

ALASKA

LEGISLATURE

COMMITTEE

FILES

1987-1988

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STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
POUCH WF-STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3795

17 March 1987

To: LouAnn Cutler

From: Jim Slocum *J.S.*

Subj: Guardian ad Litem Program, Office of Public Advocacy

There have been two RPL's (attached) for this program in FY87:

RPL 02-7-0062 provides \$25,596 to start up and run the program. There will be a \$17,500 carryover to FY88.

RPL 02-7-0347 provides an additional \$11,000 for the program, \$4,936 of which will be spent in FY87. \$6064 will be carried over to FY88 for a total of \$23,564.

MEMORANDUM

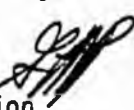
State of Alaska

TO: Jay Hogan
Associate Director
Division of Budget Review
Office of Management and Budget
Office of the Governor

DATE: January 29, 1987

FILE NO:

TELEPHONE NO: 465-2200

FROM: Commissioner Garrey Peska 
Department of Administration

SUBJECT: Request for Revised
Program Type 4 - RPL
ADN 027-0347

The Department of Administration, Office of Public Advocacy (OPA), is requesting authority to receive and expend additional federal funds.

(1) Funding Availability

- (a) Office of Public Advocacy has applied for a grant in the total amount of \$11,000.00 to expand the Volunteer Guardian ad litem Program (VGAL). This grant will be partially received in FY 87 in the amount of \$4,936.00.
- (b) Funding will be pass-through funds provided by the U.S. Department of Justice, Office of Juvenile Justice and Delinquency, through the National Council and Family Court Judges, Permanent Families for Children Project.
- (c) It is anticipated that these funds will be awarded, however, official notification has not as yet been received. These funds would be awarded to carry out a one-time-only special project, i.e., to expand the VGAL. No future support is anticipated.

(2) New or Expanded Services to be Provided

- (a) The funds are needed to expand operation of the Volunteer Guardian ad litem Program which has previously received funding from the U.S. Department of Health and Human Services, the Alaska Bar Association, and the National Court-Appointed Special Advocate Association (CASA). The Volunteer Guardian ad litem Program is aimed at providing higher quality representation to abused and neglected children through a cost effective means by using volunteers in addition to Office of Public Advocacy staff. The funds provide partial salary and travel expenses for a half-time Program Director of the program. Beneficiaries of these activities are the clients of the Office of Public Advocacy, specifically abused and neglected children before the Court on Child in Need of Aid petitions.
- (b) The funds in this program will be added to those grants previously mentioned to increase hours of the Program Director, provide supplies for program operation and volunteer recruitment, and allow for travel to Ketchikan and Fairbanks to establish the beginnings of Volunteer Guardian ad litem Programs in those

communities. The funds will be utilized to allow the Program Director to develop advisory committees and to train and recruit prospective volunteers for these activities in other parts of Alaska as well. Funds anticipated to be received and expended during FY 87 are as follows:

Personnel Services	\$3,353.00
Travel	1,034.00
Supplies	375.00
Other	174.00
	<u>\$4,936.00</u>

- (c) Direct services to abused and neglected children will be provided through the expansion of the Volunteer Guardian ad litem Program.
- (d) This RPL request will expand activities previously authorized by RPL No. ADN 02-7-0062.
- (e) The effect of a delay in approval of this RPL would be the inability of the Program Director to increase her hours and jeopardize the ability of the program to meet its goals and objectives.

(3) Impact on the General Fund

- (a) No general funds have been appropriated for this Volunteer Guardian ad litem Program.
- (b) Receipt of these funds will not obligate the state to replace the non-general funds in the future.
- (c) No matching state funds are required as a condition of receiving these funds.

(4) Position to be Funded

No new positions or existing vacant positions will be created or funded by this grant.

(5) Technical and Budget Aspects of the RPL

- (a) These funds were not included in OPA's FY 87 budget as OPA did not know at the time the budget was prepared if the grant would be awarded. Funds anticipated to be received and expended during FY 87 (January 1, 1987 to June 30, 1987) are as follows:

Personnel Services	\$3,353.00
Travel	1,034.00
Supplies	375.00
Other	174.00
	<u>\$4,936.00</u>

- (b) As the grant period of this project is January 1, 1987, through February 14, 1988, OPA has included the remaining funds from this grant for the final seven-and-one-half months of the project (July 1, 1987 through February 14, 1988), in its FY 88 budget.
- (c) OPA has not received official funding approval for this project, and the increased expenditure authorization will be restricted pending receipt of the official document.
- (d) The funds requested in this RPL will be spent during FY 87 from January 1, 1987, through June 30, 1987.

GP/GMB/ljo
4/101/0122-03

REVISED PROGRAM NO. 02-7-0347

DATE 2/11/87

PAGE NO. 4

✓ Mike Maher 2/11/87

Mike Maher
Budget Analyst
Division of Budget Review
Office of Management and Budget

Approved this 12 day of Feb, 1987.

J. Hogan
Jay Hogan, Director
Division of Budget Review
Office of Management and Budget

MEMORANDUM

State of Alaska

TO: Jay Hogan
Associate Director
Division of Budget Review
Office of the Governor

THRU: *Eleanor Andrews*
Commissioner Eleanor Andrews
Department of Administration

FROM: Gary Bader *YMB*
Director
Division of Administrative Services
Department of Administration

DATE: August 14, 1986

FILE NO:

TELEPHONE NO: 465-2277

SUBJECT: Request for Revised
Program Type 4 - RPL-FY 87
ADN 02-7-0062

100 - 21194

200 4150

300 255

The Department of Administration, Office of Public Advocacy (OPA), requests authorization to receive and expend an additional \$25,596.00 in funds from grants awarded to support a one-time volunteer project.

I. Funding Availability

- A. Office of Public Advocacy was awarded two grants: (1) in the amount of \$23,096.00 to carry out a demonstration grant, and (2) \$2,500.00 for a start-up grant.
- B. The Department of Health and Social Services, Office of Human Development Services (OHD), awarded the demonstration grant funds to OPA; the National Court Appointed Special Advocate Association (CASA) awarded the \$2,500.00 start-up grant to OPA.
- C. These funds were awarded to carry out a one-time-only special project, Volunteer Guardian Ad Litem Program (VGAL) and no future support is anticipated.

II. New or Expanded Services to be Provided

- A. Funds are necessary as a matching requirement to the OHD grant provided to the OPA. Without matching funds, the federal grant will not be awarded. The funds will specifically be utilized to implement a volunteer guardian ad litem program. As can be found in detail in the attached proposal that was submitted to the OHD, guardian ad litem services are utilized to represent the best interests of a minor in judicial proceedings. Most cases involve child abuse and neglect, juvenile delinquency, or contested custody in divorce. Due to very high caseloads, the current staff at the OPA is barely able to adequately represent clients. Each staff guardian ad litem is currently carrying a caseload of 100 to 120 cases. The volunteer guardian ad litem program will follow for

All personal services for staff attorney time, secretarial time, and contractual funds for office space will be in the form of an in-kind contribution from OPA and will not require general fund disbursements. Funds from OPA's general fund appropriation in the amount of \$1,954.00 for travel and \$500.00 for printing a VGAL manual will be used in carrying out this grant project and should be transferred to the federal grant collocation code assigned.

4. Position to be Funded

No new positions or existing vacant positions will be created or funded by these grants. ✓

5. Technical and Budget Aspects of the RPL

- A. These funds were not included in OPA's FY 87 budget as OPA did not know at the time the budget was prepared if the grants would be awarded.
- B. As the grant period of this project is September 1, 1986, through January 31, 1988, OPA will include the remaining funds from the OHD grant for the final seven months of the project (July 1, 1987, through January 31, 1988) in its FY 88 budget.
- C. OPA has received official grant approval for this project. A copy of the Notice of Financial Assistance Awarded is attached.
- D. The funds requested in this RPL will be sent during FY 87 from September 1, 1986, through June 30, 1987.
- E. The indirect costs involved in carrying out this project are included as part of the matching funds (in-kind contributions) provided by OPA as a condition of receipt of the OHD grant.

Your approval of this increased authorization is appreciated. If we can be of further assistance, please let us know.

GB/JH/jr
7/101/0813-02
Attachments

BILL SHEFFIELD, GOVERNOR

OFFICE OF PUBLIC ADVOCACY

300 W 5TH AVENUE
SUITE 525
ANCHORAGE, ALASKA 99501
PHONE 307-273-1684

FEB 10

January 26, 1987

The Honorable John Sund
Alaska State Representative
P.O. Box V
Juneau, Alaska 99811

Dear Representative Sund:

The Office of Public Advocacy is currently in the process of developing a Volunteer Guardian ad litem Program. A Guardian ad litem (GAL) is appointed by the Court for every child the State of Alaska, Department of Health and Social Services petitions to be a Child In Need of Aid due to abuse or neglect. The volunteers are individuals who advocate to the Court what he or she believes to be in the child's best interest.

The Volunteer Guardian ad litem Program is headed by an advisory committee consisting of volunteers who are judges, family and children's court masters, attorneys, community mental health providers, and current volunteer GALs. The advisory board strongly supports the passage of the volunteer GAL Bill, HB7, and establishment of Alaska Children's Trust Corp., SB19 and HB57.

The advisory committee would like to arrange a joint teleconference with Representative Sund, Representative Goll, Senator Kerrula, and Commissioner Peska. We would like to discuss with you these bills and the possibility of the "GAL Program being a beneficiary of the Children's Trust. Jay

(Continued)

Letter, Representative Sund
January 26, 1987

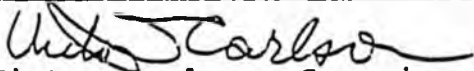
Page 2 of 2

McCarthy, Assistant Public Advocate, is coordinating this effort. He will be contacting you in the next week to make these arrangements.

We appreciate your concern for children in Alaska and look forward to working with you on these matters.


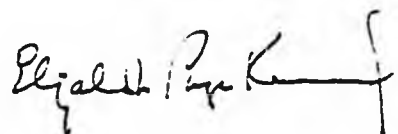
Sincerely,

Volunteer Guardian ad litem Advisory Committee


Victor Carlson, Superior Court Judge


William Hitchcock, Children's Court Master

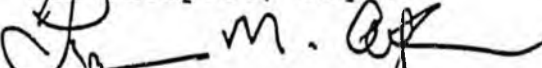
Janet Kowalski, Executive Director, AWAIC


Elizabeth Kennedy, Assistant Attorney General 



Sue Harris, Division of Family and Youth Services

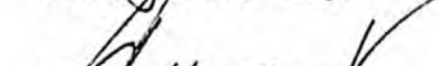

Jay McCarthy, Assistant Public Advocate


Nan Thompson, Esq.

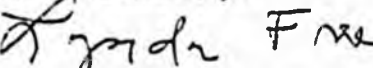

Lynn Allingham, Esq.

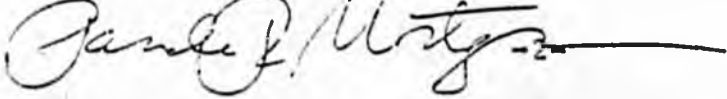

Deborah O'Regan, Executive Director, Alaska Bar Association


John Beese, Esq.


Colleen Ray, Esq.


Lynn Freeman, Municipality of Anchorage


Pamela R. Montgomery, ACSW, VGAL Program Director



HB 7 - Volunteer Guardian Ad Litem Program

Letters of Support for the program are from:

Deborah O'Regan, Executive Director
Alaskan Bar Association

Frank Dalley, Regional Social Services Manager
Division of Family and Youth Services

Dana Fabe, Public Defender

Veronica Duke, Chief of Clinical Social Work Services
Division of Mental Health and Developmental Disabilities

Elizabeth Sheley, Assistant District Attorney

Ann Stockman, Director of Crisis Services
S.T.A.R.

Gordon Lantrip, Director
Alaska Baptist Family Services

Milli Andreini, Executive Director
The Center for Children and Parents

William D. Hitchcock
Master, Childrens Court, Third Judicial District

Pamela Kirk and Phillip Kaufman
Human Relations Center

Corrine Radergraham, Coordinator
Close Encounters and Alaska Permanency Planning Task Force

Douglas J. Serdahely, Presiding Judge
Third Judicial District

Rick Calcote
Ohlson Psychological Services

Ardis J. Cry, Custody Invesigator
Superior Court Third Judicial District

Yvonne Chase, Deputy Director
Southcentral Counseling Center

Peter Scales, PhD
Family Connection

Letters and petition signatures from 137 individuals.

JOHN SUND, REPRESENTATIVE

2504 2nd Avenue
Ketchikan, Alaska 99901
(907) 225-5552

While in Juneau
P. O. Box V
Juneau, Alaska 99811
(907) 465-4919

March 29, 1987

MEMORANDUM

TO: Honorable Mitch Abodea

FROM: Representative John Sund

RE: HB7 "An Act relating to volunteer guardian ad litem in, and grants to, the Office of Public Advocacy".

.....

I would appreciate it if you would schedule HB7 at your earliest convenience. The companion bill SB176 passed out of Senate State Affairs on 3/24/87 so the committee members are familiar with this legislation.

The purpose of this bill is to amend AS 44.21.410 allowing the Office of Public Advocacy to develop and coordinate a program to recruit, select, train, assign, and supervise volunteer guardians ad litem from local communities to aid in delivering services in cases in which the Office of Public Advocacy is appointed as guardian ad litem.

The court is given authority by statute to appoint an attorney or a guardian ad litem for the child in a proceeding which is concerned with the child's custody, support, visitation or in any other legal proceedings involving his welfare. A guardian ad litem appointed pursuant to the Alaska Statutes is an advocate for the best interests of the child with not only the power but the responsibility to represent the child zealously and to the best of his ability. While the child's attorney advocates the child's wishes, these are not always in the best interest.

In 1974, Congress enacted the "Child Abuse Prevention and Treatment Act". According to the Act, the guardian ad litem was to be more than a simple advocate for the child, but rather a guardian to protect the child's long range interests.

HB7 carries a fiscal note, but is expected to save money in the long-run, as the funds needed to train and supervise 60 new volunteers would only fund two additional OPA staff.

CSHB 7 (Judiciary) - An act relating to volunteer guardians ad litem in, and grants to, the Office of Public Advocacy
Overview prepared by Rep. John Sund's office

SECTIONAL ANALYSIS

Section 1, subsection (a)(6) allows the Office of Public Advocacy set up a program to train and supervise volunteers to serve as guardians ad litem. The Office of Public Advocacy began a volunteer guardian program in August 1985, as a pilot project, because of the overwhelming need for additional guardians ad litem and the lack of available staff time. (each attorney guardian ad litem carries a caseload of between 80 and 100 people) As of 2/25/87, 10 volunteers were under the supervision of an attorney guardian from the Office of Public Advocacy.

The volunteers have been able to provide more personal attention to the everyday requirements of their wards, such as coordinating meetings and conferring with social workers. This has allowed the staff additional time to perform the more specialized duties required of guardian ad litem.

Subsection (b)(3) allows the Office of Public Advocacy to solicit funds from governments and persons. Offers of monetary assistance for training and materials have been forthcoming from the Alaska Bar Association, the City of Anchorage and others, so this subsection was included in the bill to allow entities other than state government to support the program.

Section 2: restricts non-attorney guardians ad litem from giving legal advice or acting as an attorney for a minor and limits the civil liability of volunteer guardians, while participating within the program.

Sec. 44.21.450.: Limits the civil liability of volunteer guardians, while participating within the program. The National Court Appointed Special Advocate Association (CASA) suggested that the liability issue be addressed, as volunteer guardian programs in states without legislative protection are finding difficulty in obtaining affordable liability insurance.

Sec. 44.21.460.: Prohibits a nonattorney volunteer guardian ad litem from giving legal advice or acting in the capacity of an attorney. This section was added in Judiciary CS at the request of the OPA.

Sec. 44.21.490.: Defines volunteer guardian ad litem as a court-appointed special advocate (CASA) to relate Alaska's program to the national program. This section was added in the Judiciary CS at the request of the Court System.

Original sponsors: Sund, Gruenberg
and Goll

Change from CS HB 7 (Fin):
New sec. 2 - see p. 2,
line 23

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 7 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the office of public advocacy and
7 volunteer guardians ad litem."

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

9 * Section 1. AS 44.21.410 is amended to read:

10 Sec. 44.21.410. POWERS AND DUTIES [OF PUBLIC ADVOCACY OFFICE].

11 (a) The office of public advocacy shall

12 (1) perform the duties of the public guardian under AS 13.-
13 26.360 - 13.26.410;

14 (2) provide visitors and experts in guardianship proceed-
15 ings under AS 13.26.131;

16 (3) provide guardian ad litem services to children in child
17 protection actions under AS 47.17.030(e) and to wards and respondents
18 in guardianship proceedings who will suffer financial hardship or
19 become dependent upon a government agency or a private person or
20 agency if the services are not provided at state expense under AS 13.-
21 26.112;

22 (4) provide legal representation in guardianship proceed-
23 ings to respondents who are financially unable to employ attorneys
24 under AS 13.26.106(b), to indigent parties in cases involving child
25 custody in which the opposing party is represented by counsel provided
26 by a public agency, and to indigent parents or guardians of a minor
27 respondent in a commitment proceeding concerning the minor under
28 AS 47.30.775;

29 (5) provide legal representation and guardian ad litem

1 services under AS 25.24.310; in cases arising under the Uniform Inter-
2 state Compact on Juveniles (AS 47.15); in cases involving petitions to
3 adopt a minor under AS 25.23.125(b); in cases involving petitions to
4 remove the disabilities of a minor under AS 09.55.590; in children's
5 proceedings under AS 47.10.050(a); and in cases involving indigent
6 persons who are entitled to representation under AS 18.85.100 and who
7 cannot be represented by the public defender agency because of a
8 conflict of interests;

9 (6) develop and coordinate a program to recruit, select,
10 train, assign, and supervise volunteer guardians ad litem from local
11 communities to aid in delivering services in cases in which the office
12 of public advocacy is appointed as guardian ad litem.

13 (b) The commissioner of administration may

14 (1) adopt regulations that the commissioner considers
15 necessary to implement AS 44.21.400 - 44.21.440;

16 (2) report on the operation of the office of public advo-
17 cacy when requested by the governor or legislature or when required by
18 law;

19 (3) solicit and accept grants of funds from governments
20 [THE FEDERAL GOVERNMENT] and from persons [PRIVATE FOUNDATIONS], and
21 allocate or restrict the use of those funds as required by the gran-
22 tor.

23 * Sec. 2. AS 44.21.410 is amended by adding a new subsection to read:

24 (c) The commissioner of administration shall separately account
25 for money received under (b)(3) of this section and deposited in the
26 general fund. The annual estimated balance in the account may be used
27 by the legislature to make appropriations to the Department of Admin-
28 istration to carry out the purposes of this section.

29 * Sec. 3. AS 44.21 is amended by adding new sections to read:

1 Sec. 44.21.450. CIVIL LIABILITY OF VOLUNTEER GUARDIANS. (a) A
2 volunteer guardian ad litem under the supervision of the office of
3 public advocacy is not civilly liable for acts or omissions during the
4 good faith performance of duties as a guardian unless the acts or
5 omissions constitute gross negligence.

6 (b) This section does not affect the civil liability of the
7 office of public advocacy.

8 Sec. 44.21.460. NONATTORNEY VOLUNTEER GUARDIANS AD LITEM. A
9 nonattorney volunteer guardian ad litem may not give legal advice or
10 act in the capacity of attorney for a minor before a court or adminis-
11 trative agency.

12 Sec. 44.21.490. DEFINITION. In AS 44.21.410 - 44.21.490, "vol-
13 untee guardian ad litem" means a court-appointed special advocate
14 (CASA).
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HB

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SENATE COMMITTEE REPORT

FURTHER:

FINANCE

3/9/87

DATE TURNED INTO OFFICE 3-16-87

Mr. President:

STATE AFFAIRS

Committee considered CSHB 10(Fin)am

minting and sale of commemorative gold and silver medallions; efd.

and recommended:

replace with _____ CS FOR _____) same title
 or adopt _____ CS FOR _____) new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)

new updated or previous
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature]
[Signature]
[Signature]
[Signature]

[Signature]
Chairman signature and recommendation

Committee Backup Attached



Alaska State Legislature

Representative Mike Davis

P.O. Box V
Juneau, Alaska 99811
(907) 465-4930/4941

Interim Office:
P.O. Box 61435
Fairbanks, Alaska 99708

TO: Sen. Abood
Chairman, Senate State Affairs Committee

FROM: Rep. Mike Davis *Mike*

DATE: March 9, 1987

RE: CSHB 10 (Fin) am; Relating to the minting and sale
of commemorative gold and silver medallions

I am writing to request a hearing for CSHB 10 (Fin)am in the Senate State Affairs Committee. Attached is backup material on the bill. Please call me if you would like to discuss this legislation.

CSHB 10 (Fin) directs the Department of Administration to contract for the minting and sale of Alaska commemorative gold and silver medallions. The state will receive a royalty from their sale. The bill specifies that Alaskan gold and silver must be used in medallion production.

One side of the medallions will bear the state seal, and the other a design selected through an annual contest. Only designs using an Alaska theme and submitted by an Alaska resident may be considered in the contest.

The purposes of CSHB 10 are to increase awareness of the Alaskan mining industry within and outside of the state, to support Alaskan businesses, and to generate modest amounts of revenue for the general fund.

Based on the popularity of gold coins being produced by the U.S. Mint, the increasing number of visitors to Alaska, and the interest in this legislation shown by precious metal dealers, it is believed that Alaska gold and silver pieces would be well received by the public. If CSHB 10 became law, Alaska would join Texas, California, and South Dakota in authorizing the production of state medallions.

RECEIVED
MAR 10 1987

Rep. Mike Davis
March 9, 1987

Sectional Analysis of CSHB 10 (Fin) am

An Act Relating to the Minting and Sale
of Commemorative Gold and Silver Medallions

Section 1 AS 44.09 is amended by adding a new section:

(a) Authorizes the Department of Administration to contract for the minting and sale of the medallions in weights determined by the commissioner. Gold and silver mined in Alaska must be used in the production of the medallions. The state shall receive a royalty from their sale to be determined by the commissioner.

(b) Governs the medallion design. One side of the medallions shall contain the state seal. The design for the other side shall be determined in an annual contest conducted by the contractor under the supervision of the Department. Only designs using an Alaska theme and submitted by an Alaska resident may be considered in the contest. Payment for the winning design may not exceed \$1,000.

(c) Requires the contractor to submit to the legislature an annual report of the production and sale of the medallions.

Section 2 Immediate effective date

March 9, 1987
Rep. Davis

Answers to Frequently Asked Questions About CSHB 10 (Fin) am

1. What are the objectives of CSHB 10?

The goals of CSHB 10 are to increase awareness of the Alaskan mining industry within and outside of our state, to support Alaskan businesses, and to generate modest amounts of revenue for the general fund.

2. Why use the word "medallion" instead of "coin"?

A "coin" is legal tender. Article I, Section 10 of the U.S. Constitution prohibits states from coining money.

3. What weight medallions will be issued?

CSHB 10 allows the Commissioner of the Department of Administration to determine which weights are most appropriate and marketable. One ounce and quarter ounce gold medallions and one ounce silver medallions will probably be desirable.

4. What will the retail price of the medallions be?

The retail price will be determined by the contractor who will take into account the cost of production and marketing, the royalty to the state, and his or her profit margin. The current price of gold U.S. Eagle coins is \$432.00 for one ounce, \$227.00 for one half ounce, \$119.00 for one quarter ounce, and \$52.50 for one tenth ounce. One ounce silver medallions generally cost less than \$30.00.

5. Why use .999 fine gold and silver?

The gold content of gold bullion pieces is ordinarily between .900 and .999.9. High gold content may make the Alaska medallions more appealing. Two of the most popular gold coins on the market, Canadian Maple Leaves and Chinese Pandas, are .999 fine (24 karats).

6. Can the medallions be produced in Alaska?

There is no mint in Alaska capable of refining and manufacturing bullion medallions. The Department of Administration intends to award a single bid for production and marketing of the medallions. An Alaskan firm could contract with an outside mint for their manufacture. Alaskans would receive the standard 5% bidder preference.

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

Bill Version: CSHB 10(FIN)
Publish Date: _____

REQUEST: _____
Revision Date: 2/21/87
Title: Minting and sale of commemorative
gold and silver medallions
Sponsor: Davis
Requestor: House Finance Committee

Agency Affected: Administration
BRU: General Services & Supply
Components: Purchasing

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

CAPITAL	0	0	0	0	0	0
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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)

The \$500 requested can be absorbed in the department's operating budget.

Prepared by: Al Adams, Chairman ^{AK-1} Phone: 465-3706
Division: House Finance Committee Date: 2/21/87

Approved by Commissioner: _____ Date: _____
Agency: _____

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

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HB 10
Publish Date: _____

REQUEST _____

Revision Date: _____
Title: An Act Relating To Minting
Commemorative Coins
Sponsor: Davis
Requestor: _____

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	.5	.5	.5	.5	.5
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	.5	.5	.5	.5	.5
CAPITAL	0	0	0	0	0	0
REVENUE	0	*	*	*	*	*

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	.5	.5	.5	.5	.5
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	.5	.5	.5	.5	.5

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

The contractual services funds will pay for advertising for the design competition and Invitation to Bid for the contractor. We would require the contractor to fund the design competition prize. We have no way to estimate potential revenue from program.*

Prepared By: Bob Link Phone: 465-2250
Division: General Services & Supply Date: 1/23/87

Approved by Commissioner: Garrey Peska Date: 1/27/87
Agency: Department of Administration

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



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

P. O. Box Y, State Capitol
Juneau, Alaska 99811-3100
Mail Stop 3100
(907) 465-3991

December 3, 1986

MEMORANDUM

TO: Representative Alyce Hanley

ATTN: Cassie Russell

FROM: Mary Jennings *MJ*
Legislative Analyst

RE: State-Issued Bullion Pieces
Research Request 87.039

You requested information regarding the production of state-issued bullion pieces in California, South Dakota and Texas. You requested that we determine the following: what legislation and regulations in conjunction with the legislation were required to institute the programs; how the state share of the proceeds is determined and if state proceeds from the program are applied to a specific program area; who mints the pieces and how the mints were chosen; how the design for the pieces was chosen; what metals are used; how the prices are set; the sizes of pieces that are being produced; how the piece dealers are chosen; what type of record keeping system is utilized between the state and the dealers; and how the pieces are being marketed.

California

Legislation. During 1982, the state of California adopted sections 7551 through 7556 of the State Government Code, which allow the state to contract with a mint for the production of commemorative gold medallions.¹ On May 15, 1984, Rarities Mint of Anaheim, the only mint expressing interest in the program, was awarded a five-year production contract. The California Department of General Services State Office of Procurement drafted the contract and administers the program.

¹State issued bullion pieces may be referred to as bullion, medallions, or bullion medallions. The pieces may not be called coins, a term which can be used only for federally issued bullion pieces.

Design. According to Jeannine Gendar of the Office of Procurement of the Department of General Services, the design for the medallions was chosen by the legislature and consists of the Great Seal of the State of California on one side and the State Bear, the term "California Gold", the date, the mint mark, the size, the term ".999 fine", and 31 small stars on the other. The coins are minted in one-ounce, half-ounce, quarter-ounce and tenth-ounce weights. The prices for the medallions are set by the mint and reflect the market value of gold plus the cost of production. The medallions are exempt from sales tax.

Royalties. The state receives the following royalties for the medallions: one ounce, four dollars; half ounce, two dollars; quarter ounce, one dollar; and tenth ounce, fifty cents. Proceeds are deposited into the General Fund. Sales of the medallions began during August of 1984 and as of November 1, 1986, California has received \$71,000 in royalties from the sale of 17,900 ounces of gold. Royalties, which are paid in advance, are based upon a monthly production schedule submitted to the Department by Rarities. Rarities also submits a monthly statement of the number of medallions actually minted, including sizes and serial numbers. The mint must furnish a yearly statement detailing sales. The department reserves the right to audit all records.

Marketing. Rarities conducts and pays for the cost of all marketing and advertising of the medallions although the state sets certain guidelines. The contract states that the advertising must be aggressive and on the national level in the advertising medium of Rarities' choice. All advertising is submitted to the department before publication for review.

South Dakota

Legislation. During 1985, the South Dakota Legislature passed Senate Bill 191, which allows the state to contract with a South Dakota mint for the production of bullion pieces. Two bullion programs are currently being developed. One program, aimed at South Dakota residents, will offer gold, silver, and bronze medallions commemorating the state's centennial and the other will offer gold and silver bullion on a national level. Production is planned to begin in early 1987. The State Bureau of Administration, which oversees the programs, is currently in the process of drafting a contract with Tri-State Refining and Investment, the only mint in South Dakota.

Design. Commemorative medallions will be issued in five-ounce, one-ounce and half-ounce weights and will be sold singly and in sets. Jewelry and belt buckles will also be produced. All medallions will bear the state seal on the front and a mother and child standing on the prairie on the reverse. The reverse side design was obtained in a contest open only to South Dakota residents. The medallion will be produced through 1989, the state's centennial.

Representative Hanley
December 3, 1986
Page 3

The national program of gold and silver bullion is legislated to be a permanent program. The pieces will be minted with the state seal on one side and a bison on the reverse. The bison, which was second in the commemorative design contest, was chosen at the discretion of the bureau. Five, two, one, one-half, one-fourth, and one-tenth ounce pieces will be minted.

Royalties. Under the terms of the contract, Tri-State will present a monthly statement of sales to the mint and pay royalties based on a percentage of the wholesale price of pieces sold. According to Mr. Moisan of the Bureau of Administration, the percentage has not yet been determined. The price, which will be set by the mint, will reflect the market value of the metals plus production costs. The bureau will have the right to audit all records.

The proceeds from the sale of the programs will go to the construction of the Cultural Heritage Center in Pierre, South Dakota. The project is estimated to cost \$6 million. The legislature will determine other uses for the royalties when financing for construction of the center has been fulfilled.

Marketing. Under the terms of the contract, the state will assist Tri-State with the marketing of the commemorative medallions. The marketing of the bullion pieces will be performed solely by the mint under guidelines set by the state. The contract lists two nationally known dealers that the mint must contact and also names several newspapers that the mint must utilize for advertising. The contract also states that the mint must use radio and television. All advertisement must be sent to the Bureau of Administration for approval.

Texas

Legislation. During May of 1985, the Texas Legislature adopted Senate Bill 1002, which created a program for production of materials to commemorate the Texas Sesquicentennial during 1986. A section of the bill allowed for the state to contract with private manufacturers for the production of gold and silver bullion medallions. The Texas Sesquicentennial Commission, which administers the program, contracted with Colonial Coins and Silver Creations, both of Texas, to strike the pieces. The contracts are scheduled to be renewed January 1, 1987. If no additional legislation is passed, the program will end on June 30, 1987.

Design. The legislation mandates that all pieces depict the front and back of the Great Seal of the State of Texas, which is a star on the front and the six flags of Texas on the back. The pieces are also inscribed with .999 fine, the weight, 1986 and the mint mark. One-ounce, half-ounce, quarter-ounce and tenth-ounce gold pieces and a one-ounce silver piece are being produced.

Representative Hanley
December 3, 1986
Page 4

Royalties. The mints present a monthly sales statement to the state and pay royalties of two percent of the wholesale price of the pieces sold. The price reflects the current market value of the metals plus production costs. The pieces are exempt from state sales tax. Sales of the gold bullion began in July of 1986 and the silver was offered for sale in September. According to Joanne Brown, Marketing Product Director for the commission, the state has received approximately \$4,500 in royalties thus far. As mandated by the legislation, the proceeds from the sale of all sesquicentennial products go to the Sesquicentennial Fund, which is divided equally between the Texas Tourism Commission and the Texas Commission on the Arts.

Marketing. The mints are responsible for the marketing and advertising of the bullion. All advertising must be approved by the commission 30 days before publication. The advertising medium is at the discretion of the mints.

* * * *

I hope you find this information useful. I have attached pertinent legislation and a copy of the production contract from California. I have requested similar materials from South Dakota and Texas and I will forward them to you when I receive them. I have also attached a newspaper article regarding gold and silver medallions being offered by the University of Alaska. Please feel free to contact me if you have any questions.

MJ

Attachments

seems to me that de-
ly. Marketing, period, is all they seem concerned
about."

"Family of Eng...

States strike up gold bullion piece presses

By Michele Orzano

South Dakota may soon join California and Texas as a producer of bullion pieces. The appeal of royalties being deposited in the state's treasury and the chance to commemorate historically significant events in the state has enhanced the idea of state-issued bullion pieces.

Both California and Texas bullion pieces are exempt from state taxes while South Dakota has yet to tackle that question. California bullion pieces have been on the market for more than a year while Texas just released its first bullion piece in early May. South Dakota is in the process of conducting a statewide design contest and expects to release its first bullion piece

sometime during the state's centennial in 1989.

The producers of the California pieces think it is fitting that California was the first state to issue its own bullion pieces since California was the origin of the 1840s Gold Rush. Collectors and investors can buy California Gold in 1-ounce, half-ounce, quarter-ounce and soon a tenth-ounce size. The California legislature authorized the production of gold bullion pieces in 1983 in an effort to bring more revenue into a sagging state treasury, according to Ian Simpson, president of Rarities Mint which has a contract to strike the pieces.

California — whose nickname the "Golden State" can still evoke images of scruffy miners hauling sacks of gold into the town assay office — has survived the waves of dreamers whose eyes reflected the gold they envisioned hidden just a shovel scratch away. Now more than 100 years later and several hundred miles to the south of where it all started, is the Rarities Mint in Anaheim which produced some 12,000 pieces of California Gold in 1985.

Seeks Japanese outlets

"We strike as many as we can sell. We only struck 500 in 1984 because it was around the time of the Olympics," Simpson said. "Once the one-tenth ounce is released we will be selling it in Japan to compete in their 'gold rush' they are experiencing."

The California general fund receives \$4 for each

ounce of California Gold sold, Simpson said, but added he would like to see those royalties go to a more specific fund, something for the handicapped or elderly. He said legislation is being discussed now to direct the legislature towards that goal.

Although the original legislation mandated only California-mined gold be used in the production of the pieces, Simpson said the law was recently amended to allow purchase of gold from any American-based mine. In keeping with the theme of a strong California and America, the obverse features the California brown bear while the reverse bears the Great Seal of the State of California.

Please turn to page 19



California Gold is among several state-issued gold bullion pieces.



Texas has entered the gold bullion piece market with this six flags design.



States use gold to inflate state coffers

For the 1986 issues, Simpson said the bear design has been modified to make the bear appear bolder looking and the 31 stars surrounding the bear will appear more three dimensional. The issue date will be at the bottom of the obverse rather than to the side as in previous issues.

"We envision these will surpass the popularity of the [Chinese] Panda [gold bullion coin] — it's a piece of American history," Simpson said. "We like to document history in story format."

The bullion pieces are sold nationwide by coin dealers and direct from the Rarities Mint. Simpson said he does not believe the upcoming U.S. bullion coins will hinder the sale of California Gold because his product is not monetized and is pure gold (the U.S. coins will have a fineness of .917, but will contain a full measure of pure gold). The price is spot plus 4.5 percent which averages out to \$15 to \$18 over spot, he said.

Rarities also issues California Gold Proof sets on a limited basis with 1,000 sets in 1986.

Texas bullion pieces

Texas is hoping the increased interest in U.S. gold bullion pieces will continue and help sales of the Texas gold and silver bullion pieces released this year.

The 1-ounce bullion pieces are making their debut in Texas to coincide with the state's Independence Sesquicentennial which makes the prospect of boosting the Texas Historical Society's bank account nearly a sure thing.

That is where the profits from the sale of the Texas pieces is to go, according to legislation authorizing the 1-ounce silver and the gold 1-ounce, half-ounce, quarter-ounce and tenth-ounce sizes.

Dr. G.W. Vogt of Colonial Coins in Houston, which has the contract to strike the pieces, says public interest has been good considering the pieces just recently became available. All five pieces depict the front and back of the Great Seal of the State of Texas.

"Few people know about the back of the seal. In 1961 the daughters of the Texas Revolution succeeded in getting the state to adopt the reverse," he said. The reverse shows the six states of Texas flanking three important events in Texas history — the Alamo, the "Come and Take It Cannon" and a broken pipe representing the break with Mexico.

Vogt said the story behind the cannon is another interesting bit of Texas history. In the early 1830s, when Texas was still part of Mexico, the Comanche Indians were attacking the town of Goliad and the citizens asked the Mexican government for help in fending off the attacks.

The Mexican government sent a cannon for Goliad's defense. Then, during the Texas revolution when the Mexicans asked for the cannon back, the residents of Goliad told them to "Come and Take It," Vogt said, thus marking an important turnaround in the revolution. As the Texans fled from the advancing Mexican army, they took the cannon with them and buried it in the desert, never to be found, he said.

The fractional pieces will be in production by June 10, he said. All five pieces will be issued every year and the design and the date will change annually, he said.

He said the popularity of the bullion pieces will probably center in Texas although they are available all across the country.

"Most Texans are proud to be Texans and I feel these will be as popular an item as the [Canadian] Maple Leaf and [South African] Krugerrand," he said.

South Dakota considers

By the end of June, South Dakota residents will know the design to be used on the limited editions of 5-ounce gold, silver and bronze and the 1-ounce gold, silver and bronze bullion pieces.

That's the deadline date for entries from South Dakota artists to be submitted to the design contest, according to John Molsan, chairman of the centennial coin contest. The Great Seal of the State of South Dakota will grace the obverse and a design incorporating some aspect of South Dakota will be on the reverse.

Molsan said a \$1,000 prize will be given to the winning artist and Homestake Mining Co. will donate 1 ounce of gold to the winner. After the design is selected in a ceremony at the South Dakota Capital Building July 10, Tri-State Refining and Engineering in Sioux Falls, S.D., will begin striking and marketing the bullion pieces.

The bullion pieces will be sold in 5-ounce and 1-ounce sets of gold, silver and bronze and will be numbered for the limited editions. After those limited edition sets are produced, the remaining pieces will be struck and be 1.25 inches in diameter.

"We want to play with collector interests but we also want to gear it towards something a grade school kid could have a souvenir of the centennial," he said. The law

authorized centennial jewelry to be made in the district's South Dakota Black Hills gold, he said.

A percentage of the proceeds will go toward construction of the Dakota Heritage Center to house the relics and other historic memorabilia of the state now stored in a leaky basement of a museum, Molsan said. With that as a goal, supporters are looking for this to be a long-term project, he said.

"We're at liberty to do whatever the market will bear," Molsan said. "We're billing this as the only state that produces and mines its own bullion pieces since we sell our gold to California."

By law individual states cannot strike legal tender coins, although they may strike commemorative medals or bullion pieces. According to Ken Gubin, general counsel for the U.S. Mint, many people misuse the word coin but the difference between a coin and a medal is the legal tender status of the coin.

Gubin said Article I, Section 10 of the U.S. Constitution specifically prohibits states from coining money and he called it "highly inadvisable" to use the term "coin" when referring to the state-issued bullion pieces.

He said if an advertisement for the product would contain the word "coin" it might be a matter for the U.S. Postal Service or the Secret Service to look into.

"The Mint does not have any enforcement powers so we would refer it to the appropriate agency," Gubin said. "While it is an easy enough mistake to make in advertising, you have to be a little bit more careful [in that] than in casual conversation."



COMMEMORATED—The official state fossil, the woolly mammoth, left, and the University of Alaska Museum at Fairbanks have been commemorated through the creation of a numbered set of gold and silver coins. Local artist Jim Behlke designed the coins, and money raised from their sale goes to the museum's endowment fund. The museum is the only natural history museum in Alaska.

Photos courtesy of Fairbanks

Gold, silver coin set designates woolly mammoth state fossil

The Alaska Legislature made the woolly mammoth the official state fossil earlier this year, and that action is now being commemorated through the striking of a gold and silver coin set.

The idea to make the long-haired ancestor of the elephant the state fossil began with Ed McLaughlin of the University of Alaska-Fairbanks School of Mineral Engineering. McLaughlin presented the concept to state Sen. Bettye Fanrenkamp, D-Fairbanks, who then drafted the necessary legislation and saw it through to approval.

The coins feature the words "University of Alaska" and "Fairbanks Alaska" and the mammoth on one side, and the university seal on the other. Five hundred gold and 4,000 silver coins have been struck and numbered.



DISPLAYS GOLD COINS—Fairbanks artist Jim Behlke displays gold coins he designed to commemorate the naming of the woolly mammoth as the official state fossil. Money raised through the sale of the numbered coins will go to the University of Alaska Museum's endowment fund.

Upon passage of the legislation, Jerry Cleworth of Alaska Rare Coin Investments approached the university with the idea of having a coin struck for the occasion and to highlight the work of the university's museum, the only natural history museum in the state.

Museum director, Dr. Hans Betts, obtained permission to use the Great Seal of the University of Alaska on the coins, and Fairbanks artist Jim Behlke was commissioned to draw the portrait of the woolly mammoth to be used on the coins. To this end, Behlke worked with museum personnel to make the drawing as accurate as possible.

The coins feature the words "University of Alaska" and "Fairbanks Alaska" and the mammoth on one side, and the university seal on the other. Five hundred gold and 4,000 silver coins have been struck and numbered. They are now being sold at the museum's store, Alaska Rare Coin Investments, and at Fine Art Savings and Loan, 600

Heritage, and the mammoth on one side, and the university seal on the other. Five hundred gold and 4,000 silver coins have been struck and numbered. They are now being sold at the museum's store, Alaska Rare Coin Investments, and at Fine Art Savings and Loan, 600

money from the sale is donated to the museum's endowment fund. The silver coins, which will be sold for \$10 each, will be sold at the museum's store, Alaska Rare Coin Investments, and at Fine Art Savings and Loan, 600

MEMORANDUM

State of Alaska ²⁻¹⁻⁷¹

TO: Don W. Collinsworth
Commissioner

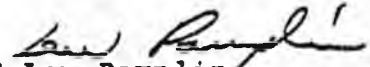
DATE: January 23, 1986 ^{Mike} ^{DUK}

FILE NO.: P/M-DS

THRU: Dennis Kelso
Deputy Commissioner

TELEPHONE NO.: 267-2232

SUBJECT: Proposed Amendments
to the Duck Stamp Bill

FROM: 
Lew Pamplin
Director
Division of Game
Department of Fish and Game
Anchorage

It has come to our attention that there is some interest in the Legislature to limit the duck stamp art competition to resident artists only, perhaps through Senate Bill 353 (Zharoff, P. Fischer). We believe that such a restriction of competition could seriously jeopardize our ability to obtain the highest quality design and uphold print sales across the country. Our success with open competition in 1985 is undisputed and highlights the merits of our procedures all down the line. Alaska's 1985 duck stamp/print program was the most successful effort ever undertaken by any state.

Relevant considerations that make open competition highly preferred include:

1. Obtaining the best works of art from local and nationally known artists. Nationally-known artists will enhance sales substantially in the lower 48 states, especially in the first three years of the program when it is essential to get outside collectors interested in the Alaska series. However, an exceptional compelling piece by a local artist may draw nearly equal sales. Art quality is the cutting edge.
2. It can be easily demonstrated with exhibits that the quality of duck stamp art from states with residents-only competition is well below that of states with open competition or commissioned works. This is also reflected in historic sales and survival rates of the programs. Those states that have initiated art print sales since 1980 ensure the quality of designs through either open competition or by commissioning nationally known artists.
3. Track records of other states provide examples of disaster when open competition was restricted because of political pressure (Ohio, Montana, North Dakota). Ohio is a classic example, selling 9,000 prints in 1982 and falling to 1,500 the next year because of a

squabble over limiting art competition. Once sales drop on these programs, the editions are limited to the lowest number of prints sold and can not be increased later; sales nose-dive to several hundred.

4. Open competition is preferred by art retailers and most local artists. Most Alaskan artists contacted understood the objectives of the program and agreed that open competition would enhance sales. They also felt that it made the competition fair and more prestigious.
5. Current administrative procedures do not grant Alaska preference on professional services contracts and in several recent cases (local hire) Alaska preference has been overturned.

Our objective was to receive the highest quality array of designs while ensuring that Alaskan artists had ample, fair opportunity to participate. To that end, we: (1) published widespread legal notices and issued timely news releases (only in Alaska); (2) mailed out 300 requests for proposals (RFP) to all inquirers; (3) issued a list of prospective publishers for artists to contact; (4) issued a list of Alaskan artists for publishers to contact; and (5) specified in our RFP that publishers "may include no more than ten designs by artists who reside outside of Alaska, and should include at least two designs by Alaska artists" (no limit on Alaskan artists). All feedback indicates that our announcements were effective in reaching local artists, all artists that contacted bidders had their works entered, and that publishers were easy to work with and open to Alaska artists.

It is our belief that the duck stamp program is best served by the creativity and incentive promoted by free competition, both in art and business proposals, that drives sales and revenues to their greatest potential. We recommend that the department take a strong, active role in advising the Legislature and maintaining the critical operating flexibility of this highly successful program.

cc: Roland Shanks
Bev Reaume
Bob Hirman
Tom Rothe

STATE OF ALASKA THE LEGISLATURE

POUCH V STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

January 26, 1987

SUBJECT: SSHB 10 - Limiting medallion design awards to
 Alaska residents

TO: Representative Mike Davis

FROM: Keith B. Levy ^{KBL}
 Legislative Counsel

The provisions of SSHB 10 would require the Department of Administration to arrange for the minting and sale of gold and silver Alaska commemorative medallions. You have asked whether it would be unconstitutional to provide that the contest for the design of the medallions must be limited to Alaska residents. This proposal is similar to the concept of an Alaska bidder preference, except that it is more than a preference since it would completely preclude nonresidents from participating in the design contest. Such a provision could present constitutional problems under the federal privileges and immunities clause and the state and federal equal protection clauses.

In Irby-Northface v. Commonwealth Electric Co., 664 P.2d 557 (Alaska 1983), the Alaska Supreme Court considered an issue related to the Alaska bidder preference, but declined to address the question of whether the preference is unconstitutional. However, two dissenting justices expressed the opinion that a resident bidder preference is unconstitutional because it discriminates economically between residents and nonresidents without sufficient justification. The two dissenting justices based their opinion on Lynden Transport, Inc., v. State, 532 P.2d 700 (Alaska 1975). In that case the court struck down a statutory amendment which gave resident motor freight carriers certain rights not granted to nonresident motor freight carriers:

A discrimination between residents and non-residents based solely on the object of assisting the one class over the other economically can not be upheld under

either the privileges and immunities or equal protection clauses. . . .

Benefiting economic interests of residents over non-residents is not a purpose which may constitutionally vindicate legislation. . . .

Lynden, at 710 - 711. Under Lynden it would appear that any bidder preference is subject to challenge. Your proposal goes far beyond a bidder preference and therefore would be open to attack under the holding in Lynden.

In January of this year, the Alaska Supreme Court struck down Alaska's local hire law as violating the privileges and immunities clause of article IV, sec. 2, of the United States Constitution. Robison v. Francis, 713 P.2d 259 (Alaska 1986). Citing the United States Supreme Court, the court said:

The primary purpose of this clause is to prevent states from enacting measures which discriminate against non-residents for reasons of economic protectionism.

Robison, at 263. The court ruled that employment in the construction industry is a fundamental right subject to protection under the privileges and immunities clause.

Robison, at 265. Since the state could not show that non-residents are a "peculiar source of the evil of unemployment," the court found there was insufficient justification for denying nonresidents the right of employment.

The Robison court did observe that the state is afforded greater deference in discriminating against nonresidents where it is acting as a "market participant" rather than a "market regulator." In manufacturing medallions, the state is certainly acting as a market participant. The argument could be made that the state has the right to limit the design of an Alaska commemorative medallion to Alaska residents, since the medallion is to be an artistic expression that is inherently Alaskan. Moreover, the state could argue, it is not limiting all state purchases to state residents, only those purchases that are specifically "Alaskan" in nature. On the other hand, the court could view the design award as just another procurement and it is clear, under the cases cited above, that the state cannot limit procurements entirely to Alaska residents.

Representative Davis
January 26, 1987
Page 3

Accordingly, there is at least a risk that your proposal could be struck down if enacted into law.

You should note that as currently written, SSHB 10 requires only that the design be of "an Alaska theme." Otherwise, discretion in selecting the design is left to the Department of Administration. There is nothing to prevent the department from advertising the contest only in Alaska, increasing the likelihood that a state resident would be awarded the contract, without taking the chance of running afoul of the constitution.

If I may be of further assistance, please advise.

KBL:mkr
m8/049

HB

12

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION DIVISION OF RETIREMENT & BENEFITS

PLEASE REPLY TO:

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

2600 DENALI ST. SUITE 401
ANCHORAGE, ALASKA 99503-2740
PHONE: (907) 277-7504

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

STEVE COWPER, GOVERNOR

4/9/87 In State Affairs S)

February 10, 1988

The Honorable Mitch Abood
Chairman, Senate State Affairs Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

RECEIVED
FEB 12 1988
RH D
(M)

Dear Senator Abood:

Re: House Bill 12

In accordance with AS 24.08.036, I am providing the analysis below on House Bill 12. The analysis includes the long-term and short-term savings to the state if the bill is adopted and the impact the bill will have on the actuarial soundness of the Teachers' Retirement System (TRS) funds.

This bill would reduce the amount of non-membership service that may be claimed in the TRS to a maximum of three years for members first hired on or after July 1, 1987. It is estimated to result in a .04% decrease in the TRS contribution rate in FY 88. The state TRS payroll is estimated to be \$50,367,793 in FY 88 and to remain level each year thereafter.

The savings of \$20.1 is calculated as follows:

The decrease in the TRS contribution rate (.04%) times the estimated FY 88 University of Alaska TRS payroll (\$44,753.9) equaling:	[\$17.9]
Plus the decrease in the TRS contribution rate (.08%) times the estimated FY 88 Department of Education TRS payroll (\$5,613,930) equaling:	[2.2]
Total state FY 89 savings	<u>[\$20.1]</u>

In addition to the state savings described above, there would be a decrease in the school districts' contribution rates of .04% which would result in savings of \$128.0 for FY 88 and each year thereafter. The FY 88 estimated school district TRS payroll is \$319,882,344 and projected to remain level each year thereafter.

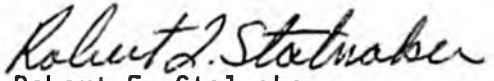
The Honorable Mitch Abood

-2-

February 10, 1988

There will not be any adverse impact on the actuarial soundness of the retirement systems funds if this bill becomes law.

Sincerely,


Robert F. Stalnaker
Acting Director

RFS/cam/7

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

ce

Bill Version: HB 12
Publish Date: HOUSE 2/9/87

REQUEST _____

Revision Date: Bill/Res No: HB 12
Title: An Act relating to limiting certain kinds of credited service in the TRS
Sponsor: Larson
Requestor: _____

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER I/A & PGM RCPTS	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

An analysis of the impact of this bill on the actuarial soundness of the Teachers' Retirement System (TRS) funds is provided in the attached letter to Representative Ulmer.

Prepared By: John A. Logan *John A. Logan* Phone: (907) 465-4470
Division: Retirement and Benefits Date: February 3, 1987
Approved by Commissioner: Garrey Peska *Garrey Peska* Date: 2/5/87
Agency: Department of Administration

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

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION
DIVISION OF RETIREMENT & BENEFITS

PLEASE REPLY TO:

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

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

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

STEVE COWPER, GOVERNOR

February 5, 1987

The Honorable Fran Ulmer
Chairman, House State Affairs Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

HB 12 Page 2 of 3 2/9/87

Dear Representative Ulmer:

Re: House Bill 12

In accordance with AS 24.08.036, I am providing the analysis below on House Bill 12. The analysis includes the long-term and short-term savings to the state if the bill is adopted and the impact the bill will have on the actuarial soundness of the Teachers' Retirement System (TRS) funds.

This bill would reduce the amount of non-membership service that may be claimed in the TRS to a maximum of three years for members first hired on or after July 1, 1987. It is estimated to result in a .02% decrease in the TRS state contribution rate in FY 88. The state TRS payroll is estimated to be \$48,498,325 in FY 88 and to remain level each year thereafter. The TRS state match contribution rate would also decrease by .02% in FY 88. The TRS state match payroll is estimated to be \$345,200,891 in FY 88 and to remain level each year thereafter.

The savings of \$78.8 is calculated as follows:

The decrease in the TRS contribution rate (.02%) times the estimated FY 88 University of Alaska TRS payroll (\$43,057,037) equaling:	[\$ 8.6]
Plus the decrease in the TRS contribution rate (.02%) times the estimated FY 88 Department of Education TRS payroll (\$5,441,288) equaling:	[\$ 1.1]
Plus the decrease in the TRS state match contribution rate (.02%) times the estimated FY 88 TRS state match payroll (\$345,200,891) equaling:	<u>[\$ 69.0]</u>
Total state FY 88 savings	<u>[\$ 78.7]</u>

2/9/87

The Honorable Fran Ulmer

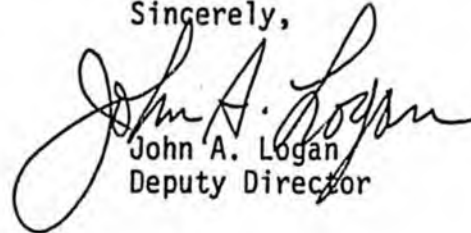
-2-

February 5, 1987

In addition to the state savings described above, there would be a decrease in the school districts' contribution rates of .02% which would result in savings of \$59.3 for FY 88 and each year thereafter.

There will not be any adverse impact on the actuarial soundness of the retirement systems funds if this bill becomes law.

Sincerely,



John A. Logan
Deputy Director

JAL/cam/7

Re: Possible amendment to HB 12 Senate State Affairs

Concept:

There is an apparent need to restrict the ability of certificated employees of school districts from purchasing up to 10 years of outside service credit in the TRS for reasons which apparently pertain to:

- * Cost savings to state
 - however, this purchase is paid at the full actuarial rate by the employee
- * To discourage people from outside from taking the advantage of the TRS benefit program by staying in the system only long enough to become eligible for the benefits

Suggest that the concept of "earning" the right to purchase outside service by virtue of longevity in Alaska be established, rather than the right to purchase the full ten (10) years on the first day of employment.

- starting during the 5th year of employment the individual becomes eligible to purchase one year, during the 6th year purchase a second year, and so on so that in the 14th year of employment a person would become eligible to purchase the 10th and final year of outside service credit.

This kind of approach would assure that people would not be staying just long enough to utilize their outside service credit to become vested and eligible for access to the benefit system and, at the same time, would not unfairly penalize those who come into the system for the purpose of making teaching in Alaska their career.

Also, it is appropriate to remind ourselves that purchase of outside service credit is not a casual and small investment for the average person since the requirement is that the person pay the full actuarial cost plus interest. Currently this figure is well over 20% of the entry salary for each year of outside service credit purchased.

Peace Excuse Types

Alaska State Legislature



Session Address:
STATE CAPITOL BUILDING
BOX V
JUNEAU, ALASKA 99811
(907) 465-3727

Interim Address:
BOX 53
PALMER, ALASKA 99645
(907) 745-3828 - Palmer
(907) 376-8628 - Wasilla

Representative Ronald L. Larson
District 16B

TO: Senator Mitch Abood, Chair
State Affairs

FROM: Representative Ron Larson *R.L.*

RE: HB12

DATE: April 23, 1987

C M

RECEIVED
APR 23 1987

I am requesting your assistance in scheduling HB12 as soon as possible in your committee. If you have any questions regarding this legislation, please do not hesitate to contact me or my staff.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 23, 1987

SUBJECT: Sectional analysis of HB 12
(Limiting credited service in TRS)

TO: Representative Ron Larson

FROM: Teresa B. Cramer *TBC*
Legislative Counsel

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

Sections 1 and 2 reduces the total of combined territorial service, military service, outside service and Alaska BIA service that may be claimed by a member of the Teachers' Retirement System who was hired after June 30, 1987, from five years to three years.

Section 3 amends the military service section to reflect the three year limit.

Section 4 amends the territorial service section to reflect the three year limit.

Section 5 amends the BIA service section to reflect the three year limit.

Section 6 is an immediate effective date clause.

If I may be of further assistance, please advise.

TC:mkr
m8/046

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HB 12
Publish Date: HOUSE 2/9/87

REQUEST

Revision Date: Bill/Res No: HB 12
Title: An Act relating to limiting certain kinds of credited service in the TRS
Sponsor: Larson
Requestor: _____

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER I/A & PGM RCPTS	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

An analysis of the impact of this bill on the actuarial soundness of the Teachers' Retirement System (TRS) funds is provided in the attached letter to Representative Ulmer.

Prepared By: John A. Logan *John A. Logan* Phone: (907) 465-4470
Division: Retirement and Benefits Date: February 3, 1987
Approved by Commissioner: Garrey Peska *Garrey Peska* Date: 2/5/87
Agency: Department of Administration

Distribution (by preparer):

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



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

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT & BENEFITS

PLEASE REPLY TO:

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

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

STEVE COWPER, GOVERNOR

February 5, 1987

HB 12 Page 2 of 3 2/9/87

The Honorable Fran Ulmer
 Chairman, House State Affairs Committee
 Alaska State Legislature
 P.O. Box V
 Juneau, AK 99811

Dear Representative Ulmer:

Re: House Bill 12

In accordance with AS 24.08.036, I am providing the analysis below on House Bill 12. The analysis includes the long-term and short-term savings to the state if the bill is adopted and the impact the bill will have on the actuarial soundness of the Teachers' Retirement System (TRS) funds.

This bill would reduce the amount of non-membership service that may be claimed in the TRS to a maximum of three years for members first hired on or after July 1, 1987. It is estimated to result in a .02% decrease in the TRS state contribution rate in FY 88. The state TRS payroll is estimated to be \$48,498,325 in FY 88 and to remain level each year thereafter. The TRS state match contribution rate would also decrease by .02% in FY 88. The TRS state match payroll is estimated to be \$345,200,891 in FY 88 and to remain level each year thereafter.

The savings of \$78.8 is calculated as follows:

The decrease in the TRS contribution rate (.02%) times the estimated FY 88 University of Alaska TRS payroll (\$43,057,037) equaling:	[\$ 8.6]
Plus the decrease in the TRS contribution rate (.02%) times the estimated FY 88 Department of Education TRS payroll (\$5,441,288) equaling:	[\$ 1.1]
Plus the decrease in the TRS state match contribution rate (.02%) times the estimated FY 88 TRS state match payroll (\$345,200,891) equaling:	<u>[\$ 69.0]</u>
Total state FY 88 savings	<u>[\$ 78.7]</u>

The Honorable Fran Ulmer

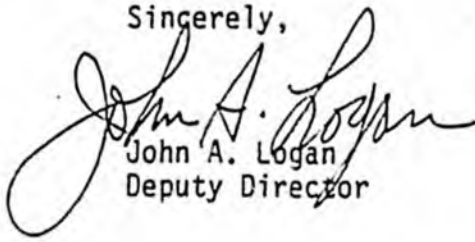
-2-

February 5, 1987

In addition to the state savings described above, there would be a decrease in the school districts' contribution rates of .02% which would result in savings of \$59.3 for FY 88 and each year thereafter.

There will not be any adverse impact on the actuarial soundness of the retirement systems funds if this bill becomes law.

Sincerely,



John A. Logan
Deputy Director

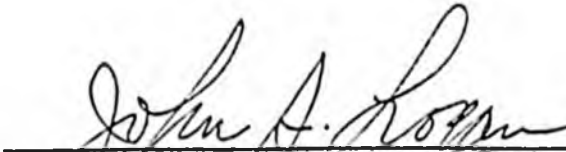
JAL/cam/7

POSITION PAPER

HB 12

This bill applies to members of the Teachers' Retirement System (TRS) who are first hired on or after July 1, 1987. It would reduce the amount of non-membership service that may be claimed in the TRS to a maximum of three years. This bill represents cost savings to the state and school districts. Cost containment measures in the TRS such as this could be used to help offset the cost associated with a change to the TRS statutes for an actuarially funded post retirement pension adjustment mechanism.

Because of the reasons stated above, the Department is neutral on this Bill.



Deputy Director, Division of Retirement & Benefits

2-5-87
Date



Commissioner Garrey Peska
Department of Administration

2/5/87
Date

Alaska State Legislature



Session Address:
STATE CAPITOL BUILDING
BOX V
JUNEAU, ALASKA 99811
(907) 465-3727

Interim Address:
BOX 53
PALMER, ALASKA 99645
(907) 745-3828 - Palmer
(907) 378-8628 - Wasilla

Representative Ronald L. Larson
District 16B

TO: Senator Mitch Abcod
FROM: Representative Ron Larson *RL*
RE: HB 12
DATE: February 1, 1988

Would you please schedule HB 12, Limiting Credited Service Under TRS, in your committee as soon as possible.

I and my staff stand ready to assist you in any way possible.
Thank you.

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Administration
 Title: Limiting certain kinds of BRU: Retirement and Benefits
credited service in the TRS
 Sponsor: Larson Components: Retirement and Benefits
 Requestor: _____

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
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Robert F. Stalnaker Phone: 465-4470
 Division: Retirement and Benefits Date: 01/28/88

Approved by Commissioner: John M. Andrews Date: 2/3/88
 Agency: Department of Administration

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

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION DIVISION OF RETIREMENT & BENEFITS

PLEASE REPLY TO:

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

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

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

STEVE COWPER, GOVERNOR

February 5, 1987

- 1 -

The Honorable Fran Ulmer
Chairman, House State Affairs Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Ulmer:

Re: House Bill 12

In accordance with AS 24.08.036, I am providing the analysis below on House Bill 12. The analysis includes the long-term and short-term savings to the state if the bill is adopted and the impact the bill will have on the actuarial soundness of the Teachers' Retirement System (TRS) funds.

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(.02%) times the estimated FY 88 University
of Alaska TRS payroll (\$43,057,037) equaling: [\$ 8.6]

Plus the decrease in the TRS contribution
rate (.02%) times the estimated FY 88 Department
of Education TRS payroll (\$5,441,288) equaling: [\$ 1.1]

Plus the decrease in the TRS state match
contribution rate (.02%) times the
estimated FY 88 TRS state match payroll
(\$345,200,891) equaling: [\$ 69.0]

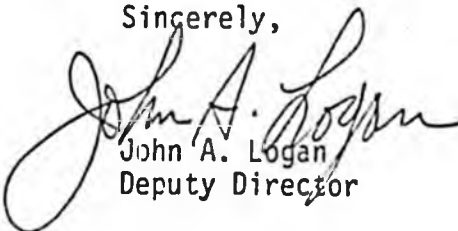
Total state FY 88 savings [\$ 78.7]

February 5, 1987

In addition to the state savings described above, there would be a decrease in the school districts' contribution rates of .02% which would result in savings of \$59.3 for FY 88 and each year thereafter.

There will not be any adverse impact on the actuarial soundness of the retirement systems funds if this bill becomes law.

Sincerely,



John A. Logan
Deputy Director

JAL/cam/7

HB

14

Alaska State Legislature
Representative Niilo Koponen


Pouch V
Juneau, Alaska 99811
(907) 465-4992

542 4th Avenue, Suite C
Fairbanks, Alaska 99701
(907) 456-8161

RECEIVED
APR 19 1988

MEMORANDUM

TO: Senator Mitch Abood

FROM: Representative Niilo Koponen 

Re: CSHB 14 'State Employee Incentive Award System.'

I would like to request a hearing on that bill we waived from your Committee on CSHB 14, "An Act establishing a state employee incentive award system."

This bill establishes a monetary incentive program to encourage suggestions by state employees to improve state operations, or to encourage employees to perform with a special service in the public interest in connection with their official employment.

This bill passed the House floor by a vote of 34 to 4. If you have any questions please feel free to contact me or my staff person, Shari Paul. Thank you.



Alaska State Legislature

HOUSE OF REPRESENTATIVES

Committee on Finance

Official Business

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

HOUSE FINANCE COMMITTEE

LETTER OF INTENT

FOR

CS HB 14 (FINANCE)

It is the intent of the House Finance Committee that regulations pertaining to the establishment of the incentive award system address the following concerns:

1. The regulations should include a system to protect the confidentiality and impartial review of all suggestions and establish a time limit for agency review.
2. Members of the Incentive Awards Board should participate in a training seminar.
3. The regulations should provide that the incentive award shall be computed on the actual savings for a twelve month period from the time the proposed change is instituted. The award shall be paid to the employee in a lump sum at the end of the twelve month period.
4. The regulations should provide for the overview of the program in general, and for the overview of each department's participation in the program in specific.
5. The regulations should provide for the continuing publicity of the program with an emphasis on the recognition of winners and the saving of state revenues. The state will announce and promote the program with material inserted in pay envelopes.
6. The regulations should provide for the review of suggestions within 90 days of their submission.

7. The regulations should provide that the awards are separate from any collective bargaining agreements.

8. The regulations should provide for an appeals process for an employee who believes that his or her idea has been successfully implemented by the state, but who has not received due compensation.

9. The regulations should provide that an employee who is not eligible to participate in the incentive awards system may not indirectly participate in the system by having his or her idea presented to the awards board by an eligible employee in the expectation of sharing the eligible employee's cash award.



Al Adams, Chair

House Finance Committee

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____
Revision Date: _____
Title: An Act establishing a State Employee Award System
Sponsor: Koponen
Requestor: _____

Bill Version: CSHB 14(Fin)
Publish Date: HOUSE 4/10/87

Agency Affected: Division of Personnel
BRU: Personnel
Components: Centralized Administrative Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

An employee may receive a cash award only after an actual cost savings has been realized through the implementation of the employee's suggestion, and the cash award is based on a percentage of the savings to the state. Therefore, the granting of cash awards will not result in a net cost to the state.

Prepared by: Rep. Al Adams *APA* Phone: 465-3706
Division: House Finance Committee Date: April 7, 1987

Approved by Commissioner: _____ Date: _____
Agency: _____

Distribution (by preparer):

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

State of Alaska 1987 Legislative Session

Fiscal Note

CSHB 14 (Fin.)

The Incentive Awards Board consists of three members who are state employees and who are located in Juneau. Therefore, no costs will be incurred by the establishment and operation of the board, and no funds will be required in order for the board to meet.

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An act establishing a State
Employee Incentive Award System.
Sponsor: Koponen
Requestor: _____

Agency Affected: Department of Administration
BRU: 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
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

The Division of Personnel will incur no cost provided the Personnel Board is not required to hold special meetings for per diem and travel to decide the size of awards. Special meetings would add expense.

Prepared By: Diana DeSimone *[Signature]* Phone: 465-4430
Division: Personnel Date: 1/21/88

Approved by Commissioner: John M. Andrews *[Signature]* Date: 1/25/88
Agency: Department of Administration

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

Alaska State Legislature
Representative Niilo Koponen

Pouch V
Juneau, Alaska 99811
(907) 465-4992

542 4th Avenue, Suite C
Fairbanks, Alaska 99701
(907) 456-8161

RECEIVED
JAN 26 1988

(C)

M

25 January 1988

Senator Mitch Abood
Chair, Senate State Affairs Committee
Capitol Room 423

Dear Senator Abood:

I would appreciate you scheduling a hearing or waiving HB 14 "State Employee Incentive Program from your Committee.

HB 14 establishes a monetary incentive program to encourage suggestions by state employees to improve operations and reduce costs without decreasing services.

HB 14 passed the House floor last May by a vote of 34 to 4.

If you have any further questions, please contact me or my staff aide, Shari Paul.



HB

23

SENATE COMMITTEE REPORT

FURTHER:

LABOR & COMMERCE

3/19/87

DATE TURNED INTO OFFICE

4/28/87

Mr. President:

STATE AFFAIRS

Committee considered CSHB 23(Tele)

reduced rates and discounted service for low-income telecommunication customers.

and recommended:

- replace with CS FOR _____) same title
- or adopt _____ CS FOR _____) new title
- attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)

new updated or previous

zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

Chairman signature (and recommendation)

Committee Backup Attached

Alaska State Legislature

POUCH V
JUNEAU, ALASKA 99811
(907) 465-4931

DISTRICT 10
BOX 111038
ANCHORAGE, ALASKA 99511
(907) 349-2192



CHAIRMAN
Special Committee on
Telecommunications

MEMBER
Labor and Commerce
State Affairs
Finance—Subcommittee Administration

Representative H. A. "Red" Boucher

APRIL 27, 1987

FROM: H.A. "RED" BOUCHEA *JAB*
TO: MEMBERS OF THE SENATE STATE AFFAIRS COMMITTEE
SUBJECT: HB 23 AN ACT RELATING TO REDUCED RATES AND
DISCOUNTED SERVICE FOR LOW-INCOME TELECOMMUNICATION
CUSTOMERS

INTENT

The purpose of HB 23 is to make it possible for telephone companies to offer reduced rates and services to low-income customers.

THE PROBLEM

As a result of deregulation of the telephone industry, long distance rates have decreased, but local rates have, on the average, increased (see graph).

Alaska's low income residents could be forced to drop basic telephone service if local phone rates and installation charges increase.

Current Alaska law does not permit telephone companies to offer reduced rates or discounted service to low-income customers.

CHANGES PROPOSED BY HB 23

HB 23 modifies the Alaska Public Utilities Commission Act to permit a telephone company to propose a discounted service or a reduced rate for telephone service.

Note that HB 23 does not require telephone utilities or the Alaska Public Utilities Commission to provide discounted rates or service.

FISCAL NOTE

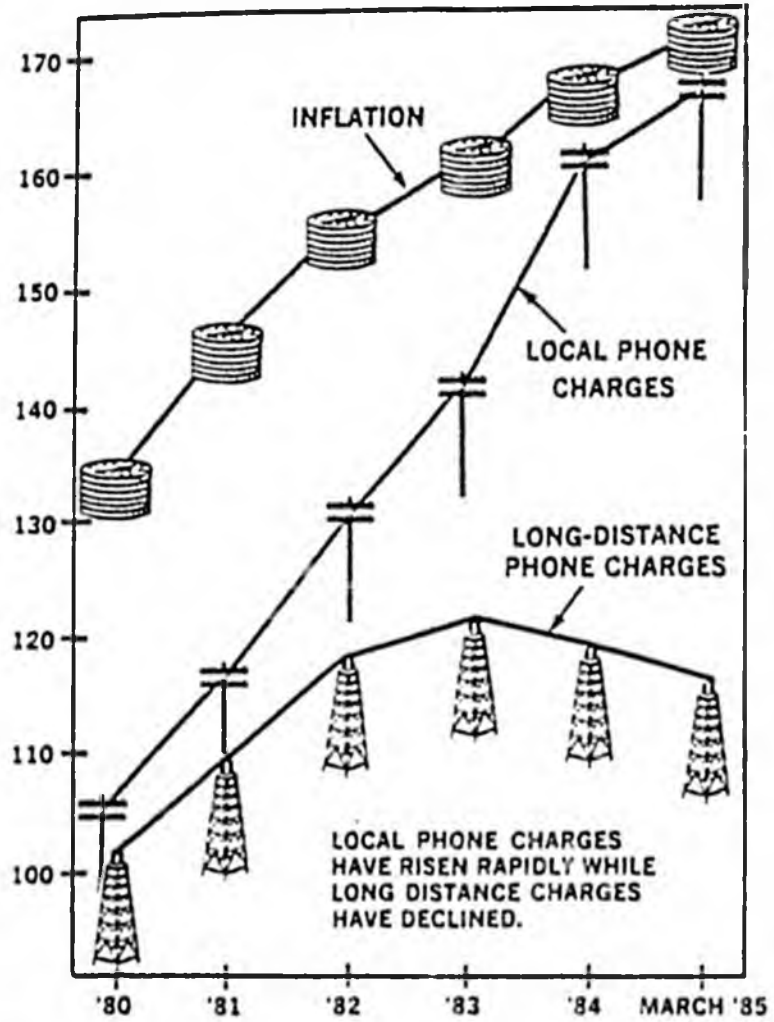
A zero fiscal note was presented by the Alaska Public Utilities Commission.

POSITIONS OF AFFECTED GROUPS

Both the Alaska Public Utilities Commission and the Alaska Telephone Association support this bill.

CONSUMER COSTS FOR PHONE SERVICE

BASED ON CONSUMER PRICE INDEX 1977=100



LOCAL PHONE CHARGES HAVE RISEN RAPIDLY WHILE LONG DISTANCE CHARGES HAVE DECLINED.

SOURCE: Bureau of Labor Statistics

BY JO ELLER MURPHY FOR THE WASHINGTON POST

MC

JUNEAU EMPIRE

Phone charges up as plan nears OK

THE ASSOCIATED PRESS

WASHINGTON - Telephone subscribers would pay as much as \$1.50 more each month, but long-distance rates would drop and poor households could get financial help under a plan headed for approval by federal regulators.

The plan would raise the \$2-a-month subscriber line charge in three increments, beginning in June and reaching as much as \$3.50 in

April 1989.

As the charge increases, more of the costs of the local telephone network are shifted from long-distance rates to subscribers, so the cost of long-distance goes down.

Federal Communications Commission officials estimated long-distance rates would decline by at least 15 percent over the next six years, saving consumers an estimated \$17 billion.

A small part of that savings would be used to subsidize the cost of telephone service for poor people under a new program called Linkup America.

By CHUCK KLEESCHULTZ
THE JUNEAU EMPIRE

With little fanfare is proceeding to construct Alaska natural gas line.

And while it's probably 26 months before there's much of an announcement of success selling Alaska's gas in the Far West, a key to obtaining financing for the \$10 billion project, officials of Alyeska Pipeline Service Corp. are becoming optimistic enough to warm up the public section, if not yet the full band.

"When we bought into this project, Walter Hickel pegged our odds for success at 1,000 to 1. At our recent board meeting we all agreed that the odds have improved to 100 to 1 - that's how much progress we've made," said Howard Griffith, president of Yukon-Pacific, sponsor of the all-Alaska gas line project.

Griffith is an official of Alyeska, the parent firm for Trans-Alaska Pipeline System, which bought the sponsorship of the project last year.

In 1977 former President Jimmy Carter selected a plan by Northern Energy to move Prudhoe Bay's trillion cubic feet of gas west to the Midwest through an overland pipeline, heading south to near banks before following the Yukon Highway through Canada. The gas discoveries in Mexico and Alaska and a slower escalation of gas prices combined with the estimated \$40 billion cost of the ANGST project resulted in it nowhere.

STOCKS

THE ASSOCIATED PRESS

NEW YORK - Friday, April 19, 1988

National prices for New York

Stock exchange market

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

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Original sponsor: Boucher

1 IN THE HOUSE

BY THE HOUSE SPECIAL COMMITTEE
ON TELECOMMUNICATIONS

2

CS FOR HOUSE BILL NO. 23 (Telecommunications)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to reduced rates and discounted
7 service for low-income telecommunication customers."

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

9 * Section 1. AS 42.05.301 is amended by adding a new subsection to
10 read:

11 (b) Notwithstanding (a) of this section, a public utility may
12 propose a discounted service or a reduced rate for essential telecom-
13 munication services for the benefit of its low-income customers. The
14 commission may not require a utility to provide a discounted service
15 or reduced rate under this subsection. The commission may not require
16 a telephone utility to incur uncompensated costs or administrative
17 burdens that are not recoverable through an approved tariff if the
18 utility provides a discounted service or reduced rate.

19 * Sec. 2. AS 42.05.391 is amended by adding a new subsection to read:

20 (e) Notwithstanding (a) of this section, a public utility may
21 propose a discounted service or a reduced rate for essential telecom-
22 munication services for the benefit of its low-income customers. The
23 commission may not require a utility to provide a discounted service
24 or reduced rate under this subsection. The commission may not require
25 a telephone utility to incur uncompensated costs or administrative
26 burdens that are not recoverable through an approved tariff if the
27 utility provides a discounted service or reduced rate.

1 IN THE HOUSE

BY BOUCHER

2

HOUSE BILL NO. 23

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to reduced rates and discounted
7 service for low-income telecommunication customers."

7

8

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

9

* Section 1. AS 42.05.301 is amended by adding a new subsection to
10 read:

10

11

(b) Notwithstanding (a) of this section, a public utility may
12 initiate a discounted service or a reduced rate for essential telecom-
13 munication services for the benefit of its low-income customers. The
14 commission may not require a utility to provide a discounted service
15 or reduced rate under this subsection. The commission may not require
16 a telephone utility to incur uncompensated costs or administrative
17 burdens that are not recoverable through an approved tariff if the
18 utility provides a discounted service or reduced rate.

19

* Sec. 2. AS 42.05.391 is amended by adding a new subsection to read:

20

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23 commission may not require a utility to provide a discounted service
24 or reduced rate under this subsection. The commission may not require
25 a telephone utility to incur uncompensated costs or administrative
26 burdens that are not recoverable through an approved tariff if the
27 utility provides a discounted service or reduced rate.

27

CS HB 23

CHANGES MADE BY COMMITTEE SUBSTITUTE

The word, "initiate" in lines 12 and 21 of HB 23 was changed to "propose".

The effect is to prevent a telephone company from initiating a discounted service program without a review of the program by the Alaska Public Utilities Commission. A discounted service to some rate payers could result in an increase in rates to the other rate payers. A review by the APUC of a proposed discounted rate program will prevent unreasonable rate burdens being placed on telephone customers who do not receive the discounted rate.

HB 23: Telecommunications "Lifeline Services."

The Alaska Public Utilities Commission supports this bill with the following amendment: lines 12 and 21 change "initiate" to "propose."

The Commission believes that it should have the authority to review discounted rates and the recovery of those rates. The proposed change would clarify the Commission's authority to review utility proposals.

There is no fiscal impact associated with this bill.



J. Anthony Smith, Commissioner

DATE: March 9, 1987

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

116

REQUEST: _____

Bill Version: CSHB 23(Tele)

Publish Date: HOUSE 3/4/87

Revision Date: _____
Title: "An Act relating to reduced rates & discounted service for low-income tele. customers"

Agency Affected: Dept. of Commerce & Econ. Dev.
BRU: Alaska Public Utilities Commission

Sponsor: _____

Components: _____

Requestor: Becky Bear

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

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

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Although implementation of this proposed legislation could result in some new filings before this Commission, the number of proceedings should be fairly minimal and would not likely result in the need for additional fiscal resources.

Prepared by: T.S. Moninski, II, Executive Director Phone: 276-6222
Division: Alaska Public Utilities Commission Date: 2/26/87

Approved by Commissioner: [Signature] Date: 3/20/87
Agency: Commerce and Economic Development

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

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

REQUEST: _____

Bill Version: HB 23
Publish Date: _____

Revision Date: _____
Title: "An Act relating to reduced rates & discounted service for low-income tele. customers"
Sponsor: _____
Requestor: Becky Bear

Agency Affected: Dept. of Commerce & Econ. Dev.
BRU: Alaska Public Utilities Commission
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Although implementation of this proposed legislation could result in some new filings before this Commission, the number of proceedings should be fairly minimal and would not likely result in the need for additional fiscal resources.

Prepared by: T.S. Moninski, II, Executive Director Phone: 276-6222
Division: Alaska Public Utilities Commission Date: 2/26/87

Approved by Commissioner: [Signature] Date: 2/23/87
Agency: Commerce and Economic Development

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

HOUSE COMMITTEE REPORT

3/4

(5)

Date referred: 1/19/87

FURTHER REFERRALS:

Labor & Commerce

DATE: 2/26/87

The House Special Committee on Telecommunications Committee has considered HB 23

"An Act relating to reduced rates and discounted service for low-income telecommunications customers."

RECOMMENDS:

- replace with CS FOR HOUSE BILL 23 TELE ^{CSNB 23 (2/22)} the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING TO PASS:

SIGNING OTHER RECOMMENDATIONS:

no rec
no rec

[Signature]

 Chairman's signature

HOUSE COMMITTEE REPORT

(7)

Date referred: 3/4/87

FURTHER REFERRALS:

DATE: 3/10/87
HB 23

The Labor & Commerce Committee has considered _____

"An Act relating to reduced rates and discounted service for low-income telecommunications customers."

RECOMMENDS:

- replace with CS HB 23 (TELECOMMUNICATIONS) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

Dave Donley

Elliot

Scott

Ch. Jantzen

E. A. Barber

SIGNING OTHER RECOMMENDATIONS:

Walt Jantzen

Dave Donley
Chairman's signature

§ 42.05.291

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t. Ct. Op. No.
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§ 42.05.300

PUBLIC UTILITIES AND CARRIERS

§ 42.05.311

Collateral references. — Federal control as affecting power of public service commission, 4 ALR 1703, 1718, 1719; 8 ALR 969, 981; 10 ALR 956; 11 ALR 1450; 14 ALR 234; 19 ALR 678; 52 ALR 236.

Right of public utility company to discontinue its entire service. 11 ALR 252.

Sec. 42.05.300. [Repealed, § 5 ch 113 SLA 1970.]

Sec. 42.05.301. Discrimination in service. A public utility may not, as to service, make or grant an unreasonable preference or advantage to any person or subject any person to an unreasonable prejudice or disadvantage. A public utility may not establish or maintain or provide an unreasonable difference as to service, either as between localities or as between classes of service, but nothing in this section prohibits the establishment of reasonable classifications of service or requires unreasonable investment in facilities. (§ 6 ch 113 SLA 1970)

Collateral references. — Discrimination in provision of municipal services or facilities as civil rights violation, 51 ALR3d 950.

Civil rights: racial or religious discrim-

ination in furnishing of public utilities, services or facilities, 53 ALR3d 1027.

Use priorities: validity of imposition, by state regulation, of natural gas use priorities, 84 ALR3d 541.

Sec. 42.05.310. [Repealed, § 5 ch 113 SLA 1970.]

Sec. 42.05.311. Joint use and interconnection of facilities. (a) A public utility having sewers, conduits, utilidors, poles, pole lines, pipes, pipelines, mains or other distribution or transmission facilities shall, for a reasonable compensation, permit another public utility to use them when the public convenience and necessity require this use and the use will not result in substantial injury to the owner, or in substantial detriment to the service to the customers of the owners. The cost of modifications or additions necessary to a joint use shall be at the expense of the public utility requesting the use of the facilities.

(b) A telecommunications utility shall permit connection to be made and service to be furnished between a system operated by it and the system or toll facilities operated by another public utility or with the communications facility or system of a nonutility, or between its toll facilities and the toll facilities of another public utility, when public convenience and necessity require the connection and the connection will not result in substantial injury to the owner or other users of the facilities of either public utility or in substantial detriment to the service of either public utility.

(c) The tariff of a public utility shall include rules setting out the terms and conditions under which it will construct, or permit its customers or subscribers to construct, and install lines, cables, radio

NOTES TO DECISIONS

Separation of intrastate and interstate properties, expenses and revenues is required for properly determining the adequacy of a utility's

intrastate rates. *United States v. RCA Alaska Communications, Inc.*, Sup. Ct. Op. No. 1647 (File No. 3772), 597 P.2d 489 (1979).

Collateral references. — Charitable contributions by public utility as part of operating expense, 59 ALR3d 941.

Fuel adjustment clauses: validity of "fuel adjustment" or similar clauses authorizing electric utility to pass on increased costs of fuel to its customers, 83 ALR3d 933.

Advertising or promotional expenditures of public utility as part of operating expenses for ratemaking purposes, 83 ALR3d 963.

Affiliates: amount paid by public utility to affiliate for goods or services as

includible in utility's rate base and operating expenses in rate proceeding, 16 ALR4th 454.

Injunctions — rates: validity, construction, and application of Johnson Act (29 USCS § 1342), prohibiting interference by Federal District Courts with state orders affecting rates chargeable by public utilities, 28 ALR Fed 422.

Applied in *Alaska Pub. Util. Comm'n v. Greater Anchorage Area Borough*, Sup. Ct. Op. No. 1139 (File No. 2314), 534 P.2d 549 (1975).

Sec. 42.05.390. [Repealed, § 5 ch 113 SLA 1970.]

Sec. 42.05.391. Discrimination in rates. (a) A public utility may not, as to rates, grant an unreasonable preference or advantage to any of its customers or subject a customer to an unreasonable prejudice or disadvantage. A public utility may not establish or maintain an unreasonable difference as to rates, either as between localities or between classes of service. A municipally owned utility may offer uniform or identical rates for a public utility service to customers located in different areas within its certificated service area who receive the same class of service. Any uniform or identical rate shall, upon complaint, be subject to review by the commission and may be set aside if shown to be unreasonable.

(b) A rate charged by a municipality for a public utility service furnished beyond its corporate limits is not considered unjustly discriminatory solely because a different rate is charged for a similar service within its corporate limits.

(c) A public utility may not directly or indirectly refund, rebate or remit in any manner, or by any device, any portion of the rates and charges or charge, demand or receive a greater or lesser compensation for its services than is specified in its effective tariff. A public utility may not extend to any customer any form of contract, agreement, inducement, privilege or facility, or apply any rule, regulation or condition of service except such as are extended or applied to all customers under like circumstances. A public utility may not offer or pay any compensation or consideration or furnish any equipment to secure the installation or adoption of the use of utility service unless it conforms

United States v. RCA
 Communications, Inc., Sup. Ct. Op.
 No. 72, 597 P.2d 489

rate base and
 rate proceeding, 16

validity, con-
 sideration of Johnson Act
 prohibiting interfer-
 ence by state
 courts with state
 proceedings by public
 utilities.

b. Util. Comm'n v.
 Borough, Sup.
 Ct. Op. No. 2314, 534 P.2d

public utility may
 be granted a pre-
 ference to any
 other utility or
 to maintain an
 advantage in
 certain localities or
 to offer service
 to customers
 in a particular
 service area who
 pay a higher rate
 shall, and may be set

utility service
 is unjustly dis-
 criminated for a similar

and, rebate or
 the rates and
 compensation
 of public utility
 by agreement,
 or condition or condi-
 tion of all customers
 or pay any
 to secure the
 if it conforms

to a tariff approved by the commission, and the compensation, consideration or equipment is offered to all persons in the same classification using or applying for the public utility service; in determining the reasonableness of such a tariff filed by a public utility the commission shall consider, among other things, evidence of consideration or compensation paid by a competitor, regulated or nonregulated, of the public utility to secure the installation or adoption of the use of the competitor's service.

(d) Nothing in this section prevents a public utility from charging reduced rates to customers transferred to it from a competing utility provided the reduction is an integral part of a contract, arrangement or plan to eliminate the overlapping of service areas or to minimize duplication of facilities and competition between public utilities. (§ 6 ch 113 SLA 1970; am § 5 ch 136 SLA 1980)

Effect of amendments. — The 1980 amendment substituted "A public utility may not" for "No public utility may" at the beginning of the first and second sentences

in subsection (a), and added the present third and fourth sentences in subsection (a).

NOTES TO DECISION:

Uniform rates are not required. *Jager v. State*, Sup. Ct. Op. No. 1161 (File No. 2057), 537 P.2d 1100 (1975).

Only unreasonable or undue preferences are forbidden. *Jager v. State*, Sup. Ct. Op. No. 1161 (File No. 2057), 537 P.2d 1100 (1975).

When the rate structure is such that one class of customers subsidizes another, discrimination may pass beyond its permitted scope and become undue or unreasonable. *Jager v. State*, Sup. Ct. Op. No. 1161 (File No. 2057), 537 P.2d 1100 (1975).

Use of existing pre-tax profits builds into new rates any existing discrimination in the rate structure. *Jager v. State*, Sup. Ct. Op. No. 1161 (File No. 2057), 537 P.2d 1100 (1975).

Discrimination based on justified differences is permissible. — Since only that discrimination which is unreasonable is unlawful, discrimination based on justified differences in the cost of service or

which is otherwise within the zone of reasonableness is permissible. *Jager v. State*, Sup. Ct. Op. No. 1161 (File No. 2057), 537 P.2d 1100 (1975).

Language of section and of former AS 42.05.460 and 42.05.520 compared. — See *Oil Heat Inst., Inc. v. Alaska Pub. Serv. Corp.*, Sup. Ct. Op. No. 960 (File No. 1850), 515 P.2d 1229 (1973).

Whether subsection (c) violated is question for initial consideration by commission. — Whether as a matter of law a gas company's plan to increase its sales of natural gas violates the provisions of subsection (c) is a question particularly suited for initial consideration by the Public Utilities Commission. *Oil Heat Inst., Inc. v. Alaska Pub. Serv. Corp.*, Sup. Ct. Op. No. 960 (File No. 1850), 515 P.2d 1229 (1973).

Applied in *United States v. RCA Alaska Communications, Inc.*, Sup. Ct. Op. No. 1647 (File No. 3772), 597 P.2d 489 (1979).

Sec. 42.05.400. [Repealed, § 5 ch 13 SLA 1970.]

Sec. 42.05.401. Apportionment of joint rates. (a) If public utilities share in a joint rate the apportionment of receipts shall be just and reasonable. The method of apportionment shall be approved by the commission and the commission may, if it considers it to be in the public interest, establish the portion to which each public utility shall be entitled.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____

Bill Version: CSHB 23(Tele)
Publish Date: HOUSE 3/4/87

Revision Date: _____
Title: "An Act relating to reduced rates & discounted service for low-income tele. customers"
Sponsor: _____
Requestor: Becky Bear

Agency Affected: Dept. of Commerce & Econ. Dev
BRU: Alaska Public Utilities Commission
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Although implementation of this proposed legislation could result in some new filings before this Commission, the number of proceedings should be fairly minimal and would not likely result in the need for additional fiscal resources.

Prepared by: T.S. Moninski, II, Executive Director Phone: 276-6222
Division: Alaska Public Utilities Commission Date: 2/26/87

Approved by Commissioner: [Signature] Date: 2/26/87
Agency: Commerce and Economic Development

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