

ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672

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D. Scope And Intent Of This Report.

The purpose of this report is not to recommend particular amendments to the Alaska Longevity Bonus Program. As Section II, post makes plain, any "recommendation" is a function of the goals which the legislature seeks to achieve through this exercise.

Rather, the goal of this report is to assemble a comprehensive list of alternatives proposed by various interested parties, and to analyze the alternatives in light of:

1. constitutional constraints;
2. fiscal impacts;
3. practicability; and
4. the effect of any changes on the elderly's eligibility for other programs.²⁵

In developing a list of alternatives, this report has included five options examined by the Sheffield Administration, and five alternatives developed by the authors of this report. The information presented with respect to each option is intended to be sufficient for a threshold determination of feasibility. The report attempts to anticipate the major problems and issues surrounding each option; however, it is not intended to exhaust the details of every proposal.

Rather, the report should be used as a basis for the Senate Judiciary Committee's preliminary indication of

²⁵See Section II.(C) post.

preference. We are recommending that the committee choose two or three primary options. We will then prepare implementing legislation and a detailed analysis of the primary options. Under this approach, the committee will not be required, at this early point, to make an "all or nothing" choice. It will also afford the committee flexibility in the event that, for some presently unforeseeable reason, one option becomes impracticable.

Draft implementing legislation and a detailed analysis of the committee's choices can be transmitted within two to three weeks, depending on the options chosen.

E. Alternatives Included In This Report.

The options included in this report, which are analyzed in turn in Section III, are:

1. expand the Alaska Longevity Bonus Program to include all elderly Alaskans with one-year's residency;
2. phase out the Alaska Longevity Bonus Program by gradually reducing benefits;
3. phase out the Alaska Longevity Bonus Program by gradually reducing benefits, while contemporaneously raising the eligibility limits for general state assistance;
4. providing a minimal base payment under the Alaska Longevity Bonus Program based solely on one-year's residency, with supplemental payments made on the basis of need;
5. phase out the Alaska Longevity Bonus Program by increasing the age eligibility each year;
6. create an annuity plan, with the annuity corpus consisting of permanent fund distributions. This option would necessitate a transition program for those persons 40 years and older;

7. fund the Alaska Longevity Bonus Program through a "pay as you go" social security system, funded by approximately 25% of the existing permanent fund dividend distributions;

8. replacing the Alaska Longevity Bonus Program with a comprehensive health insurance program for elderly Alaskans;

9. condition eligibility for a longevity bonus upon a demonstration of hardship which would be suffered by being unable to continue Alaska residency; and

10. open the Alaska Longevity Bonus Program to all one-year residents, and terminate the program -- giving FY 1984 recipients a grandfather right to continued bonuses.

II. CONSTRAINTS ON THE CHOICE OF OPTIONS

There are four basic considerations in choosing a package of amendments to the Alaska Longevity Bonus Program. The purpose of this section is to provide an overview of the constraints and policy choices which should play a role in this committee's decision.

A. Constitutional Constraints.

The obvious and primary constraint on any set of amendments to the Alaska Longevity Bonus Program lies in the equal protection clauses of the United States (Amendment 14) and Alaska (Art. 1, §1) constitutions. The existing Alaska Longevity Bonus Program discriminates between Alaska residents based on their duration of residency; moreover, all of the alternatives considered by this report involve some durational residency requirement.

Under both the federal and Alaska constitutions, a durational residency requirement which conditions or denies either a "fundamental right" or a "basic necessity of life" is valid only if the discrimination is necessary to further a compelling state interest: Zobel II, 619 P.2d at 448; Memorial Hospital v. Maricopa County, 415 U.S. 250, 259 (1974). "Fundamental rights" involve such things as voting,²⁶ while "basic necessities of life" include basic medical care²⁷ and welfare.²⁸

The so called "right to travel" -- which any durational residency requirement arguable affects -- is not a fundamental right automatically triggering the compelling state interest test. Zobel II, 619 P.2d at 425-426, Zobel III, 72 L.Ed. 2nd at 677-678.²⁹

We are confident in concluding that longevity bonus is not a "basic necessity of life." The program is not welfare -- it is not based on need. Basic indigent assistance -- including both income supplements and Medicaid -- are available to the

²⁶Dunn v. Blumstein, 405 U.S. 330 (1972).

²⁷Memorial Hospital v. Maricopa County, 415 U.S. 450 (1974).

²⁸Shapiro v. Thompson, 394 U.S. 618 (1969).

²⁹One of the oddities of Justice Brennan's concurrence in Zobel III was his view that the "right to travel" is a "fundamental" right (id. at 682) -- although impairment of that right by a durational residency requirement should be tested under the deferential "rationally related" standard (see text, post) or at worst "intensified ... scrutiny." Id. at 681.

needy in this state.³⁰ The longevity bonus program seems more akin to the permanent fund dividend, which the Alaska Supreme Court held in Zobel II was not a "basic necessity of life." 619 P.2d at 445. As the Court of Appeals for the Ninth Circuit has observed:

"Deprivations which are only uncomfortable are not enough, such as conditioning lower tuition at state institutions of higher education upon a one-year residency requirement." Fisher v. Reiser, 610 F.2d 629, 639 n. 5 (1979), cert. denied 447 US 930.

Under the federal constitution, then, any durational residency requirement imposed by amendments to the ALB program need only be "rationally related" to a legitimate governmental purpose. Zobel III, 72 L.Ed. 2nd at 678. As this section will discuss, however, that standard is occasionally more deferential in its terms than in its application.

Conversely, under the Alaska Constitution, a durational residency requirement will withstand scrutiny only if it is "fairly and substantially related" to a legitimate governmental purpose. Zobel I, 619 P.2d at 427. The more the balance tips in favor of the individual, the more necessary the discrimination must be in order to further the law's purpose. Id.

From these standards, the following ground rules can be extracted from applicable case law:

³⁰See Memorial Hospital v. Maricopa County, 415 U.S. at 261

1. Unquestionably, the "length of residence may be used to test the bona fides of citizenship." Zobel III, 70 U.Sd. 2d at 634 (Brennan conc.). In other words, the state may, by a durational residency requirement, "make virtually certain (that the recipients of the program are) bona fide residents of the state ..." Vlandis v. Kline, 412 U.S. 441, 453-454 (1973).

As a general rule, attorneys have assumed that in cases not involving the "compelling state interest" standard, a one-year durational residency requirement is permissible as a presumption of domiciliary. See, Starns v. Malkerson, F. Supp. 326, 234 (Minn. 1970), affd. mem. 401 U.S. 985 (1971). Moreover, the State of Alaska has taken the position that in cases involving either particularly attractive benefits, or particularly transient populations, a durational residency requirement in excess of one year is constitutionally permissible. See Motion For Summary Judgment, September 8, 1982, Andress v. Baxter, et al., No. A82-307 Civil, U.S. District Court, (D. Alaska 1982).

For the purposes of the Longevity Bonus Program, there are three reasons why it makes little sense to attempt a multi-year durational residency requirement as a presumption of domiciliary. First, the attempt would lack substantial

precedential support. Second, it would be contrary to the August 9, 1982 settlement in the Vast case. Finally, and as noted previously, a durational residency requirement would not begin to exclude significant numbers of elderly Alaskans unless it was in excess of 10 years.

2. . Durational residency requirements may be permissible for reasons other than presuming domiciliary, although at least four justices of the United States Supreme Court believe that those situations are "rare." Zobel III, 72 L.Ed. 2d at 684.³¹

At the outset, a state cannot use a lengthly durational residency requirement to reward long time residents for their prior contributions to the state. To a majority of the court, while the purpose itself is permissible, a durational residency requirement is irrationally tailored to that goal -- a point bluntly made by Justice O'Connor in her concurrence:

"A multitude of native Alaskans -- including children and paupers -- may have failed to contribute to the state in the past. Yet the state does not dock paupers for their prior failures to contribute, and it awards every person over the age of 18 dividends equal to the number of years that person has lived in the state." 72 L.Ed.2d at 689.

The flip side of rewarding a person for prior contributions is compensating a person for prior hardships. That, as noted previously, is a second major goal of the

³¹One "rare" example cited by the four concurring justices was qualification of public office. Id.

existing ALB program. If it is irrational to assume that all long time residents "contributed" to the state, it may be equally irrational to assume that all long time residents suffered substantial past hardship.

There is one universal hardship which equates with territorial residency -- the lack of franchise. It is conceivable that a Longevity Bonus Program intended to compensate for that lack of representation would be constitutionally permissible. However, that rationale would only justify the January 3, 1959 residency requirement -- not the 25-year continuous residency provision of the act.

A much closer question is posed by the program's goal of allowing elderly Alaskans to remain in the state who would suffer particularly severe hardship if they were financially required to relocate. Justices Dimond and Matthews of the Alaska Supreme Court believe this may be a constitutionally permissible goal substantially furthered by a durational residency requirement:

"... a state Longevity Bonus ... require(s) lengthy residency. Both those programs, however, are apparently designed to help those individuals who would like to retire in the state but cannot afford to do so because of the high cost of living. The state might well want to limit the benefits to those that would suffer the most hardship by being forced to leave, and it seems reasonable to suppose that a long period of residency would be some indicia of close ties to Alaska and the disruption that leaving might cause." Zobel II, 619 P.2d at 469 n. 13 (Dimond dissenting).

The Department of Law, in fact, has concluded that the Pioneers' Home may be constitutionally defensible as a reasonable means of accomplishing precisely this goal.³² Indeed, one option considered in this report would award longevity bonuses on the basis of hardship caused by relocation -- which in turn would be measured in part by length of residence. By making length of residency "some indicia" (619 P.2d at 469) of the hardship of relocation, the option would avoid the indictment of overbreadth which was fatal to the permanent dividend fund distribution program in Zobel III.

Finally, as to the ALB program's goal of providing an incentive for a specific subclass of Alaska's elderly to remain in the state, the courts in all likelihood would view that purpose as merely discrimination for its own sake. See Zobel III, 72 L.Ed. 2d at 673-679. Presuming that only long-time residents have the requisite "wisdom and experience" to warrant subsidization is hardly likely to impress the U.S. Supreme Court.

B. Varying Goals of Several Longevity Bonus Options.

There is a substantial difference of opinion as to what an amended ALB program should accomplish. As noted previously, the legislature may wish to retain one of the major goals of the existing program -- allowing those elderly with the closest ties to Alaska to continue to live here.

³²1932 Op. Atty. Gen. _____ (November 26, 1932) at 25.

Alternatively, the fiscal consequences of the various alternatives may be the primary consideration. As previously discussed, if legislation in conformity with the West settlement is enacted, an additional \$11 million must be appropriated as retroactive bonus payments to July 1, 1982. Several of the options which propose to phase out the program, or which propose a conversion to permanent fund earnings, are partially or primarily directed at this end.

The primary goal of the legislation may also be to protect those currently most dependent upon the bonus. The current Old Age Assistance income level is \$546.00 per month and there are approximately 2,300 elderly Alaskans receiving state assistance. Since the longevity bonus is not included in the calculation of income for state assistance, the practical consequence of a phase out or termination of the program would be to materially reduce the available income of the poorest elderly Alaskans. Moreover, as noted in Section I(3), ante, there are a large number of elderly Alaskans who are currently only marginally above the existing state poverty level.

There are two options particularly sensitive to this goal -- the phase out of the ALB program in conjunction with a correlative rise in state assistance levels, and the option of compensating those who would suffer the most hardship by relocation.

With respect to this goal, however, it should be stressed that the existing ALB program has been purposefully structured so as to not be a "welfare program." Precisely for that reason, the program is administered by the Department of Administration, rather than the Department of Health and Social Services, and any conversion to a "need-based" program will undoubtedly offend the dignity of many elderly Alaskans.

Finally, there is the possible goal of providing a long term, stable bonus program which frees the general fund from increasing commitments. The annuity and state social security options are primarily directed at this goal.

C. Consequential Effects of Any Amendment To The Longevity Bonus Program.

Any change to the Longevity Bonus Program may have two consequences which must be considered: (1) the continued eligibility of ALB recipients for other state or federal assistance programs; and (2) tax consequences on participants.

As noted in Section I(A), ante, under federal law the ALB is excluded from the definition of "income" for many federal assistance purposes.³³ As long as any amendments to the ALB program continue to base eligibility "solely on attainment of age 65 and duration of residency," and remain sufficiently similar to the existing program so as to be fairly called "a program established prior to July 1, 1973," the exemption would be retained.

³³See n. 3, ante.

Obviously, any material changes in eligibility requirements or structure of the program raise the risk that the new benefit will be included as "income," and many elderly Alaskans will be terminated from the applicable federal program. The Department of Health and Social Services has estimated the impacts from a loss of the longevity bonus exclusion. Those estimates appear at Appendix B of this report.

Anticipating the same problem with permanent fund dividends, the legislature, in the 1982 Special Session, provided that the state would substitute lost benefits for a period of four months.³⁴ Obviously, and to the extent possible, any amendments to the ALB program should either be tailored to the existing exception, or fall within another separate statutory income exclusion such as a "need based" payment.³⁵

The tax consequences of amendments to the existing ALB program become particularly important with respect to this report's annuity option -- which is treated in detail in Section III (F), post. At the outset, it is sufficient to note that:

1. The existing longevity bonus program is taxed under the Internal Revenue Code;
2. Any ALB program which is based on need, or could be characterized as a "social benefit program for the promotion of the general welfare," would in all likelihood not be taxed by the IRS; and³⁶

9-AS 43.23.375.

³⁵See 42 U.S.C. §1362(a)(b)(6).

³⁶See IRS Revenue Rulings, 63-136, 1963-2 C.B. 19; 68-33, 1968-1 C.B. 446; 72-340, 1972-2 C.B. 31; 73-170, 1973-1 C.B. 24.

3. On February 27, 1981, the Internal Revenue Service ruled that dividends distributed under the state's prior permanent dividend fund legislation -- the statute invalidated in Zobel III -- were taxable under the Internal Revenue Code.³⁷ While the IRS has yet to rule on the existing dividend program, it is likely that taxation of the permanent fund dividend could be deferred if it is used to fund the annuity or social security options discussed in this report.

III. DISCUSSION OF ALTERNATIVES

A. Expanding The Class Of Alaska Longevity Bonus Recipients To Include All Elderly With One-year's Residency.

There are currently some 9,425 Alaskans who receive bonuses totaling \$23.23 million. This proposal would require additional appropriations for (1) bonuses for an additional 3,803 people; and (2) additional clerical support in the Department of Administration. The additional costs would total \$12 million in FY 1984, increasing to \$13.7 million in FY 1985.³⁸

These appropriations are in addition to the \$11.4 million retroactive award required under the Vest settlement.

The advantages of this option are two-fold. First, it is one of the constitutionally "safest" options. Second, since eligibility would remain dependent on "duration of residence" -- albeit only one-year -- in all likelihood it would fall within the existing ALB exclusion to federal assistance programs.

³⁷IRS Index Nos. 0061.40-00; 0451.20.00; 0102.00-00.

³⁸Department of Administration draft fiscal note, January 11, 1983.

Additionally, while theoretically any "one-year" elderly Alaskan could take advantage of this program, the demographics of Alaska's elderly (see Section 1(3), ante) are such that the primary beneficiaries of this option would be those who have lived in the state from 10 to 25 years. Whether such a program would encourage in-migration is problematical.

In addition to obvious fiscal disadvantages, this alternative would dilute the dignity and recognition attendant the current bonus to the point of non-recognition.

3. Phase Out The Existing Longevity Bonus Program.

One of the options analyzed by the Sheffield administration would phase out the ALB Program by reducing benefits by \$30.00 each year beginning with FY 1984. By paying \$200.00 a month to 13,228 recipients rather than \$250.00 to 9,425, the net increase to the program in FY 1984 would be \$2.1 million. In fiscal year 1985, however, when the bonus is reduced to \$150.00, there will be a net decrease of \$8.7 million in program costs.

This option has been unfavorably viewed by the administration, and apparently was prepared only as a point of comparison. Despite its fiscal benefits, the proposal protects no one. The poorest of Alaska's elderly would suffer the most. Since, as discussed previously, Alaska longevity bonuses are not counted in existing state and federal assistance income limits, the needy elderly person in Alaska receives, currently, a

subsidized monthly income of \$546 for Old Age Assistance, plus \$250 from the ALB program. This option would thus materially reduce state assistance levels.

C. Phase Out The Existing Longevity Bonus Program With A Contemporaneous Increase In State Assistance Levels.

The apparent "preferred" option of many with the Sheffield administration is to gradually increase state Old Age Assistance levels while at the same time gradually decreasing the amount of the longevity bonus. The program would function in the following manner:

CHART 1.

YEAR	OLD AGE ASSISTANCE LEVEL	ALASKA LONGEVITY BONUS
FY 1983	\$546	\$250
FY 1984	\$596	\$200
FY 1985	\$646	\$150
FY 1986	\$696	\$100
FY 1987	\$746	\$ 50
FY 1988	\$796	\$ 0

In analyzing the fiscal impacts of this alternative, assumptions must be made about how many elderly Alaskans will become eligible for Old Age Assistance as the OAA income level increases, and how many of the newly eligible will be inclined to seek assistance as their longevity bonus gradually diminishes.

Regardless of which assumptions are used; the impacts upon the longevity bonus program, are, of course, identical to the "phase out" option. Those impacts would be as follows:

CHART 2.

ADDITIONAL COST (SAVINGS) TO THE ALB PROGRAM (in millions)

FY 1984	2.1
FY 1985	(8.7)
FY 1986	(19.2)
FY 1987	(30.9)
FY 1988	(44.1)

The fiscal impact upon the Department of Health and Social Services' OAA program is far more difficult to determine. The Department of Administration has used two alternative assumptions -- (1) that of the 13,228 elderly in Alaska, 5% will become eligible and apply for public assistance as the income level is increased to \$796 in FY 1988; or (2) that 25% of the elderly will become eligible and apply for assistance during that period.

We believe that the 25% possibility may be closer to the truth. Approximately 30% of Alaska's elderly have monthly incomes marginally above existing assistance levels -- from \$500-\$800 per month.³⁹ If those figures are accurate, as many as 3,968 will become eligible for public assistance -- in addition to the 2,300 currently on the OAA program.

The second variable involves the size of the benefits which the new clientele will receive. The Department of Health and Social Services has assumed that each new recipient will receive the mean benefit currently given or projected for

³⁹Assessment, op. cit. n. 11 at 31.

existing recipients -- \$295 in FY 1984.

In computing the fiscal impacts of this option, we have used the following three assumptions:

(1) Of the 3,968 elderly whom current data suggest could be eligible for the increased OAA program, 2500 will in fact apply. This figure arbitrarily discounts both those who will decline to apply for psychological reasons, and those who will not apply because the minimal benefits to them are simply not worth the bother;

(2) Because we have discounted those who will receive minimal benefits, we have retained the "mean benefit" assumption employed by the Department of Health and Social Services; and

(3) The new recipients will be evenly distributed over each of the five years -- so that in each year an additional 500 recipients will be added to the OAA program.

Additionally, persons who become eligible for Old Age Assistance will also become eligible for Medicaid. The State's Medicaid budget for FY 1983 is \$65 million dollars. 48% of that figure -- or \$31.2 million -- is paid by the State. Some 23% of that budget -- or \$7.17 million dollars -- is attributable to those currently on Old Age Assistance. If the OAA population doubles over the next five years -- as our assumptions presume that it will -- there will be an additional cost of \$7.17 million (not adjusted for inflation) to this option, chargeable in equal portions to each of the next five fiscal years.

With these assumptions, the following chart illustrates the possible net fiscal impact of this option:

CHART 3

<u>Year</u>	<u># Add. on OAA</u>	<u>Mean Benefit</u>	<u>-----IN MILLIONS-----</u>		
			<u>Added Medicaid Costs</u>	<u>Added ALB Costs (Savings)</u>	<u>Net</u>
FY 1984	500	\$295.02	1.4	2.1	5.27
FY 1985	1000	345.02	2.8	(8.7)	(1.76)
FY 1986	1500	395.02	4.2	(19.2)	(5.90)
FY 1987	2000	445.02	5.6	(30.9)	(14.60)
FY 1988	2500	495.02	7.0	(44.1)	(29.30)

Thus, even with fairly liberal assumptions regarding the number of additional OAA clients and Medicaid costs, this option will begin saving money in FY 1985.

Moreover, for those elderly in the \$500 - 800 per month income range who pay some federal taxes, the option would have advantages, since increased need based assistance, unlike the longevity bonus, should not be taxed under the Internal Revenue Code.

One obvious disadvantage of this option is that it transforms the longevity bonus program into a welfare scheme. Persons who currently receive \$796 or less per month -- including the bonus -- will indeed be "held harmless" under the option, but only at the expense of applying for assistance to the Department of Health and Social Services.

Moreover, those current elderly bonus recipients whose monthly incomes (excluding the bonus) exceed \$796 per month will receive no protection under this option.

Finally, because welfare payments are generally viewed by the courts as involving "basic necessities of life" (see §II(A), ante), the durational residency requirement for increased old age assistance must be dropped from one year to 30 days.⁴⁰ The minimum national old age assistance level under the federal Supplemental Security Income system -- which OAA supplements -- is \$284.30/mo.. A person with \$600 a month income in a "minimum benefit" state is presumably ineligible for old age assistance (including Medicaid) in that state, but could become eligible under the Alaska system upon 30 days residency. While the mere prospect of an additional \$196 per month (in FY 1988) is unlikely to induce people to retire in Alaska, the concomitant provision of Medicaid services -- including full nursing home coverage -- may have that effect. If a person can obtain free nursing home coverage -- valued at between \$40 - \$60,000 per year -- simply by spending the month of August in Anchorage, the State may face a rather remarkable in-migration problem indeed.

D. Retaining A Modest Longevity Bonus, While Providing A "Need Based" Supplement.

This option is largely a variant of option C, and has been discussed by the Sheffield Administration as a means of

⁴⁰Shapiro v. Thompson, 394 U.S. 613 (1969).

retaining some longevity bonus payment which could not be considered "welfare."

Under this option, the longevity bonus, as with Option C, would be gradually reduced to, say, \$100.00 per month. As the fiscal information for alternatives B and C suggest, this alternative would result in a savings to the longevity bonus program of \$19.2 million by FY 1986.

To compensate for the loss of \$150.00/mo. to the needy, either State OAA limits could be increased by \$150, or a separate "need based bonus supplement" could be established by the Department of Administration.

The advantage of the latter option is that although based on "need," applicants will not be dealing with the Department of Health and Social Services, and may view the supplement less as a form of welfare. Additionally, since the supplement will be provided under a program other than State OAA, its recipients would not be entitled to Medicaid (including nursing home coverage) unless they are otherwise eligible for OAA under existing limits.

Additionally, the "need" is not necessarily limited to financial need. As this report's discussion of Option I indicates, longevity bonuses may be apportioned according to the hardship which the elderly would face by being forced to retire outside Alaska.

The disadvantage of a separate "need based" program in the Department of Administration is, of course, the necessary creation of a parallel bureaucracy in state government.

The fiscal costs of this option have not been developed by the administration or this report because of the variables involved -- the size of the remaining "basic" longevity bonus, and the question of administration. Costs of administration aside, the net savings to the State should be substantially similar to the FY 1986 figures for Option C -- in which the declining longevity bonus payment would be \$100.00 per month. The projected net savings of \$5.9 million would certainly exceed the costs of even a parallel bureaucracy within the Department of Administration.

E. Gradual Increase In The Age Of Eligibility.

Another option explored by the Administration would reduce the durational residency requirement for a bonus to one year, but raise the eligibility age each fiscal year. For FY 1984, the age would be raised to 66; to 67 in FY 1985; and so on.

This option would have a substantial fiscal impact until fiscal year 1988, at which time mortality would have reduced the class of beneficiaries below existing levels. For FY 1984, the option would cost an additional \$9.5 million dollars beyond existing funding levels, according to the Department of Administration.

This option has been quite unfavorably received. It has been facetiously but not unfairly referred to as the "newcomer's bonus program." A recent migrant born prior to June 30, 1913 would receive a longevity bonus for life, while a long-time Alaskan born subsequent to that date would receive nothing.

F. Self-Sustaining Annuities.

The prior five options were developed by members of the administration, although the administration has not formally "sponsored" any particular approach. Moreover, several of the options -- particularly the "graduated age" and "phase out" options -- were developed more as comparative conversation pieces than as actual proposals.

The following five options -- commencing with the self-sustaining annuity -- were prepared by the authors of this report.

Under the self-sustaining annuity option, individuals would no longer receive a permanent fund dividend under AS 43.23. Rather, those dividends would form the corpus of a self-sustaining annuity account from which the individual would receive an annuity commencing at the age of 65.

According to Department of Revenue projections, the permanent fund dividend payment for FY 1984 will be \$365.00, rising gradually throughout the remainder of this century to \$952 in the year 2000.

Given this level of contribution to the corpus, a self-sustaining annuity account will produce an annuity roughly equivalent to the existing longevity bonus (with a 3 percent annual cost of living adjustment) for those who are currently 40 years or younger, and who will be residents of Alaska each of the next 20 years. For various age groups, the annuity entitlements at age 65 as a percentage of the "target" annuity (\$3000/yr. plus 3% per annum) would be roughly as follows:

Current age	Annuity as a % of target annuity
25	353%
35	151%
40	100%
45	56
55	21

Obviously, some transition measure is necessary for those who are simply incapable of accruing a sufficient corpus by the age of 65 to be entitled to the "target annuity". The general fund, simply put, will be required to make up the difference, although, over time, that "differential" will decrease as annuity accounts assume some significance.

Many of the options explored in this report could suffice as a 20-25 year shrinking general fund obligation. One option particularly tailored to the annuity approach would be to allow those who are at or near the age of 65 to continue to receive their permanent fund dividends in cash, with the PFD being subtracted from the longevity bonus amount. For those in

the 40-60 year age group, the general fund would simply fund the difference between their annuity and the "target" figure.

Under this "transitional measure", the general fund "residual" payment would be based on the amount necessary to supplement the annuity corpus assuming that an individual received a permanent fund dividend every year. There would seem, in this regard, no obligation on the part of the state to give a larger general fund supplement to someone with two PFD credits than to someone with 15.

Thus, in fiscal year 1994, when current 55-year olds first receive their annuity, they would receive a state supplemental of 79 percent of the target annuity -- regardless of the actual PFD credit any individual has accrued.

The remaining question, obviously, is what to do about the person who is currently 65. If that individual's supplement is the same in 1994 as a new annuitant -- 79% -- he will in fact receive less than the new annuitant since he will have only his permanent dividend, rather than a 21% annuity, to make up the difference. Conversely, if the grandfathered PFD recipient received a full target annuity in 1994, he would be at a substantial advantage over the new annuitant. The reason is this: while the new annuitant has earned a substantial portion of his target annuity by foregoing his cash dividend each year, the "grandfathered" recipient has both enjoyed the dividend, and its earning power, over that same period of time.

The question is largely one of equity for the legislature. Either approach is defensible. While the latter scenario would seem to discriminate in favor of the existing elderly, the Alaska Supreme Court has recognized the legitimacy of creating preferential grandfather rights for those who have come to depend upon an existing state program.⁴¹

In either case, the difficulty with this "transition" option is that the longevity bonus program continues to be a substantial drain on the general fund for 20-25 years to come. Under the transition option described above, the FY 1984 budget for the ALB program would be increased by \$6 million dollars over existing funding levels.⁴²

Through Aetna Insurance Co., we investigated the alternative of simply purchasing a lifetime annuity for all those currently 65 or older. Unfortunately, the cost of a lifetime annuity for all Alaskans 65 or older would be prohibitive -- in the neighborhood of \$300 to \$400 million.

Finally, the Legislature should consider using the administration's options C and/or D as a transition measure. The short term fiscal impacts of those options are superior to those of a simple general fund supplement.

⁴¹Commercial Fisheries Entry Commission v. Apokedak, 606 P.2d at 1239-91.

⁴²Assuming that the ALB of the "grandfathered class" is reduced by the \$365 permanent fund dividend, each of 13,223 persons will receive a payment of \$2,635 this year -- totaling \$34 million dollars.

For all of the short term problems of an annuity program, the long term advantages should receive equal time. First, in a period of 20-25 years, the general fund will no longer be encumbered with the longevity bonus program. Second, the eventual size of one's annuity payments would be a function of the number of permanent fund dividend contributions that have been credited to the annuitant's account. We seriously doubt that a successful durational residency claim could be made to this aspect of the program. An annuitant with three years contributions could no more claim that he is due an annuity based on 20 years contribution than could a 1995 resident claim not merely the \$737 cash dividend available that year, but rather some \$6,000 which his predecessors had amassed by being residents of Alaska since 1984.⁴³

We believe that there is a strong case for distributing annuities only to persons who are residents of Alaska at the

⁴³Because future annuities are a direct function of actual past payments to the program, the program does not "reward" presumed contributions but simply returns actual investments. cf. Zobel I, 619 P.2d at 435 (Rabinowitz conc.) Nor is the option akin to a situation where prior tax contributors are excused from funding the present needs of government, as with the tax repeal scheme at issue in Zobel I. At any point in time, each Alaskan is treated quite equally -- being entitled to an annuity credit if he or she resided in the state for six months during the pertinent year.

time. Partially for reasons discussed below, no individual will have a "vested right" to an annuity in the future. A purpose of the annuity program will be to alleviate the particular financial hardships caused by retirement in Alaska -- a purpose which we believe is constitutional. This goal would be served only by confining actual annuity payments to Alaska residents. Second, and particularly if the program is properly viewed as conferring an economic benefit not upon the crediting of an annuity account, but rather upon annuity distribution, the state certainly possesses the right to prefer its own residents in the disposition of its resources.⁴⁴

There are, of course, other issues surrounding the annuity option. Many Alaskans will undoubtedly wish to retain the existing cash benefits of the permanent fund distribution. Alaskans will not be, however, totally without recompense. An annuity account for younger Alaskans in particular -- at least for those planning to stay in the state -- will one day lead to substantial benefits.

Of course, the prospect of a lucrative retirement account is a product of the legislature's continued willingness and ability to devote 25% of permanent fund earnings to the

⁴⁴Reeves, Inc. v. State, 55 L.Ed. 2d 244, (1980); see also White v. Massachusetts Council of Construction Employees, ___ U.S. ___, No. 31-1003 (U.S.S.Ct., Feb. 28, 1983) (distinguishing Hicklin v. Orbeck, 437 U.S. 518 (1978)).

annuity program. Unquestionably, at some point in time, a material percentage of the permanent fund's earnings will be necessary for general government expenses. The point at which that will require access to more than 75% of the fund's earnings is problematical.

The tax consequences of an annuity program warrant detailed discussion. As noted previously, the Internal Revenue Service may well rule that permanent fund cash distributions are taxable. Conversely, if credits to an annuity account equal to the permanent fund dividend are not tax exempt, the real economic value and perceived political worth of an annuity option is substantially lessened.

The annuity program envisioned by this report is not employer/employee related, and therefore would not qualify for an exempt plan under the Internal Revenue Code.⁴⁵ As serious consideration given to qualifying this annuity option as an Individual Retirement Account -- because (1) the state is not a qualified financial institution to administer such an account; (2) the required terms of an IRA were not compatible with the option considered; and (3) any "state required" IRA -- even if possible -- would severely impinge on the tax planning flexibility of individual Alaskans.⁴⁶

Noneetheless, it is our opinion that the annuity option should result in the deferral of both the permanent fund

⁴⁵See 26 U.S.C. §401-404

⁴⁶See 26 U.S.C. §408.

dividend contributions and accrued interest under the Internal Revenue Code. The courts and the IRS have generally ruled that contributions to an unqualified "annuity," "retirement" or "deferred compensation" plan are nonetheless tax deferred if the individual is not in "constructive receipt" of the annuity contributions, and the contributions do not represent a present "economic benefit."⁴⁷

Combining the standards of that doctrine with the attributes of the proposed annuity program, the program should be taxed deferred for the following reasons:

1. If the State were to purchase individual annuities with each permanent fund dividend, with each resident being the beneficiary, the resident would have a vested and secured interest in the contribution, and would thus have received a current "economic benefit." If, however, the State were to merely give the annuitant an unsecured promise of payment, purchasing an annuity account with itself as the beneficiary in order to provide a funding source for that promise, there would be no "current economic benefit" and taxation would be deferred.⁴⁸ This is one customary means by which employers obtain tax deferral of an unqualified plan;

2. A person is in "constructive receipt" of an annuity contribution if he has current access to the

⁴⁷U.S. v. Goldsmith, 536 F.2d 810 (Ct.Cl. 1973).

⁴⁸Id.

contributions without substantial terms and limitations.⁴⁹ Under this report's option, under no circumstances would an annuitant be entitled to withdraw anything until annuities are actually distributed;

3. To underscore the contingent nature of the annuity -- such that the IRS could not reasonably conclude that it represents a "current economic benefit" -- the annuity will only be received if the person is an Alaska resident at the time of the pertinent distribution.

Our only hesitancy in this regard is the February 27, 1981 ruling of the IRS that even if an individual chooses to defer receipt of his permanent fund dividend, it is taxable in the year that it could have been received. The ruling, however, "may not be used or cited as precedent," and, even if of precedential value, is distinguishable from this situation. The ruling is consistent with the proposition that the individual cannot have unfettered discretion in choosing the year in which income will be taxed. While an individual does have unbridled choice in determining when to take a permanent fund dividend, he will have no choice as to the time of receipt of his annuities. Moreover, where a person would have an absolute right to a deferred dividend, he will have no right to annuity distribution unless he is an Alaska resident at the time.

For tax reasons, then, the annuity option must be carefully structured. The former permanent fund dividend must

⁴⁹Id.

be used by the State to purchase an annuity for its own account, with itself as the beneficiary. The annuity income received by the State will then be used as the funding source for the annuity payments -- although technically and necessarily the annuity income could be used for any fiscal purpose.

A far closer question arises with respect to the effect of this option on other public assistance programs. Generally, annuity income is included in the calculation of income for various assistance programs.⁵⁰ If, however, this option can be characterized as a continuation of the longevity bonus program, then the existing longevity bonus income exclusion⁵¹ may persist. If -- consistent with tax considerations -- the only "annuity" is the one purchased by the State as a funding source, then the existing longevity bonus program can be retained in both name and substance, with the amount of the bonus still dependent upon residency history. After all, under the option, (1) a person must be a six month resident in order to obtain a single PFD, and must be eligible for the annuity at the time of distribution;⁵² (2) the amount of annuity is dependent upon the number of PFD's credited to the individual's account; and (3) the "grandfathered" class of existing elderly would presumably be required to meet a one-year durational residency requirement.

⁵⁰See. 42 U.S.C. §1382(a)(1)(2)(3).

⁵¹See 42 U.S.C. §1382(a)(b)(1)(3).

⁵²See n. 3, ante.

The above, of course, is an argument -- it is not necessarily the law, which in final measure will be largely determined by the federal officials involved. The exposure to existing assistance programs -- at least for those not within the grandfathered transition class -- must be considered a risk of this option.

Even if, however, annuity distributions are considered "income" to various assistance programs, the corpus of the annuity account will not be. A person may be disqualified from a federal assistance program not only if his income exceeds a certain level, but as well if he has alternative available resources which he can upon from at any time. However, in this instance, a true "annuity corpus" does not exist -- since the only annuity runs for the benefit of the State. Moreover, even if federal officials were to view the "corpus" as belonging to the individual, it cannot be withdrawn prior to actual distribution.

G. State Social Security System.

In large part because of the need for a lengthy transition period with a self-sustaining annuity plan, this report also considered the possibility of a state social security system funded by a portion of the permanent fund dividends distributed under AS 43.23.

Under this system, a sufficient portion of each resident's permanent fund dividend would be withheld each year

to fund a retirement program designed to pay each Alaska resident of 65 years or older with one-year's residency \$250 per month, with a moderate cost of living adjustment each year.

In assessing the feasibility of this option, the most important variable was the projected growth in Alaska's elderly population. The difficulties facing the federal social security system are due in part to an increasingly large percentage of elderly in the population.

For fiscal year 1983, the Alaska Department of Labor projects that there will be some 13,672 elderly in Alaska -- approximately 3% of Alaska's population.⁵³ The Department has projected that that population, as a percentage of all Alaskans, will remain relatively static through the year 2000, when, out of a population of 831,000 people, there will be 25,158 elderly.⁵⁴

We believe that those projections are overly conservative, and do not take into account the significant nationwide trend of increased elderly population. Nor do those projections include the retirement years of the post World War II "baby boom" generation -- which will begin about the year 2010.

Accordingly, in projecting the long term impact of this option on permanent dividend distribution, we have used the

⁵³Alaska Population Overview, Alaska Department of Labor, 1981

⁵⁴Id.

national growth patterns projected by the Federal Social Security Administration, which are as follows:

<u>YEAR</u>	<u>% OF ELDERLY POPULATION</u>
1950	3.1
2000	13.1
2025	19.5
2050	21.3

Using those assumptions, Travelers' Insurance Co., on our behalf, calculated the percentage of permanent fund dividends which would be required to fund a "pay as you go" system.

For fiscal year 1983, the calculations are relatively straight-forward. Given an aggregate distribution of some \$169 million in permanent fund dividends this year, approximately 25% would be needed to fund a "pay as you go system."

However, even assuming a 3% cost of living adjustment in the payment each year, the percentage needed to fund the program decreases. This is because permanent fund earnings will increase at a rate substantially higher than inflation. From the year 1983 to 2000, the average funding required would be 15 to 19 percent of the distributions, while, in the years 2000 to 2025 (and assuming continued growth in permanent fund earnings) the funding amount would be 10-12 percent.

Thus, if the withholding remains static at 25% over the course of several years, the resultant excess would begin to build a savings account of substantial magnitude, which at some

point in the future would make the program partially, or perhaps totally self-sustaining.

One obvious advantage of this option is that it frees the general fund from ALB obligations immediately. Conversely, by materially reducing the annual permanent fund dividend, it obviously raises some political difficulties.

Additionally, the social security option could likewise be tied to contribution history -- although not in the precise manner of the annuity option. The federal social security system currently fully covers any individual who had "not less than one quarter of coverage ... for each calendar elapsing after 1950 ... except that in no case shall an individual be a fully insured individual unless he has at least 6 quarters of coverage."⁵⁵ Because, in the future, some portion of the benefits will be paid by the "savings account" resulting from the static 25% contribution, we believe that a similar contribution history requirement could be established in the legislation.

Even more so than the annuity option, there would be no "current economic benefit" from the program. By reducing the permanent fund distribution by 25%, and funding a retirement program from which the individual may or may not ultimately benefit, we believe it extremely unlikely that the IRS would conclude that the reduced sum is in some manner taxable.

⁵⁵ 52 U.S.C. §414(a)(1)

Moreover, we believe there is a substantial likelihood that the existing AL3 exemption in federal law could be retained. Indeed, stripped to its essence this option does little more than alter the funding source of the AL3 program.

The primary risk of the program is all the more apparent in light of the current difficulties with the federal social security system. While option F would be funded by a currently purchased annuity, younger Alaskans would be contributing to this option on the mere hope that the requisite amount of permanent fund earnings would remain available for the program well into the 21st century. The "savings account" created by the static 25% withholding is intended to alleviate that problem; however, regardless of the rate of growth of that account, there is plainly some risk in this option.⁵⁶

⁵⁶For example, under our population projections, there will be 30,747 elderly in Alaska in the year 2000. The permanent fund distributions for that year under AS 43.23 are estimated by the Department of Revenue to be \$792 million, of which, under our static 25% withholding, \$198 million would be placed in the social security fund. In that year, with a 3% COLA, the maximum monthly bonus will be approximately \$390. Even if every elderly Alaskan is eligible for full benefits under the law's contribution requirements, the maximum payments would be \$120 million -- with a savings account deposit being made in that year alone of \$70 million. Of course, many of these elderly may not be fully eligible, and some who are eligible may not be residing in Alaska during that year.

Finally, there is some advantage to the existing elderly in this system over the annuity option. The existing elderly would have a net loss of only 25% of their permanent fund dividend, rather than the entirety of the benefit under the annuity approach.

H. Health Insurance For The Elderly.

The state of health insurance for the elderly, and indeed for all Alaskans, has already been the subject of considerable study,⁵⁷ and legislative activity.⁵⁸ Because of the obvious critical importance of adequate health care coverage for Alaska's elderly, the option of providing comprehensive health insurance for Alaska's older citizens in lieu of the longevity bonus was included in this report as an option.

While the Department of Law report found that health expenses were a major use of the longevity bonus for only 5.5% of its sample, the 1976 longevity bonus study found that 29% of the bonus recipients used at least a portion of the ALB for medical care, while 11% used a portion of the bonus for "insurance of all kinds."⁵⁹

⁵⁷Alaska Comprehensive Health Care Financing Study, Batelle Human Affairs Research Center (1981)

⁵⁸HB 641, 12th Leg. 1st Sess. (1981)

⁵⁹ALB Survey, op. cit. n. 9 at 22

In fact, almost all of Alaska's elderly receive some kind of public or private health coverage assistance -- either through Medicare, Medicaid, public and private retirement programs, Veteran's benefits or the Indian Health Service/Public Health Service.

When assessing the health insurance option, the two obvious questions are: (1) how severe are the gaps in existing coverage; and (2) how much would it cost to fill those gaps?

The major source of health insurance coverage for the elderly in Alaska is obviously Medicare -- a federal insurance plan which provides hospitalization for those eligible for social security⁵⁰ and medical insurance for an additional fee of \$12.20 per month.

Both the hospital and medical insurance contain substantial deductibles, i.e. the first \$304 of the hospital bill -- and co-payment requirements (20% in the case of medical insurance.)

Nursing home coverage under Medicare is severely limited -- confined to post-hospital care in a "skilled nursing facility" for short periods of time.

It is difficult to determine how many resident Alaskan elderly are on Medicare -- available statistics are bloated by Medicare claims submitted by tourists. There are some 9,323

⁵⁰42 U.S.C. §§ 426, 1395(c). A person ineligible for Social Security may obtain Medicare hospitalization insurance for \$113 per month

retired persons in Alaska receiving social security -- and hence eligible for Medicare.⁶¹

The largest group of elderly Alaskans ineligible for Medicare are rural residents, primarily Natives, who do not have a sufficient wage earning history to qualify for social security. All Alaska Indians, Aleuts and Eskimos are eligible for IHS -- which provides a broad range of services depending upon available facilities. IHS is, however, primarily a direct provider of facilities -- it does not make cash payments for services such as custodial care in a nursing home. Moreover, it is currently facing severe cutbacks in areas such as reimbursement for health-related travel expenses⁶².

The most comprehensive health coverage in Alaska is, of course, Medicaid. To be eligible for Medicaid, one must meet the State public assistance income limitations. As noted previously, there are currently some 2300 elderly Alaska citizens on Medicaid. Medicaid does cover virtually unlimited nursing home residency.

The most glaring deficiency in Alaska health care for the elderly is the lack of coverage for institutionalization in custodial environments such as nursing homes. Nursing home

⁶¹Interview, Ms. P. Eubanks, Field Rep. Social Security Admin. (Feb. 24, 1983)

⁶²Interview, Ms. P. Roberts IHS, (Feb. 23, 1983)

rates in Alaska run from \$90 to \$172 per day⁶³. The costs are simply prohibitive for anyone not on Medicaid -- indeed, of the 467 elderly Alaskans currently residing in State nursing homes (other than the Pioneers Homes), all but 31 are there under Medicaid, or Alaska's General Relief Medical Assistance.

Conversely, nursing home rates in Washington, for example, have been estimated by the Department of Health & Social Services to vary from \$30-360 per day. It is not known how many elderly Alaskans are institutionalized in lower forty-eight custodial care facilities; however, it is apparent that unless one is eligible for Pioneer Home placement, a nursing home can be afforded if, at all, only by relocating to the lower forty-eight.

Three private organizations were asked to estimate the premium amount required to supplement Medicare and other coverage for Alaska's elderly to provide health insurance equivalent to the existing Public Employees' Retirement System's retiree coverage, and to include comprehensive nursing home coverage. Neither Travelers Insurance, nor Aetna Insurance felt capable of providing an estimate.

However, insurance consultants frequently used by the state for matters such as the public employees Supplemental Benefits System estimated that to provide supplemental coverage

⁶³Alaska Nursing Home Census, Alaska Department of Health & Social Service, 12/31/32

for Medicare, insurance could be provided at a premium of approximately \$70 per individual per month. This would include comprehensive nursing home coverage.

Medicare is currently a primary insurer -- that is, the State could provide for Supplemental coverage without endangering basic Medicare eligibility. Moreover, and in all likelihood, supplemental State coverage could properly provide otherwise uninsured Alaska Natives with those costs not covered by the Indian Health Service.

The major difficulty is Medicaid. Medicaid eligibility is very much contingent upon the unavailability of "resources".⁶⁴ Currently, the State only pays 48% of a Medicaid's patient bills. If a State health insurance policy was considered a "resource" the State could find itself footing the entirety of a Medicaid patient's bill.

Of course, the State would hardly need to "supplement" any Medicaid coverage -- Medicaid coverage itself being essentially inclusive. The statute, could simply exempt Medicaid recipients from the coverage of the policy. The issue posed by such an enactment is whether the State would be frustrating the Congressional goals behind Medicaid -- which is to provide a health coverage means of last resort -- thereby running afoul of the Supremacy Clause.⁶⁵

⁶⁴42 U.S.C. §1132(1)(1)(3)

⁶⁵Florida Lime & Avocado Growers v. Paul, 373 U.S. 132 (1963)

Assuming that the State could continue to merely supplement Medicare, IHS facilities and existing private and retiree coverages, and that the consultants' figures are accurate, there remain two difficulties with the health insurance option. First, it is of no benefit to Alaska's needy elderly -- who will merely continue with Medicaid coverage at the price of their longevity bonus.

Secondly, there is the potentially severe problem of in-migration. If a year's residency in Alaska⁵⁵ were all that were required for free and unlimited nursing home coverage, the potential of in-migration may be severe. There are two potentially justifiable components of the program which could mitigate this potential:

1. If a purpose of the health insurance option is to allow Alaska residents to continue to reside in the state even if nursing home coverage is required, nursing home coverage could be limited to Alaska institutions, just as many states

⁵⁵It is possible, although we believe unlikely, that a court would rule that supplemental health insurance coverage would constitute a "basis necessity of life" -- dropping the maximum possible durational residency requirement to 30 days. The program would be supplemental to a host of existing assistance insurance programs, and would not be based on need. See Memorial Hospital v. Matigosa County, 415 U.S. at 261.

limit resident tuition discounts to in-state universities.⁶⁷ The difficulty, obviously, is that existing Alaskan nursing home capacity is limited. Whether unlimited nursing home coverage for all Alaskans would result in the expansion of existing facilities is debatable;

2. For the reasons cited with respect to the annuity and social security options, eligibility for health insurance coverage might properly be based upon contribution history if (a) a portion of the individual's permanent fund dividend is used to help fund the insurance program; and (b) the funding is in excess of current needs, in order to amass the same type of "savings account" envisioned with respect to the social security option.

I. LONGEVITY BONUS PREMISED ON INDIVIDUALIZED RELOCATION HARDSHIP.

As noted in Section II(A), ante, there is some judicial support for the view that it is permissible for Alaska to establish a program intended to benefit those who would suffer the most hardship by financially-coerced relocation from the state, and to measure that hardship in part by duration of residence.

This option relies upon that support, and involves three steps:

⁶⁷Scarns v. Malkerson, 325 F.Supp. 234 (D. Minn. 1970), aff'd mem. 401 U.S. 985 (1971)

1. cataloging those criteria which would differentiate those Alaska elderly who would suffer relatively more hardship by being forced to reside outside the state, and who need financial assistance in order to remain in-state;

2. translation of those subjective criteria to a point system similar to that used by the Alaska Commercial Fisheries Entry Commission; and⁵⁸

3. structuring of that point system such that (a) administrative costs are minimized; and (b) successful applicants are confined to a pool roughly equivalent in number to existing bonus recipients.

Indeed, the structure of this option is similar to the Alaska Limited Entry Act -- which translates certain very subjective criteria -- such as "economic dependence on the fishery" -- into an objective point system. It does so, of course, at a bureaucratic price -- approximately \$2.5 million a year for a pool of applicants originally roughly equivalent to those which this option would affect. It also does so at other costs, which will be discussed below.

It is not difficult to catalog the criteria which would set our "relocation hardship" pool aside. Duration and continuity of residence would be one criteria, as would, perhaps:

1. income;
2. location of family;

⁵⁸See AS 16.43

3. location of property; and
4. ethnic, religious, and cultural ties.

Although income and duration of residency would play a role in determining eligibility, no one factor alone would be dispositive.

It would not be difficult to translate these factors into a point system; nor would it be particularly difficult to structure that point system to limit the class of successful applicants. The proposal, however, does suffer from the following disadvantages:

1. Since most Alaskan elderly have lived here more than 10 years most Alaska elderly will suffer some demonstrable hardship from relocating elsewhere -- although a certain percentage obviously do not require a longevity bonus to remain;

2. The alternative also involves the establishment and funding of a new bureaucracy -- an intrinsically unworthwhile undertaking, but one which nonetheless would cost far less than simply opening the class to all elderly Alaskans;

3. Perhaps the most obvious disadvantage is the burden that it would place upon elderly Alaskans themselves. There would presumably be a lengthy application form, together with evidentiary requirements, and in some cases, adjudicatory hearings. The Limited Entry Commission is currently involved in some 120 judicial appeals -- a number which is either at or below historic levels. According to the Commission's FY1984

budget presentation, there is a current backlog of some 325 administrative adjudications.

Attorneys will be required -- regardless of what efforts are undertaken to make the process simple and informal. The difficulties facing the elderly applicant are thus rather apparent.

J. GRANDFATHERING

This report closes with one of the simpler alternatives -- opening the class of longevity bonus recipients to all elderly Alaskans with one year's residency, and terminating the program for the future. Persons eligible, or becoming eligible this year will be "grandfathered" and will receive a longevity bonus for life. The fiscal impacts of this alternative are, for FY1984, identical to option A, and will obviously decline in the future due to mortality and relocation.

The obvious advantage of this program is that it protects those currently on the longevity bonus program. Equally, it deprives those approaching the age of 65 with any expectation of receiving a bonus.

We believe that this option is constitutionally permissible. The Alaska Supreme Court shares the general view of the constitutionality of grandfathering laws -- as long as the grandfathered class itself is constitutionally defined.⁶⁹ Plainly, the state legislatures

⁶⁹Commercial Fisheries Entry Commission v. Apokedak, 606 P.2d at 1259-61.

have the right to terminate social programs while protecting those who have come to rely on their benefits.

4. CONCLUSION

As noted at the outset, the purpose of this report is merely to provide a threshold feasibility review of various options for amending the longevity bonus program. Through discussions with administration officials, legislative staff members, consultants and private industry, we have attempted to highlight the major issues surrounding each alternative, and provide at least rough information on each question raised. If, after the Judiciary Committee has identified two or three relatively attractive options, the effort expended over the past three weeks on 10 proposals can be condensed into the pursuit of three, proposed legislation and a more intricate analysis of the preferred options can be promptly transmitted.

Arch. Times
3/9/92

NEW APPROACH NEEDED

Annuity makes sense

THE IDEA of changing the venerable Longevity Bonus Program into an annuity program is a good one. And an old one. And a necessary one.

Ever since the state Supreme Court changed eligibility requirements in 1984, those who can correctly add two plus two have known that, with increased population, the Longevity Bonus would eventually break the bank.

For those who need a refresher, the Longevity Bonus Program — \$250 a month to Alaskans over age 65 — was first conceived in 1972 as a reward for pioneer residents. All Alaskans were eligible who were 65 or older; had been a resident of the state prior to Jan. 1, 1959 (the date statehood was achieved), or had 25 years continuous residency.

The residency requirements were challenged in court. The result: Everyone who qualifies as a state resident gets \$250 a month after age 65 — until they die, or move from the state.

HERE'S WHY the program has to change. Back in 1973, there were 3,641 participants at a cost of \$4 million a year. In 1989, there were 18,000 seniors at a cost of \$54 million. In Fiscal '93, it will cost about \$65 million for an estimated population of 22,866. And, projecting to the year 2006, it could cost the state \$100 million a year.

Clearly, something has to be done — short of abolishing the program altogether.

An annuity program has been discussed by the Legislature since 1983, but the details were never worked out to everyone's satisfaction. In 1986, voters were asked whether or not the Legislature should adopt an annuity program. It passed 99,222 to 65,789 — more votes than any candidate has received in the last two gubernatorial elections. The Legislature passed an annuity plan in 1988, but then Gov. Steve Cowper vetoed it in June of that year.

SEN. JAY KERTTULA, D-Palmer, is sponsoring Senate Bill 8, an updated version of the 1988 legislation. It would phase out direct state funding for the Longevity Bonus and replace it with annuities funded by the Permanent Fund dividend.

Direct state support would be reduced starting in 1995, and would be eliminated by around 2008. Sen. Kerttula estimates by the year 2010, the state will save \$533.7 million.

It's based on three tiers of participation so those close to 65 who have been planning on the \$250 a month and their dividend wouldn't be left with big holes in their budget.

Eventually, those who want to get a Longevity Bonus will have to contribute all or a portion of their Permanent Fund dividend into an annuity account — in order to receive at least \$250 a month after they're over 65.

Although Sen. Kerttula's plan contains some contentious details that remain to be worked out, overall the bill makes sense. It allows people choice, and puts the onus on the individual to save for the future.

It also accomplishes what the original Longevity Bonus Program sought to do: encourage senior citizens — with their wisdom and sense of history — to remain in Alaska instead of heading for Arizona for retirement.

We don't want to lose that balance.

Don't turn Longevity Bonus into welfare

by Clem Tillion

I see that one of the governor's task forces has recommended that the old timers' bonus, the \$250 a month for those over 65, be converted to a welfare system.

For the most part, I have liked the course set by our new man in Juneau. But making charity cases out of our old Alaskans under the guise of saving money is a joke!

Number one, it will not save money. It will make liars out of a lot of good people and make jobs for a lot of "do gooders" in the welfare department.

The percentage of those over 65 here in Alaska who couldn't figure a way to stay on the program under a welfare (needs) system is so small that the cost of screening them out would exceed the savings.

If the cost of the program is too great for the state to bear, then shorten the months that an Alaskan can be gone from the state each year and prune a few more "snow birds" off the list.

When the Longevity Bonus Program was first envisioned, one of the basic purposes was to keep winners as well as losers here in Alaska.

As the population of our state had such a

low percentage of those over 65, there were many who thought that keeping grandmother and grandfather near the rest of the family had a great many beneficial side effects. The reason the cost of living bonus was paid without regard to people's income was twofold. One, with less than 10 percent of our 65-year-olds in the non-needy category, it was far cheaper to pay all than set up a bureaucracy to screen all the old folks.

Now, I'm sure you will hear some welfare types say, "We could screen for less than 10 percent of the program." All I can ask is, "Then why didn't they?"

At the time the first Longevity Bonus was passed, 49 percent of the money appropriated for Old Age Assistance here in Alaska was used by the bureaucracy to administer the program or an amount that just about equalled the Federal Matching Funds then received by the state for the program.

I'm sure that to get their hands on that amount of money, welfare would promise anything. But it's a rare program indeed that they administer for less than 20 percent of the appropriation. It's why the legislature put the program under the Department of

Administration instead of letting the bleeding hearts get it to "do good" with. When I say this, I'm thinking of the old families of Hawaii. The saying goes: "Their ancestors came to 'do good' and they did very well indeed."

The second reason that need was not a requisite part of the first legislation was simple. We wanted to keep as many of life's winners as possible here in Alaska. Fishing is an on and off thing, oil and timber depends on the fluctuations of international politics and world price. Of all incomes, retirement income tends to be more stable than most.

With exceptions, of course, most people over 65 are not into making great fortunes. They spend their money either on their own comfort or on those around them. They don't cause problems with the police or their neighbors and they often have income retirement from a number of sources, be it teachers' retirement or railroad retirement as well as property amassed long years ago.

Be they rich or poor, they are well worth keeping in Alaska.

Clem Tillion, Halibut Cove, is former president of the Alaska Senate. His column originally appeared in the Anchorage Times.

9

Survey shows how seniors use bonus money

by Rebecca Goodman

Within days after Sen. Jay Kerttula (D-Palmer) and his staff aides sent out more than 1,450 surveys to Longevity Bonus recipients in Southcentral Alaska, piles of responses were returned in the mail.

By mid-April more than 750 people had taken time to fill out the seven-question survey, affix a 22-cent postage stamp and return the blue form to Juneau.

Joyce Kerttula, sponsor of the Longevity Bonus annuity bill CSSB 56, said his aim in distributing the survey was to collect information about seniors' needs and their use of the bonus payments.

"No statistics have been collected or made public concerning seniors in Alaska for several years," he said. "Some people feel seniors are already comfortably well off and are saving their bonus money or

spending it on vacations or frivolous things. This is one of the hurdles we've had to get around in justifying the Longevity Bonus."

So how do seniors use their bonus payments?

"The message is pretty clear: They need those bonus checks for the basic necessities of life," said Joyce Kerttula, who serves as her husband's legislative aide and has spent hours poring over the responses.

Survey questions and responses included:

•How many years have you lived in Alaska? Length of residency answers ranged from 1.5 to 89 years. The average length for respondents was 37 years.

•For which of the following do you use your Longevity Bonus? Food purchases, 611; utilities, 523; medications, 399; doctors' expenses, 333; housing, 320; auto expenses, 257; taxes, 192; child/grandchild assistance, 75; travel, 53.

•Are there other things for which you use your Longevity Bonus? Most common response: "No money left over." Some said the bonus helped pay for warm clothes. One individual wrote, "Yes, with money left over I have a beer now and then." Another wrote that the bonus money was "saved up to buy two hearing aids and eyeglasses."

•The governor is proposing to reduce Longevity Bonus payments from \$250 down to \$200. will be

eligible for \$200 if your taxable income is less than \$20,000 annually. Opposed to the reduction were 656; in agreement were 34.

'They need those bonus checks for the basic necessities of life.'

—Joyce Kerttula
Legislative aide

•Is your taxable income more or less than \$25,000? Over \$25,000 were 107; under \$25,000 were 590. Many respondents added comments indicating their combined Social Security and Longevity Bonus payments, together amounting to \$7,000 or less per year, comprised their total yearly income. More than 50 respondents refused to answer the income question.

•The governor is proposing to base Longevity Bonus on need. Those individuals who have a taxable income over a certain amount would no longer receive the bonus. In agreement with the needs-based program were 18; disagreeing were 679. Several respondents wrote, "Needs based? NO! NO! NO! NO! NO!" One individual wrote: "I know several older people who are eligible for food

stamps and welfare but won't apply. Basing the bonus on need would have the same results."

•Another proposal would reduce bonus payments \$25 each year until it would be eliminated. (Since the survey was mailed, this plan has been shelved.) Opposed to the \$25 reductions were 667; in agreement were 38.

Many respondents went beyond answering the survey questions and attached emotional letters filled with concerns over illnesses and high health care costs, fears of losing the bonus payments and fears of losing homes and being forced into poverty.

One respondent wrote: "The governor has no feelings for the aged. He cannot comprehend what it is like to grow old. Older people were in the workforce when wages were low..."

Another said: "Please, please let us low-income seniors on fixed incomes live above poverty level..."

A 52-year resident of Alaska wrote: "I have only a small Social Security and the Longevity Bonus as my income. The Longevity is my lifeline..."

And one worried: "I really don't think I could meet my obligations and would have to consider leaving. That would hurt as my granddaughter lives with me and goes to school here."

Kerttula plans to share results of the survey with her lawmakers.

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Senior Voice
May 1987

Longevity Bonus: Can it be solved?

It's been four long years and five legislative sessions since the courts struck down the Alaska Longevity Bonus 25-year residency requirement and lawmakers first began grappling with how to cut — or pay for — the resulting expanded program.

And now we're hearing end-of-session rumors, once again, that a Longevity Bonus replacement solution will be put off for another year.

That's a shame. After voters gave approval on the advisory vote last fall to an annuity program based on voluntary Permanent Fund check contributions, we thought this session might be the one to solve it.

COMMENTS

But now we wonder, can it be solved?

We ran the question by a white-haired friend (her own description) the other day, and her answer was interesting.

"I happen to think it can be solved," she told us. "And the annuity plan proposed in the Senate is the way to do it."

What about all the objections to the plan that have been raised by Gov. Steve Cowper and members of the House?

Let's take them one at a time, she proposed.

First, they object to it because the state's up-front costs are too high. Solution? Make current recipients of the Longevity Bonus ante up, just as those who go on the program in later years will have to do, she suggested. Perhaps these folks could give up their Permanent Fund Dividend check the first year of the program. Perhaps they'd have to give it up every year, just like later annuity participants will have to do.

Second, some House members and Gov. Cowper claim basing the annuity on individuals contributing their Permanent Fund Dividend each year is risky, because there might not be Permanent Fund Dividend checks in the future.

But the current bill has taken care of that, she said, since it allows people to place an equivalent amount — if not the check itself — into the annuity program each year.

Third, she said, the argument that the annuity would run a poor second to IRAs as an investment choice for many may disappear with the new tax laws in which IRAs lose most of their tax advantages.

And finally, she said, is the argument that young people won't buy in to the annuity.

"So then we educate them, she explained. "We go out and talk to them. We volunteer to speak wherever we can to "young" gatherings." And what do we tell them, we asked?

We teach them, and we remind ourselves, she said, that seniors are important to the state of Alaska.

"We need to quit thinking of the Longevity Bonus as a handout and start thinking of it as an investment," she said.

"The state is putting out \$50 million a year to retain a \$500 million investment — the worth of Alaska's seniors in terms of the cash they put into the economy each year."

Perhaps it's time for all of us to carry our debate beyond the senior centers, beyond the legislative halls, beyond the governor's office. Perhaps we'll then raise enough ruckus to get the issue off dead center and decided once and for all.

Senior

I noted with interest proposed '87 budget Department of Adm tion groups the Alas: gevity Bonus, Pic Homes and Older A. Commission together the heading "social s

This reorganizat sneaky, unnecessary, handed and without hearings, due process releases.

It reflects an acute unawareness, a disresg disrespect for the pu well as the elderly of

I refer you to page 1 Governor's Operating

'Caught

I seem to be caught the middle because of My sister and I came in 1956 with her tv boys. We worked a hccostended by our 1969 and bought a am in Anchorage so w have a place for us in age (ha) because v Alaska so much.

But my sister began in 1976, has been in home five times sin then I became disabl and couldn't work a

In search

Alaska Public Tel Anchorage (KA researching the life of Sidney Laurent documentary.

We have been information for quit and are beginning together parts of Sy rance's fascinating have found many stories in My Life w Laurence by Jeanne The Man and the Mc

Medicare pro

I have had oxygen hours a day since heart failure in Augu I also have emphy very bad lungs.

Medicare says I c oxygen and have Abbey Medical st time. The bill is nov am 31 and a 43-ye resident. How abou that in the Sen Nothing else has he Rut

Many seniors can't live on Cowper budget cuts

Action: Gov. Steve Cowper submits his budget proposal to the legislature. It calls for slicing Longevity Bonus payments by \$50 per month for all, axing bonus payments completely for those with incomes over \$20,000 and eliminating property tax exemptions and renter's rebates.

Reaction: Seniors are scared. Fearful. What next? they ask. Will they be able to keep their homes? Will they have to move outside where the cost of living is cheaper? How will they pay medical bills? And what happened to the promises of the past that said current bonus recipients would keep their \$250 per month payments no matter what was decided for future seniors?

State-gathered statistics show the median income for older Alaskans is \$10,000. That's \$833 per month. If you figure rent at \$400 or more per month, you have \$433 or less to pay for such trifles as food, doctor's bills, heat, lights and transportation. A challenge to make ends meet each month? You bet. Try getting along, now, on \$50 less per month. No wonder there's fear out there.

And then add the \$700 you'll have to pay under Cowper's budget plan for property taxes — or subtract the \$400 in income you won't get from the renter's rebate this year.

It all adds up to too little money.

We've said it before: These programs were put in place before the oil boom by a thoughtful populace which wanted to do right by its senior citizen population, which wanted to keep its retirees — and their retirement pensions and assets (big and small) — in Alaska.

Despite the need to cut the state budget, seniors should not be made to bear such a large share of the burden.

Long-running bonus debate heats up

by Rebecca Gue

The long and running debate over the Longevity Bonus program grew even louder in March with the first legislative hearing on Gov. Steve Cowper's "needs-based" bonus plan, HB 111.

Cowper's legislation -- both the House bill and an identical Senate companion, SB 145 -- have three key parts which would dramatically change the current bonus program:

- a cut off of eligibility for the bonus to those who reach age 65 on or after January 1, 1988;
- a reduction of the maximum amount of the bonus to \$200 per month; and
- an income cap on eligibility for the bonus so that the

full bonus amount of \$200 would be available only to those whose annual income (excluding the bonus and Permanent Fund Dividend income) is less than \$20,000 (or whose joint income, for a married couple, is less than \$40,000). As an individual's income goes up, the amount of the bonus paid out would go down, until, at the income level of \$25,500 (or \$51,000 of joint income) an individual would not receive a bonus payment.

Under the current bonus program, any Alaskan who is 65 or older and has lived in the state at least one year receives \$250 per month. More than 15,500 persons participate in the \$50 million program.

"We can no longer afford to provide this substantial benefit to an ever-increasing population of senior citizens," Cowper told lawmakers.

Cowper's plan is expected to cost \$13.1 million for fiscal year 1988.

Senior advocates have called Cowper's plan unfair. They have argued the current bonus program is affordable and the \$3,000 per-person annual payments help older Alaskans stay in Alaska and in their own homes, out of costly institutions.

Bonus debate heated, long-running

"The question isn't whether or not I need the \$250. It's the philosophical point: If I were to approach state employees and ask them to take a \$250 out in their monthly state retirement pay, I'd be hung in effigy," said Rep. Red Houcher (D-Anchorage) during a House committee meeting in early March.

Rep. Fran Ulmer (D-Juneau) argued: "There's no question this is a good program. The question is how much of this good program can we actually afford now?"

In the Senate, the bonus debate is proceeding more rapidly following a series of

statewide teleconferences on Sen. Jay Kerttula's (D-Palmer) Longevity Bonus/annuity bill, CSSB 56.

Kerttula's bill would put in place an annuity retirement account plan approved by voters last November in an advisory vote. That plan would establish a tandem program which includes a gradually phased-out bonus program and an optional annuity program allowing Alaskan residents to deposit their annual Permanent Fund Dividend checks into a retirement account available to them at age 65. Those already 65 would continue to receive \$250 bonus checks and Permanent Fund Dividend checks.

Now in its third Senate committee, Kerttula's bill has gar-

nered support from many senior advocates. But Cowper administration officials see big flaws in the annuity plan.

"One problem with SB 56 is that it assumes Permanent Fund Dividend checks continue forever," Division of Policy Director Mary Halloran told senators during a recent committee hearing.

"We really shouldn't go to the bank on this. It's dangerous to build a long-term retirement program on the Permanent Fund."

Another problem Cowper officials point to is the plan's lack of "hold-harmless" protection. Following federal rulings in 1981 that the bonus would be counted as income for any "new" bonus recipients who received federal public assistance payments, the

legislature enacted a clause that assures needy elderly who receive a bonus payment do not lose either the bonus or federal assistance payments such as Medicaid.

But Kerttula argued the "hold harmless" problem in SB 56 could be adjusted with a minor amendment.

Cowper's bonus plan, however, would require more state administrators to oversee the income eligibility requirements of the plan, Kerttula said.

"Governor Cowper's needs-based program would require 16 administrators, or one administrator to every 200 recipients," Kerttula said. "The annuity program would require only one administrator to every 1,000 recipients."



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(7)

I. JUDGE COMMITTEE REPORT

Date Referred: May 20, 1991

FURTHER REFERRALS:

Finance

Date of Committee Action: 2/12/92

The JUDICIARY Committee considered:

CSSB 35(JUD)

CS FOR SENATE BILL NO. 35 (JUDICIARY) USE OF RENTED PROPERTY/LAW VIOLATIONS
"An Act relating to termination of tenancies and recovery of rental premises for nonpayment of rent and certain illegal activities, to tenant responsibilities, to the civil remedies of forcible entry and detainer and nuisance abatement, and to the duties of peace officers to notify landlords of arrests involving certain illegal activity on rental premises."

RECOMMENDATIONS:

be replaced with HCS CSSB 35 (JUD) the same title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

technical change: providing for an effective date

ADOPTS: HOUSE JUDICIARY letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept) _____

APPROVES PREVIOUS: (Dept/Date) _____

fiscal impact _____

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<u>Dave Donley</u>	X	<u>W. Greenberg</u>			
<u>Mark Stanley</u>	X				
<u>Terry Martin</u>	X				
<u>Mike Miller</u>	X				
<u>Kevin Pat Parnell</u>	✓				
		<u>J. Ellis</u>		✓	

Dave Donley
CHAIRMAN'S SIGNATURE

Alaska State Legislature



House of Representatives
House Judiciary Committee

P. O. Box V
State Capitol
Juneau, Alaska 99811
(907) 465-4990
(907) 465-4712

LETTER OF INTENT

HCS CSSB 35 (JUD)

It is the intent of the legislature that the Department of Law delay revising or publishing the information pamphlet on landlord and tenant rights required under AS 44.23.020(b)(8) until the Division of Legal Services has completed its rewrite of AS 09.45.060 - AS 09.45.160 (Forcible Entry and Detainer) and AS 34.03 (Uniform Residential Landlord and Tenant Act). It is also the intent of the legislature that the Department of Law submit an appropriate fiscal note when the bill that rewrites AS 09.45.060 - AS 09.45.160 (Forcible Entry and Detainer) and AS 34.03 (Uniform Residential Landlord and Tenant Act) is introduced.

A handwritten signature in cursive script that reads "Dave Donley".

Representative Dave Donley, Chair
House Judiciary Committee

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. HCS CS SB 35

Revision Date: _____
 Title: "...relating to termination of tenancies and recovery of rental premises for nonpayment of rent..."
 Sponsor: Senators Pourchot, Halford
 Requestor: _____

Department Affected: Community and Regional Affairs
 BRU: Housing Assistance
 Component: Housing Loan Administration

COMPONENT SERIAL NO.

0	6	8	7
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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL						

REVENUE FUND SOURCE:						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS						
OTHER FUND SOURCE:						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

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

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Remond Henderson
 Division: Administrative Services Division

Phone: 465-4708
 Date: 1/14/92

Approved by Commissioner: Ed. Bern
 Agency: Department of Community and Regional Affairs

Date: 1/14/92

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. HCSCSSB 35(L&C)

Revision Date: 01/16/92 Department Affected: Public Safety
 Title: Use of Rented Property/ BRU: Alaska State Troopers
Drug Violations Component: Detachments
 Sponsor: Senator Pourchot
 Requestor: House Judiciary COMPONENT SERIAL NO.

	7	9	9
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EXPENDITURES/REVENUES: (Thousands of Dollars) (inflation not included)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE FUND SOURCE:	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER FUND SOURCE:						
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

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)
 Please see attached.

Prepared By: F/Sgt. Robert Barnes Phone: 269-5436
 Division: Alaska State Troopers Date: 01/16/92
 Approved by Commissioner: *George A. Hostetler* Richard L. Burton
 Agency: Department of Public Safety Date: 01/20/92

Distribution (by preparer): Lag. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., & Impacted Agency(ies).

HCSCSSB 35(L&C) amends existing landlord-tenant laws to allow property owners to terminate rental agreements for residential property with renters engaged in certain alcohol and drug violations. The bill creates a duty on the part of police officers who arrest persons for certain alcohol, drug, and imitation drug offenses committed in residential rental property to make a reasonable effort to discover the identity of the property owner and to notify the owner of the tenant's arrest either in person or at the last address listed on tax records or at any other address known to police.

The notice requirement applies to alcohol violation arrests for sales from unlicensed premises and for possession or sale of alcohol where prohibited by local option; to drug violations involving the manufacture or distribution of all drugs except small amounts of marijuana; and to imitation drug violations involving the manufacture or distribution of imitation drugs, or possession of certain precursor chemicals used in the manufacture of imitation drugs. Based upon past arrests for these offenses, it is estimated that the Department of Public Safety will have to notify approximately three hundred property owners per year. We anticipate that in-person notice would be given in many (perhaps most) cases. If a written notice is necessary, we estimate that research required to identify the property owner, determine the last address listed on tax roles and any other addresses known to police, and to prepare the written notice, will take approximately one hour per occurrence.

The Alaska State Troopers estimates approximately 100 arrests for violation of the "local option" laws, and approximately 200 arrests for applicable drug offenses. It is expected that approximately 80% of the alcohol offenders and 60% of the drug offenders reside in rented property.

There will be fiscal impact upon the Alaska State Troopers. For arrests requiring a written notice, a clerk would have to research the identity of the owner and prepare notices as required. There will be costs for materials, preparation time, and postage. Since these offenses will be spread throughout the state, no one person would handle them all; the impact would be felt by detachment personnel handling the cases. There is no way to quantify this impact, however. It will be absorbed, as best as can be, within the existing workload. Notices will be mailed out in the normal course of business, as clerical staff can find time to process them. They would not be handled on any sort of emergency or expedited basis.

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. HCS CSSB 35 (L&C)

Revision Date: January 15, 1992 Department Affected: Department of Law
 Title: "...relating to termination of tenancies...rental premises..." BRU: Fair Business Practices
 Component: Fair Business Practices
 Sponsor: Senator Pourchot
 Requestor: House Judiciary COMPONENT SERIAL NO.

		8	4
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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	10.0					
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	10.0	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						
FUND SOURCE:						

FUNDING: (Thousands of Dollars)

GENERAL FUND	10.0	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER FUND SOURCE:						
TOTAL						

POSITIONS:

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

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)
 Please see the attached analysis.

Prepared By: Richard I. Pegues, Director Phone: 465-3672
 Division: Administrative Services Date: January 15, 1992
 Approved by Commissioner: Richard I. Pegues / FOR
Charles E. Cole, Attorney General
 Agency: Department of Law Date: January 15, 1992

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HCS CSSB 35 (L & C)

This bill amends several statutes relating to termination of tenancies and recovery of rental premises for nonpayment of rent and certain illegal activities. The bill adds illegal activity involving alcoholic beverages, a controlled substance, or an imitation controlled substance to the list of activities that constitute a nuisance that may be enjoined and abated in a place used for the activity. All of the changes will have the effect of substantially changing the information the Department of Law provides to the public in its pamphlet on landlord and tenant rights. The department's publication of the pamphlet is mandated by AS 44.23.020 (b)(8).

The department therefore requests \$10,000 to revise and republish the information pamphlet. Of this amount, \$2,500 will be used to publish a pamphlet supplement in the state BAR association's monthly newsletter, and \$7,500 will be used to publish a revised pamphlet for use by the general public. These funds should be sufficient to publish between 7,500 and 10,000 pamphlets.

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. HCS CSSB 35 (L&C)

Revision Date: January 28, 1992 Department Affected: Department of Law
 Title: "...relating to termination of tenancies...rental premises..." BRU: Fair Business Practices
 Component: Fair Business Practices
 Sponsor: Senator Pourchot
 Requestor: House Judiciary COMPONENT SERIAL NO.

		8	4
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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
FUND SOURCE:						

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Please see the attached analysis.

Prepared By: Richard I. Pegues, Director Phone: 465-3672
 Division: Administrative Services Date: January 28, 1992
 Approved by Commissioner: Charles E. Cole, Attorney General
 Agency: Department of Law Date: January 28, 1992

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HCS CSSB 35 (L & C)

Based upon the following legislative intent language, provided by the House Judiciary Committee, the costs shown in the Department of Law's fiscal note of January 15, 1992, are herewith withdrawn. The department will submit its request when the rewrites of the Forcible Entry and Detainer statutes and the Uniform Residential Landlord and Tenant Act are considered by the legislature.

LETTER OF INTENT

"HCS CSSB 35 (JUD)

An Act relating to termination of tenancies and recovery of rental premises for nonpayment of rent and certain illegal activities, to tenant responsibilities, to the civil remedies of forcible entry and detainer and nuisance abatement, and to the duties of peace officers to notify landlords of arrests involving certain illegal activity on rental premises."

"It is the intent of the legislature that the Department of Law delay revising or publishing the information pamphlet on landlord and tenant rights required under AS 44.23.020(b)(8) until the Code Revision Commission has completed its rewrite of AS 09.45.060 - AS 09.45.160 (Forcible Entry and Detainer) and AS 34.03 (Uniform Residential Landlord and Tenant Act)."

FISCAL NOTE

No. 3

Bill Version HCS CSSB 35(L&C)

(H) Publish Date: 5/20/91

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Revision Date: _____ Department Affected: Department of Law
 Title: "...relating to termination of tenancies...rental promises..." BRU: Consumer Protection
 Component: Consumer Protection
 Sponsor: Senator Pourchoy
 Requestor: House Labor & Commerce COMPONENT SERIAL NO.

		8	4
--	--	---	---

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	10.0					
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS. CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	10.0					

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND	10.0					
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	-0-					
PART-TIME						
TEMPORARY						

Estimate of current year impact:

ANALYSIS: (Attach a separate page if necessary.)

Please see the attached analysis.

Prepared By: Richard I. Pegues, Director Phone: 465-3672
 Division: Administrative Services Date: May 15, 1991
 Approved by Commissioner: Charles E. Cole, Attorney General
 Agency: Department of Law Date: May 15, 1991

Distribution (by preparer): Legislative Committee, Requestor, OMB, & Impacted Agency(ies).

No. 2

FISCAL NOTE

Bill Version: SB 35

(S) Publish Date: 2/6/91

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Revision Date: _____ Department Affected: Alaska Court System
 Title: An Act amending ... civil remedy ... BRU: Trial Courts
Uniform Residential Landlord & Tenant Act Components: _____
 Sponsor: Pourchot
 Requistor: Pourchot COMPONENT SERIAL NO. 000 | 000 | 000 | 788

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS & CLAIMS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

Changes in CSB35 have no fiscal impact. This fiscal note is appropriate.

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact.

March 13, 1991 date GBB Comte Aide (initial)

Prepared by: C. S. Christensen III, Staff Counsel Phone: 284-8228
Division: Alaska Court System Date: 02/04/91

Approved by: Arthur H. Snowden, II, Administrative Director
Agency: Alaska Court System Date: 02/04/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requistor, OMB, & Impacted Agency(ies).

FISCAL NOTE

Bill Version: SB 35
 (S) Publish Date: 2/6/91

STATE OF ALASKA
 1991 LEGISLATIVE SESSION

Revision Date: _____ Department Affected: Community & Regional Affairs
 Title: "An Act..amending the Uniform Residential Landlord & Tenant Act.." BRU: _____
 Component: _____
 Sponsor: Senator Pourchot
 Requestor: _____ COMPONENT SERIAL NO.

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)	Changes in <u>CS SB35</u> <u>fund</u> have no fiscal impact. This fiscal note is appropriate. date <u>March 13, 1991</u> <u>DBBail</u> Comte Aide(initial)
--	--

Prepared By: Ronald Henderson Phone: 465-4750
 Division: Administrative Services Date: 1/31/91
 Approved by Commissioner: Ed. Ruth
 Agency: Community & Regional Affairs Date: _____

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. CSSB 35 (Jud)

Revision Date: _____ Department Affected: Department of Law
 Title: "...relating to termination of tenancies...rental promises..." BRU: Consumer Protection
 Component: Consumer Protection
 Sponsor: Senator Pourchot
 Requestor: House Labor & Commerce COMPONENT SERIAL NO.

		8	4
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	10.0					
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	10.0					

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND	10.0					
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	-0-					
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Please see the attached analysis.

Prepared By: Richard I. Pegues, Director Phone: 465-3672
 Division: Administrative Services Date: May 15, 1991
 Approved by Commissioner: Charles E. Cole, Attorney General
 Agency: Department of Law Date: May 15, 1991

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSSB 35 (Jud)

This bill amends several statutes relating to termination of tenancies and recovery of rental premises for nonpayment of rent and certain illegal activities. The bill adds illegal activity involving alcoholic beverages, a controlled substance, or an imitation controlled substance to the list of activities that constitute a nuisance that may be enjoined and abated in a place used for the activity. All of the changes will have the effect of substantially changing the information the Department of Law provides to the public in its pamphlet on landlord and tenant rights. The department's publication of the pamphlet is mandated by AS 44.23.020 (b)(8).

The department therefore requests \$10,000 to revise and republish the information pamphlet. Of this amount, \$2,500 will be used to publish a pamphlet supplement in the state BAR association's monthly newsletter, and \$7,500 will be used to publish a revised pamphlet for use by the general public. These funds should be sufficient to publish between 7,500 and 10,000 pamphlets.

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. CSSB 35 (JUD)

Revision Date: _____
Title: Termination of Tenancies

Department Affected: Public Safety
BRU: Alaska State Troopers
Component: Detachments

Sponsor: Rep. Pourchot
Requestor: Senate Judiciary

Bureau

COMPONENT SERIAL NO.

	7	9	9
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EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not Included)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER/PROG RCPT						
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

Estimate of current year impact _____

ANALYSIS: (Attach a separate page if necessary)

(See attached).

Prepared by: Lt. John Myers
Division: Alaska State Troopers

Phone: 269-5976
Date: 2/11/91

Approved by Commissioner: Richard L. Burton
Agency: Department of Public Safety

Richard L. Burton
Date: 3/08/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, CMB, & Impacted Agency(ies).

CSSB 35(JUD) amends existing landlord-tenant laws to allow property owners to terminate rental agreements for residential property with renters engaged in certain alcohol and drug violations. The bill creates a duty on the part of police officers who arrest persons for certain alcohol, drug, and imitation drug offenses committed in residential rental property to make a reasonable effort to discover the identity of the property owner and to notify the owner of the arrest either in person or at the last address listed on tax records and at any other address known to police. The notice requirement applies to alcohol violation arrests for sales from unlicensed premises and for possession or sale of alcohol where prohibited by local option; to drug violations involving the manufacture or distribution of all drugs except small amounts of marijuana; and to imitation drug violations involving the manufacture or distribution of imitation drugs, or possession of certain precursor chemicals used in the manufacture of imitation drugs. Based upon past arrests for these offenses, it is estimated that the Department of Public Safety will have to notify approximately three hundred property owners per year. We anticipate that in-person notice would be given in many (perhaps most) cases. If a written notice is necessary, we estimate that research required to identify the property owner, determine the last address listed on tax roles and any other addresses known to police, and to prepare the written notice, will take approximately one hour per occurrence.

The Alaska State Troopers estimates approximately 100 arrests for violation of the "local option" laws, and approximately 200 arrests for applicable drug offenses. It is expected that approximately 80% of the alcohol offenders and 60% of the drug offenders reside in rented property.

There will be fiscal impact upon the Alaska State Troopers. For arrests requiring a written notice, a clerk would have to research the identity of the owner and prepare notices as required. There will be costs for materials, preparation time, and postage. Since these offenses will be spread throughout the state, no one person would handle them all; the impact would be felt by detachment personnel handling the cases. There is no way to quantify this impact, however. It will be absorbed, as best as can be, within the existing workload. Notices will be mailed out in the normal course of business, as clerical staff can find time to process them. They would not be handled on any sort of emergency or expedited basis.

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. CS SB 35

Revision Date: _____ Department Affected: Community & Regional Affairs

Title: "An Act..termination of tenancies.. BRU: _____
illegal activities.." Component: _____

Sponsor: Senators Pourchot & Halford

Requestor: _____ COMPONENT SERIAL NO.

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Remond Henderson Director Phone: 465-4708

Division: Administrative Services Date: 3/11/91

Approved by Commissioner: Edna Bethel

Agency: Community & Regional Affairs Date: 3/11/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Bill No. SB 35

Revision Date: _____ Department Affected: Alaska Court System
 Title: An Act amending ... civil remedy ... BRU: Trial Courts
Uniform Residential Landlord & Tenant Act Components: _____
 Sponsor: Pourchot
 Requestor: Pourchot COMPONENT SERIAL NO.

000 000	000 768
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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS & CLAIMS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact.

Prepared by: C. S. Christensen III, Staff Counsel Phone: 264-8228
 Division: Alaska Court System Date: 02/04/91

Approved by: Arthur H. Snowden, II, Administrative Director Date: 02/04/91
 Agency: Alaska Court System

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

C

5/20/91

HOUSE COMMITTEE REPORT

(7)

Date Referred: May 6, 1991

FURTHER REFERRALS:

Judiciary

Date of Committee Action: 5-20-91

The LABOR AND COMMERCE Committee considered:

CSSB 35(JUD)

CS FOR SENATE BILL NO. 35 (JUDICIARY)

USE OF RENTED PROPERTY/LAW VIOLATIONS

"An Act relating to termination of tenancies and recovery of rental premises for nonpayment of rent and certain illegal activities, to tenant responsibilities, to the civil remedies of forcible entry and detainer and nuisance abatement, and to the duties of peace officers to notify landlords of arrests involving certain illegal activity on rental premises."

RECOMMENDATIONS:

be replaced with HSCS SB 35 (L+C) the same title a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal impact Dept. of Ccw

fiscal note(s) _____
 ^{Senate} (2) zero fiscal note(s) DCKA 2/4/91 Ct. System 2/4/91

zero fiscal note _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
		<u>Finkelstein</u>		<input checked="" type="checkbox"/>	
		<u>Paruel</u>		<input checked="" type="checkbox"/>	
		<u>Ivan</u>		<input checked="" type="checkbox"/>	
		<u>Joseph J. ...</u>			<input checked="" type="checkbox"/>
		<u>Bruckman</u>			

Finkelstein
CHAIRMAN'S SIGNATURE

Date Referred: May 6, 1991

FURTHER REFERRALS:

Judiciary

Title of Committee Action: 5-20-91

Title LABOR AND COMMERCE Committee considered:

CSSB 35(JUD)

FOR SENATE BILL NO. 35 (JUDICIARY)

USE OF RENTED PROPERTY/LAW VIOLATIONS

An Act relating to termination of tenancies and recovery of rental premises for nonpayment of rent and certain illegal activities, to tenant responsibilities, to the civil remedies of forcible entry and detainer and nuisance abatement, and to the duties of peace officers to notify landlords of arrests involving certain illegal activity on rental premises."

RECOMMENDATIONS:

Replaced with HB 35 CL+C [] the same title

[] have attached amendments(s)

[] do pass

[] do not pass

[] no recommendations

[] individual recommendations

[] additional referral to the _____ Committee

DOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

[x] fiscal impact Dept. of C&W

[x] fiscal note(s) _____

[] zero fiscal note _____

[x] zero fiscal note(s) DCRA & Ct. System

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
		<i>[Signature]</i>		X	
		<i>[Signature]</i>		✓	
		<i>[Signature]</i>		✓	
		<i>[Signature]</i>			✓
		<i>[Signature]</i>		-	

[Signature]
CHAIRMAN'S SIGNATURE

CORRECTION

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

Date Referred: May 6, 1991

FURTHER REFERRALS:

Judiciary

Date of Committee Action: 5-20-91

Committee: LABOR AND COMMERCE Committee considered:

CSSB 35(JUD)

FOR SENATE BILL NO. 35 (JUDICIARY)

USE OF RENTED PROPERTY/LAW VIOLATIONS

An Act relating to termination of tenancies and recovery of rental premises for nonpayment of rent and certain illegal activities, to tenant responsibilities, to the civil remedies of forcible entry and detainer and nuisance abatement, and to the duties of peace officers to notify landlords of arrests involving certain illegal activity on rental premises."

RECOMMENDATIONS:

Replaced with HB 35 (CL+C) [] the same title [] a new title

- have attached amendments(s)
do pass
do not pass
no recommendations
individual recommendations
additional referral to the _____ Committee

DOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal impact Dept. of Ccw

fiscal note(s)

zero fiscal note

zero fiscal note(s) DCKA + Ct. System

Table with columns: SIGNING DO PASS, DP, OTHER RECOMMENDATIONS, DNP, NR, AM. Includes handwritten signatures and checkmarks.

CHAIRMAN'S SIGNATURE



House Labor and Commerce Committee

Representative David Finkelstein, Chair
 Representative Parnell, Vice-Chair • Representatives
 Bruckman, Donley, Ivan, Taylor and Zawacki, Members

Date: _____

Place: _____

Subject of meeting: _____

Name (Please Print)	Representing	Mailing Address	Zip	(H) Phone	(W) Phone	Do you want to testify?		What subject or bill?
ELLEN NORTHUP	GLORY HOLE	PO# 21997 JUNEAU	99802	789-3473	586-4459	<input checked="" type="radio"/>	N	SB 35
Robert Libby	Dep't of Labor	mail stop 0710		789-0600	465-2700	<input checked="" type="radio"/>	N	SB 262
Nancy Adams	J.A.M.I.	PO 22090, JUNEAU 99802		463-4910		Y	N	SB 35
Sauntmase	JAMJ	PO Box 22090 JUNEAU	99801	7899569	463-3303	Y	N	SB 35
Sheerie Gou	Alaska Women's Lobby	P.O. Box 22156 JUNEAU 99802			463-6744	<input checked="" type="radio"/>	N	SB 35
						Y	N	
Eldon Mulder	Sen. Fahrenkamp					<input checked="" type="radio"/>	N	SB 262
						Y	N	
						Y	N	
						Y	N	
						Y	N	

 * DELIVER TO: LIOCAB *
 * * * * *
 * ORIGINAL *
 * SENT: 05/14/91 TIME: 13:36 *
 * FROM: LIOCMIL *
 * SUBJECT: 91-05-048; FL#2; (H)L&C; 5/14 *
 * PRINT DATE: 05/14/91 TIME: 13:36 *
 * * * * *

SUBJECT LINE TO READ: TC NO.; PL FS; SHORT SUBJECT; DATE

T/C NO: 91-05-048
 DATE: 05-14-91
 SPONSOR: H L&C
 SUBJECT: SB 35, SB 188, SB 258, HB 295
 MODERATOR: JUDY
 SITE: ANCHORAGE

PARTICIPANT LIST

 TO TESTIFY

NAMES/REPRESENTING	ADDRESS	PHONE	BILL NO.
1. GLENDA STRAUPE	1318 N ST 99501	274-2010	SB 35
2. DON CLOK SIN	1527 H ST 99501	277-8611	SB 35
3. RICHARD ILLGEN	420 L ST 99501	276-1969	SB 35
4. DON MITCHELL	1335 F ST 99501	276-1681	SB 35
5. ALICE BREWER	1201 W 45 99503	563-6734	SB 35
6. JOE GRAHAM	4107 MINNESOTA 99503	563-4755	SB 35
7. BARBARA JITTOOD/AK LEG. SVS	1016 W 6	272-9431	SB 35
8. KATHLEEN FLUNKET	4828 E 5 99508	337-2451	SB 35

When Rescheduled

278-4688
228-7704
Bad #

 TO OBSERVE:

NAME/ REPRESENTING	ADDRESS	PHONE	BILL NO.
1. Ellen Montshup		586-4151	
2. John Egan		789-3473	
3. Janice Bollenbach		463-3303	

BACK UP NUMBER: 561-1199
 EMAIL ADDRESS: LIOCMIL

Nancy Grzesek

witness

2450
Cheremish
Grzesek - 279-2754 (w)
Pourchot - 258-9336
3879
teleconf.
Dept. of Law - 3688
Rich Regier - 3672
4648