a lower range to two years, at which time the employee would be paid at the current rate for their step in the new salary range.

- 3) For example, an employee who is currently at Range 19, Step D (\$3,717), whose position is moved to Range 16 upon study implementation, would move to Range 16, Step F (the highest step providing a lesser salary), but maintain the current salary rate for two years. At the end of two years, the employee would be paid at the rate of the range recommended in the study, Range 16, Step F (\$3,242). Please see example number Three for a three salary range decrease (3 sr down) in the salary table on page 3.

The number of employees who can receive step increases will be greatly reduced by having frozen salaries as a result of the Classification Study. The appropriate adjustment has been made to the savings expected from current employees with frozen salaries foregoing step increases.

The combined savings from frozen salaries in FY 89 is projected at \$1,798.0 thousand. The thaw of frozen salaries on January 16, 1990 results in dramatically increased savings of \$5,832.2 thousand for FY 90. The savings continue in FY 91, producing a reduction of \$4,033.3 thousand in Personal Services costs. In FY 92, all of the savings have been realized from the freeze and thaw of employees reclassified to lower ranges, producing an increase of \$1,408.8 thousand in Personal Services costs.

Method of calculation, assumptions:

These Personal Services cost estimates are based on a computer model developed by the Division of Personnel. It projects changes on a class-by-class basis. It considers bargaining unit; actual rates of pay, including current and projected steps within a specific range and geographic differential area; vacancy factors; benefits, including appropriate retirement system, Supplemental Benefits System (SBS) cap, and departmental variable rates; and premium pay experience (except sea duty) by department. The model assumes that current pay rates will continue and that all bargaining units will be included on the same basic salary schedule. Full study implementation is assumed for all classes on January 16, 1988.

The following table displays the total Personal Services costs and savings for each year:

FY 87	-0-
FY 88	141.5
FY 89	(1,798.9)
FY 90	(5,832.2)
FY 91	(10,700.7)
FY 92	1,408.8

Other Savings Potential:

The fiscal note does not include savings from turnover in employment since severe budget cutbacks have limited job opportunities. However, additional savings in personal services costs would be realized during the study implementation based on actual turnover in State employment. After January 16, 1988, newly hired employees will be paid at the lowest substep of the appropriate salary range. The cost estimates which are shown below are based on the recent experience in rates of turnover in State employment and the relative rates of replacing employees. As employees separate from State employment, they are replaced by new workers, who enter the workforce at lower pay rates.

Based on a conservative turnover rate of 4.5%, additional savings and costs would be as follow:

FY 88	(355.6)
FY 89	(911.2)
FY 90	(1086.8)
FY 91	(723.9)
FY 92	94.3

Attached is a breakdown by department of incremental costs for FY 88 and FY 89.

Attachment 1

General Fund and Other Fund Personal Services Cost by Department, FY 88 and FY 89, to Implement the Classification Study.

<u>Department</u>	FY 88		FY 89	
	<u>G.F.</u>	<u>Other</u>	<u>G.F.</u>	<u>Other</u>
Office of the Governor	Ø	Ø	Ø	Ø
Administration	51.6	7.8	(50.7)	(7.6)
Law	Ø	Ø	(9.1)	(4.5)
Revenue	2.8	1.5	(34.2)	(18.3)
Education	Ø	Ø	(38.2)	(19.0)
Health and Social Services	45.1	7.2	(23.6)	(3.8)
Labor	Ø	Ø	(19.9)	(48.4)
Commerce and Economic Development	.6	.3	(41.9)	(21.4)
Military and Veterans Affairs	Ø	Ø	(12.7)	(10.5)
Natural Resources	18.8	1.9	(63.3)	(6.3)
Fish and Game	.7	.4	(20.1)	(9.7)
Public Safety	Ø	Ø	(533.0)	(10.9)
Environmental Conservation	1.4	.5	(23.3)	(7.3)
Corrections	Ø	Ø	(39.4)	(.3)
Community and Regional Affairs	Ø	Ø	(28.0)	(13.4)
Transportation and Public Facilities	.4	.5	(281.5)	(398.5)
Total	121.4	20.1	(1,218.9)	(579.9)

STATE OF ALASKA
1988 LEGISLATIVE SESSION

RECEIVED

Bill Version: SB 254
Publish Date: January 21, 1988
LAW LOG: 733-87-0023

JAN 28 1988

FISCAL NOTE

REQUEST:

vision Date: _____
Title: "An act relating to implementa-
tion of a classification study"
Sponsor: Rules at request of Governor
Requestor: _____

Agency Affected: Department of Administration
BRU: Division of Personnel

Components: Centralized Administrative Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	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
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

This fiscal note assumes that the study will be implemented on January 16, 1989. The fiscal impact on the Division of Personnel is included as part of the attached analysis of statewide impact. The statewide impact of this proposed legislation is as follows:

FY 88	0	FY 90	(1,657.4)	FY 92	(11,522.9)
FY 89	141.5	FY 91	(7,489.6)	FY 93	(10,114.1)

Prepared By: Mariana DeSimone
Division: Department of Administration

Phone: 465-4430
Date: January 21, 1988

Approved by Commissioner: John M. Andrews
Agency: Department of Administration

Date: 1/25/88

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

CONTINUATION of FISCAL NOTE ANALYSIS

SB 254

BACKGROUND:

The Legislature appropriated \$500.0 thousand in 1983 to fund the only comprehensive review of the total classification system since statehood. The study results are now scheduled for implementation on January 16, 1989. This bill amends the Personnel Act to allow for a gradual implementation similar to the manner of implementation used by other public employers on studies of this scope. The bill provides a one-time exception to the current Personnel Rules (AS 39.25.150, 2 AAC 07) regarding pay upon the movement of an employee to a higher salary range and a modification of the basic salary schedule in AS 39.27.011. These changes result in substantial reductions to the cost of implementation of the Classification Study results. This bill provides the only mechanism to express and discuss the financial impacts of the study.

Under current collective bargaining agreements and Personnel Rules, when a position is reallocated to a higher pay range, all incumbents retain the same step in the higher range. The FY 89 (half year) cost for implementing the Classification Study under current agreements and Personnel Rules would be \$17,018.6 thousand.

EFFECT OF BILL:

This bill will provide, instead, that the pay of all employees moving to higher pay ranges will be set at the lowest step in the higher range that does not provide a decrease.

In addition to the provision that employees move to the lowest step that does not provide a decrease, the bill adds six temporary substeps to the lower end of each range of the salary schedule. These substeps will allow reclassified employees to move up to the appropriate new range, while not receiving an immediate increase unless they are currently at least four ranges below the range recommended in the Classification Study. Thus, only those employees who require the greatest change in range with the change in systems will receive an initial increase. The six additional substeps are for the purpose of phasing in the study's implementation. One substep will be abolished each year until all employees are on steps of the present basic salary schedule.

A Table from AS 39.27.011 plus proposed substeps is presented on the following page.

The difference in the movement of employees from a lower to a higher range assignment under current rules and under the proposed legislation is illustrated in the following examples:

SALARY SCHEDULE WITH SUBSTEPS

RANGE NUMBER	STEP VI	STEP V	STEP IV	STEP III	STEP II	STEP I	STEP A	STEP B	STEP C	STEP D	STEP E	STEP F
5							1387	1425	1467	1507	1552	1593
6	1387	1425					1467	1507	1552	1593	1639	1687
7	1387	1425	1467	1507			1552	1593	1639	1687	1740	1793
8	1387	1425	1467	1507	1552	1593	1639	1687	1740	1793	1845	1903
9	1467	1507	1552	1593	1639	1687	1740	1793	1845	1903	1965	2020
10	1552	1593	1639	1687	1740	1793	1845	1903	1965	2020	2082	2145
11	1639	1687	1740	1793	1845	1903	1965	2020	2082	2145	2217	2286
12	1740	1793	1845	1903	1965	2020	2082	2145	2217	2286	2365	2445
13	1845	1903	1965	2020	2082	2145	2217	2286	2365	2445	2531	2623
14	1965	2020	2082	2145	2217	2286	2365	2445	2531	2623	2715	2818
15	2082	2145	2217	2286	2365	2445	2531	2623	2715	2818	2910	3020
16	2217	2286	2365	2445	2531	2623	2715	2818	2910	3020	3129	3242
17	2365	2445	2531	2623	2715	2818	2910	3020	3129	3242	3353	3468
18	2531	2623	2715	2818	2910	3020	3129	3242	3353	3468	3582	3717
19	2715	2818	2910	3020	3129	3242	3353	3468	3582	3717	3831	3974
20	2910	3020	3129	3242	3353	3468	3582	3717	3831	3974	4095	4246
21	3129	3242	3353	3468	3582	3717	3831	3974	4095	4246	4379	4537
22	3353	3468	3582	3717	3831	3974	4095	4246	4379	4537	4687	4859
23	3582	3717	3831	3974	4095	4246	4379	4537	4687	4859	5021	5209
24	3831	3974	4095	4246	4379	4537	4687	4859	5021	5209	5385	5568
25	4095	4246	4379	4537	4687	4859	5021	5209	5385	5568	5773	5990
26	4246	4379	4537	4687	4859	5021	5209	5385	5568	5773	5990	6206
27	4379	4537	4687	4859	5021	5209	5385	5568	5773	5990	6206	6442
28	4537	4687	4859	5021	5209	5385	5568	5773	5990	6206	6442	6666
29	4687	4859	5021	5209	5385	5568	5773	5990	6206	6442	6666	6901
30	4859	5021	5209	5385	5568	5773	5990	6206	6442	6666	6901	7144

1. Under current provisions, an employee at Range 12, Step A (\$2,082), whose position is moved to Range 14 upon study implementation, would move to Range 14, Step A (\$2,365). Under this bill, the employee would move to Range 14, Substep IV (\$2,082) and then would be eligible for step increases each year within the appropriate range. Please see example number One for a two-salary-range increase (2 sr up) in the salary table on page 3.
2. Under current provisions, an employee at Range 8, Step B (\$1,687), whose class is moved to Range 12 upon study implementation, would move to Range 12, Step B (\$2,145). Under this bill, the employee would move to Range 12, Substep VI (\$1,740) and then would be eligible for step increases each year within the correct range. Please see example number Two for a four-salary-range increase (4 sr up) in the salary table on page 3.

Consistent with the Personnel Rules (2 AAC 07.345,(e)), this bill will limit frozen pay provisions for employees reclassified to a lower range to two years, at which time the employee would be paid at the current rate for their step in the new salary range.

3. For example, an employee who is currently at Range 19, Step D (\$3,717), whose position is moved to Range 16 upon study implementation, would move to Range 16, Step F (the highest step providing a lesser salary), but maintain the current salary rate for two years. At the end of two years, the employee would be paid at the rate of the range recommended in the study, Range 16, Step F (\$3,242). Please see example number Three for a three-salary-range decrease (3 sr down) in the salary table on page 3.

The number of employees who can receive step increases will be greatly reduced by having frozen salaries as a result of the Classification Study. The appropriate adjustment has been made to the savings expected from current employees with frozen salaries foregoing step increases.

The combined savings from frozen salaries in FY 90 is projected at \$1,798.0 thousand. The thaw of frozen salaries on January 16, 1991, results in dramatically increased savings of \$5,832.2 thousand for FY 91. The savings continue in FY 92, producing a reduction of \$4,033.3 thousand in Personal Services costs. In FY 93, all of the savings have been realized from the freeze and thaw of employees reclassified to lower ranges, producing an increase of \$1,408.8 thousand in Personal Services costs.

METHOD OF CALCULATION, ASSUMPTIONS:

These Personal Services cost estimates are based on a computer model developed by the Division of Personnel. It projects changes on a class-by-class basis. It considers bargaining unit; actual rates of pay, including current and projected steps within a specific range and geographic differential area; vacancy factors; benefits, including appropriate retirement system, Supplemental Benefits System (SBS) cap, and departmental variable rates; and premium pay experience (except sea duty) by department. The model assumes that current pay rates will continue and that all bargaining units will be included on the same basic salary schedule. Full study implementation is assumed for all classes on January 16, 1989.

The following table displays the total Personal Services costs and savings for each year:

FY 88	-0-
FY 89	141.5
FY 90	(1,798.9)
FY 91	(5,832.2)
FY 92	(4,033.3)
FY 93	1,408.8

OTHER SAVINGS POTENTIAL:

The fiscal note does not include savings from turnover in employment since severe budget cutbacks have limited job opportunities. However, additional savings in personal services costs would be realized during the study implementation based on actual turnover in State employment. After January 16, 1989, newly-hired employees will be paid at the lowest substep of the appropriate salary range. The cost estimates which are shown below are based on the recent experience in rates of turnover in State employment and the relative rates of replacing employees. As employees separate from State employment, they are replaced by new workers, who enter the workforce at lower pay rates.

Based on a conservative turnover rate of 4.5%, additional savings and costs would be as follow:

FY 89	(355.6)
FY 90	(911.2)
FY 91	(1,086.8)
FY 92	(723.9)
FY 93	94.3

Attached is a breakdown by department of incremental costs for FY 89 and FY 90.

Attachment 1

General Fund and Other Fund Personal Services Cost by Department, FY 89 and FY 90, to Implement the Classification Study.

<u>Department</u>	FY 89		FY 90	
	<u>G.F.</u>	<u>Other</u>	<u>G.F.</u>	<u>Other</u>
Office of the Governor	0	0	0	0
Administration	51.6	7.8	(50.7)	(7.6)
Law	0	0	(9.1)	(4.5)
Revenue	2.8	1.5	(34.2)	(18.3)
Education	0	0	(38.2)	(19.0)
Health and Social Services	45.1	7.2	(23.6)	(3.8)
Labor	0	0	(19.9)	(48.4)
Commerce and Economic Development	.6	.3	(41.9)	(21.4)
Military and Veterans Affairs	0	0	(12.7)	(10.5)
Natural Resources	18.8	1.9	(63.3)	(6.3)
Fish and Game	.7	.4	(20.1)	(9.7)
Public Safety	0	0	(533.0)	(10.9)
Environmental Conservation	1.4	.5	(23.3)	(7.3)
Corrections	0	0	(39.4)	(.3)
Community and Regional Affairs	0	0	(28.0)	(13.4)
Transportation and Public Facilities	.4	.5	(281.5)	(398.5)
Total	121.4	20.1	(1,218.9)	(579.9)

10% cut

April 20, 1987

SENATE
P.O. Box V
JUNEAU, AK. 99811

Dear SENATOR AHOOD;

I am writing you this letter to ask that you vote against the proposed 10% payout as introduced by Governor Cowder. I am currently employed by DOI/PS as an Internal Auditor and have held this job since November 1981. Let me give you my current situation and let you evaluate for yourself the impact the 10% reduction will have on me and my family.

I bought my house in the spring of 1981. My latest appraisal has dropped \$30,000 from the preceding year. My wife has been told that she is being laid off due to the poor economy. We jointly applied for our loans held by ARFC. In add to this downward spiral, I have the possibility of this 10% reduction which equates to approximately \$350 per month in take-home pay. To this, add my wifes reduction and the Parker household will be receiving approximately \$8,000 a month less. I am not the only one facing this situation. So I appeal to you to consider the ramifications of your decision carefully as you will have a definite impact on not only my life but my wife and child, as well as many other families facing a similar situation.

Sincerely,

William E. Parker

William E. Parker
9016 E. 122nd Ave.
Anchorage, Ak. 99504

RECEIVED
APR 29 1987

Georgia L. Glasco
1721 University Ave., Apt. 31 C
Fairbanks, Alaska 99701

254

Dear *Senator Abroad!*

I would like to comment on issues which affect and are affected by your pending budget decisions.

I am a 5 year resident of Alaska, a single parent, former member of the Armed Forces, and am presently employed by the Department of Health and Social Services/Division of Public Health. I am an L.P.N., licensed by the State of Indiana, with 16 years experience in Nursing. Prior to going to work for the State of Alaska, I completed a clerical occupations course through Tanana Valley Community College, graduating with a 3.5 GPA.

I then went to work in August of 1985 for the State of Alaska, Department of Natural Resources, as a Clerk-Typist III at a gross monthly salary of \$1835/mo. With this I had to maintain housing for myself and 1 minor, provide food, clothing, maintain a vehicle for transportation (a basic need in Alaska), and medical. This was not easy, and we had nor have had any "luxuries" (no VCR, no stereo, not even movies), but at least I was able to, at that salary level maintain an adequate, if lower level, standard of living, and I had the pride in myself that I was a viable, productive worker in a system where hard work and conscientious application would be rewarded by timely merit increases, and with further education and experience, promotion to a higher job classification. I would get paid at least what I was worth. In October 1986, due to the first cut in State services, via employees, I was laid off by the Department of Natural Resources. At this time I had achieved a gross monthly salary level of \$1935/mo.

In September, I accepted a position in the Department of Health and Social Services/Division of Public Health as a Clerk-Typist III. This position came with a "voluntary" 30 hr. work week and I realized an immediate \$421/mo. reduction in salary, but this was definitely preferable to unemployment. Although my gross monthly income is \$1514.00, after taxes and other contributions, I realize a net of \$931/mo. with which to actually live on.

I am now the lone clerical support for Fairbanks' State of Alaska, Public Health Representative, an office which fields an average of 25 phone calls per day, and maintains direct contact with all of the States' health care providers. It requires diplomacy, tact, use of my previous medical background and clerical expertise. I was due a merit increase in February, but due to the current budget crisis, no State employees are receiving merit increases at this time.

Now, Gov. Cowper and other legislative members want 10% of that already reduced wage, and reduced benefits. Keep in mind also that there is legislation afoot to increase my work week to 40 hrs., and unless I receive an "outstanding" evaluation I will be denied a merit increase to time indefinite! Add to that, the fact that with no increases in sight, Gov. Cowper also wants another 5% of that next year, with which I would be expected to maintain (?) a standard of living. People on Public Assistance (few of whom actually work) would then have a comparable income to my salary, with many more benefits.

In the meantime, none of my expenses or circumstances has or are projected to change, to the contrary, all mine have and are guaranteed to keep rising (lest we forget the 3% sales tax to be instituted by the borough). The value of my dollar depends on sales and "creative" financial living (pay the disconnect notice on the lights, hope the phone bill doesn't come in before time for mid-month draw, and ground beef dishes 5 nights out of 7).

I feel with my experience level, that at a Range 8, step B State employee, prior to September '86 that I was adequately, not over, not under, paid for the services I performed, and as a loyal Alaskan I was more than willing to attempt to maintain my then level of living and do my part to assist our State through her current crisis (how quickly they forget the 3.8% raise due Alaska State employees in July, which few, if any state employees really griped about giving up).

For this, I have now become "Public Enemy # 1". Alaska State employees have given new meaning to the old admonishment "Give until it Hurts", and now it is time for you, our legislators, to do what everyone wants to avoid doing, via the State employees' paycheck, make some hard line decisions about State government!

You must first establish, then fund, priority services. There are many services offered by the State and many requests for funding for projects that are valid, but not vital.

Decide on, and pursue a logical course of action which will be good for and benefit all Alaskans, and not at the expense of one segment of the population. Support legislation which will also help support those of your constituency that support you. Thank you.

Sincerely,

Georgia L. Glasco

Georgia L. Glasco

RECEIVED
APR 29 1987

April 26, 1987

Mitch Abood
Senate State Affairs Committee
P.O. Box V
Juneau, Alaska 99811

10% cut

DEAR Mitch Abood,

I have been an Alaska resident for the past 15 years and an employee of the state for the past 10 years. If SB 254 is passed I will have to leave the state. I enjoy living in Alaska and enjoy my job with the state. However if this bill is passed there is no way that I can stay here. Between my wife and I we stand to loose up to \$1,000.00 per month in income. Add this to the 10% reduction that the Governor is asking for, me and many more like me would not be able to stay in Alaska.

This Bill is running the risk of forcing all the experienced workforce out of state service. If this happens the State government runs the risk of having a real mess on their hands. You have the opportunity of forcing the Governor back to the bargaining table where this type of item is supposed to be. From where I sit it seems that the Governor is forcing you to make a decision that he should be making at the bargaining table.

The Governor and many of you have said that you support collective bargaining. However it seems that neither of you are willing to practice what you preach. There is an election next year and the state work force can have an impact on the outcome.

Again if SB 254 passes not only will I, but many others will have to assess their situation, and make a choice of either putting up with the system or leaving the state and starting over. This would mean that many jobs would be withdrawn and taken out of state. The consequences that we live in would be dumped on the market making an already bad situation even worse.

I beg of you, and your colleges to consider this bill very carefully. Where do you want this state to go and how do you want to get there?

Sincerely,


David R. Henry

RECEIVED
APR 29 1987

SB

259

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
707 465 3800

MEMORANDUM

April 9, 1987

SUBJECT: College work program
(Work Order 5-0739A)

TO: Senator Mitch Abood

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

Here is the sectional analysis that you requested of the draft bill establishing a college work program dated 4/6/87.

Section 1. This is a new section which permits a student who works for a college or university in the state to elect to have part of a scholarship loan forgiven instead of receiving a salary for the work. The forgiveness option applies only for up to 20 hours of work each week. The amount of forgiveness is based on the amount of net salary normally paid for performing comparable duties. The cost of benefits the student is entitled to as a result of the employment is borne by the college. The Alaska Commission on Postsecondary Education is authorized to enter into agreements with colleges and with borrowers necessary to carry out the purposes of the section.

TBC:mkr
m10/130

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

REQUEST: _____

Bill Version: SB 259
Publish Date: April 14, 1987

Revision Date: _____

Agency Affected: Education

Title: RE: College Work Program

BRU: Postsecondary Commission

Sponsor: Abood

Components: Student Loan Fund

Requestor: Senate: State Affairs

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

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

GENERAL FUND	N.A.	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	N.A.	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

See Attached.

Prepared by: Kerry D. Romesburg, Executive Director

Phone: 465-2854

Division: Alaska Commission on Postsecondary Education

Date: April 27, 1987

Approved by Commissioner: _____

Date: _____

Agency: _____

Distribution (by preparer):

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

Analysis and Discussion

General. *This bill establishes a college work program whereby students would be able to work for their in-state college or university and have their student loans reduced by the amount "earned" through the work program.*

Fiscal Impact.

a. *Postsecondary Commission:*

1. *Operating Budget. There is no fiscal impact on the operating budget, since the necessary accounting work would be done by existing staff.*
2. *Loan Fund. The loan fund would be impacted negatively, in that funds credited for work rendered would not be collected and, hence, would not revolve. The amount of this "loss" cannot be determined, since there is no good guage to guess student participation levels.*

b. *Institutions:*

The colleges and universities would incur the indirect cost expense of keeping records on the student employees and would need be absorb the employee benefit expenses (F.I.C.A., etc.).

FISCAL NOTE

REQUEST: _____

Bill Version: SB 259Publish Date: 7/19/87

Revision Date: _____

Title: An act establishing a college
work programAgency Affected: University of AlaskaBRU: University of AlaskaRequestor: Health, Education & Social
Services & Finance

Comments: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		133.9	128.9	128.9	128.9	128.9
TRAVEL						
CONTRACTUAL		2.5	2.5	2.5	2.5	2.5
SUPPLIES		2.5	2.5	2.5	2.5	2.5
EQUIPMENT		5.0				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		133.9	128.9	128.9	128.9	128.9

CAPITAL	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92

REVENUE	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92

FUNDING: (Thousands of Dollars)

GENERAL FUND	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
		133.9	128.9	128.9	128.9	128.9
FEDERAL FUNDS						
OTHER						
TOTAL		133.9	128.9	128.9	128.9	128.9

POSITIONS:

FULL-TIME	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
		2	2	2	2	2
PART-TIME		2	2	2	2	2
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Projected costs for FY88 is \$133.9 (see attached).

Prepared by: James Lynch
Division: University of AlaskaPhone: 474-7711Date: 8/26/87Approved by Commissioner: _____
Agency: University of AlaskaDate: 8/26/87

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

CONTINUATION OF FISCAL NOTE ANALYSIS

For Bill/Resolution No. Senate Bill 259

Analysis:

The primary purpose of the legislation is the forgiveness of student loan debt in lieu of salary for up to 20 hours of labor per week for a college or university

Assumptions:

1. The Post Secondary Education Commission will absorb the cost of the debt forgiveness incurred through this bill.
2. That students working less than 20 hours per week accrue no staff benefits.
3. The following additional positions will be required at the university to maintain records, verify status and meet the additional workload generated by SB259:

Full-time Staffperson Financial Aid Office - Fairbanks
 Full-time Staffperson Financial Aid Office - Anchorage
 Full-time Staffperson Financial Aid Office - Juneau
 Half-time Staffperson Payroll - Statewide Administration

Expenditures*:

Personal Services

Fairbanks - Financial Aid Advisor	33,800	
Anchorage - Financial Aid Advisor	30,700	
Juneau - Financial Aid Advisor	16,900	
Fairbanks - Statewide Payroll Clk	16,900	
Benefits for Above Positions	<u>25,600</u>	
		123,900

Contractual Services

Postage, Reproductive Costs, Phone	2,500	
		2,500
Office	2,500	
		2,500

Equipment

Desks, calculators etc. (1st Year)	5,000	
		<u>5,000</u>

Total FY88 \$ 133,900

Total FY89 and thereafter \$ 128,900

* If the university has no additional cost to the university.

SB

261

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 15, 1987

The Honorable Jan Faiks
President of the Senate
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Faiks:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to unemployment insurance.

AS 23.20 contains a comprehensive scheme for both the collection of unemployment insurance contributions from employers and employees and for the payment of unemployment insurance benefits to unemployed workers in the State of Alaska. The economic conditions in the State of Alaska over the past couple of years have created a situation in which, at the same time that employee and employer contributions to the unemployment compensation fund have decreased, the payment of benefits out of that fund has dramatically increased. The result will be that by or near the end of 1987, the ability of the state to pay unemployment insurance benefits will be in jeopardy because the fund balance will be reduced to near zero.

Therefore, in accordance with existing AS 23.20.140, the state will need to obtain advances from the federal government in order to support the payment of unemployment insurance benefits until such time as the economic conditions in the State of Alaska turn around and employer and employee contributions once again are sufficient to keep the fund solvent.

Since 1982, the federal government has charged interest on the advances it makes to states. Under federal law (42 U.S.C. 1322(b)(5)), the interest may not be paid from employer contributions, nor may it be paid from the unemployment compensation fund. The Department of Labor has determined that interest can, however, be paid from a portion of employee contributions to the fund. This bill clarifies the Department of Labor's authority to pay the interest on advances by using employee contributions.

at 241

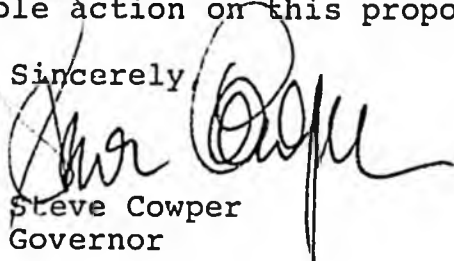
Hon. Jan Faiks

Page 2

Section 2 of the bill is a housekeeping measure that simply makes a related provision make sense.

I recommend prompt and favorable action on this proposal.

Sincerely,


Steve Cowper
Governor

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

Bill Version: CSHB 268 (Fin)
Publish Date: _____

REQUEST: _____

Revision Date: _____
Title: "An Act relating to...e ployee
contributions for unemployment insurance."
Sponsor: Governor
Requestor: House Finance

Agency Affected: Labor
BRU: Employment Security
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						
---------	--	--	--	--	--	--

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

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: Joe Sitton
Division: Employment Security

Phone: 465-2712
Date: 5/11/87

Approved by Commissioner: Jim Sampson
Agency: Labor

Date: 5/11/87

Distribution (by preparer):

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

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of APRIL 22, 1987 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: LABOR & COMMERCE
FINANCE

**FISCAL NOTE(S) ATTACHED 2 **
IN ACCORDANCE WITH AS 24.08.035
(see below)

DATE TURNED INTO OFFICE 11 MAY 1987

Mr. President:

STATE AFFAIRS

Committee considered SB 261

unemployment insurance

and recommended:

replace with CS _____ same title
 attached amendment(s) and new title

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted and attached

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

MEMBERS SIGNING DO PASS

Bill Groenke
Willie Kinnel

OTHER RECOMMENDATIONS

Paul (Ch) (No Rec.)
Jim Fair (No Rec.)

[Signature]
Chairman signature and recommendation

Committee Backup Attached

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

Bill Version : SB 261
Publish Date : _____

REQUEST: _____

Revision Date: _____
Title: "An Act relating to unemployment insurance."
Sponsor: Governor
Requestor: Senate State Affairs

Agency Affected: Labor
BRU: Employment Security
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						
----------------	--	--	--	--	--	--

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

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: Joe Sitton Phone: 465-2712
Division: Employment Security Date: 4/20/87

Approved by Commissioner: Jim Sampson Date: 4/20/87
Agency: Labor

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

STATE OF ALASKA

DEPARTMENT OF LABOR

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

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

May 1, 1987

Honorable Mitch Abood, Chairman
State Affairs Committee
Alaska State Senate
Pouch V
Juneau, AK 99811

Dear Senator Abood:

This is in response to your request for a clarification of the provisions of Senate Bill 261.

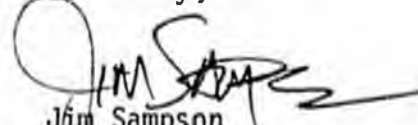
The Unemployment Insurance Trust Fund, which is used to pay benefits to workers during temporary periods of unemployment, is made up of employer and employee contributions. The formula used for determining the contribution rates, which are adjusted annually, was designed to be responsive to benefit outlays and thereby assure the solvency of the fund. However, the extremely sharp and prolonged economic decline being experienced in the state was not anticipated and the formula was not designed to accumulate reserves which would withstand such high and prolonged unemployment. We project that the Trust Fund will be exhausted in early 1988, and that it will be 1991 before the self-correcting mechanisms of the contribution formula, combined with economic recovery, will return the fund to a solvent condition.

When Alaska's trust fund is depleted, the federal government will advance funds to permit the continued payment of unemployment insurance benefits, but it prohibits using employer contributions in the trust fund for paying interest on the advances. However, Alaska is one of the few states in the nation that also requires employee contributions into our unemployment fund. This interest can be paid from employee contributions before they are deposited into the Trust Fund. Under present Alaska law, all employee, as well as employer, contributions go into the Trust Fund and use of employee contributions to pay the interest is therefore precluded.

Senate Bill 261 proposes to amend the law to permit the interest on advances to be paid from the employee contributions, with the residual then going into the Trust Fund. Senate Bill 261, therefore, only provides the accounting mechanism for paying the interest from the employee contributions and it does not make any changes to the employee/employer contributions rate structure or benefits. The only other alternative would be a general fund appropriation or an employee/employer surcharge to pay the interest.

Please do not hesitate to let me know if additional clarification is needed.

Sincerely,


Jim Sampson
Commissioner

STATE OF ALASKA

DEPARTMENT OF LABOR

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

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

May 6, 1987

Mr. Carol Horos
Staff Assistant
State Affairs Committee
Alaska State Senate
P.O. Box V
Juneau, AK 99811

Dear Carol:

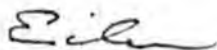
This is in response to your request for information on actual employer and employee unemployment insurance contributions for the most recent period for which the information is available.

In calendar year 1986, the average employer contribution rate was 2.34%, and the average employee rate was .5%. Contributions were payable on the first \$21,600 of earnings of each employee. Total contributions during the year were \$78,850,000. Employers contributed \$64,953,000 of this amount and employees the remaining \$13,897,000.

In calendar year 1987, the average employer contribution rate is 2.88% and the average employee rate is .6%. Contributions are payable on the first \$21,500 of earnings of each employee. Inasmuch as contribution reports from employers for the first quarter of 1987 were not required to be filed until April 30, 1987, and many of these reports are presently being processed, we do not yet have figures available on total contributions which are payable for the first quarter of 1987.

Please do not hesitate to call upon me if we may provide additional information or clarification.

Sincerely,



Eileen Plate
Legislative Liaison

S B

266



Alaska State Legislature

SENATOR JIM DUNCAN

P. O. BOX V JUNEAU, ALASKA 99811

(907) 465-4766

MEMO

COMMITTEES:
FINANCE
RESOURCES
BUDGET AND AUDIT

May 12, 1987

To: Senator Mitch Abood
Chairman Senate State Affairs

From: Senator Jim Duncan

Subj: SB 266 Smoke Detectors

I would appreciate it if you could schedule SB 266 which deals with "Smoke Detectors".

Current statute and regulation 13.AAC 50.020 require smoke detectors in all guest rooms in hotels and lodging houses used for sleeping purposes. They are also required in all dwelling units (apartments, condos etc.) except single family homes, duplexes and triplexes built before 1975 that have never been sold. Living units are not defined in the Uniform Building Code (UBC). Dwellings units are defined in the UBC and used in the state fire marshall's regulations.

Responsibility for smoke detection devices and maintenance in rental property is not clearly defined.

Alaska has the highest per capita death rate by fire in the western world. This legislation would help to reduce fire deaths in Alaska.

This legislation would have negligible financial impact on rural and urban Alaskans. There is no fiscal note to the state due to implementation of this legislation. This change is also supported by the fire service in Alaska.

BILL NO:

SB 266

DATE:

April 22, 1987

TITLE:

An act relating to smoke detection devices

CONTACT:

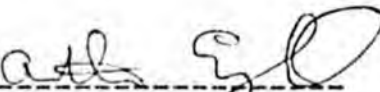
Gordon Brunton

AS 18.70.095 would be amended by this bill to include the requirement that smoke detection devices be maintained, changes the term "living" unit to "dwelling" unit, requires a landlord to install detectors, and requires a tenant to replace batteries in D.C. powered units.

Smoke detectors have proven to be effective life savers in fires, to the extent that, nationally, deaths by fire dropped substantially during the 1970's. 50 percent of all households are estimated to be equipped with detectors. There continues to be fire fatalities in dwellings where detectors are present, but not operating properly. It is estimated that a person's chances of surviving a fire are increased to 86 percent where a properly installed and functioning smoke detector is present.

The Department of Public Safety will continue its educational efforts to have dwellings provided with regularly maintained smoke detectors.

The Department of Public Safety supports passage of SB 266.



Arther English
Commissioner

DEPARTMENT OF PUBLIC SAFETY
COMMUNICATIONS SECTION

RECEIVED
APR 28 1987

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

REQUEST: _____

Bill Version : SB 266

Publish Date : _____

Revision Date: _____
Title: An act relating to smoke detection devices.

Agency Affected: Public Safety
BRU: Fire Prevention

Sponsor: Senator Duncan
Requestor: Senate State Affairs

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

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		0	0	0	0	0

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

No fiscal impact.

Prepared by: Gordon E. Brunton
Division: Fire Prevention

Phone: 465-4331
Date: 4/22/87

Approved by Commissioner: _____
Agency: _____

Date: 4/23/87

Distribution (by preparer):

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

purposes or research programs, or special features of fire protection equipment found appropriate for uniformity within a particular protection area, may be exempted from this requirement by the state fire marshal. (§ 1 ch 48 SLA 1970)

Sec. 18.70.090. Enforcement of regulations. The Department of Public Safety and the chief of each city fire department and their authorized representatives in their respective areas may enforce the regulations adopted by the Department of Public Safety for the prevention of fire or for the protection of life and property against fire or panic. All state peace officers may assist the Department of Public Safety in the enforcement of AS 18.70.010 — 18.70.100 and the regulations adopted under it. The authority conferred in AS 18.70.010 — 18.70.100 extends to the enforcement of the provisions of AS 11.46.400 — 11.46.430. (§ 9 ch 66 SLA 1955; am § 8 ch 117 SLA 1968; am § 20 ch 166 SLA 1978)

NOTES TO DECISIONS

City fire chief can enforce standards without delegation by state fire marshal. — The language of this section would indicate that the fire chief in each city can enforce state fire standards independently of any delegation by the state fire marshal's office. *State v. Jennings*, Sup. Ct. Op. No. 1319 (File Nos. 2322, 2423), 555 P.2d 248 (1976).

State not liable for city's negligence. — Where the state fire marshal's office, in accordance with its policy, had deferred to the city's fire prevention agency for the purposes of fire prevention and inspection within the city limits, and, thus, the state

fire marshal referred complaints about a hotel to the city fire marshal for action; and the city conducted inspection and initiated enforcement, there is no principal-agent relationship between the state and the city which would justify holding the state vicariously liable for the city's negligence. *State v. Jennings*, Sup. Ct. Op. No. 1319 (File Nos. 2322, 2423), 555 P.2d 248 (1976).

Common-law duty to take action concerning fire hazards after inspection. — See note to AS 18.70.010. *Adams v. State*, Sup. Ct. Op. No. 1318 (File No. 2326), 555 P.2d 235 (1976).

Collateral references. — Power to require closing of place of amusement or other place of public assembly because of fire hazard or unsanitary conditions. 140 ALR 1048.

Destruction of building in emergency. 14 ALR2d 78.

Sec. 18.70.095. Smoke detection devices. Smoke detection devices shall be installed in all living units built, manufactured or sold in the state. The devices shall be of a type and deployed in a manner approved by the state fire marshal. (§ 1 ch 148 SLA 1975)

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271



Alaska State Legislature

SENATOR JIM DUNCAN

P. O. Box V JUNEAU, ALASKA 99811

(907) 465-4766

COMMITTEES:
FINANCE
RESOURCES
BUDGET AND AUDIT

May 6, 1987

To: Senator Abood

From: Senator Duncan

Subject: SB 271 relating to historic and community schools.

This covers school buildings built before Alaska Statehood that have historic significance and deserve to be recognized identified and preserved.

The following are those schools that would qualify:

<u>School</u>	<u>School District</u>	<u>Age</u>
Whitecliff Elementary	Ketchikan	60
Akiak Elementary	Lake/Peninsula	40
Pilot Point Elementary	Lake/Peninsula	39
Ft. Yukon Elementary	Yukon Flats	30
Tok Elementary	Alaska Gateway	30
Capital School	Juneau	50
Anthony Andrew School (St. Michael)	Berring Strait	33
Emmonala	Lower Yukon	30
Mt. Edgecumbe	Sitka	?
Denali	Anchorage	32
Kenny Lake	Cooper River	32
Main	Fairbanks	57

Please act favorably on this legislation.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: SCR-27
Publish Date: _____

REQUEST: _____

Revision Date: _____

Title: ... preservation of historical school buildings...

Sponsor: Senator Josephson

Requestor: Senate State Affairs

Agency Affected: Education

BRU: Education Finance and

Support Services

Components: Facilities

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
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

This bill has no fiscal impact on this department.

Prepared by: Steve Hole *Steve Hole*
Division: Commissioner's Office

Phone: 465-2800
Date: April 30, 1987

Approved by Commissioner: William G. Demmert
Agency: Education

Date: April 30, 1987

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agencies
- Senate Secretary

S B

273

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 3-17-88 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

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

FURTHER: LABOR & COMMERCE
JUDICIARY
FINANCE

4/23/87

DATE TURNED INTO OFFICE 3/30/88

Mr. President:

STATE AFFAIRS

Committee considered

SB 273

authorizing gambling enterprises; efd.

and recommended:

replace with CS _____ same title
 new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted and attached

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

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Rich Kelly (No Rec)
William Keefe (No Rec)
Joe Josephson (No Rec)

Sen. [Signature]
Chairman signature and recommendation

Committee Backup Attached

Alaska State Legislature

SENATOR BETTYE FAHRENKAMP
CHAIRMAN, LEGISLATIVE COUNCIL
CHAIRMAN, OIL AND GAS COMMITTEE
515 7TH AVENUE, SUITE 130
FAIRBANKS, ALASKA 99701
OFFICE (907) 452-4882
HOME (907) 456-2899



WHILE IN JUNEAU
P.O. BOX V
JUNEAU, ALASKA 99811
CAPITOL ROOM 125
OFFICE (907) 465-3834
HOME (907) 780-6027

Senate

MEMORANDUM

TO: Senator Mitch Abood, Chairman
Senate State Affairs Committee

FROM: Senator Bettye Fahrenkamp

DATE: March 24, 1988

RE: SB 273 An Act authorizing gambling enterprises; and providing for an effective date.

What the bill does

SB 273 would authorize casino style gambling on a limited basis in municipalities (with local voter approval), unincorporated areas, and on the Alaska Marine Highway and tour ships.

Background

I introduced this bill because I believe gambling enterprises will make a contribution to the prosperity of the state in a time of declining and uncertain state revenue. It would enhance Alaska as a tourist destination and create jobs. We already allow forms of gambling such as bingo, Monte Carlo nights, and pool classics, and it's no secret that other forms of gambling take place right now.

Limited Gambling Authorized by the bill

SB 273 authorizes limited casino style gambling. I believe that once made legal, these gambling enterprises can be conducted honestly, free from criminal and corrupt persons and practices. I do not believe it will engender the high roller style gambling found amongst the glitz and glitter of Las Vegas.

Gambling under SB 273 is limited in the following ways:

- * Municipalities must adopt an ordinance regulating gambling and have it ratified by a majority of voters within its boundary.

* Only card, dice, and number wheels would be allowed, the kinds of games played at the turn of the century in Alaska. No slot machines would be allowed by this measure.

* A gambling enterprise within a municipality must enhance the historic character of the municipality. No glitz and glitter, no chrome and glass.

* Gambling enterprises may not extend credit to its patrons. Large cash or credit transactions provide an opportunity for loan sharks and quick buck artists.

Revenue Distribution

Municipalities may decide to run gambling operations themselves, or license the operation, and must pay three and one half percent of gross revenues to the Department of Revenue.

Licensed operators in unincorporated areas must pay fifty percent of the net proceeds to the department.

All of the revenue derived from gambling on ferries would be deposited in the general fund.

In recognition that a small percentage of gamblers can become compulsive, one half a percent of state income from gambling may be appropriated by the legislature for treatment and counseling.

Sectional Analysis

See attached.

MAR 21 1988

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 21, 1988

SUBJECT: Section-by-Section Summary of SB 273,
An Act authorizing gambling enterprises

TO: Senator Bettye Fahrenkamp

FROM: George Utermohle *GU*
Legislative Counsel

This memorandum is a section-by-section summary of SB 273 as requested by Tom Moyer of your staff.

A section-by-section summary of a bill should not be considered an authoritative interpretation of the bill. The bill itself is the best statement of its contents.

Section 1 of the bill states the policy which the Legislature seeks to implement by enacting this bill.

Section 2 of the bill amends AS 05 by adding a new chapter.

CHAPTER 16. LEGALIZED GAMBLING.

Sec. 05.16.010 establishes the conditions under which gambling is permitted.

A person under 21 years of age may not gamble. Only card and dice games and numbers wheels are permitted. A person who operates a gambling enterprise, or an employee of a gambling enterprise may not extend credit to a patron of a gambling enterprise. A person may not receive a permit to operate a gambling enterprise or be employed by a gambling enterprise if the person has been convicted of a state or federal felony or gambling offense. Only a person who has completed classes on gambling at a school in a state where gambling is legal may be employed by a gambling enterprise. An employee of a gambling enterprise may not gamble while on duty for the gambling enterprise.

Within municipalities, the municipal government regulates gambling enterprises. Outside of municipalities, the Department of Revenue regulates gambling enterprises.

Sec. 05.16.020 authorizes the Department of Revenue to regulate gambling enterprises outside of municipalities, on state ferries, and on tour ships. Gambling may be conducted at the place and under the terms established in the license.

Municipalities within 10 miles of the location of a proposed gambling enterprise and law enforcement agencies must receive notice of and may comment on applications for a license for a gambling enterprise. Public hearings must be held in the vicinity of the proposed gambling enterprise before the license is issued. The department shall consider comments received on an application for a license. The department shall also consider the economic impact of a proposed gambling enterprise on gambling enterprises licensed by municipalities when it reviews applications for a gambling enterprise outside of a municipality.

The department may attach conditions to a license that limit the games that may be played, the hours of operation, and the availability of alcoholic beverages.

Sec. 05.16.030 provides that the Department of Revenue may adopt regulations necessary to implement AS 05.16. Among the regulations which the department may adopt are regulations relating to issuance renewal, suspension, and revocation of licenses, financial records of gambling enterprises, investigations of licensees and their employees, exclusion of certain persons from a gambling enterprise, conduct of gambling, accounting procedures, license fees, amounts of wagers, disclosures of financial interests in gambling enterprises, rates of return, dispute resolution procedures, bonds, and reports by municipalities.

Sec. 05.16.040 provides that the Department of Revenue may audit the records of gambling enterprises.

Sec. 05.16.050 requires that licensees provide monthly reports to the Department of Revenue.

Sec. 05.16.060 provides for the distribution of the net proceeds of a gambling enterprise. Half of the net proceeds of a gambling enterprise shall be paid to the Department of Revenue. Money received by the department shall be placed

into the general fund. This money may be appropriated to the department for implementation of this chapter, except that one-half percent may be used for treatment and counseling of compulsive gamblers.

Sec. 05.16.070 requires the Department of Revenue to issue a license for a gambling enterprise on state ferry vessels, if the commissioner of transportation and public facilities requests a license. The proceeds of a gambling enterprise on a state ferry may be used to fund the operations of the Alaska Marine Highway System.

Sec. 05.16.080 requires the Department of Revenue to cooperate with municipalities in the regulation and administration of gambling within municipalities.

Sec. 05.16.090 requires the Department of Revenue to make a report to the Governor and the Legislature by March 1 of each year.

Sec. 05.16.900 defines "department", "gambling", "gambling enterprise", and "tour ship".

Section 3 of the bill amends the definition of gambling in the criminal code so that it does not include gambling conducted under a license issued to a gambling enterprise by the state or a municipality.

Section 4 of the bill amends the definition of gambling enterprise in the criminal code so that it does not include a gambling enterprise licensed by the state or a municipality.

Section 5 of the bill adds regulation of gambling to the list of limitations on powers of home rule municipalities under AS 29.10.200.

Section 6 of the bill amends AS 29.35 by adding new sections related to the regulation of gambling enterprises within municipalities.

Sec. 29.35.600 authorizes a municipality to operate or license a person to operate a gambling enterprise within the municipality if the gambling enterprise enhances the historic character of the municipality, the municipality adopts an ordinance regulating gambling enterprises, and the ordinance is ratified by the voters of the municipality.

Sec. 29.35.610 establishes the requirements for a municipality that regulates gambling.

The municipality must adopt an ordinance regulating gambling. The ordinance must establish a commission responsible for licensing and regulating gambling enterprises, establish qualifications for members of the commission, provide for issuance, renewal, suspension, and revocation of licenses for gambling enterprises, establish the terms and conditions under which gambling is permitted, provide for distribution of the proceeds of a gambling enterprise, require disclosure of persons having a financial interest in a gambling enterprise, and require detailed records.

Gambling within a municipality is limited to card and dice games and numbers wheels. The municipality may regulate the availability of alcoholic beverages at a gambling enterprise. Members and employees of the municipal gambling commission may not participate in or have a financial interest in a gambling enterprise.

A municipality that regulates gambling must submit a report each year to the Department of Revenue.

Sec. 29.35.620 provides for the distribution of proceeds of gambling enterprise licensed by a municipality. Three and one-half percent of the gross proceeds of a gambling enterprise shall be paid to the Department of Revenue for deposit into the general fund. The municipality shall receive all of the proceeds of a municipally operated gambling enterprise less the 3½ percent paid to the Department of Revenue. The municipality shall receive that portion of the proceeds of a gambling enterprise licensed by the municipality and operated by someone other than the municipality, that the municipality and the licensee may agree upon, provided that 3½ percent of the gross receipts is paid to the Department of Revenue.

Sec. 29.35.630 provides that a municipality may dedicate the revenue derived from a gambling enterprise to a public purpose.

Sec. 29.35.640 provides that AS 29.35.600 - 29.35.690 apply to home rule and general law municipalities.

Senator Bettye Fahrenkamp
Page 5
March 21, 1988

Sec. 29.35.690 defines the terms "gambling" and "gambling enterprise".

Section 7 of the bill provides that the bill takes effect immediately.

GU:bb
b4/027

FISCAL NOTE

REQUEST: _____

Revision Date: _____
Title: "An Act authorizing gambling enterprises..."
Sponsor: Fahrenkamp
Requestor: State Affairs

Agency Affected: Revenue
BRU: Income and Excise Audit Division
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING						
PERSONAL SERVICES		247.2	247.2	247.2	247.2	247.2
TRAVEL		6.0	6.0	6.0	6.0	6.0
CONTRACTUAL		32.0	14.5	14.5	14.5	14.5
SUPPLIES		5.0	5.0	5.0	5.0	5.0
EQUIPMENT						
LANDS & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		290.2	272.7	272.7	272.7	272.7
CAPITAL						
REVENUE			250.0	500.0	750.0	1000.0

FUNDING: (Thousands of Dollars)

GENERAL FUND		290.2	272.7	272.7	272.7	272.7
FEDERAL FUNDS						
OTHER						
TOTAL		290.2	272.7	272.7	272.7	272.7

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)
See Attached

Prepared By: Steven E. Kettel *Steven E. Kettel* Phone: (907) 465-2320
Division: Income and Excise Audit Division Date: March 24, 1988

Approved by Commissioner: Hugh Malone *Hugh Malone* Date: 3/24/88
Agency: Department of Revenue

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

Prepared By: Steven F. Kettel
Income and Excise Audit Division
March 24, 1988

SB 273 ANALYSIS

Personal Services

<u>Position</u>	<u>Range/Step</u>	<u>FY 89 Budget</u>
Clerk III	8A	\$29.4
Tax Examiner II	12A	\$34.0
Revenue Auditor IV	20A	\$55.9
Revenue Auditor IV	20A	\$55.3
Revenue Audit Supervisor I (Chief of Gaming)	24A	\$72.0
	TOTAL:	\$247.2

Travel

Associated travel to conduct hearings, audits, and/or investigations		\$6.0
--	--	-------

Contractual

Training		\$8.0
Telephone		\$2.5
Printing		\$4.0
Chairs		\$5.0
Modular Offices		\$9.0
5. drawer Legal Files		\$3.5
	TOTAL:	\$32.0

Supplies

Office Supplies	TOTAL:	\$5.0
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Prepared By: Steven E. Kettel
Income and Excise Audit Division
March 24, 1988

SB 273 ANALYSIS

The Department of Revenue believes its primary responsibility is to collect, invest, and share state revenues. Although we do have several programs in the department which are indirectly related to that program, the administration of gambling contemplated by this bill would be difficult to accomplish with our present expertise. We would suggest perhaps a Gaming Commission be established or locate the administration of this program in another department, such as Commerce. Based on the bill as currently drafted we have prepared the fiscal note with the administration being accomplished by creating a gaming unit in our Income and Excise Audit Division.

Personal Services

Under the bill "strict" regulation and control would be required to accomplish this in conjunction with Public Safety. The Department of Revenue would be responsible for licensing, auditing, collecting tax and generally administering the gaming laws. The department would be required to conduct public hearings on each gaming enterprise license, do investigations, conduct audits and review financial reports of the gaming enterprise.

This activity would require the department to create a gaming unit, comprising of a chief to supervise the gaming unit and act as lead auditor during audits and/or investigations. Two auditors would be required to do the auditing of financial statements, conduct investigations of personnel and review the methods and manners of the enterprises accounting system for receipts and disbursements. A tax examiner would be required to process returns, issue licenses and provide assistance to the public. A clerk typist would be utilized by all positions in the unit.

Revenue

This revenue estimate is at best a guess. It is assumed that the earliest the gaming enterprises could operate is during FY 90. Based on the proposed bill, 50% of net proceeds of all operations outside municipalities would be collected by the department on a monthly return. The department believes a net proceeds tax filed on a monthly basis would be very difficult to prepare and a burden to the gaming enterprise. Revenue would also be received from gaming activities on state ferries. Additionally, gaming enterprises within municipalities would pay 3.5% of gross proceeds to the department. It is very difficult to estimate what the actual revenue would be. Many factors are involved. Currently, as we understand it, three municipalities: Fairbanks, Nome, and Skagway, have expressed their desire to have these activities in their communities. In order to do a more comprehensive revenue projection, specific details would be required, such as how many and what type of games would be on the marine Highway System.



*Great American
Cruise Lines Ltd.*

At Point Of Mailing

10695 Salisbury Drive,
Surrey, B.C.
Canada.
V3R 6Y9

23rd March 1988

The Office of Senator Bettye Fahrenkamp,
Alaska State Legislature,
Pouch V,
Juneau, Alaska
99811

Attn: T.Moyer Esq.
Executive Assistant

Dear Sir.

Re: Alaska State Gambling Legislation

Further to our telephone conversations over the period commencing on the 4th of January this year until the present, I should like to confirm the the interests of Great American Cruise Lines Ltd in developing a destination ship/hotel at Skagway Alaska, together with mini cruise ship operations based on the hotel.

For the purpose of the permanently moored ship/hotel, Great American have purchased the Canadian Pacific cruise vessel, Princess Patricia, and are actively seeking suitable mini cruise vessels which will transport our guests on daily or longer cruises.

The development of Great Americans project in Skagway will acquire for the city a significant additional employment base and tax revenue. We estimate that the hotel will employ some seventy five people during the operating season, while maintaining approximately five permanent jobs. However the nature of the tourist industry in S.E.Alaska is by fact a very seasonal one with more than a little risk to the investor, and the opportunity to offset this risk by being able to offer to the general public year round entertainment is likely to attract a continueing clientele and support year round operation, increase the permanent employment opportunities in the town, as well as increase the revenues to the the State of Alaska and the municipality of Skagway.

Great American would like to be on record as actively supporting Senator Fahrenkamp's bill in the state legislature in "An act authorizing certain municipalities to conduct limited historic gambling enterprises" We believe this bill will provide the additional incentive for our company to commit to the capital outlay, which in our case will exceed eight million dollars, attract to the state additional year round employment as well as generate new state and municipal revenues.

We appreciate the opportunity of adding our support to the passage of this worth while legislation and would appreciate being kept abreast of it progress through the legislature.

Yours faithfully.

GREAT AMERICAN CRUISE LINES LTD.

A handwritten signature in dark ink, appearing to read "Robert C. E. Kitching". The signature is somewhat stylized and includes a horizontal line extending to the right.

Captain Robert C.E. Kitching
Senior Vice President

TESTIMONY ON SB 273
AUTHORIZING GAMBLING ENTERPRISES
FOR THE SENATE STATE AFFAIRS COMMITTEE
March 25, 1988
Fairbanks Legislative Information Office

WITNESS REGISTER

Alan M. Armbruster
P. O. Box 58509
Fairbanks, Alaska 99711

Susan Knapman
1215 Choctow Road
Fairbanks, Alaska 99705

Charles R. Johnson
Box 1341
Fairbanks, Alaska 99707

Lloyd Yunker
864 Grubstake Road
Fairbanks, Alaska 99712

Pam McLaughlin
5550 Steese Highway
Fairbanks, Alaska 99712

PREVIOUS SENATE COMMITTEE ACTION

There was no previous Senate Committee action on this bill.

Due to the cancellation of the Senate State Affairs Committee's teleconference for this date, Senator Fahrenkamp, prime sponsor of the bill, took the following testimony to be included in the public record.

Alan Armbruster

Alan Armbruster commented that he has reviewed the bill and supports it, although he felt it should include slot machines. In response to his questions, Tom Moyer, Aide to Senator Fahrenkamp said research was done on the turn of the century period and the games allowed under the legislation were the types of games commonly played at that time; the slots were not here then. Mr. Armbruster felt that in order to capture the tourist trade, slot machines should be available as the world traveller is more accustomed to this type of gambling.

Senator Fahrenkamp asked if he were suggesting an amendment to that section; Mr. Armbruster said "yes" for the simple fact that slot machines are available in Las Vegas, Reno, and Atlantic City, and the 25 cent machines seem to be the most popular.

Mr. Armbruster also felt the percentage of the net proceeds (50%) to be paid to the Department was high. Senator Fahrenkamp responded that the percentage level applied to

unincorporated areas of the state where there is no local government benefiting from the income; the incorporated areas will pay 3.5% of the gross.

Susan Knapman

Susan Knapman was next to comment on the bill. She is speaking on behalf of herself and as Marketing Specialist for Arctic Circle Hot Springs. They support the bill, and their concern was that they thought you had to be in an incorporated area to participate. Senator Fahrenkamp clarified the misunderstanding that they could participate; however, there are different guidelines for unincorporated areas (see above).

Charles Johnson

Charles Johnson was next to come to the table. He and his wife favor the bill. They live in the historic area of Fairbanks and felt it would be a strong attraction for tourists and a good source of revenue. He also supports the inclusion of slot machines, although he understands the bill may be more palatable to some of the people who oppose gambling if slot machines were not included.

Lloyd Yunker

Lloyd Yunker, a fund-raising consultant, resides in Fairbanks and for the past two years has represented about a dozen organizations which used the pull-tabs to generate income. He has read the bill and supports it. He thinks it has been clearly demonstrated in the limited gaming we have had that it is attractive and does generate new dollars. Further it has increased employment and economic benefit to the community. It would be highly attractive for the tourists. He has two concerns regarding the method the proceeds are handled: (1) recommends language directing the funds for the preservation and restoration, etc., of historic sites. If we left something completely up to the discretion of the municipality (such as the Fairbanks North Star Borough or City of Fairbanks), it might somehow preclude funds derived from this source from being able to support Alaskaland, for example. (2) With regards to an unincorporated area or private operator where they own a historic site, it is unclear how these funds might be directed into maintaining or enhancing the site as a part of the historic vestige of Alaska.

Senator Fahrenkamp said they worked with the Department of Revenue on this matter. In those instances where it would occur in the borough areas, they would need to have ordinances approved by the voting public within the municipalities or boroughs. The Department's regulations will control what happens outside those areas. Further, the

Legislature can't dedicate funds, so all funds have to go to the general fund, but there could be intent language or something to indicate a certain percentage go towards historic preservation. Hearings would also be held at the time the regulations are promulgated, and it would be appropriate to have it added at that time.

Mr. Yunker added he hoped it would not negatively impact the non-profit organizations' opportunity to use pull-tabs to raise income. He thought it would only enhance the activities.

Pam McLaughlin

Pam McLaughlin commented on behalf of herself and her husband, Larry, who own the old F. E. Company Gold Camp, Chatanika, which is a historic town officially recognized by the federal government, and has been an unincorporated town since 1807. They support the bill. She has done extensive research since 1983, and has made a picture catalogue of clippings on gambling. She has also solicited signatures in this regard and she has over 300 signatures that she acquired within a three month period last year in support of historic gambling. The petition was only circulated at the Gold Camp, not statewide. The language, in part, said the enterprises shall be located only in historic districts or parks established to preserve or to recreate the historic character of the municipality, and the economy of the municipality must depend substantially on tourism.

She works closely with the non-profit organizations that use pull-tabs and one of the complaints she has heard from the Department of Revenue was, it does not have the financing or help to assist the organizations. She felt if the bill was passed, more revenue would be generated so the Department would be able to provide more help in this area, and it would benefit the municipalities, also.

She displayed some clippings which represented how the city of Dawson has improved its image, with the help of gambling. In addressing the slot machines, the Dawson City Manager indicated the maintenance cost is high, and it increases the probability of "machine bandits" (experts who know how to steal from the machines). They felt by limiting the types of games of chance in historic areas, they had less theft and lower maintenance. They did not think they would be able to take on that type of challenge. Since 1952, the Klondike Visitors Association, which runs the gambling in Dawson, was originally promoted by Father Bob, a Catholic Priest who believed in God helps those who help themselves, who initiated many fine goals illustrated in the pictorials.

She recited the benefits to Dawson as: restoration funds have been distributed among the local businesses in grant form which, in turn, has dropped local unemployment to less than 1%, and school funding derives 50% of its budget from historic gambling. There is no local land taxation, and there has been no increase in the crime rate per capita. Due to a generous supplement to the retirement center and the retirement home, they have shown an increase in the longevity of residents of early pioneers. She reiterated that this program started in 1952, so the results did not come overnight.

Mrs. McLaughlin continued that people don't go to the establishments just for gambling, but the excellent plays and musicals, etc. There is a great deal of Alaskan money in Dawson and she would like to see that money invested in our own state. She had warned people years ago that when the oil money stopped coming, we would need something to replace the lost revenues. With the focus on tourism, we need to provide more attractions to keep them here longer. She provided Senator Fahrenkamp a draft, prepared by a student from the University, which could be used to send to local people about historic gambling.

She felt the opponents of the bill were opposed to gambling, not historic gambling. She commented on the numerous articles in her book. Glenn Miller, Editor of Gambling Times magazine does surveys and work on historic gambling. He shows where the small municipalities definitely derive a benefit from it locally. Chuck Holloway, City Manager of Dawson, said if Alaska gets historic gambling, they will be worried as it will hamper their chances of getting the tourists' money.

Funds that were available for historic projects when Governor Sheffield was in office, are no long available. There is no source of revenue other than the federal government, and that has been drastically reduced. She would like to see the availability of funding, through grants, on a matching basis of some sort.

Senator Fahrenkamp thanked all the participants for coming and Tom Moyer added that Chairman Abood had rescheduled the hearing on the bill for March 30, 1987.



CITY OF FAIRBANKS

Office of City Manager
410 CUSHMAN STREET
FAIRBANKS, ALASKA 99701
907-452-1881

January 19, 1987

Mr. Tom Moyer
c/o Senator Fahrenkamp
P.O. Box V
Juneau, Alaska 99811

Dear Tom:

Please find enclosed the News-Miner article pertaining to our historic gambling work session. The City Clerk's Office is preparing the final minutes of that meeting and will forward same to you upon completion. Thank you for providing us with the opportunity for this input, and we will stay in touch. Best wishes to you and Senator Fahrenkamp in the 15th Session.

Very truly yours,

A handwritten signature in cursive script that reads "Brian C. Phillips".

BRIAN C. PHILLIPS
City Manager

BCP/jlj

cc: City Clerk



BOOSTING GAMBLING—Gambling in historic districts will mean jobs, a boost in tourism and related spending here and in local revenue, Pam McLaughlin tells the Fairbanks City Council Tuesday. Gambling is part of Alaska's history, she said, and "Alaskans are still gamblers at heart."

Randy Belinsky/News-Miner

The subject is gambling and they all have their own views

By SUSAN FISHER
Staff Writer

Finding community consensus in backing a state bill to allow gambling in Fairbanks may be a tougher task than advocates figured, if debate Tuesday was any indication.

A Fairbanks City Council work session on the subject of gambling in historic districts drew nearly 20 citizens Tuesday afternoon, and there were diverse views.

Mayor Bill Walley told the audience the council has talked about the gambling issue, but has taken no positions. It was also indicated that Rep. Mark Boyer, D-Fairbanks, is awaiting the council's decision before he introduces a bill.

Sen. Bettye Fahrenkamp, D-Fairbanks, introduced a bill in 1985 that would have allowed gambling in historic districts, if approved by a vote of the local community. Essentially the bill would have benefited Fairbanks and Skagway. It died last year when a senator refused to allow it out of committee.

With declining revenue for state and local governments and concern over operating costs of the city's Alaskaland theme park, the interest in gambling, particularly during the tourism season, has gained a base of support locally.

But not everyone agrees that gambling is a good idea, or that Alaskaland should be the place for it. Among questions raised Monday

was whether alcohol would be served at the gambling place, what kinds of gaming would be allowed, whether gambling would be restricted to only one establishment, and what are the social costs tied to gambling.

Pam McLaughlin's testimony dominated the meeting. McLaughlin, an operator of the historic Old F.E. Co. Camp in Chatanika, has promoted historic gambling the past four years. She visited Dawson City, Canada, a community that attracts tourists to its casino, and did her own research of Dawson's efforts.

Dawson City organized a commission that oversaw the gambling (See **GAMBLING**, Back Page)

GAMBLING

(Continued from page 1)

plan that's been in place since 1952. McLaughlin said revenues from gambling pay half the school costs there, and support a retirement home. Money has been used to restore and preserve historic sites there.

McLaughlin and John Reeves, owner of the historic Gold Dredge No. 8 in Fox, are among organizers of the National Historic Gambling Coalition, a group that intends to raise money and lobby for a gambling bill.

Joe Paskvan, whose family has operated Tommy's Elbow Room downtown for decades, said he opposed gambling only at Alaska. "I think the only establishment still in existence (in the city) that had gambling 40 years ago is Tommy's," he said, noting the bar had slots and blackjack. Alaska should be kept a family park, he added.

Bruce Stephenson, an ardent advocate of preserving the Riverboat Nenana at Alaskaland, said gambling was prohibited on steamers and it isn't an historic use. He opposes suggestions that the boat be the intended site for gambling.

Bill Whaley, an Alaskaland Commission member, offered the most pointed views. "We had gambling during the years these people are talking about. We also had slaves. We also had child labor. Just because it's historic, do we have to have it?" Whaley asked.

Whaley said gambling will mean drinking. "Declare a free zone. Let it go, let it be frontier. That is historic gambling. But don't bring it into my community," he said. Whaley also said Dawson City may use gambling revenue to support the elderly and schools, "but they do it off someone else's misery."

The meeting ended before Alaskaland Superintendent Terry Leberman could speak. Leberman in the past publicly endorsed gambling at Alaskaland, both as a means of attracting park visitors and raising revenues.

Reeves supported gambling on the riverboat. "It seems like such an ideal place," he said. There should be a cover charge, which would add to city revenues, and Reeves said what's envisioned is "nickel-dime gambling. This isn't big time like you see in Las Vegas."

Dkm 1/15/87

CORRECTION

Sen. Bettye Fahrenkamp and not Rep. Mark Boyer is poised to introduce a new bill to allow gambling in historic districts. An article on Page 1 Wednesday quoted Mayor Bill Walley as saying Boyer is ready to introduce a bill. Walley meant to refer to Fahrenkamp aide Tom Moyer. Fahrenkamp's staff is currently drafting a bill and has invited city council input.

The Daily News-Miner's policy is to publish corrections on the front page if the error being corrected appeared there. Other corrections appear on Page 3.

PUBLIC OPINION MESSAGE

MAR 28 1986

DEAR: SENATOR FAHRENKAMP

NAME: RICHARD GRAVENSTEIN
TITLE:
ADDRESS: 1679 KIVALINA
CITY: FAIRBANKS ZIP: 99701
PHONE: 474-0672
BILL NO: SB 273
SUBJECT: GAMBLING
MESSAGE: I AM ALL IN FAVOR OF LEGALIZED GAMBLING IN FAIRBANKS.
EOM/HJO

POMID: 07090031
DATE: 03/25/86
TIME: 09:00:31
LICNAME: FAIRBANKS LIO

COPIES: REPRESENTATIVES SENATORS

BOYER	COGHILL
DAVIS	FANNING
FRANK	ABOCD
KOPONEN	HENSLEY
MILLER	JOSEPHSON
	UEHLING

PUBLIC OPINION MESSAGE

DEAR: SENATOR FAHRENKAMP

NAME: STEVE FERREE
TITLE:
ADDRESS: 412 BARANOF
CITY: FAIRBANKS ZIP: 99701
PHONE: 452-6497
BILL NO: SB 273
SUBJECT: GAMBLING
MESSAGE: I WOULD LIKE TO EXPRESS MY 100% SUPPORT FOR THIS BILL.
EOM/MJO

POMID: 07083949
DATE: 03/25/88
TIME: 08:39:49
LICHAME: FAIRBANKS LIO

COPIES: REPRESENTATIVES SENATORS

BOYER
DAVIS
FRANK
KOFONEN
MILLER

COGHILL
FANNING

J
A
J

PUBLIC OPINION MESSAGE

DEAR: SENATOR FAHRENKAMP

NAME: FRED MARTINSON
TITLE:
ADDRESS: 1536 SCENIC LOOP
CITY: FAIRBANKS ZIP: 99709
PHONE: 479-2594
BILL NO: SB 273
SUBJECT: GAMBLING
MESSAGE: I AM IN FAVOR OF THIS BILL.

FOMID: 07091908
DATE: 03/25/88
TIME: 09:19:08
LIONAME: FAIRBANKS LIO

PUBLIC OPINION MESSAGE

MAR 25 1988

DEAR: SENATOR FAHRENKAMP

NAME: LAMONT CRAY
TITLE:
ADDRESS: 1103 JOHN KALINAS ROAD
CITY: FAIRBANKS ZIP: 99712
PHONE: 483-6821
BILL NO: SB 273
SUBJECT: GAMBLING
MESSAGE: I STRONGLY SUPPORT THIS BILL.

PCNID: 07090141
DATE: 03/25/88
TIME: 09:01:41
LIONAME: FAIRBANKS LIO

State Lotteries Are a Bad Bet — Casinos Pay Four Times as Much

State lotteries are one of the worst bets around, says a gambling expert.

"They offer the worst chances of winning and the worst payoffs among popular forms of gambling," declared Len Miller, editor of Gambling Times magazine.

Incredibly, while a roulette wheel pays out 94 percent of the money that it takes in, the lottery in some instances pays out only 25 percent, Miller revealed.

"People who buy a lottery ticket for \$1 and think that they have any kind of real chance of winning any money — especially the \$20 million jackpot — are fooling themselves!

"What's really unfair is that state lotteries don't immediately pay off the big winners.

"If you win \$1 million in a state lottery, you don't get the \$1 million right away.

"You get \$50,000 a year for 20

By STEVE COZ

years or some similar long-term payout like that.

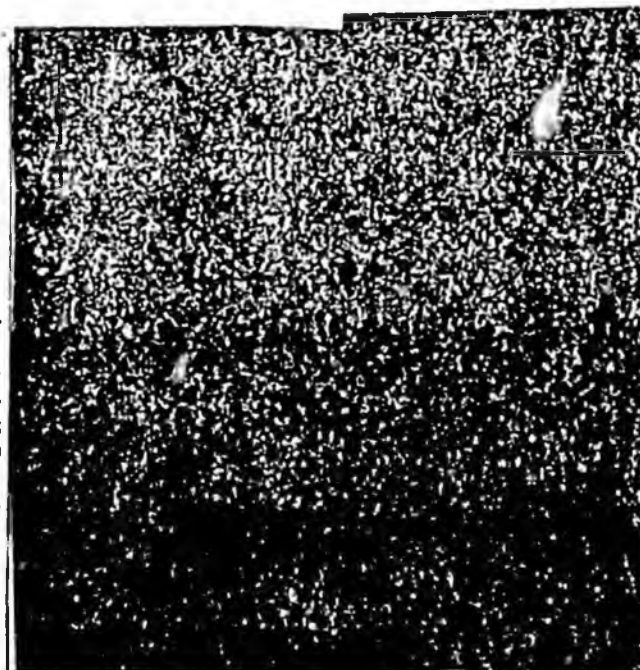
"When you win \$1 million, the state goes to a savings and loan, deposits \$500,000 and says, 'Pay this person \$1 million over the next 20 years.'

"Then the state pockets the other \$500,000.

"They're using \$500,000 to pay off \$1 million. I don't think that's fair. Why shouldn't the winner be able to get the money, invest it and get the interest?"

Twenty-five states and the District of Columbia now have lotteries, according to lottery authorities — and Americans will spend an incredible \$11 billion buying lottery tickets in 1988.

Playing the lottery can be fun and relaxing, Miller said — as long as



you realize you don't have much of a chance of winning. This is my advice — if you bet just \$1 or \$5 a week, the lottery can be fun.

"But if it comes down to where you're betting your lunch money or the money for the baby's milk or whatever — forget it!"

THIS IS A rough
DRAFT (Possible ma?
out to general public)

SENATE BILL NO. 284

AN ACT WHICH WOULD AUTHORIZE

LIMITED HISTORIC GAMBLING IN HISTORIC DISTRICTS

What is your opinion?

Please take a moment and fill out this questionnaire.

Background information:

1. The Alaska legislature will soon consider authorizing limited historic gambling in designated historic districts and parks (ex: Old F.E. Gold Camp, Fox Dredge);
2. A majority of voters in the municipality must approve;
3. A licence to conduct gambling would be required;
4. A mamimum amount of a bet would be established;
5. Gambling would be restricted to persons over 18 years of age.

Survey questions: Please check one answer for items A through D and make any comments on the following lines.

A. Gambling would be a good source of income for municipalities and private businesses affected by this bill.

Agree _____ Disagree _____

Comments: _____

B. Tourism would be directly promoted by the establishment of Limited Historic Gambling.

Agree _____ Disagree _____

Comments: _____

C. Local residents would be more inclined to frequent historic district establishments if gambling were offered.

Agree _____ Disagree _____

D. Competition between businesses which could offer gambling and those which could not would remain about the same because of other factors such as services, location, attractions, etc.

Agree _____ Disagree _____

Comments: _____

Mr. Stan Tyree
1910 Turner St.
Fairbanks Ak. 99701

March 24, 1988

Mr. Abood
Chairman of The Senate State Affairs
Legislative Affairs Office
Fairbanks Ak. 99701

The State Senate Sir:

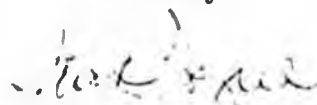
I am writing to voice my support for a bill that concerns historic gambling. Senate bill 273, prepared by Senator Fettey Fahrenkamp.

Sir if I were able, I would drench this letter in tears. Tears shed by friends and neighbours who have left this town in an attempt to find work in the lower forty eight. I would do this to convince you sir, that we as citizens of Fairbanks " The Golden Heart City " have hearts made of a much less durable substance than gold. Our hearts break, and our hearts bleed. I've seen men, proud men, for the first time in their lives knuckle under to hunger and swallow that pride in order to eat and feed their own. When you see a man going through the humiliation of asking for assistance to feed his family, look in his eyes. He won't return your glance cause he was brought up in a society that taught him " only bums don't work " but if you look despite that, nine out of ten times this is what your going to see, shame, shame that he has to sit in some office reduced to a number, telling some lady he's never met how it's not really his fault that he can't find work. Trying to retain what little pride he brought in with him. Also there's a hollow look, a look that says " I never thought this could happen to me, and it scares the hell out of me "

In the city of Fairbanks you, with no trouble at all will find a great many people, quick to explain the evil nature of gambling, but I tell you the hunger and hardship of a depressed economy can bring a community to it's knees, and make a good man turn bad one thousand times faster than any hand of cards on Gods earth.

In closing I would like to say one more thing. I didnt just fall off a turnip truck, I realize this bill isn't the answer to all our problems but it's a step in the direction of recovery. And if we don't take it now what will make us take it.

Sincerely



Stan Tyree