

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672

6090 HOUSE STATE AFFAIRS

499

**HB**

**17**

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE BOUCHER

NAME: BOBBY WILLIAMS

TITLE:

ADDRESS: PO BOX 104525

CITY: ANCHORAGE

ZIP: 99510

PHONE: 258-5446

BILL NO: HB 17

SUBJECT: APPROP: STUDY FOR VETERANS' HOME

MESSAGE: AND THE CALL FROM DENNIS BURNS; THE COMPLETED FEASIBILITY STUDY IS FOUR INCHES THICK. THE ANSWER TO YOUR QUESTION DENNIS IS OBVIOUS. THE STUDY CONCLUDES THAT DUE TO ALASKA'S UNIQUE PIONEER HOMES THERE IS NO NEED FOR A VETERANS' STATE HOME. THOSE STATE HOMES ARE EXACTLY LIKE PIONEER HOMES EXCEPT THE VETERAN DOES NOT NEED TO LIVE IN THE STATE 15 YEARS PRIOR.

POMID: 03164346

DATE: 03/03/89

TIME: 16:43:46

LIONAME: ANCHORAGE LIO

REP. TERRY MARTIN

ELECTIVE DISTRICT 13  
MOUNTAIN VIEW  
RUSSIAN JACK SPRINGS  
NUMAKA VALLEY  
ELMENDORF A.F.B.  
CREEKSIDE  
EAST ANCHORAGE



HOME  
3960 REKA DRIVE-BG  
ANCHORAGE, AK 99508  
PHONE 333-6990

DURING SESSION  
P. O. BOX V  
STATE CAPITOL BUILDING  
JUNEAU, AK 99811  
PHONE 465-3783

Alaska House of Representatives

M E M O R A N D U M

DATE: February 27, 1989  
TO: Representative Red Boucher, Chairman  
House State Affairs Committee  
FROM: Representative Terry Martin *T.M.*  
SUBJ: HB 17 - APPROP: FEASIBILITY STUDY FOR VETERANS HOME

I recently received the attached personal opinion message from Ms. Loree Wiltse and Mr. Bobby Williams concerning HB 17 - Approp: Feasibility Study for Veterans Home.

During the interim I had the opportunity to speak with Ms. Wiltse concerning the Veterans Home project. Ms. Wiltse is adamantly opposed to funding a study because according to her, a very comprehensive study had already been conducted with private funds.

I asked Ms. Wiltse if she would mind sharing a copy of this report with me. To date, I have not received a copy of the study.

Perhaps, if you, in your capacity as Chairman of the House State Affairs Committee, could ask Ms. Wiltse or Mr. Williams to forward a copy of this study for the consideration of the committee she might be more inclined to do so, assuming such a study exists.

Thank you for your assistance.

/laj  
attachment

cc: Dr. Jack Shields, Director  
Division of Military and Veterans Affairs

Mr. Jerry Herrington

786-8265  
Veterans Admin  
Veterans Service  
COMMISSION

276-3679  
Lori Wertz  
276-3679  
Vet Housing Model  
TUE.



PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE MARTIN

NAME: BOBBY WILLIAMS  
TITLE:  
ADDRESS: PO BOX 104525  
CITY: ANCHORAGE ZIP: 99510  
PHONE: 258-5446

BILL NO: HB 17

SUBJECT: APPROP: STUDY FOR VETERANS' HOME

MESSAGE: HOW OFTEN DO YOU FEEL FEASIBILITY AND NEED STUDIES REGARDING A VETERAN'S HOME NEED BE COMPLETED? ONE WAS RECENTLY COMPLETED BY INTERESTED VETERANS AT THEIR OWN EXPENSE. WHY WOULD THE STATE IN THIS ECONOMY WANT TO REDO THIS PARTICULAR STUDY? WHY NOT LET THE PRIVATE SECTOR PAY FOR THEIR OWN STUDY IF THEY WISH TO DO ANOTHER ONE.

POMID: 03111239

DATE: 02/24/89

TIME: 11:12:39

LIONAME: ANCHORAGE LIO

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ULMER	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE MARTIN

NAME: LORZE WILTSE  
TITLE:  
ADDRESS: P.O. BOX 101688  
CITY: ANCHORAGE ZIP: 99510  
PHONE: 276-1394  
BILL NO: HD 17  
SUBJECT: APPROP: STUDY FOR VETERANS' HOME  
MESSAGE: WHY WASTE STATE MONEY ON A STUDY THAT HAS ALREADY BE COMPLETED AND PAID FOR BY PRIVATE FUNDS. THIS IS AN UNNECESSARY USE OF STATE MONEY. PEOPLE WHO WANT THE STUDY RESULTS PAY FOR THEM THEMSELVES. WHY RE-STUDY SOMETHING THAT HAS ALREADY BEEN DONE.

FORMID: 03081350  
DATE: 02/20/69  
TIME: 08:13:50  
LIONAME: ANCHORAGE LIO

*Here Committee chair call and ask if she would slow the study.*

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| ULMER       | WALLIS    | UEHLING      |
| ZAWACKI     |           | ZHAROFF      |

*JACK shields  
D11 Def 260101  
249-1241*



# Alaska State Legislature

## HOUSE OF REPRESENTATIVES

Official Business

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

February 16, 1989

### MEMORANDUM

To: Rep. H.A. "Red" Boucher  
Chair, House State Affairs  
Committee

From: Rep. Max F. Gruenberg, Jr. *Max*

Re: HB 17, Veterans' Home Study Appropriation

Attached please find a packet of materials from a constituent, Jim Thaman. I request these materials be inserted in each member's bill packet. I would also request that Mr. Thaman be invited to testify by teleconference when the hearing on HB 17 is held. His address and telephone number are: 2206 Rcmig Pl., Anchorage 99503; 279-9822.

Attachment

cc: Jim Thaman

RECEIVED  
FEB 21 1989



February 10, 1989

Representative Max Gruenberg  
Alaska House of Representatives  
Juneau AK 99801

Re: HB 17, Veteran's Home

Per our telephone conversation of February 9, 1989, I am pleased to provide you with the following packet of information on the above. Please provide copies to your fellow committee members Representative Maffra and Hudson.

Included in the packet is Resolution B-7-13, The American Legion, Department of Alaska, Jack Henry Post #1 has been instrumental in this resolution from formulation to it's passing at the 68th Annual Convention held in Sitka, June 17 to 20, 1987, and heartily endorse action on this issue.

As a concerned veteran and constituent, I would be honored to be of any assistance whatsoever to you in this matter. I can be reached at my home address of 2208 Romig, Anchorage, Alaska, 99503, or phone 279-9822 - feel free to call on me.

Sincerely,

*Jim Thaman*  
Jim Thaman  
Commander, 1988-1989

JT:bmt

\*\*\*\*\*  
 FAX TRANSMITTAL MEMO  
 TO: REP. MAX GRUENBERG  
 DEPT: \_\_\_\_\_ FAX #: \_\_\_\_\_  
 FROM: J. THAMAN PHONE: 279-9822  
 CO: Am. Legion FAX #: \_\_\_\_\_  
 Post-It brand fax transmittal memo 767

NO. OF PAGES
16

Introduced: 1/9/89  
 Referred: State Affairs and  
 Finance

6-0068A

<u>Funding Information</u>	
General Fund	\$ 50,000
Other Funds	- 0 -
	<u>\$ 50,000</u>

BY MARTIN, GRJENBERG  
 AND HUDSON

1 IN THE HOUSE

2

HOUSE BILL NO. 17

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act making a special appropriation to the Department of Military and Veterans' Affairs for a study related to establishing a veterans' home; and providing for an effective date."

7

8

9

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

11

\* Section 1. The sum of \$50,000 is appropriated from the general fund to the Department of Military and Veterans' Affairs to study the feasibility of establishing a veterans' home in the state.

12

13

14

\* Sec. 2. The unexpended and unobligated portion of the appropriation made by this Act lapses into the general fund June 30, 1990.

15

16

\* Sec. 3. This Act takes effect July 1, 1989.

THE AMERICAN LEGION - DEPARTMENT OF ALASKA

68TH ANNUAL CONVENTION - SITKA, ALASKA

June 17 - 20, 1987

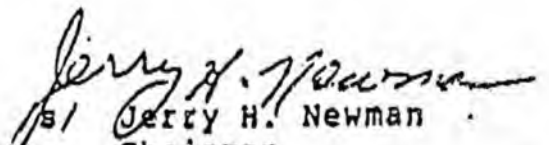
RESOLUTION 87-13

WHEREAS, The American Legion has determined that there is a critical need for a Veteran's home in Alaska to house homeless Veterans and their families, and

WHEREAS, No such facility now exists, and,

WHEREAS, The geographical location of such a facility should be centrally located to the majority of said Veterans and for ease of accessibility to quality medical and other related facilities, as well as general population support services and in recognition of the fact that there are more veterans in the State of Alaska, per capita, than any other state in the union, now,

THEREFORE BE IT RESOLVED, by the American Legion, Department of Alaska, assembled in Convention At Sitka, Alaska June 17, 18, 19 20 June 1987 that The American Legion, with the support of all veterans organizations and their affiliates (Auxiliaries, etc.); and with the support of State residents, veterans and non-veterans alike; will take action to motivate City, State and Federal Agencies to bring about such a Veteran's home.

  
/s/ Jerry H. Newman  
Chairman  
Resolutions Committee

/s/ Leo J. McLean  
Department Commander



CENTRAL COUNCIL  
Tlingit and Haida Indian Tribes of Alaska  
ANDREW P. HOPE BUILDING  
320 West Willoughby Avenue • Suite 300  
Juneau, Alaska 99801

May 2, 1988

RECEIVED

MAY 11 1988

GOVERNOR'S OFFICE

The President  
The White House  
Washington D.C. 20500

Dear President Reagan:

Central Council is very pleased to forward our General Assembly Resolution 88/89-06, Seek Veterans' Housing Assistance. The General Assembly of Central Council represents 16,000 Tlingit and Haida Tribal Members located in Southeast Alaska, in the Anchorage Alaska area and in the Seattle and San Francisco areas.

The Tlingit and Haida Indians of Alaska have been very proud of their Armed Services records during the second World War, Korean War, and the Vietnam confrontation. The villages had a reputation for loyalty to the United States in time of need.

We would appreciate the consideration due this request, and welcome any support your office is able to render. Thank you very much.

Sincerely,

Edward K. Thomas  
President

EKT/vh  
Enclosure

218

cc: Ted Stevens  
Frank Murkowski  
Donald Young  
Governor Steve Cowper ✓  
Grand Camp ANB and ANS  
Sealaska Corporation  
State Legislators



CENTRAL COUNCIL

TLINGIT AND HAIDA INDIAN TRIBES OF ALASKA

ANDREW P. HOPE BUILDING

320 West Willoughby Avenue • Suite 300  
Juneau, Alaska 99801

FIFTY-THIRD GENERAL ASSEMBLY  
Central Council of Tlingit and Haida Indian Tribes of Alaska  
April 21-23, 1988  
Juneau, Alaska

Resolution 88/89-06

Title: Seek Veterans' Housing Assistance

Submitted by: Anchorage T&H Community Council

WHEREAS, the U.S. Government and the State of Alaska have 68,000 Alaskan Veterans who have served their country with honor and dignity while risking their lives and have changed the course of history; and

WHEREAS, some of these Veterans are disabled and are getting on into the golden years of their lives (14,000 World War II Veterans) and a few are unable to care for themselves or are experiencing housing difficulties; and

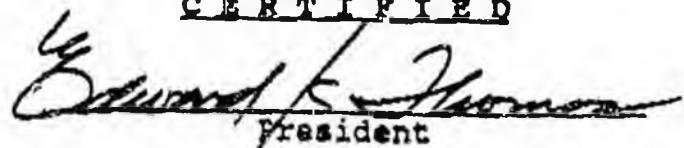
WHEREAS, the U.S. Government has assisted 43 institutions in 35 States to build Veterans' homes;

NOW, THEREFORE, BE IT RESOLVED the Central Council of Tlingit and Haida Indian Tribes of Alaska assembled in Juneau, Alaska, on this 23rd of April, use whatever means necessary to obtain a Veteran Home(s) for the Alaskan Veterans so those who qualify can spend their last days in peace and dignity; and

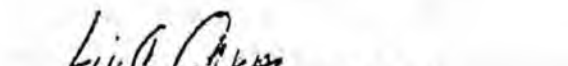
AND, BE IT FURTHER RESOLVED copies of this resolution be distributed to President Reagan of the United States, Alaska Congressman Young, Senators Murkowski and Stevens, Governor Cowper, ANB/ANS, Sealaska Corporation, and State Legislators.

ADOPTED this 23rd day of April, 1988, by the Fifty-Third General Assembly of the Central Council of Tlingit and Haida Indian Tribes of Alaska, in regular session at Juneau, Alaska.

CERTIFIED

  
President

ATTEST

  
Tribal Secretary

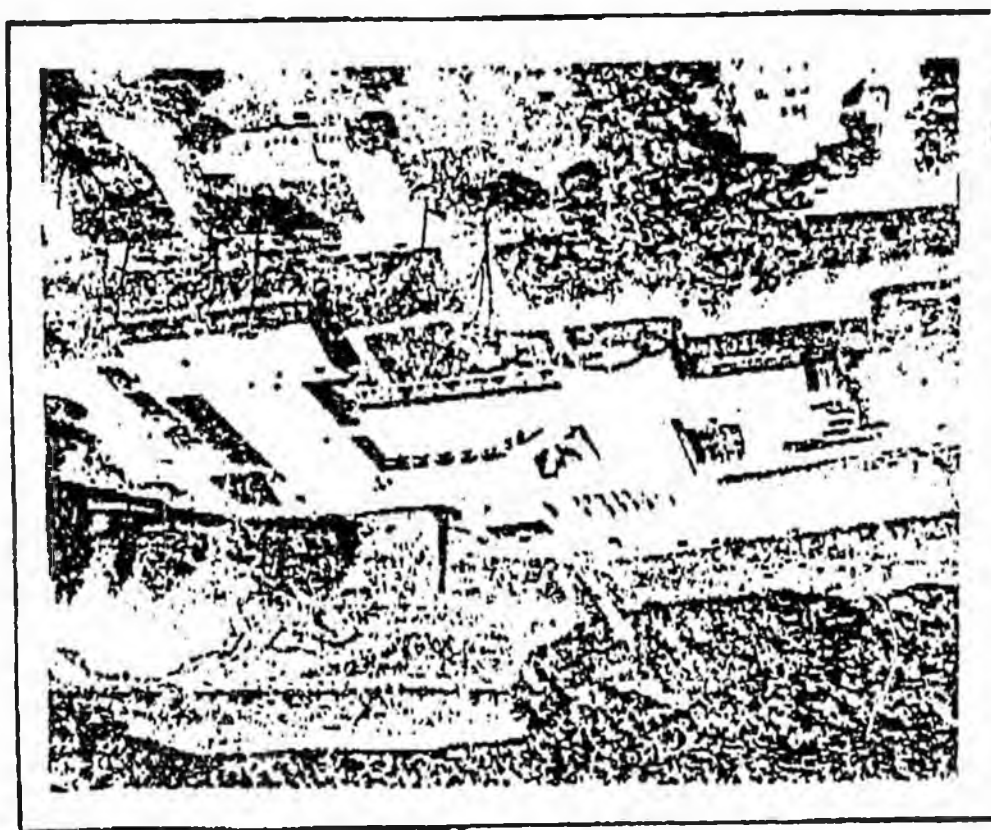
## Agreement Signed with State Homes

In 1986, the Veterans Administration and the National Association of State Veterans Homes (NASVH) signed a "memorandum of understanding" in an effort to formalize their long-standing efforts to provide quality care to veterans.

In this first formal agreement between the VA and NASVH, signed on February 24 in Washington, DC, both organizations agreed to work together to identify areas for enhancing the quality of care for veterans through an exchange of information. Areas of focus include the establishment, expansion, and renovation of state veterans homes and examining the results of research done by the VA, state homes, NASVH, and other agencies or individuals on long-term care and the elderly.

The Federal Government has shared in the cost of veterans' care in state veterans homes since 1888. Since then, the VA-state partnership has resulted in the construction and remodeling of numerous state facilities, as well as VA participation in per diem payments to states to offset the cost of care of veterans with grants approved and administered by the VA. A state that participates in either or both of the programs initiates and controls the overall establishment, management, and operation of a state home within established regulations.

NASVH, organized in 1952, promotes legislation, and shares knowledge concerning problems and experiences common to all state homes. Membership includes representatives from 52 state-operated veterans facilities located in 35 states.



A TYPICAL STATE VETERANS' HOME  
(New Hampshire)

## FACT SHEET

### Veterans' Home

1. Our Veteran population is aging with WWII Veterans in their mid-60's and older. Unfortunately, with increasing age comes an increase in infirmity and in some cases, increased indigence. Coincidentally, with the increase in age comes an increase in medical care and nursing home care as well as long term residential care.
  - ° Alaska currently has an approximate WWII and WWI population of 14,000.
  - ° Private nursing home costs in Alaska generally range from \$5,000 to \$8,000 per month.
  - ° The general rule is that VA will cover the costs of nursing care for six months and then the costs must be paid by the Veteran.
  - ° Pioneer Homes have long waiting lists for nursing home care.
    - must be continuous resident of Alaska for 15 years.
    - must be 65 years of age or older and agree to pay \$525.00 a month for a nursing care bed.
2. A Veterans' home providing nursing care and possibly domiciliary care could be a means for providing dignified and more economical care for our aging Veterans.
  - ° Discuss the need for Veteran care with other State agencies and arrive at a consolidated position on the course of action for a proposal to determine the need.
  - ° Propose to the legislature that a study be funded to determine the availability and accessibility of skilled nursing and intermediate care beds for Alaska Veterans. The study should incorporate the resources and concerns of the U. S. Veterans Administration, Alaska Veterans Advisory Board, the Alaska Department of Military and Veterans Affairs, and the numerous Veterans organizations.
3. Attached are two fact sheets which provide data concerning one possible alternative for a Veterans' Home. Other alternatives would include private ventures and other State Departments' capabilities.
4. Also attached is a copy of an American Legion Resolution approved at their 68th Annual Convention in June of 1987. This resolution proposes to take action to motivate city, state and federal agencies to bring about a Veterans' Home in Alaska.

## STATE VETERANS HOME

1. World War II Veterans (14,280).
  - Mid-60's and older.
  - Increasing infirmity and indigence.
  - Some are homeless and undernourished.
  
2. Veterans Administration has no facilities for care except by contract.
  - Domiciliary care is out of State.
  - Nursing Home care in marginal locations in State.
  - 58 Veterans in Pioneer Home.
  
3. State has Pioneer Home.
  - Nursing care - 2 to 3 year wait.
  - Residential care - about 6 months.
  - Must reside in State 15 years before applying.
  
4. State Homes provide needed services.
  - 33 States have 46 State Homes = 17,698 beds.
  - 7,341 beds for domiciliary care.
  - 9,668 beds for Nursing Home care.
  
5. Our Veterans deserve to live out their years in dignity.

## STATE VETERANS HOMES

- Nursing Home Care and Domiciliary Care
  - State provides establishment, control and administration of State Home.
    - Enactment of legislation.
    - Appropriate the land.
    - Appropriate funds for State's share of construction and operational costs (35%).
  - VA helps establish Home.
    - Up to 65% of construction costs.
    - VA cannot participate in cost of land.
    - Pays per-diem for each patient, up to one-half cost of care not to exceed:
      - Domiciliary care - \$7.30 per day.
      - Nursing Home Care - \$17.05 per day.
  - State establishes maintenance charges and collects from pension, compensation or other income.

### Pioneer Home

Although there are 58 reported Veterans currently admitted to a Pioneer Home, their acceptance was based upon other factors such as residency, age, condition, etc., rather than their status as a VETERAN. Pioneer Homes have been trying to meet the needs of the elderly in need of domiciliary and nursing home care since the first Pioneer Home was established in Sitka in 1913. Alaska currently has five state-operated Pioneers' Homes.

- Long waiting lists for nursing home care
- Residential care occupants take priority for nursing beds
- Destitute persons also take priority for nursing care
- Alaska private nursing homes cost \$5,000 to \$8,000 per month for a bed
- Pioneer Homes' beds cost \$425 per month for residential care and \$525 per month for nursing care
- Requirements for admission
  - be a current state resident
  - have been a continuous resident for 15 years
  - be 65 years of age or older and agree to pay the \$425 or \$525 cost for bed OR be destitute and in need of health care
- Current costs to state EACH YEAR are over \$40,000 PER PATIENT
- Nursing and residential costs out of state are approximately 3-4 times LESS COSTLY

Currently, consideration is being give to reduce operating costs by increased contracting with private firms and increasing rents for beds.

For the Veteran in need of care, the prospects for admittance to a Pioneer Home is extremely prohibitive by virtue of the requirements for admittance and the long nursing care waiting time.

State Veterans' HomeDefinition:

1. The term State Home means a home approved by VA which has been established by a State for Veterans disabled by age, disease or otherwise who, by reason of this disability, are incapable of earning a living.
  - ° Nursing Home Care means accommodations for convalescents or other persons who are not acutely ill and not in need of hospital care, but who require nursing care and related medical services.
  - ° Domiciliary Care means providing shelter, food and necessary medical care on an ambulatory, self-care basis to assist Veterans disabled by age or disease but not needing nursing care or hospitalization, to attain physical, mental and social well-being through special rehabilitative programs.

General:

1. The State Home Program may assist a state through two grant-in-aid programs. First, the VA may make per diem payments for care provided to eligible Veterans in recognized state Veterans homes. The payments are for up to one-half the cost of care not to exceed \$7.30 per diem for domiciliary care; \$17.05 per diem for nursing home care; and \$15.25 per diem for hospital care. (Title 38 U.S.C. Sections 641-643)
2. Second, the VA can participate in up to 65 percent of the cost of constructing or acquiring new domiciliary or nursing home care facilities and up to 65 percent of the cost of remodeling existing buildings for the provision of domiciliary, nursing home or hospital care in state homes. (Title 38 U.S.C Sections 5031-5037)

Process:

1. The Process (01-1, Part 1, Chapter 32):

Subject to the availability of an appropriation, a grant award may be made to a state which has submitted, and has had approved by the Administrator, an application for assistance to construct state home facilities as prescribed in VA Regulations 6170-6177. All actions in the process are coordinated by the State Home Program in Office of Geriatrics and Extended Care.

A State desiring to receive assistance, after clearinghouse approvals, submits to the Administrator (VA) an application in compliance with OMB Circular A-102.

2. The Office of Construction and DM&S Engineering Service performs technical reviews of drawings and specifications. When the final drawings and specifications for bid purposes have been approved and bid tabulations reviewed and approved, the Administrator signs the Memorandum of Agreement initiated by the state. This is the grand award and permits the state to claim for reimbursement. Claims are routed through DM&S budget to the Controller where they are processed and sent to Treasury for payment to the state.
3. The authorizing Committee intend that a state is considered to meet the requirement for the first priority for construction (having appropriated funds) if sufficient funds have been made available by the state so that construction or acquisition of the facility may proceed upon the approval of the [VA] grant without further action by the state in providing funding for the project.

Based on both the statutory language of 38 U.S.C. Section 5035(b)(6) and its legislative history, for a state project to be placed in the first priority group, the state must be so committed to the project that it is willing to put up its share of the project's cost long before VA awards a grant. To meet this commitment, we believe the state must meet the following requirements:

- The state must actually have funds for the project,
- The funds must be sufficient for the project to proceed upon award of the grant, and
- No further state action must be required to make available for the project those funds determined to be sufficient.

1. Can State Home furnish more than one level of care?

Yes. A State Home may furnish domiciliary and nursing home care. A home which furnishes more than one level of care must provide such care in clearly designated areas within the home so that the levels of care are not intermingled.

2. Who establishes a State Home?

The establishment, control, and administration of a State Home is the responsibility of the State which it serves.

3. How is a State Home established?

Generally, Veteran service organizations and interested state officials encourage the state legislature to enact legislation for establishment of a State Veterans Home and to appropriate funds for its operation.

4. What assistance from VA is available in the establishment of a State Home?

a. The VA will provide guidance and consult with representatives of the state to insure that the facility will meet regulations for VA recognition and Federal aid payments under provision of Title 38 U.S.C. 641 (as amended).

b. The VA cannot participate in the cost of the land.

5. What Federal funds are available to a state for the operation of a State Home?

Under provisions of Title 38 U.S.C. 641, the VA participates by making per diem payments to the states for the three levels of care furnished Veterans as follows:

a. Domiciliary Care - up to one-half of the cost of care not to exceed \$7.30 per day.

b. Nursing Home Care - up to one-half of the cost of care not to exceed \$17.05 per day.

6. Can the state assess or charge Veterans for the cost of their care?

Yes. The state operated facility may establish a maintenance charge system and collect from the pension, compensation, or other income of Veterans.

7. Is there a limit on the amount collected from Veterans?

No. However, income collected from Veterans is subtracted from the total allowable costs during fiscal verifications. VA aid payments may not exceed this difference nor may VA aid payments exceed one-half the aggregate cost of maintaining Veterans in a home.

8. Can the VA participate with states in the construction of State Home facilities?

a. Yes. Under Title 38 U.S.C. 5031-5037 (as amended) the VA is authorized to participate in up to 65% of the cost of acquisition and construction of new domiciliary or nursing home buildings, and/or the expansion, remodeling, or alteration of existing domiciliary, nursing or hospital care buildings, provided VA standards and regulations are met. Acquisition and renovation costs may not exceed the cost of construction of an equivalent new facility.

b. Such cost may include architect fees, supervision, inspection, cost of final audit, and initial equipment not to exceed 10 percent of the cost of construction.

c. The VA may not participate in projects for maintenance and repair except as they are involved inextricably in remodeling patient care areas.

9. Can the VA reimburse a state for the Federal share of completed construction projects? What are the conditions?

Yes, providing the VA receives a preapplication/application and approves all bid documents (drawings and specifications) before construction begins or early in the construction phase.

10. Is there a limit on the number of beds that can be constructed with VA participation?

Yes. However, the limitation is only on nursing home care beds which cannot exceed 4 beds per 1,000 Veteran population in the state. The state must provide justification, acceptable to the Administrator, for nursing home beds in excess of 2 1/2 per 1,000 Veteran population of a state.

11. Who is responsible for a construction project?

The state is primarily responsible.

The state employs an architect and submits plans for review and commitment of federal funding prior to awarding the contract. During construction, which is supervised by the state, reimbursement claims may be submitted to the VA for payment.

12. May other than Veterans occupy facilities constructed under Title 38 U.S.C. 5031-5037?

Yes. Twenty-five percent (25%) of the bed occupants at any one time may be Veteran related family members, i.e., spouses, surviving spouses, and or gold star parents who are not entitled to payment of VA aid.

13. What does the July 1 deadline mean? .

If an applicant has not provided to the VA evidence of adequate state financial support by July 1 of the Federal fiscal year in which VA notifies the applicant that Federal funds are available, the project will be deferred to the next fiscal year and accorded priority at that time, subject to the availability of funds.

**HB**

**23**



HANLEY:

The combined  $\frac{1}{2}$  time credit  
accrued under 14 + 39  
shall NOT exceed ONE  
YR OF RETIREMENT CREDIT  
IN A FY.

# HOUSE COMMITTEE ON STATE AFFAIRS

## RECAP OF HB 23

### PERS & TRS Credit for Part-Time Service

Received January 9, 1989  
by Reps. Ulmer and Koponen

Heard January 26, 1989  
Heard January 31, 1989

Committee Substitute adopted January 31, 1989

Passed Out of Committee January 31, 1989

4 Do Pass

2 No Recommendation

## TABLE OF CONTENTS

### HB 23: PERS & TRS Credit for Part-Time Service

- Item 1:** HB 23 by Ulmer and Koponen  
CS HB 23
- Item 2:** Fiscal Note and Analysis
- Item 3:** Memorandum from Rep. Fran Ulmer  
January 26, 1989
- Item 4:** Letter from NEA-Alaska  
January 23, 1989
- Item 5:** CS HB 23 (Draft 6-1050E) by the State Affairs  
Committee



Original sponsors: Ulmer and Koponen

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 23 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to credit for part-time service in  
7 the public employees' retirement system and the  
8 teachers' retirement system; and providing for an  
9 effective date."

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

11 \* Section 1. AS 14.25.040 is amended by adding a new subsection to  
12 read:

13 (d) A person who is employed at least half-time in the system  
14 during the same period that the person is employed at least half-time  
15 in a position in the public employees' retirement system under  
16 AS 39.35 shall receive credited service under each system for half-  
17 time employment. However, the amount of credited service a person  
18 receives under the public employees' retirement system during a school  
19 year may not exceed the amount necessary, when added to the amount of  
20 credited service earned during the school year under the system, to  
21 equal one year of credited service.

22 \* Sec. 2. AS 39.35 is amended by adding a new section to read:

23 Sec. 39.35.131. MEMBERSHIP IN TEACHERS' AND PUBLIC EMPLOYEES'  
24 RETIREMENT SYSTEMS. A person who is employed at least half-time in  
25 the system during the same period that the person is employed at least  
26 half-time in a position in the teachers' retirement system under  
27 AS 14.25 shall receive credited service under each system for half-  
28 time employment. However, the amount of credited service a person  
29 receives under the system during a school year may not exceed the

1 amount necessary, when added to the amount of credited service earned  
2 during the school year under the teachers' retirement system, to equal  
3 one year of credited service.

4 \* Sec. 3. AS 39.35.680(21) is amended to read:

5 (21) "member" or "employee"

6 (A) means a person eligible to participate in the  
7 system and who is covered by the system;

8 (B) includes

9 (i) active member;

10 (ii) inactive member;

11 (iii) vested member;

12 (iv) deferred vested member;

13 (v) non-vested member;

14 (vi) disabled member;

15 (vii) retired member;

16 (C) does not include

17 (i) former members;

18 (ii) persons compensated on a contractual or fee  
19 basis;

20 (iii) casual or emergency workers or nonpermanent  
21 employees as defined in AS 39.25.200;

22 (iv) persons covered by the Alaska Teachers'  
23 Retirement System except as provided under AS 39.35.131;

24 (v) employees of the division of marine transpor-  
25 tation engaged in operating the state ferry system who are  
26 covered by a union or group retirement system to which the  
27 state makes contributions;

28 (vi) justices of the supreme court or judges of  
29 the court of appeals or of the superior or district courts

1 of Alaska;

2 (vii) the administrative director of courts ap-  
3 pointed under art. IV, sec. 16 of the state constitution  
4 unless the director becomes a member under AS 39.35.158; and

5 (viii) members of the elected public officers'  
6 retirement system (former AS 39.37);

7 (D) may include employees of the division of marine  
8 transportation excluded under (C)(v) of this paragraph provided  
9 that

10 (i) the State of Alaska formally agrees to their  
11 inclusion through the process of collective bargaining; and

12 (ii) no collective bargaining agreement has the  
13 effect of obligating contributions made by the state under  
14 AS 39.30.150 in the event the state resumes participation in  
15 the federal social security system;

16 \* Sec. 4. A person who was employed after January 15, 1988, at least  
17 half-time in a position in the public employees' retirement system under  
18 AS 39.35 in the same period that the person was employed at least half-time  
19 in a position in the teachers' retirement system under AS 14.25 may elect  
20 to receive credited service in both systems under AS 14.25.040(d) and  
21 AS 39.35.131, as enacted by secs. 1 and 2 of this Act, for employment from  
22 January 16, 1988, to the effective date of this Act. To obtain credited  
23 service under this section, the person shall elect to do so and verify the  
24 period of half-time service before July 1, 1990. When eligibility for  
25 half-time service credit has been established, an indebtedness shall be  
26 determined to the retirement system in which the person did not partici-  
27 pate. The amount of the indebtedness is the full actuarial cost of provid-  
28 ing benefits for the credited service claimed. Interest as prescribed by  
29 regulation accrues on that indebtedness beginning July 1, 1990. Any

1 outstanding indebtedness existing at the time the person retires will  
2 require an actuarial adjustment to the benefits payable based on that  
3 service.

4 \* Sec. 5. This Act takes effect immediately under AS 01.10.070(c).  
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Item 2

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Administration  
 Title: Part-Time Service in Both the BRU: Retirement and Benefits  
Public Employees' Retirement System  
and Teachers' Retirement System  
 Sponsor: Ulmer Components: Retirement and Benefits  
 Requestor: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
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) This will not result in additional operations cost for the Division of Retirement and Benefits.

THIS BILL IS ESTIMATED TO COST ALL STATE AGENCIES \$63.1 IN INCREASED FY 90 PERSONAL SERVICES COSTS.

THIS BILL IS ESTIMATED TO COST SCHOOL DISTRICTS AND OTHER PARTICIPATING POLITICAL SUBDIVISIONS \$103.3 IN INCREASED PERSONAL SERVICES COSTS IN FY 90.

See pages 2 and 3 for a detailed analysis.

Prepared By: Sally Smith, Director *R. I. Statuaker*  
 Division: Retirement and Benefits

Phone: 465-4470

Date: 1/25/89

Approved by Commissioner: John M. Andrews *[Signature]*  
 Agency: Department of Administration

Date: 1/25/89

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

House Bill 23  
 Analysis of Fiscal Implications to the Retirement Funds  
 Prepared by Division of Retirement & Benefits  
 Department of Administration  
 January 19, 1989

Analysis: This bill will allow members to receive service credit in both the Teachers' (TRS) and Public Employees' Retirement System (PERS) concurrently, if they work at least 1/2 day in each.

The estimated increase to the FY90 TRS rate is .02% and the estimated increase in the FY90 PERS rate is .01%. The estimated FY90 state TRS payroll is \$55,085,786 - University of Alaska (U of A), \$50,060,086; and Department of Education (DOE), \$5,025,700. The estimated FY90 state PERS payroll is \$521,208,708. The State payroll is anticipated to remain stable for each year thereafter.

The estimated cost to the state in FY90 of \$63,138 is calculated as follows:

Fy90 DOE estimated salaries		\$ 5,025,700
Increase in the FY90 TRS rate	X	<u>.02%</u>
Total DOE TRS cost...		\$ 1,005
FY90 U of A estimated salaries		\$ 50,060,086
Increase in FY90 TRS rate	X	<u>.02%</u>
Total U of A TRS cost		\$ 10,012
FY90 estimated PERS salaries		\$ 521,208,708
Increase in FY90 PERS rate	X	<u>.01%</u>
Total state PERS cost		\$ 52,121

In addition to the state cost, there would also be an increase in the political subdivisions' contribution rate of .02% in the TRS and .01% in the PERS. The estimated FY90 school district TRS payroll is \$339,201,043 and the total estimated political subdivision FY90 PERS payroll is \$354,521,366. The political subdivision/school district payroll is estimated to remain stable for each year thereafter.

The estimated FY90 cost for political subdivisions of \$103,292 is calculated as follows:

Fy90 School District estimated salaries	\$ 339,201,043
Increase in FY90 TRS rate	X <u>          .02%</u>
Total TRS cost	\$ 67,840
FY90 Political Subdivision estimated salaries	\$ 354,521,366
Increase in FY90 PERS rate	X <u>          .01%</u>
Total PERS cost	\$ 35,452

There would not be an adverse impact on the actuarial soundness of either the PERS or the TRS funds. The increase in the unfunded liability and the decrease in the funding ratio in each would be negligible.

# Alaska State Legislature

Representative Fran Ulmer



P. O. Box V  
Juneau, Alaska 99811  
(907) 465-4947

## HOUSE OF REPRESENTATIVES

### MEMORANDUM

TO: Representative Boucher, Chairman  
House State Affairs Committee

FROM: Rep. Fran *Fran Ulmer*

DATE: January 26, 1989

RE: HB 23-credit for part-time service in TRS and PERS

---

HB 23 would allow persons who are employed part-time for the State of Alaska and part-time as teachers concurrently, to receive credited service in the public employees retirement system (PERS) and the teachers retirement system (TRS) at the same time.

Alaska statutes currently prohibit employees accruing retirement credit in both systems at the same time. A person who is working part-time as a state employee and part-time as a teacher is required to pay into both retirement systems, but has to choose which system they wish to put the part-time credited service towards.

This legislation would allow them to accrue credited service in both systems at the same time after January 15, 1988.

Item 4



# NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

**ANCHORAGE REGIONAL OFFICE**

1411 W. 33RD AVENUE  
ANCHORAGE, ALASKA 99503  
(907) 274-0536

**JUNEAU OFFICE**

105 MUNICIPAL WAY, SUITE 302  
JUNEAU, ALASKA 99801  
(907) 586-3090

**FAIRBANKS REGIONAL OFFICE**

2118 CUSHMAN STREET  
FAIRBANKS, ALASKA 99701  
(907) 456-4435

January 23, 1989

To: Rep. Red Boucher, Chair  
Members, House State Affairs Committee

Re: House Bill No. 23; "An Act relating to credit  
in the public employees' retirement system  
and the teachers' retirement system; and  
providing for an effective date."

NEA-Alaska supports and encourages passage of HB 23.

This legislation addresses an equity question and we encourage your favorable consideration of it.

Thank you for your consideration of our position

Respectfully submitted,

Bob Manners  
Executive Secretary

cc: Rep. Fran Ulmer

Item 5  
6-0150E  
Cramer  
1/30/89

Original sponsors: Ulmer and Koponen

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 23 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to credit for part-time service in  
7 the public employees' retirement system and the  
8 teachers' retirement system; and providing for an  
9 effective date."

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

11 \* Section 1. AS 14.25.040 is amended by adding a new subsection to  
12 read:

13 (d) A person who is employed at least half-time in the system  
14 during the same period that the person is employed at least half-time  
15 in a position in the public employees' retirement system under  
16 AS 39.35 shall receive credited service under each system for half-  
17 time employment. However, a person may not receive more than a total  
18 of one year of credit during a [12-month period] SCHOOL YEAR.

19 \* Sec. 2. AS 39.35 is amended by adding a new section to read:

20 Sec. 39.35.131. MEMBERSHIP IN TEACHERS' AND PUBLIC EMPLOYEES'  
21 RETIREMENT SYSTEMS. A person who is employed at least half-time in  
22 the system during the same period that the person is employed at least  
23 half-time in a position in the teachers' retirement system under  
24 AS 14.25 shall receive credited service under each system for half-  
25 time employment. However, a person may not receive more than a total  
26 of one year of credit during a [12-month period] SCHOOL YEAR.

27 \* Sec. 3. AS 39.35.680(21) is amended to read:

28 (21) "member" or "employee"

29 (A) means a person eligible to participate in the

1 system and who is covered by the system;

2 (B) includes

3 (i) active member;

4 (ii) inactive member;

5 (iii) vested member;

6 (iv) deferred vested member;

7 (v) non-vested member;

8 (vi) disabled member;

9 (vii) retired member;

10 (C) does not include

11 (i) former members;

12 (ii) persons compensated on a contractual or fee  
13 basis;

14 (iii) casual or emergency workers or nonpermanent  
15 employees as defined in AS 39.25.200;

16 (iv) persons covered by the Alaska Teachers'  
17 Retirement System except as provided under AS 39.35.131;

18 (v) employees of the division of marine transpor-  
19 tation engaged in operating the state ferry system who are  
20 covered by a union or group retirement system to which the  
21 state makes contributions;

22 (vi) justices of the supreme court or judges of  
23 the court of appeals or of the superior or district courts  
24 of Alaska;

25 (vii) the administrative director of courts ap-  
26 pointed under art. IV, sec. 16 of the state constitution  
27 unless the director becomes a member under AS 39.35.158; and

28 (viii) members of the elected public officers'  
29 retirement system (former AS 39.37);

1 (D) may include employees of the division of marine  
2 transportation excluded under (C)(v) of this paragraph provided  
3 that

4 (i) the State of Alaska formally agrees to their  
5 inclusion through the process of collective bargaining; and

6 (ii) no collective bargaining agreement has the  
7 effect of obligating contributions made by the state under  
8 AS 39.30.150 in the event the state resumes participation in  
9 the federal social security system;

10 \* Sec. 4. A person who was employed after January 15, 1988, at least  
11 half-time in a position in the public employees' retirement system under  
12 AS 39.35 in the same period that the person was employed at least half-time  
13 in a position in the teachers' retirement system under AS 14.25 may elect  
14 to receive credited service in both systems under AS 14.25.040(d) and  
15 AS 39.35.131, as enacted by secs. 1 and 2 of this Act, for employment from  
16 January 16, 1988, to the effective date of this Act. To obtain credited  
17 service under this section, the person shall elect to do so and verify the  
18 period of half-time service before July 1, 1990. When eligibility for  
19 half-time service credit has been established, an indebtedness shall be  
20 determined to the retirement system in which the person did not partici-  
21 pate. The amount of the indebtedness is the full actuarial cost of provid-  
22 ing benefits for the credited service claimed. Interest as prescribed by  
23 regulation accrues on that indebtedness beginning July 1, 1990. Any out-  
24 standing indebtedness existing at the time the person retires will require  
25 an actuarial adjustment to the benefits payable based on that service.

26 \* Sec. 5. This Act takes effect immediately under AS 01.10.070(c).  
27  
28  
29

## HB 23-House State Affairs

HB 23 would allow persons who are employed part-time for the State of Alaska and part-time as teachers at the same time, to receive credited service in both the public employees' retirement system (PERS) and the teachers' retirement system (TRS).

Alaska statutes currently prohibit accruing of retirement credit in both systems at the same time. It was the feeling of the Division of Retirement and Benefits that this statute was put in law before either the public employees retirement system or the teachers retirement system recognized part-time service. Currently there are many part-time state positions and part-time teachers, although Retirement and Benefits is unable to establish exactly how many persons are working both part-time jobs at the same time. It's time that these statutes are up-dated to reflect our current working situations.

A person who is working part-time as a state employee and part-time as a teacher concurrently, is required to pay into both retirement systems, even though only one job can be credited towards a retirement system at a time. An employee must weigh the benefits of each system and choose one. All the credited service time in the other position would be lost to the employee, even though he had paid for it, unless he accrued two years or more. When he becomes vested in the second system and accrues a minimum of two years of service in the other retirement system in which they were **not** vested, they can combine the total credited service towards retirement. (i.e. 5 years

in PERS + 1.5 years in TRS= 5 years towards retirement. 5 years in PERS + 2 years in TRS= 7 years towards retirement.)

As you can see by the memo in your bill file, this legislation is supported by NEA and the Dept. of Administration. One of the teachers that is affected by this statute is here to testify. If you have any questions, I would be pleased to answer them.

FYI ONLY: Senator Duncan has a bill, SB 14, which would allow teachers to combine their part-time teaching service with their full-time teaching service towards retirement. Currently, you can't combine the full-time and part-time credited service teaching as it applies to retirement.

- Receive credit for both PERS + TRS BUT CANNOT EXCEED 1 YR COMBINED SERVICE EACH FY?

- BY PAY PERIOD BASIS?

- TRS TARGETED RATE?

ALLOW TRS TO ACCRUE THEN PERS?

### NOTES

VESTED 8 YRS TRS } QUESTION OF PORTABILITY  
5 YRS PERS } NATIONAL ISSUE - CAN WE  
SET UP A STANDARD-QUALITY  
IN ANY SYSTEM - TAKING \$  
OUT OF ONE SYSTEM - INTO ANOTHER

IF YOU ARE VESTED IN TRS + YOUR  
ALSO IN PERS, VESTED IN PERS  
AFTER TWO YRS INSTEAD OF 5  
CONDITIONAL SITUATIONS

LANGUAGE

- OLIVER
- SPOLWOLZ
- HANLEY

### PERS

UNDER PERS, PART TIME SERVICE IS CREDITED  
ON PRO RATA BASIS - E.G. IF THEY WORK  
3/4 DAY, GET 3/4 DAY SERVICE

### TRS

IN TRS, 3/4 DAY GET 1/2 DAY SERVICE

### CONCERN

SOMEONE WORKING IN BOTH SYSTEMS CANT ACCRUE  
MORE THAN A FULL YR OF CREDIT WHICH  
IS POSSIBLE -

TORI CRAMER

ADMIN PROBLEMS

↳ STALNAKCH → HANDLE THROUGH PCA

**HB**

**28**

## TABLE OF CONTENTS

### HB 28: Telecommunications Operator Services

- Item 1: HB 28 by Boucher  
CSHB 28 (SA)
- Item 2: Fiscal Note and Analysis
- Item 3: Sectional Analysis
- Item 4: Research Request 89.111 re: Telephone  
Surcharges Imposed by Hotels in Alaska
- Item 5: Sponsor Statement
- Item 6: Article from Communications Week  
April 10, 1989

HOUSE COMMITTEE ON STATE AFFAIRS

RECAP OF  
HB 28

Telecommunications Operator Services

Received January 9, 1989  
by Rep. Boucher

Heard April 11, 1989  
Heard April 13, 1989

Committee Substitute adopted April 13, 1989

Passed Out of Committee April 13, 1989  
3 Do Pass  
1 No Recommendation

# HOUSE COMMITTEE REPORT

(5)  
Date Referred: January 9, 1989

FURTHER REFERRALS: FINANCE

Date of Committee Action: \_\_\_\_\_

The STATE AFFAIRS Committee recommends that:

HOUSE BILL NO. 28 [TELECOMMUNICATIONS OPERATOR SERVICES]  
"An Act relating to telecommunicatione alternate operator services."

be replaced with CS HB 28 (SA)  the same title  
 a new title

have attached amendment(s)

- 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
- zero fiscal note
- zero with analysis CE

APPROVES PREVIOUS:

- fiscal note(s) published: \_\_\_\_\_
- zero fiscal notes(s) published: \_\_\_\_\_

SIGNING DO PASS:

SIGNING OTHER THAN DO PASS:  
(Do Not Pass, No Recommendation, Amend)

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*W.C. Bush*  
 Chairman's signature

Introduced: 1/9/89  
Referred: State Affairs  
and Finance

SUB-CHAPTER

1 IN THE HOUSE

BY BOUCHER

2 HOUSE BILL NO. 28

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to telecommunications alternate  
7 operator services."

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

9 \* Section 1. FINDINGS. The legislature finds that a growing number of  
10 companies provide, in a nonresidential setting, telecommunications services  
11 necessary to long distance service without disclosing the services provided  
12 or the cost. The legislature finds that providing these services to con-  
13 sumers without disclosing the cost or fact of providing them is a deceptive  
14 trade practice.

15 \* Sec. 2. AS 42.05 is amended by adding a new section to read:

16 Sec. 42.05.325. DISCLOSURE OF COSTS OF ALTERNATE OPERATOR SER-  
17 VICES. (a) The commission shall by regulation require a telecommu-  
18 nications utility operating as, or contracting with, an alternate  
19 operator services company to disclose or require the company to dis-  
20 close to the consumer before a charge is incurred the cost of the  
21 services provided by the company and the fact that the company is  
22 providing those services.

23 (b) In addition to other penalties provided under this chapter,  
24 a violation of this section constitutes an unfair or deceptive act or  
25 practice under AS 45.50.471. Notwithstanding AS 45.50.531(a), it is  
26 presumed that actual damages to the consumer are equal to the cost of  
27 the service provided plus \$200. Additional damages must be proved.

28 (c) In this section, "alternate operator services company" means  
29 a person providing a connection to intrastate or interstate

1 long-distance services from nonresidential locations including hotels,  
2 motels, hospitals, and customer-owned pay telephones.

3 \* Sec. 3. AS 45.50.471(b) is amended by adding a new paragraph to read:  
4 (29) failing to comply with AS 42.05.325.

5 \* Sec. 4. AS 45.50.481 is amended to read:

6 Sec. 45.50.481. EXEMPTIONS. Nothing in AS 45.50.471 - 45.50.561  
7 applies to

8 (1) an act or transaction regulated under laws administered  
9 by the state, by a regulatory board or commission except as provided  
10 by AS 45.50.471(b)(27) and 45.50.471(b)(29), or officer acting under  
11 statutory authority of the state or of the United States, unless the  
12 law regulating the act or transaction does not prohibit the practices  
13 declared unlawful in AS 45.50.471;

14 (2) an act done by the publisher, owner, agent, or employee  
15 of a newspaper, periodical or radio or television station in the  
16 publication or dissemination of an advertisement, when the owner,  
17 agent or employee did not have knowledge of the false, misleading or  
18 deceptive character of the advertisement or did not have a direct  
19 financial interest in the sale or distribution of the advertised  
20 product or service;

21 (3) an act or transaction regulated under AS 21.36 or  
22 AS 06.05 or a regulation adopted under the authority of those chap-  
23 ters.

Original sponsor: Boucher

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 28 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to telecommunications alternate  
7 operator services."

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

9 \* Section 1. FINDINGS. The legislature finds that a growing number of  
10 companies provide, in a nonresidential setting, telecommunications services  
11 necessary to long distance service without disclosing the services provided  
12 or the cost. The legislature finds that providing these services to con-  
13 sumers without disclosing the cost or fact of providing them is a deceptive  
14 trade practice.

15 \* Sec. 2. AS 45.50.471(b) is amended by adding a new paragraph to read:  
16 (29) failing to comply with AS 45.50.473.

17 \* Sec. 3. AS 45.50 is amended by adding a new section to read:

18 Sec. 45.50.473. DISCLOSURE OF COSTS OF ALTERNATE OPERATOR SER-  
19 VICES. (a) A person may not provide an alternate operator service  
20 without disclosing to the consumer before a charge is incurred the  
21 cost of the service provided by the person and the identity of the  
22 person providing those services. This section does not affect the  
23 power of the Alaska Public Utilities Commission to regulate providers  
24 of alternate operator services under AS 42.05 in a manner consistent  
25 with this section.

26 (b) A violation of this section constitutes an unfair or decep-  
27 tive act or practice under AS 45.50.471. Notwithstanding AS 45.50.-  
28 531(a), it is presumed that actual damages to the consumer are equal  
29 to the cost of the service provided plus \$200. Additional damages

1 must be proved.

2 (c) In this section, "alternate operator service" means a con-  
3 nection to intrastate or interstate long-distance telecommunications  
4 facilities from a nonresidential location in the state including a  
5 hotel, motel, hospital, or customer-owned pay telephone by a person  
6 that does not own any of the telecommunications facilities being  
7 connected through the service.

8 \* Sec. 4. AS 45.50.481 is amended to read:

9 Sec. 45.50.481. EXEMPTIONS. Nothing in AS 45.50.471 - 45.50.561  
10 applies to

11 (1) an act or transaction regulated under laws administered  
12 by the state, by a regulatory board or commission except as provided  
13 by AS 45.50.471(b)(27) and (29), or officer acting under statutory  
14 authority of the state or of the United States, unless the law regu-  
15 lating the act or transaction does not prohibit the practices declared  
16 unlawful in AS 45.50.471;

17 (2) an act done by the publisher, owner, agent, or employee  
18 of a newspaper, periodical or radio or television station in the  
19 publication or dissemination of an advertisement, when the owner,  
20 agent or employee did not have knowledge of the false, misleading or  
21 deceptive character of the advertisement or did not have a direct  
22 financial interest in the sale or distribution of the advertised  
23 product or service;

24 (3) an act or transaction regulated under AS 21.36 or  
25 AS 06.05 or a regulation adopted under the authority of those chap-  
26 ters.  
27  
28  
29

Item 2

### FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_ Agency Affected: Commerce & Econ. Development  
 Title: Act relating to telecommunications alternate operator services. BRU: APUC  
 Sponsor: Boucher Components: Operations  
 Requestor: House State Affairs

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

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
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

If enacted, HB28 would create new disclosure

**ANALYSIS :** (Attach a separate page if necessary) obligations for companies providing "alternate operator services" as well as an enforcement role for the APUC. The bill, as written, would require the Commission to promulgate regulations and respond to indications of non-compliance (i.e. complaints, periodic spot checks etc.). Although there will be some incremental increase in workload, a direct fiscal impact is not anticipated at this time based on a minimum level of AOS activity.

Prepared by: T.S. Moninski II, Executive Director Phone: 276-6222  
 Division: Alaska Public Utilities Commission Date: \_\_\_\_\_

Approved by Commissioner: [Signature] Date: 2/14/89  
 Agency: Commerce & Economic Development

**Distribution (by preparer):**

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

Item 3

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 24, 1989

SUBJECT: Sectional analysis of HB 28  
(Telecommunications alternate  
operator services)

TO: Representative H.A. "Red" Boucher

FROM: Teresa B. Cramer JBC  
Legislative Counsel

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

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

Section 1 makes findings concerning the provision of telecommunications services necessary to long distance service.

Section 2 requires that an alternate operator services company disclose costs of service to consumers and the fact that an alternate operator services company is providing those services before a charge is incurred. Subsection (b) makes violation of this section an unfair or deceptive act or practice and establishes presumed damages in the amount of the cost of the service plus \$200. Subsection (c) defines alternate operator services company.

Sections 2 and 3 make failing to comply with the section enacted by sec. 1 of the bill an unfair or deceptive trade practice in the chapter on trade practices.

If I may be of further assistance, please advise.

TBC:gc  
WKG7/055

Item 4  
HB 28  
LAA 1.1



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 19, 1988

MEMORANDUM

TO: Representative H. A. (Red) Boucher  
ATTN: Kathy Anders  
FROM: Maria Gladziszewski *M. Gladziszewski*  
Legislative Analyst  
RE: Telephone Surcharges Imposed by Hotels in Alaska  
Research Request 89.111 (Revised)

You expressed concern that consumers may be unaware of telephone surcharges imposed by businesses and requested information on the surcharge and disclosure practices of hotels in Alaska. Hotels and other businesses may apply surcharges to telephone rates and are not required to disclose surcharges to consumers. Both surcharges and disclosure practices vary from hotel to hotel. Alternative operator services have not yet been licenced by the Alaska Public Utility Commission (APUC) to deliver services on intrastate calls in Alaska and have not yet entered the interstate market (although they have the approval of the Federal Communications Commission to do so). This memorandum describes telephone billing systems and rate disclosure practices of selected hotels in Alaska.

Keeping Track of Calls Made

Hotels have telephone systems that provide information about each call placed. Systems used in Alaska include

- long distance operator services--an Alascom operator calls the hotel with time and charges after each call has been placed;
- autoquote service--an Alascom system that uses a receive-only printer at the hotel to print billing information about each call; and
- call detail recorders--machines that enable the hotel itself to keep track of calls made by guests.

JAN 18 Rec'd  
89 RY

Representative Boucher  
December 19, 1988  
Page 2

These methods allow the hotel to know how much each call costs the hotel. Guest billing is not dependent upon which method is used to track a call or upon the actual cost of the call.

### Billing Guests

Billing practices for long distance service vary from charging exactly what GCI or Alascom charges the hotel to adding a 40 percent surcharge. Some hotels charge a flat fee of \$.50 or \$1 per long distance call. Some hotels also charge for local calls. Of the hotels contacted, smaller hotels were more likely to offer free local calls and to charge the actual cost of long distance calls. Larger hotels were more likely to impose telephone surcharges.

A call detail recorder can be programmed to calculate charges in a variety of ways. The hotel, for example, can program the recorder to calculate telephone rates (either GCI or Alascom) plus a certain percentage. The call detail recorder at the Westmark in Juneau is programmed to charge all calls as day rate operator assisted calls and add a 10 percent surcharge. The variety of charge calculations is limited only by the ability of the programmer and the information available. If telephone rates change and a call detail recorder at a hotel is not updated, the hotel loses or makes money depending on whether telephone rates increased or decreased. Information programmed into a call detail recorder is not necessarily related to what GCI or Alascom actually charges for the service.

### Informing Guests

Practices for informing guests are as varied as surcharges. Most hotels do not print details of how charges are calculated; some provide printed guest information stating that surcharges are added. A representative from the Sheraton in Anchorage said that the inside of the telephone receiver handle in each of Sheraton's rooms displays a clear statement that a 40 percent surcharge is added to each call.

Representative Boucher  
December 19, 1988  
Page 3

The APUC has no record of complaints from hotel guests in Alaska about telephone service charges.<sup>1</sup> Because increased charges in Alaska hotels are not directly caused by telecommunications services but rather are the result of additional charges added by hotels, complaints should be directed to the hotel or to consumer advocate groups.

Attached are examples of guest information regarding telephone charges in a few Juneau hotels. Also attached are two recent articles on alternative operator services.

Please let us know if we can provide additional information.

Attachments

---

<sup>1</sup> APUC representative Ray Wiperman did mention a complaint from someone who accepted a collect call placed from a pay telephone in another state. The coin-operated telephone was connected to an alternative operator service. The Alaskan accepting the call complained of receiving a bill three times what he considered normal for such a call. Complaints on interstate calls should be directed to the Chief of Informal Complaints of the Enforcement Division of the FCC, 2025 M Street, NW, Room 6202, Washington, DC, 20554.

HB 28  
SPONSOR STATEMENT

HB 28 is a consumer protection bill.

It is designed to protect telephone consumers from unexpected supplementary charges when using telephones from hotels, hospitals, commercially owned pay phones or other non residential location.

The unexpected supplementary charges are due to "unbundling" of the services that were formerly provided by "integrated" or "packaged" rates under the old AT&T, Bell System. Divestiture and deregulation at the national level has allowed a variety of middle men to specialize in providing services that were formerly provided by AT&T for one cost. As the variety of services has become unbundled, the supplementary charges usually associated with hotel telephone service has become known as AOS, (Alternative Operator Services).

Eleven states have already taken action to curb "check-out shock" which occurs from these unexpected charges at hotels. The National Association of Utility Commissioners has passed a resolution encouraging advance notice to the public for these charges.

HB 28 gives APUC authority to regulate AOS. It also makes failure to comply with this proposed law a violation of the Unfair Trade Practices and Consumer Protection law punishable by a presumptive \$200 fine.

Both APUC and the Department of Law support the bill and have offered amendments which have to be coordinated and will be presented to the Committee tomorrow.

# Congressmen Ask FCC To Monitor Services

BY KATHLEEN KILLETTE

WASHINGTON — House lawmakers last week called for more FCC involvement in policing the burgeoning market for so-called "alternative" operator services.

Members of the House Telecommunications Subcommittee blasted the practices of operator service providers, who have been hounded by more than 2,000 consumer complaints to the FCC. The complaints generally involve the providers' failure to notify callers of their rates and/or identities, blocking access to other carriers, and charging for incomplete calls.

AT&T's director of product management, Gerald Hines, noted that AT&T is considering whether to introduce an "800" toll-free number to combat the call-blocking problem.

Operator service providers typically compete for the long distance traffic generated by "call aggregators"—such as hotels and hospitals—that make coin-operated and non-coin-operated phones available to their patrons.



Rep. Markey: Some providers act like 'muggers.'

Currently, certain call aggregators who have chosen an operator service provider block callers' access to other carriers' "1-0-NXX" dialing codes. For example, a caller wanting to use AT&T must dial 1-0-288 and then the area code and number. AT&T sources said an 800 code could solve that problem because the aggregators typically do not

block access to 800 numbers.

Comparing the practices of some operator service providers to "muggers," House Telecommunications Subcommittee Chairman Edward Markey, D-Mass., voiced strong support for legislation written by Rep. Jim Cooper, D-Tenn.

The bill would require operator service providers to post written notices about rates, answer callers' questions about rates and complaint procedures, refrain from blocking access to other carriers, refrain from charging for incomplete calls, and charge "just and reasonable" rates.

But FCC Common Carrier Bureau Chief Gerald Brock told the panel that the legislation may "tie the commission's hands."

## FCC Action Inadequate

Last July, two consumer groups—the Washington-based Telecommunications Research Action Council (TRAC) and San Francisco-based Consumer Action—filed a complaint against five operator service providers. (Operators, Cont. on Page 63)

# FTS-2000 Rates: Cheap By

BY KATHLEEN KILLETTE

WASHINGTON — AT&T's tariffed rates for the federal government's FTS-2000 network continue to puzzle, but one thing is becoming clear: They could be a bargain next to rates for comparable services AT&T offers users in the private sector.

The recently released data show that

FTS-2000 users might enjoy rates that are half those paid by customers of AT&T's regular switched voice services and by users of the existing government network, the Federal Telecommunications System. Rates for the FTS network are not public, but some sources say AT&T may be charging more than 20 cents per minute.

The company's rates for the Federal Telecommunications System 2000 were

unveiled in a market the FCC late last Services Administers the FTS-2000 data to set rates they will pay for voice offered by the next *NewsWeek*, April

The rates the 2000 also will de-

# NTIA Recommends Ending Ban O

BY KATHLEEN KILLETTE

WASHINGTON — The National Telecommunications and Information Administration has urged Congress to lift the manufacturing ban on the regional Bell holding companies

panies have appealed that ruling to the U.S. Appeals for the District of Columbia Circuit.

The NTIA found that the United States' trade in the high-tech area's narrowest category—"communications equipment"—deteriorated to an estimated billion deficit in 1988 from a \$580 million surplus

earnings that year.

AT&T's gross revenue, according to the tariff, is expected to be roughly \$47.5 million. Thus, AT&T would reap average revenue of about 5 cents per minute on a nationwide, averaged basis. The per minute revenue will vary, depending on the user's volume of traffic and traffic routes.

As for expenses in the switched-services category, AT&T told the FCC that it expects to record total after-tax expenses of \$44.756 million. This figure includes estimated access costs of nearly \$23 million.

**Private-Line Rates**

Regarding private-line rates, AT&T estimated that it will reap \$73 million in revenue during FTS-2000's first full year of operation. AT&T also told the FCC that it expects to operate roughly 2,500 circuits on the network.

AT&T's after-tax expenses in the private-line category are expected to total more than \$47 million in 1991. Of this amount, access expenses will be roughly \$9.2 million. Total investment for private-line plant and services will be approximately \$63,518 in 1991.

AT&T will record net earnings of about \$25.8 million in this category for FTS-2000 in 1991, according to the tariff.

**Investment & Access Costs**

AT&T told the FCC that its total investment for switched services will be only \$400,000 in FTS-2000's first full year. Considering that a single switch can cost millions of dollars, AT&T apparently is not citing—at least for year one—investment in any facilities other than

last fall, AT&T said the 183 million minutes of traffic it expects to generate via that plan will require nearly \$8 million of investment for plant-in-service.

Compared with that ratio, the \$400,000 investment for 930 million minutes of switched traffic over FTS-2000 becomes all the more striking.

But that investment "does not track to those minutes," an AT&T spokesman said of the 930 million minutes of

switched-services use.

"It's like apples and oranges," the spokesman said, adding that "a lot of these minutes are carried over portions of the network that do not use the same facilities associated with switched services." He said some of the switched traffic may be carried over private-line facilities. There are numerous instances of dedicated access between the customer's location and AT&T's end office, according to the spokesman.

If AT&T's access expenses are roughly \$23 million for 930 million minutes, the average per-minute switched-access cost would be 2.47 cents.

But in a Jan. 12, 1989, letter to the FCC, AT&T said the switched-access costs through 1994 for a regular switched 10-mile call would be 3.51 cents per minute for originating access and 3.51 cents per minute for terminating access, for a total of 7.02 cents per minute.

Yet access charges—the fees imposed by telephone companies on long distance carriers—are declining. It is unclear how AT&T arrived at the 2.47 cent-per-minute figure for FTS-2000 in 1991 while predicting that it will pay nearly triple that in 1994 for the same type of switched services.



# Reps. Blast Operator Services

*(Operators, Cont. from Page 12)*

The FCC issued an order in February stating that it did not have enough evidence to act on the groups' claims that the companies' rates were unreasonable. But the FCC ordered all operator service providers to identify themselves to callers, post their rates and refrain from call blocking.

These actions, however, have not appeased the agency's critics. "I remain unconvinced that the market alone will solve the problem of overcharging," Markey said.

Brock said the burden of proving that an operator services' rate is unreasonable rests on the consumer, who can complain to the FCC.

Tennessee Public Service

Commissioner Steven Hewlett disagreed, saying that making the consumer prove that a rate is unlawful is "in itself, unjust and unreasonable." Markey then told Brock that the FCC "has a higher responsibility" to ensure that rates are reasonable.

Cooper called the FCC "distressingly naive" in its reliance on market forces to hold rates down.

Executives from two competing operator service providers—National Telephone Services Inc., Rockville, Md., and International Telecharge Inc., Dallas—noted that the industry is still in its infancy.

Brad Mutchelkanaus, secretary and general counsel of NTS,

said that while the legislation's goal's are "laudable," the bill fails to recognize that most operator service providers are given technically inferior access to telephone companies—which can result in charges for incomplete calls and other problems.

David Wagenhauser, staff attorney for TRAC, pointed out that on April 1, the Bell companies began sending out ballots to let call aggregators choose carriers other than AT&T to provide operator services for Bell-owned pay phones. Because these phones will be available to competing operator service providers, "the April Fools' Day joke could be on consumers" unless Congress passes legislation, he said.

b. Example / Checklist Contact Sheet

LEGISLATIVE SPONSOR: House State Affairs

TC DATE/DAY: Thurs, Apr 13

Pub. Hear Work Ses. Inv. Hear

TIME: 8:45-10:00

LEGISLATIVE REFERENCE: HB28

JUNEAU ROOM: C-102

SUBJECT: Telecomm. Operator Services

BRIDGE: \_\_\_\_\_

# OF PORTS: 3

CONTACT: Ann PH: 49103

DATE TAKEN/BY: 4/12 Londi

\*\*\*\*\*

TELECONFERENCE SITES:

LIO'S

LTC'S

VTS'S

- Anchorage
- Barrow \*
- Bethel
- Delta Junction \*
- Dillingham \*
- Fairbanks
- Glennallen \*
- Juneau
- Ketchikan
- Kodiak
- Kotzebue
- Mat-Su
- Nome
- Petersburg \*
- Sitka
- Soldotna
- Valdez \*

- Homer
- Wrangell

See List on Reverse Side

ALL LIO'S

OTHER SITES WELCOME WITH PRIOR NOTIFICATION

Anch

Dana Tindall

OFFNETS: 265-5640  
Susan Knowles  
276-6222  
Barbara Guentekin  
264-7482

CHAIRING SITE: Juneau

CHAIRPERSON: Boucher

[ ] CONFORMS TO LEGISLATIVE COUNCIL POLICY 4/85

\_\_\_\_\_  
SIGNATURE OF SPONSOR/CONTACT PERSON

\_\_\_\_\_  
DATE

\*\*\*\*\*

SPECIAL INSTRUCTIONS

562-28 ~~AD~~ 9:30 AM  
67 for 12:00 noon  
meeting

b. Example / Checklist Contact Sheet

LEGISLATIVE SPONSOR: House State Affairs

TC DATE/DAY: Tues, April 11

Pub. Hear Work Ses. Inv. Hear

TIME: 8:30-10:00am

LEGISLATIVE REFERENCE: HB28

JUNEAU ROOM: Cap 102

SUBJECT: Telecomm. Operator

BRIDGE: \_\_\_\_\_

Services

# OF PORTS: \_\_\_\_\_

CONTACT: Ann PH: 4963

DATE TAKEN/BY: 4/7/89 Opomne

\*\*\*\*\*

TELECONFERENCE SITES:

LIO'S

LTC'S

VTS'S

- Anchorage
- Barrow \*
- Bethel
- Delta Junction \*
- Dillingham \*
- Fairbanks
- Glennallen \*
- Juneau
- Ketchikan
- Kodiak
- Kotzebue
- Mat-Su
- Nome
- Petersburg \*
- Sitka
- Soldotna
- Valdez \*

- Homer
- Wrangell

See List on Reverse Side

ALL LIO'S

OTHER SITES WELCOME WITH PRIOR NOTIFICATION

OFFNETS: Clyde Bright  
747-3939 (Sitka)  
PO Box 762  
9835

CHAIRING SITE: Juneau

CHAIRPERSON: Boucher

[ ] CONFORMS TO LEGISLATIVE COUNCIL POLICY 4/85

\_\_\_\_\_  
SIGNATURE OF SPONSOR/CONTACT PERSON

\_\_\_\_\_  
DATE

\*\*\*\*\*

SPECIAL INSTRUCTIONS

Nov. 15, 1989  
H. A. "Red" Boucher  
Box 111038  
Anchorage, AK 99511  
Clyde Bright  
PO Box 962  
Sitka, AK 99835  
Re: H.B. 28, letter to Rep. Grossendorf, long distance  
surcharges by hotels/motels 8-9-88

Dear Mr. Boucher:  
I am enclosing same name information that I hope will gain  
passage of H.B. 28 this next session.

The one is a copy of the billing I received from a motel here in Sitka,  
which I think you may have already seen. The others are billings from  
the phone company showing the actual cost of the calls.

Two of the calls stand out as gross surcharges well over 100%.  
Phone company number 46 made on 5-19-88 was \$7.97, I was billed  
\$18.38, phone company # 193 made on 4-28-88, charge was \$10.77,  
I was billed \$26.38.

The motels owner stated in court that his surcharge was less than 30%,  
(under oath). This motel was billed for eight calls that I made yet  
they claimed I owed them for twenty two, most were charges when no  
connection was made.

As I understand it federal law says the states cannot set rates on sur-  
charges. However if H.B. 28 can be only made to require the disclosure of  
the amount of the surcharge, that alone will limit the amount of the  
surcharge.

I hope that this information is helpful to you. Thank you

Clyde Bright

DR acknowledge

MAKE CHECKS PAYABLE TO: T.U. OF THE NORTHLAND

037

LEGEND ON BACK  
PAGE 16

LONG DISTANCE SERVICE	BUSINESS OFFICE
YOUR ACCESS CODE: 800 251-6046	800 478-7121

BILLING DATE 06/01/88 DATE DUE 06/20/88 ACCOUNT (907)747-8611

INQUIRIES REGARDING THIS STATEMENT ARE TOLL FREE

SEQ.	DATE	TO	FROM	STATE	NO.	T/C	TIME	MINS	AMOUNT
186	04-28	TO	PORTLAND	OR	503 286-6776	0 K	09.57	4	1.14
187	04-28	TO	ANNETTE	AK	907 886-6382	0 S	05.45PM	7	2.42
188	04-28	TO	YAKUTAT	AK	907 784-3449	0 S	05.50PM	3	1.20
189	04-28	TO	BATTLEGRND	WA	206 687-7510	0 S	08.12PM	7	1.26
190	04-28	TO	GRESHAM	OR	503 665-9039	0 S	08.19PM	6	1.09
191	04-28	TO	PHILIPPINE	S	632 842-4620	1 B	09.33PM	39	146.25
192		FROM	SITKA	AK	907 747-8611				
193	04-28	TO	ANCHORAGE	AK	907 248-5320	0 B	10.13PM	32	10.77
194	04-28	TO	PHILIPPINE	S	632 988-4790	1 B	10.41PM	31	116.25
195		FROM	SITKA	AK	907 747-8611				
196	04-29	TO	SAN FRAN	CA	415 922-3200	0 B	07.24	7	.97
197	04-29	TO	REDDING	CA	916 275-2488	0 S	05.00PM	10	1.79
198	04-29	TO	GRESHAM	OR	503 665-9039	0 S	08.42PM	18	3.19
199	04-29	TO	PORTLAND	OR	503 777-2164	0 S	09.00PM	7	1.26
200	04-29	TO	DILLINGHAM	AK	907 842-5927	0 B	11.18PM	4	1.71
201	04-29	TO	DILLINGHAM	AK	907 842-5927	0 B	11.28PM	3	1.29
202	04-29	TO	DILLINGHAM	AK	907 842-1293	0 B	11.40PM	1	1.29

MAKE CHECKS PAYABLE TO: T.U. OF THE NORTHLAND

037

LEGEND ON BACK  
PAGE 20

LONG DISTANCE SERVICE	BUSINESS OFFICE
YOUR ACCESS CODE: 800 251-6046	800 478-7121

BILLING DATE 06/01/88 DATE DUE 06/20/88 ACCOUNT (907)747-8611

INQUIRIES REGARDING THIS STATEMENT ARE TOLL FREE

SEQ.	DATE	TO	FROM	STATE	NO.	T/C	TIME	MINS	AMOUNT
254	05-06	TO	ANNETTE	AK	907 886-6382	0 K	04.39PM	10	4.60
255	05-06	TO	SEATTLE	WA	206 784-4054	0 K	04.50PM	10	2.74
256	05-06	TO	ANGOON	AK	907 788-3747	0 S	05.36PM	3	.55
257	05-06	TO	BELLEVUE	WA	206 455-2896	0 S	06.21PM	1	.20
258	05-06	TO	KETCHIKAN	AK	907 225-1964	0 B	10.29PM	1	.75
259	05-06	TO	BELLEVUE	WA	206 455-2896	0 S	10.44PM	14	2.48
260	05-06	TO	ANCHORAGE	AK	907 337-6897	0 B	10.50PM	5	1.86
261	05-07	TO	ANCHORAGE	AK	907 333-5993	0 B	12.42	1	1.20
262	05-07	TO	ANCHORAGE	AK	907 333-9553	0 B	12.45	1	1.20
263	05-07	TO	KETCHIKAN	AK	907 225-4500	0 B	10.10	1	.75
264	05-07	TO	JUNEAU	AK	907 586-4767	0 B	01.25PM	4	.55
265	05-07	TO	JUNEAU	AK	907 586-4767	0 B	04.33PM	1	.45
266	05-07	TO	BATTLEGRND	WA	206 687-7510	0 B	06.53PM	7	.97
267	05-07	TO	OAKLAND	OR	503 459-1548	0 B	08.20PM	133	17.98
268	05-08	TO	YAKUTAT	AK	907 784-3331	0 B	01.16	10	2.39
269	05-08	TO	SEATTLE	WA	206 783-6751	0 B	10.26	1	.15
270	05-08	TO	SEATTLE	WA	206 783-6751	0 B	10.29	1	.15

CHECKS PAYABLE TO: T.U. OF THE NORTHLAND

037

A subsidiary of Pacific Telecom, Inc.

LEGEND ON BACK  
PAGE 7

LONG DISTANCE SERVICE	BUSINESS OFFICE
800 251-6046	800 478-7121

BILLING DATE

DATE DUE

ACCOUNT

07/01/88

07/18/88

(907)747-8611

INQUIRIES REGARDING THIS STATEMENT ARE TOLL FREE

SEQ.	DATE				T/C	TIME	MINS	AMOUNT
50	05-20	TO MORTON	WA 206 496-5550	1	S	05.12PM	3	2.10
51		FROM SITKA	AK 907 747-8611					
52	05-20	TO SEWARD	AK 907 224-8068	0	S	06.43PM	3	1.71
53	05-20	TO BRAWLEY	CA 619 344-5423	0	S	07.02PM	5	.91
54	05-20	TO SEWARD	AK 907 224-5405	0	B	08.14PM	33	11.00
55	05-21	TO THORP	WA 509 964-2109	0	B	09.57	7	.97
56	05-21	TO BLAKESBURG	IA 515 938-2239	0	B	03.07PM	2	.32
57	05-21	TO CRAIG	AK 907 826-3216	0	B	07.07PM	1	.55
58	05-21	TO CRAIG	AK 907 826-3365	0	B	07.07PM	1	.55
59	05-21	TO PETERSBURG	AK 907 772-4742	0	B	07.08PM	1	.45
60	05-22	TO CRAIG	AK 907 826-3216	0	B	10.32	2	.75
61	05-22	TO CRAIG	AK 907 826-3216	0	B	03.34PM	15	2.35
62	05-22	TO BLAKESBURG	IA 515 938-2239	0	S	06.37PM	15	2.78
63	05-23	TO YAKUTAT	AK 907 784-3392	0	K	09.35	4	2.03
64	05-23	TO YAKUTAT	AK 907 784-3488	0	K	09.42	3	1.52
65	05-23	TO COOKSVILLE	OH 416 279-4656	0	K	01.59PM	2	4.28
66	05-23	TO PETERSBURG	AK 907 772-4742	0	B	07.36PM	27	2.89

CHECKS PAYABLE TO: T.U. OF THE NORTHLAND

037

LEGEND ON BACK

LONG DISTANCE SERVICE	BUSINESS OFFICE
YOUR ACCOUNT CODE 800 251-6046	800 478-7121

BILLING DATE 06/01/88 DATE DUE 06/20/88 ACCOUNT (907)747-8611

PAGE 24

SEQ.	DATE	TO	FROM	STATE	AREA	NO.	T/C	TIME	MINS	AMOUNT
322	05-12	TO HALLS LAKE	WA	206	742-6583	0	S	09.16PM	1	.20
323	05-13	TO JUNEAU	AK	907	789-1562	0	K	07.51	3	.75
324	05-13	TO THORP	WA	509	964-2109	0	B	07.55	1	.16
325	05-13	TO MEDFORD	OR	503	779-7226	0	K	03.48PM	7	1.95
326	05-13	TO VANCOUVER	WA	206	694-3816	0	K	03.59PM	2	.60
327	05-13	TO PUYALLUP	WA	206	845-4773	0	S	07.20PM	19	3.36
328	05-14	TO SEWARD	AK	907	224-8068	0	B	08.57	1	1.10
329	05-14	TO VANCOUVER	WA	206	694-3816	0	B	12.55PM	4	.57
330	05-14	TO GRESHAM	OR	503	665-9039	0	B	02.49PM	10	1.38
331	05-14	TO GRANTSPASS	OR	503	476-3383	0	B	07.00PM	16	2.19
332	05-15	TO YAKUTAT	AK	907	784-3331	0	B	12.33	1	.78
333	05-15	TO YAKUTAT	AK	907	784-3331	0	B	12.54	10	2.39
334	05-15	TO YAKUTAT	AK	907	784-3427	0	B	02.10	12	2.85
335	05-15	TO YAKUTAT	AK	907	784-3427	0	B	02.25	3	.78
336	05-15	TO PRYOR	OK	918	825-5225	0	S	08.19PM	23	4.23
337	05-15	TO PORTLAND	OR	503	289-2327	0	S	09.13PM	7	1.26
338	05-15	TO VANCOUVER	WA	206	254-4511	0	S	09.25PM	8	1.44

5

CHECKS PAYABLE TO: T.U. OF THE NORTHLAND

037

LEGEND ON BACK

LONG DISTANCE SERVICE	BUSINESS OFFICE
YOUR ACCOUNT CODE 800 251-6046	800 478-7121

BILLING DATE 07/01/88 DATE DUE 07/18/88 ACCOUNT (907)747-8611

PAGE 6

SEQ.	DATE	TO	FROM	STATE	AREA	NO.	T/C	TIME	MINS	AMOUNT
33	05-18	TO COLORADO SPRING	CO	719	481-4690	0	S	05.24PM	18	3.19
34	05-18	TO MOSSYROCK	WA	206	983-3844	0	S	06.05PM	77	13.53
35	05-18	TO MOSSYROCK	WA	206	983-3835	0	S	07.26PM	6	1.07
36	05-18	TO KODIAK	AK	907	486-4309	0	B	07.32PM	12	4.17
37	05-18	TO SEWARD	AK	907	224-5205	0	B	08.14PM	2	1.10
38	05-18	TO PETERSBURG	AK	907	772-4742	0	B	09.39PM	39	4.05
39	05-19	TO HORTON	WA	206	496-5846	0	B	06.47	30	4.07
40	05-19	TO MOSSYROCK	WA	206	983-3835	0	B	07.39	4	.56
41	05-19	TO PHILIPPINE	S	632	842-4620	1	B	07.24PM	2	11.25
42		FROM SITKA	AK	907	747-8611					
43	05-19	TO PRYOR	OK	918	825-5225	0	S	07.24PM	1	.23
44	05-19	TO SKIATOOK	OK	918	396-2430	0	S	07.27PM	18	3.32
45	05-19	TO GRESHAM	OR	503	665-9039	0	S	08.39PM	8	1.44
46	05-19	TO ANCHORAGE	AK	907	248-5320	0	B	09.29PM	22	7.47
47	05-19	TO PT ANGELES	WA	206	452-2062	0	S	09.49PM	1	.20
48	05-20	TO SEWARD	AK	907	224-8068	0	K	07.00	2	2.23
49	05-20	TO THORP	WA	509	964-2109	0	K	08.34	3	.87

1

04/23	8:48 PM	000	248-5320	216	X	\$ 2.58	00476	002	NONE
04/27	8:33 PM		248-5320	216	X	\$ 2.58	00477	001	NONE
04/27	10:07 PM		248-5320	216	X	\$ 1.63	00479	001	NONE
04/27	11:25 PM		248-5320	216	X	\$ 1.63	00479	001	NONE
04/28	10:12 PM		248-5320	216	33	\$ 26.30	00485	001	NONE
05/07	9:18 AM	503	459-1548	216	2	\$ .38	00541	001	NONE
05/07	7:51 PM	503	459-1548	216	2	\$ .38	00550	002	NONE
05/07	7:54 PM		257-1293	216	X	\$ 1.63	00551	001	NONE
05/07	8:20 PM	503	459-1548	216	133	\$ 24.25	00554	003	NONE
05/14	8:21 AM		224-5405	216	2	\$ 1.53	00614	003	NONE
05/14	8:24 AM		224-5405	216	2	\$ 1.53	00615	001	NONE
05/14	8:56 AM		224-8068	216	X	\$ 1.63	00616	002	NONE
05/18	6:42 PM		224-5405	216	2	\$ 2.24	00701	003	NONE
05/18	7:22 PM		224-5405	216	X	\$ 2.24	00702	002	NONE
05/18	7:44 PM		224-5405	216	X	\$ 2.24	00703	001	NONE
05/18	8:11 PM		224-5405	216	X	\$ 2.24	00706	001	NONE
05/18	8:14 PM		224-5203	216	2	\$ 2.24	00707	001	NONE
05/18	8:16 PM		224-5405	216	X	\$ 2.24	00708	002	NONE
05/18	9:32 PM		224-5405	216	X	\$ 2.24	00712	001	NONE
05/18	10:42 PM		224-5405	216	2	\$ 2.24	00718	002	NONE
05/18	11:13 PM		224-5405	216	2	\$ 1.53	00719	001	NONE
05/18	11:32 PM		224-5405	216	X	\$ 1.53	00720	002	NONE
05/19	7:25 AM		224-5405	216	3	\$ 1.53	00721	001	NONE
05/19	12:20 PM		224-5405	216	X	\$ 2.81	00734	002	NONE
05/19	5:06 PM		224-5405	216	X	\$ 2.24	00740	001	NONE
05/19	6:52 PM		224-5405	216	X	\$ 2.24	00741	001	NONE

\*rec charged for any / 7 min  
Checked in on 9-11-88

POTLATCH HOUSE  
713 KATLIAN  
SITKA, AK 99835  
(907) 747-8611

06/01/88

BILLING #:

TELEPHONE CHARGES

216

INDIVIDUAL CALL  
DETAIL BILLING

DATE	TIME	NUMBER CALLED	EXT#	MINS	COST	CALL#	TRUNK	ACCOUNT
05/19	7:32 PM	224-5405	216	X	\$ 2.24	00742	003	NONE
05/19	7:47 PM	224-5405	216	2	\$ 2.24	00743	002	NONE
05/19	9:25 PM	224-5405	216	2	\$ 2.24	00747	001	NONE
05/19	9:27 PM	555-1212	216	X	\$ 1.63	00748	002	NONE
05/19	9:29 PM	248-5320	216	23	\$ 18.38	00751	003	NONE
05/19	9:51 PM	224-5405	216	2	\$ 2.24	00753	003	NONE
05/19	10:07 PM	224-5405	216	X	\$ 2.24	00754	001	NONE
05/19	10:30 PM	224-5405	216	2	\$ 2.24	00756	003	NONE
05/19	11:20 PM	224-5405	216	X	\$ 1.53	00760	003	NONE
05/20	5:58 AM	224-5405	216	X	\$ 1.53	00762	002	NONE
05/20	6:59 AM	224-8068	216	2	\$ 1.53	00763	003	NONE
05/20	12:02 PM	224-5405	216	2	\$ 2.01	00765	002	NONE
05/20	6:26 PM	224-5405	216	2	\$ 2.24	00768	001	NONE
05/20	6:27 PM	224-8068	216	X	\$ 2.24	00769	002	NONE
05/20	6:37 PM	224-5405	216	X	\$ 2.24	00770	002	NONE
05/20	6:42 PM	224-8068	216	3	\$ 2.24	00771	003	NONE
05/20	8:14 PM	224-5405	216	33	\$ 23.25	00774	003	NONE
05/22	7:12 PM	224-5405	216	X	\$ 1.53	00798	002	NONE
05/22	9:49 PM	224-5405	216	33	\$ 1.53	00801	002	NONE

TOTAL:

\$ 262.21

Warrant - Balance \$ 123.44

GP on account - \$ 28.07

AMOUNT DUE \$ 95.57

**HB**

**34**

# HOUSE COMMITTEE REPORT

(5)  
Date Referred: January 9, 1989

FURTHER REFERRALS: JUDICIARY  
FINANCE

Committee Action: \_\_\_\_\_

[S]  
for certain state

[X] the same title  
[ ] a new title

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### HB 34: Durational Residency Requirements

\_\_\_\_\_ Committee

- Item 1: HB 34 by Donley, Boucher, Boyer, Brown, Hudson, Ulmer, and Goll  
CSHB 34 (SA)
- Item 2: Fiscal Notes and Analysis:  
Department of Administration  
Department of Law  
Department of Revenue
- Item 3: Memorandum from Rep. Donley to House State Affairs Committee  
January 24, 1989
- Item 4: Committee Substitute for HB 34  
Work Draft 6-0107E by Cook, January 24, 1989
- Item 5: Memorandum from Keith Levy to Senator Mitch Abood  
February 7, 1989

PREVIOUS:

note(s) published:

\_\_\_\_\_

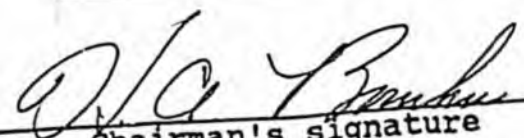
fiscal notes(s) published:

\_\_\_\_\_

BETTER THAN DO PASS:  
S, No Recommendation, Amend)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
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\_\_\_\_\_  
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\_\_\_\_\_

  
Chairman's signature

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

## TABLE OF CONTENTS

### HB 34: Durational Residency Requirements

- Item 1:** HB 34 by Donley, Boucher, Boyer, Brown, Hudson, Ulmer, and Goll  
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February 7, 1989

**HOUSE COMMITTEE ON STATE AFFAIRS**

**RECAP OF  
HB 34**

**Durational Residency Requirements**

Received January 9, 1989

by Reps. Donley, Boucher, Boyer, Brown, Hudson,  
Ulmer and Goll

Heard January 25, 1989

Committee Substitute adopted January 25, 1989

Passed Out of Committee January 25, 1989

6 Do Pass

# HOUSE COMMITTEE REPORT

(5)

Date Referred: January 9, 1989

FURTHER REFERRALS: JUDICIARY  
FINANCE

Date of Committee Action: \_\_\_\_\_

The STATE AFFAIRS Committee recommends that:

HOUSE BILL NO. 34 [DURATIONAL RESIDENCY REQUIREMENTS]  
"An Act relating to durational residency requirements for certain state benefit programs; and providing for an effective date."

be replaced with CSHB34 (SA)  the same title  
 a new title

have attached amendment(s)

- 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
- zero fiscal note
- zero with analysis

APPROVES PREVIOUS:

- fiscal note(s) published: \_\_\_\_\_
- zero fiscal notes(s) published: \_\_\_\_\_

SIGNING DO PASS:

*D.A. Broun*  
*Dave Douley*  
*Steve Hendry*  
*Bill Spahr*  
*Jim Boudreau*  
*Eileen P. McKeon*

SIGNING OTHER THAN DO PASS:  
(Do Not Pass, No Recommendation, Amend)

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

*D.A. Broun*  
Chairman's signature

FISCAL NOTE

REQUEST

Revision Date: \_\_\_\_\_  
Title: Durational residency require-  
ments for state benefit programs  
Sponsor: State Affairs  
Requestor: \_\_\_\_\_

Agency Affected: Revenue  
BRU: Permanent Fund Dividend Division  
Components: Permanent Fund Dividend  
Division

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 89	FY 90	FY 91	FY 92	FY 92	FY 93
<b>OPERATING</b>						
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LANDS & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>CAPITAL</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>REVENUE</b>	-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-
<b>TOTAL</b>	-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: See Attached.

Prepared By: Ervin Jones  
Division: Permanent Fund Dividend Division

Phone: 465-2323  
Date: February 8, 1989

Approved by Commissioner: [Signature]  
Agency: Revenue

Date: 2/8/89

Distribution (by preparer):

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

Alaska Department of Revenue  
Permanent Fund Dividend Division  
CS HB 34 (SA) Fiscal Note Analysis  
February 8, 1989

Section 1 modifies one of the four general eligibility requirements to receive a permanent fund dividend. Under the law enacted in 1992, an individual must have been "a state resident for a period of at least six consecutive months immediately preceding April 1 of the current dividend year." For example, in addition to the other requirements, to be eligible for the 1991 dividend under current law, an individual must have been a state resident during the ELIGIBILITY PERIOD of October 1, 1990 through March 31, 1991. Section 1 extends the six month requirement to 24 months. In other words, the individual in the above example, in order to qualify for the 1991 dividend (see Section 3) must have been a state resident for the entire ELIGIBILITY PERIOD of April 1, 1989 through March 31, 1991 (see Attachment A).

Conservatively speaking, there are approximately 60,000 new dividend applicants each year. The first effect of Section 1 would be felt in 1991 when 60,000 new Alaskans who thought they would be eligible, find that they are not. The second and most difficult effect would be when approximately 60,000 individuals who did qualify for the 1990 dividend find that they are now not eligible for the 1991 dividend (see Attachment A).

It will take considerable effort on the Department's part, in conjunction with the state demographer, to predict the final effect of this bill. Some of the factors to be considered include:

- 1) the length of the period (current proposal - 24 months);
- 2) the number of eligible individuals who leave Alaska each year;
- 3) the number of new person's arriving each year;
- 4) the percentage of individuals moving to Alaska who leave after six months, one year, eighteen months, etc.;
- 5) the seasonal distribution of new arrivals;
- 6) the relative birth rate of new arrivals versus individuals who have been in Alaska over two years; and
- 7) the reaction of military personnel to the new proposal, i.e. how do they respond to the new choice presented relative to overseas pay, overseas duty credit, etc.

The final effect on administrative costs of the Permanent Fund Dividend program would depend upon such factors as mentioned above. For the first two years, the additional costs would include informing, advising, and counseling the public; answering repeated questions as to "why was I a resident in 1990 and not in 1991," plus the costs of denying the applicants who would file anyway and hearing their appeals; and the costs of assisting the Department

Alaska Department of Revenue  
Permanent Fund Dividend Division  
CS HB 34 (SA) Fiscal Note Analysis  
February 8, 1989

of Law in defending the new requirement. These cost increases might be offset partially by the document processing cost savings of initially reducing the number of applicants by approximately 60,000.

At this point, the net effect in administrative costs appears to be zero. If this does not prove to be the case upon implementation, a supplemental appropriation would be sought.

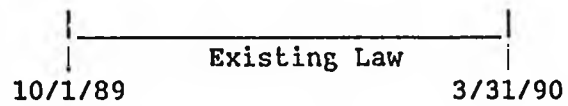
The Department's primary concern with the bill is a clear policy call -- the likelihood of a successful legal challenge to the extended ELIGIBILITY PERIOD on constitutional grounds, i.e. durational residency tests. This issue should be carefully weighed before jeopardizing the existing dividend program.

A handwritten signature in cursive script, appearing to read "H. Malone". The signature is written in dark ink and is positioned in the lower-left quadrant of the page.

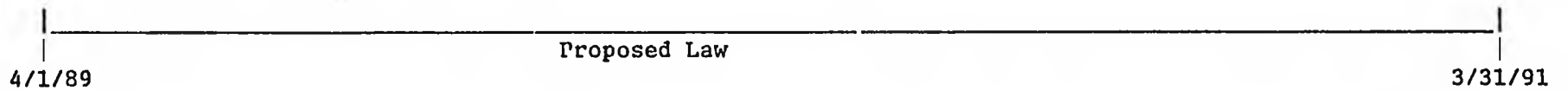
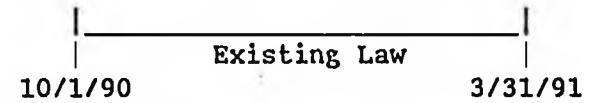
DIVIDEND  
YEAR

COMPARISON OF ELIGIBILITY PERIODS

1990



1991



Original sponsors: Donley, Boucher,  
Boyer, et al.

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 34 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to durational residency requirements  
7 for certain state benefit programs; and providing for  
8 an effective date."

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

10 \* Section 1. AS 43.23.005(a) is amended to read:

11 (a) An individual is eligible to receive one permanent fund  
12 dividend each year in an amount to be determined under AS 43.23.025 if  
13 the individual applies to the department, and if

14 (1) on the date of application the individual is a state  
15 resident;

16 (2) the individual was a state resident for a period of at  
17 least 24 [SIX] consecutive months immediately preceding April 1 of the  
18 current dividend year; and

19 (3) the individual has been physically present in the state  
20 at some time during the period beginning July 1 two years before the  
21 date of application and ending on the date of application.

22 \* Sec. 2. AS 43.23.015(b) is amended to read:

23 (b) The department shall prescribe and furnish an application  
24 form for claiming a permanent fund dividend. The application must  
25 contain a statement of eligibility and a certification of residency in  
26 substantially the following form:

27 I certify that

28 ( ) I am a state resident on the date of this application, I have  
29 been a state resident for at least 24 [SIX] months immediately

1 preceding April 1 of the current dividend year, and I have been phys-  
2 ically present in the State of Alaska at some time during the period  
3 beginning July 1 two years before the date of application and ending  
4 on the date of this application; or

5 ( ) (name), the individual on whose behalf I am applying, is a  
6 state resident on the date of this application, has been a state  
7 resident for at least 24 [SIX] months immediately preceding April 1 of  
8 the current dividend year, and has been physically present in the  
9 State of Alaska at some time during the period beginning July 1 two  
10 years before the date of application and ending on the date of this  
11 application.

12 I understand that a false claim of eligibility to obtain a perma-  
13 nent fund dividend for myself or for another is a criminal offense,  
14 that if convicted I will forfeit future dividends, and that I must  
15 repay all dividends that have been paid to me. I understand that if I  
16 wilfully misrepresent, exercise gross negligence, or recklessly disre-  
17 gard a material fact regarding my eligibility for a permanent fund  
18 dividend I will forfeit the dividend, be subject to a civil fine of up  
19 to \$5,000, and lose my eligibility for the next five dividends. I  
20 understand that these penalties are in addition to any criminal pen-  
21 alties imposed.

22 \_\_\_\_\_  
23 (signature of individual,  
24 parent, guardian, or other  
25 authorized representative)

26 \* Sec. 3. AS 47.45.010(a) is amended to read:

27 (a) A person who is 65 years of age or over, who resides in the  
28 state for at least two years [ONE YEAR] immediately preceding applica-  
29 tion for a longevity bonus under this chapter may apply to the

1 commissioner of administration for qualification to receive a monthly  
2 bonus of \$250.

3 \* Sec. 4. This Act takes effect January 1, 1991.  
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FISCAL NOTE

REQUEST:

Revision Date: January 23, 1989  
Title: \* See below

Agency Affected: Administration  
BRU: Longevity Bonus

Sponsor: Donley  
Requestor: State Affairs Committee

Components: Administration, Grants

\* An Act relating to durational residency requirements for certain state benefit programs; and providing for an effective date

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
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	(60.0)	(120.0)	(120.0)	(120.0)	(120.0)
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	(60.0)	(120.0)	(120.0)	(120.0)	(120.0)
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	(60.0)	(120.0)	(120.0)	(120.0)	(120.0)
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	(60.0)	(120.0)	(120.0)	(120.0)	(120.0)

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)

See attached

Prepared By: James H. Chase  
Division: Pioneers' Benefits

Phone: 465-4400  
Date: \_\_\_\_\_

Approved by Commissioner: James H. Chase for John M. Andrews  
Agency: Department of Administration

Date: 1/25/89

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. House Bill (HB) 34

In order to project the fiscal impact of the passage of HB 34 some assumptions had to be made. These assumptions were:

- 1) That the number of applicants for the Longevity Bonus who have a minimum of one year of residence in the state will remain at the same ratio to the total number of applicants.

Rationale: This ratio has remained constant for the past two years.

- 2) That the ratio of applicants for the Longevity Bonus who have a minimum of one year of residence in the state to the total number of applicants will remain at one in five.

Rationale: This is the ratio demonstrated in the last two years.

- 3) That the passage of HB 34 will impact only those applicants with less than two years of residence the year following its passage.

Rationale: Those applicant who would otherwise be qualified would have to wait another year for their applications to be accepted. Those who learn of the passage of HB 34 who do not have the one year of residence would apply two years after its passage and continue to do so in the following years.

- 4) That the average number of applicants for the Longevity Bonus who have a minimum of one year of residence in the state is 40 per month.

Rationale: Historical trend analysis result.

With these assumptions the following calculations were made. The number of applicants, 40, is multiplied by \$250 and that product multiplied by six for the second half of FY 90 or 12 for the FY 91 or six for the first half of FY 92. These products were the savings in the grant component. The savings in postage cost is reflected in the contractual component.

## FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_  
 Title: "An Act relating to durational  
 residency requirements..."  
 Sponsor: Repr. Donley  
 Requestor: House State Affairs

Agency Affected: Department of Law  
 BRU: Legal Services  
 Components: Operations

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

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL			30.0	30.0		
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>-0-</b>	<b>-0-</b>	<b>30.0</b>	<b>30.0</b>	<b>-0-</b>	<b>-0-</b>

CAPITAL						
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REVENUE						
---------	--	--	--	--	--	--

**FUNDING:** (Thousands of Dollars)

GENERAL FUND	-0-	-0-	30.0	30.0	-0-	-0-
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS:**

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

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

Please see the attached analysis.

*Richard I. Pegues*

Prepared by: Richard I. Pegues, Director  
 Division: Administrative Services

Phone: 465-3672  
 Date: January 23, 1989

Approved by Commissioner: Richard I. Pegues /FOR/  
Grace Berg Schaible, Atty. Gen.  
 Agency: Department of Law

Date: January 23, 1989

Distribution (by preparer):

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

# CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 34

Section 1 of this bill amends AS 43.23.005 (a)(2) to increase the residency requirement, for an individual to receive the state's annual permanent fund dividend, from six consecutive months' residence to 24 consecutive months' residence immediately preceding April 1 of the current dividend year.

Section 2 of the bill amends AS 47.45.010 (a) to increase the residency requirement, for an individual to receive the state's longevity bonus, from one year's residency to two year's residency immediately preceding an individual's application for the longevity bonus.

Historically, state laws containing lengthy durational requirements have come under legal attack in Alaska. The department anticipates that if the bill is enacted it will be challenged in the courts, on federal constitutional grounds. Fiscal note funds, in the amount of 30.0, are therefore being requested to pay for outside counsel to assist in the preparation of arguments, that will be needed by the department to defend the state. Although an opinion cannot be offered, it should be noted that if the bill becomes law and then is subsequently overturned by the courts, the state might be exposed to the payment of damages for any injuries or loss suffered by any classes of persons, as a result of the bill's enactment.

FISCAL NOTE

REQUEST

Revision Date: \_\_\_\_\_  
Title: Durational residency require-  
ments for state benefit programs  
Sponsor: Donley, Boucher, Boyer, et al.  
Requestor: \_\_\_\_\_

Agency Affected: Revenue  
BRU: Permanent Fund Dividend Division  
Components: Permanent Fund Dividend  
Division

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 89	FY 90	FY 91	FY 92	FY 92	FY 93
<b>OPERATING</b>						
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LANDS & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>CAPITAL</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>REVENUE</b>	-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-
<b>TOTAL</b>	-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: See Attached

Prepared By: Ervin Jones  
Division: Permanent Fund Dividend Division

Phone: 465-2323  
Date: January 24, 1989

Approved by Commissioner: [Signature]  
Agency: Revenue

Date: 1/24/89

Distribution (by preparer):

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

Alaska Department of Revenue  
Permanent Fund Dividend Division  
HB 34 Fiscal Note Analysis  
January 24, 1989

Section 1 modifies one of the four general eligibility requirements to receive a permanent fund dividend. Under the law enacted in 1982, an individual must have been "a state resident for a period of at least six consecutive months immediately preceding April 1 of the current dividend year." For example, in addition to the other requirements, to be eligible for the 1989 dividend, an individual must have been a state resident during the ELIGIBILITY PERIOD of October 1, 1988 through March 31, 1989. Section 1 extends the six month requirement to 24 months. In other words, the individual in the above example, in order to qualify for the 1990 dividend (see Section 3) must have been a state resident for the entire ELIGIBILITY PERIOD of April 1, 1988 through March 31, 1990.

Conservatively speaking, there are approximately 60,000 new dividend applicants each year. The first effect of Section 1 would be felt in 1990 when 60,000 new Alaskans who thought they would be eligible, find that they are not. The second and most difficult effect would be when approximately 60,000 individuals who did qualify for the 1989 dividend find that they are now not eligible for the 1990 dividend. (See attachment A)

It will take considerable effort on the Department's part, in conjunction with the state demographer, to predict the final effect of this bill. Some of the factors to be considered include:

- 1) the length of the period (current proposal - 24 months);
- 2) the number of eligible individuals who leave each year;
- 3) the number of new person's arriving each year;
- 4) the percentage of individuals moving to Alaska who leave after one year, eighteen months, etc.;
- 5) the seasonal distribution of new arrivals;
- 6) the relative birth rate of new arrivals versus individuals who have been in Alaska over two years; and
- 7) the reaction of military personnel to the new proposal, i.e. how do they respond to the new choice presented relative to overseas pay, overseas duty credit, etc.

The final effect on administrative costs of the Permanent Fund Dividend program would depend upon such factors as mentioned above. For the first two years, the additional costs would include informing, advising, and counseling the public answering their repeated questions as to "why was I a resident in 1989 and not in 1990," plus the costs of denying the applicants who would file anyway, and hearing their appeals, and the costs of assisting the

Alaska Department of Revenue  
Permanent Fund Dividend Division  
HB 34 Fiscal Note Analysis  
January 24, 1989

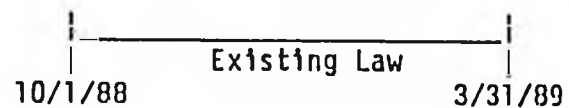
Department of Law in defending the new requirement. These cost increases might partially be offset by the document processing cost savings of reducing the number of applicants by approximately 60,000.

The Department's primary concern with the bill is a clear policy call -- the likelihood of a successful legal challenge to the extended ELIGIBILITY PERIOD on constitutional grounds, i.e. durational residency tests. This issue should be carefully weighed before jeopardizing the existing dividend program.

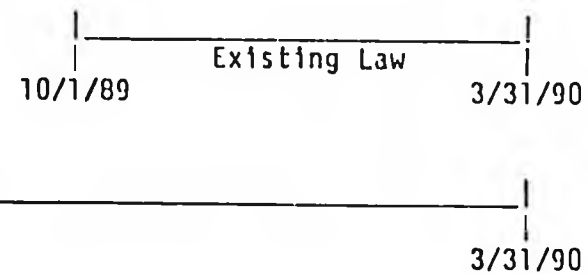
DIVIDEND  
YEAR

COMPARISON OF ELIGIBILITY PERIODS

1989



1990



# REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE  
DISTRICT ELEVEN • SPENARD  
SEAT A  
HEATHER MEADOWS • NORTHWOOD • SPENARD • THOMPSON • FURNAGAIS • UPPER MIDDTOWN • WINDMERE

3111 "C" STREET, SUITE 450  
ANCHORAGE, ALASKA 99503  
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CHAIRMAN  
LABOR AND COMMERCE COMMITTEE

MEMBER  
STATE AFFAIRS COMMITTEE  
HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE  
HOUSING AND BANKING SUBCOMMITTEE  
FINANCE BUDGET SUBCOMMITTEE  
DEPT. OF COMMERCE AND  
ECONOMIC DEVELOPMENT

January 24, 1989

M E M O R A N D U M

To: Members, House State Affairs Committee  
From: Representative Dave Donley **DD**  
Re: HB 34 - Durational residency requirements for  
Longevity Bonus and Permanent Fund Dividends

HB 34, a measure establishing a two year residency requirement to be eligible for a Permanent Fund dividend and for the Alaska Longevity Bonus, is before the House State Affairs Committee.

The current durational residency requirement for the Longevity Bonus is one year and for the Permanent Fund Dividend, six months of continuous residency prior to April 1 of the current dividend year. HB 34 retains that April 1 determination date and increases the residency period to 24 months. A January 1, 1990 effective date is included so that the new residency requirement would coincide with the calendar year to facilitate the administration of the permanent fund dividend program.

There is a proposed amendment to HB 34 in your files. The amendment inserts additional language under the Longevity Bonus program to make it consistent with the new residency requirement. This language was inadvertently left out of the original bill. Should the Committee decide to incorporate this amendment into a CS, I ask that you also consider changing the effective date to January 1, 1991. Such a change would "grandfather" in anyone about to become eligible for the bonus.

The residency requirement under the original Longevity Bonus program required continuous residency since statehood. The Alaska Supreme Court struck down the program in the Vest decision, in part because of the lengthy residency requirement, although they did not elaborate on what length of residency they would find acceptable. The state subsequently adopted the one year requirement.

Originally, the Permanent Fund dividends were disbursed according to the number of years a particular Alaskan had maintained residency in the state. The U.S. Supreme Court struck down the program in the Zobel decision, because the residency requirement was arbitrary and unfair and violated both the privileges and immunities and equal protection clause of the Constitution. Again, they

## Douley MEMO

did not elaborate on what residency requirement would meet a constitutional challenge.

Traditionally the courts have applied two "tests" when considering residency requirements. The first, "strict scrutiny", is applied when a particular program provides the basic necessities of life (medical care, welfare benefits etc.) or when an important constitutional right is at stake, such as the right to vote. In these cases, even a one year residency requirement would not be upheld.

The second standard, applied when dealing with laws that do not affect a basic necessity or a fundamental right, is called "rational basis". Under the "rational basis" standard, the courts weigh the nature and extent of the residency required against the state's purpose in enacting the statute and the fairness and substantially of the relationship between the purpose and the requirement. In other words, what are the reasons for requiring two years of residency and does the requirement satisfy the purposes for which it was adopted?

In addition, the courts recognize that for the purpose of determining residency the state can require both actual residency and intent to become or remain a resident. However, the state must be careful to not impose standards that result in bone fide residents being treated differently under the law, such as under the original permanent fund dividend program.

1. | It is clear that neither of the programs affected by HB 34 involve a fundamental right or a basic necessity of life. Therefore, the "rational basis" standard would apply. Both the Longevity Bonus and the Permanent Fund Dividend are unique programs uniquely created to benefit Alaska's residents. The Longevity Bonus is designed to enable life-long Alaskans to spend their retirement years in the state they helped build. The Permanent Fund Dividend is designed to create a direct link between the residents of Alaska and the Fund they created through a constitutional amendment.

Therefore, the state has clear and compelling reasons to assure that benefits from these programs accrue to bone fide residents of the state. The pertinent question is whether the state has compelling reasons to require two years of residency in these cases and whether the requirement is reasonable to establish that a person is a bone fide resident of the state. I believe we do and I believe it can be successfully defended in court.

In a federal District Court decision that upheld the two year residency requirement for the Alaska Student Loan Program, the judge took into consideration certain unique circumstances about the program that justified a longer durational residency requirement. Among them were: the student loan program was the most generous in the nation, students as a class are a mobile population, and there was evidence of "loan-shopping" by students which may encourage applicants to fraudulently claim residency status. Therefore, the court reasoned, the state had cause to apply a strict standard to assure that applicants were, in fact, bone fide residents.

2. | Both the Longevity Bonus and the Permanent Fund dividend program are generous benefits that are unique to Alaska. There is certainly evidence that "benefit shopping" occurs in that citizens move to Alaska to take advantage of the