

ALASKA LEGISLATURE COMMITTEE FILES 1993-1994 8672

7977 HOUSE LABOR & COMMERCE

242

views. Therefore, restrictions or regulations placed upon the depiction of distasteful, upsetting or socially unacceptable behavior restrain free expression and are unconstitutionally overbroad.

Depictions and descriptions of violence have never been included among the categories of unprotected speech. The Supreme Court has declined to create such a category in cases in which it has considered such depictions and descriptions. In Winters v. New York, 333 U.S. 507 (1948), the Court had before it magazines that were "nothing but stories and pictures of bloodshed and lust." 333 U.S. at 512. The Court further recognized that the magazines have no serious literary or other value, but it nevertheless held them fully protected by the First Amendment:

"We do not accede to (New York's) suggestions that the constitutional protection for a free press applies to the exposition of ideas. The line between the informing and the entertaining is too elusive for the protection of that basic right. Everyone is familiar with instance of propoganda through fiction. What is one man's amusement, teaches another's doctrine. Though we can see nothing of any possible value to society in these magazines, they are entitled to the same protection of free speech as the best of literature." 333 U.S. at 510.

More recently, the United States District Court for the Western District of Missouri declared a Missouri violence statute unconstitutional and permanently barred its enforcement. The Missouri statute, which was signed into law June 20, 1989, would have forbidden the sale or rental of "violent" video cassettes to minors. In his order ruling the law unccnstitutional, Judge Bartlett recognized the distinction between obscene materials that are beyond the scope of the First Amendment and materials depicting violence:

"The Supreme Court has not held that violent speech is unprotected by the Constitution...unlike obscenity, violent expression is protected by the First Amendment." Video Software Dealers Association, et. al. v. William L. Webster, et. al, 773 F. Supp. 1275 (1991), aff'd 968 F.2d 684 (1992).

The Court of Appeals upheld the District Court, and recognized the distinction between materials depicting violence and those that are beyond the scope of First Amendment protection "...videos depicting only violence do not fall within the legal definition of obscenity for either adults or minors", 968 F.2d 684, 688 (1992). The State of Missouri has been ordered to pay nearly \$200,000 in

legal fees, resulting from their loss in the constitutional challenge, to the MPAA and VSDA.

In addition, this bill is impermissively vague because it does not specifically define the kind of violence that can be banned. The MPAA submits it would be impossible for theater owners or video retailers to determine which films or videos would be required to be labeled and/or packaged in an opaque wrapper. For example, a documentary that contains news footage from Bosnia, certain cartoons, like "Superman" and "Teenage Mutant Ninja Turtles," and sporting events, like football highlights, in theaters or on video cassette could be deemed to contain "representations of violent behavior."

This legislation could subject theater owners and video retailers who distribute mainstream motion pictures which are acceptable by the majority of Alaska residents to criminal prosecution. A movie with a message to discourage drug usage that utilizes a dramatic element in the content of the film which depicts "violent behavior" to illustrate the realities of the drug culture would subject theater owners and video store owners to prosecution if disseminated to a minor. This bill as drafted would establish an unreasonable burden and potential criminal liability on theater owners and video retailers.

Alaska HB 487 will not pass constitutional scrutiny because it prohibits the distribution of motion pictures on video cassette, without a permanent warning label in an opaque wrapping, that are protected under the First Amendment. The Supreme Court has never approved of a regulation or prohibition against the depiction of sexual conduct, even for minors, unless the Miller or Ginsberg tests are met. Further, violence is a class of speech that has never been permitted to be regulated, even for minors.

CONCLUSION

HB 487 is unnecessary and contravenes the United States Constitution.

This bill undermines the voluntary procedures and policies of the video industry which provides parents specific information about the content of the movies available for sale and rent so they can determine what is suitable for their children's viewing

HB 487 is unconstitutional because mandated warning labels are a form of prior restraint, forced speech and because the bill requires that video cassettes be labeled "harmful to minors" before there has been any determination that the material has been found to be obscene or harmful to minors based on United States Supreme Court standards. At the same time, the "harmful to minors" standards contained in the bill, which include the depiction of violent behavior, go well beyond the guidelines permitted by the

United States Supreme Court. See Ginsberg v. New York, 390 U.S. 629 (1968). Moreover, this may result in self censorship because it would force theater owners and video stores to identify movies that contain depictions of sexual conduct which might also cause self incrimination. Bantam Books v. Sullivan 372 US 58 (1969). The bill is also overbroad and vague, based on constitutional standards, because it does not identify the "person" required to be identified on the label or who is to affix it.

In addition, unless a motion picture film meets the narrow definition of obscenity for adults set forth by the Supreme Court in Miller v. California or for minors in Ginsberg v. New York, it may not be prohibited. The proposed legislation, which would require a permanent warning label on motion pictures and films on video cassette in an opaque wrapper containing non-obscene sexual conduct, exceeds the parameters of the Miller and Ginsberg decisions. Such government regulations are constitutionally invalid.

For both practical and legal reasons, we urge the Alaska Legislature to defeat HB 487.

February, 1994

THE MEDIA COALITION, INC.

1221 AVENUE OF THE AMERICAS • 24TH FLOOR • NEW YORK, N.Y. 10020
(212) 768-6770

Michael A. Barabanger
General Counsel

Christopher M. Finan
Executive Director

Anne F. Castro
Legislative Assistant

March 8, 1994

Representative Bill Hudson
Chairman
House Labor and Commerce Committee
State Capitol
Juneau, AK 98801-1182

Re: House Bill 487

Dear Representative Hudson,

House Bill 487 threatens the distribution of First Amendment protected recordings and videos in Alaska. The Media Coalition, whose members include recording manufacturers, recording and video retailers, publishers, booksellers, librarians, periodical wholesalers and distributors in Alaska and the rest of the United States, opposes this effort to limit constitutional rights.

A provision of H.B. 487 prohibits the dissemination of recordings and music videos that are "harmful to minors" unless warning labels are affixed and the videos are covered in opaque wrappers. This would clearly chill the distribution of constitutionally-protected materials to adults as well as to minors. It is impossible for a recording or video retailer to review the thousands of new recording or music videos he or she receives within a year. If a recording or video has not been voluntarily labeled by the manufacturer, there may be no way to discern whether it contains material "harmful to minors." Thus, a retailer will have no choice but to withdraw from sale any recording or video which he or she suspects may be "harmful to minors." Adults would no longer have access to material that they have a First Amendment right to purchase or borrow.

H.B. 487 violates the First Amendment in another way--by including the "graphic description...of violent behavior" in its definition of "harmful to minors." Violent content in otherwise constitutionally protected material is not a permissible subject of regulation. Every court that has addressed this issue has held that violent content of depiction is constitutionally protected speech. Davis-Kidd Booksellers, Inc. v. McWherter, Chancery Court, 20th Judicial District, Case No. 90-1893-III (I), February 14, 1992 struck down a restriction on the sale to minors of material containing "excess violence." Video Software Dealers Assn. v. Webster, 773 F. Supp. 1275 (W.D. Mo. 1991) held that "unlike obscenity, violent expression is protected by the First

Rep. Hudson
March 8, 1994
Page 2

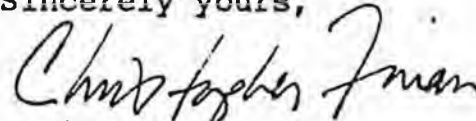
Amendment." State v. Johnson, 343 so. 2d 705,710 (La. 1977); declared that prohibiting the sale of violent materials to minors exceed the limits placed on regulation of obscene materials by the U.S. Supreme Court. Sovereign News Co. v. Falke, 448 F. Supp. 306, 400 (N.D. Ohio 1977) overturned a statute defining as "harmful to minors" material describing or representing "extreme or bizarre violence."

The regulation of violent material is not made permissible by adding it to the type of regulation at issue in Ginsberg v. New York, 390 U.S. 629 (1968) and Miller v. California, 413 U.S. 15 (1973). Both Ginsberg and Miller involved the regulation of sexually explicit material that may be constitutionally regulated.

Because it threatens the distribution of constitutionally-protected works, H.B. 487 will be vulnerable to a legal challenge if it is enacted. If the law is overturned, the state could be ordered to pay the plaintiffs' attorneys' fees. In a case challenging an unconstitutional Indianapolis ordinance, the members of Media Coalition and others were awarded over \$100,000 in attorneys' fees.

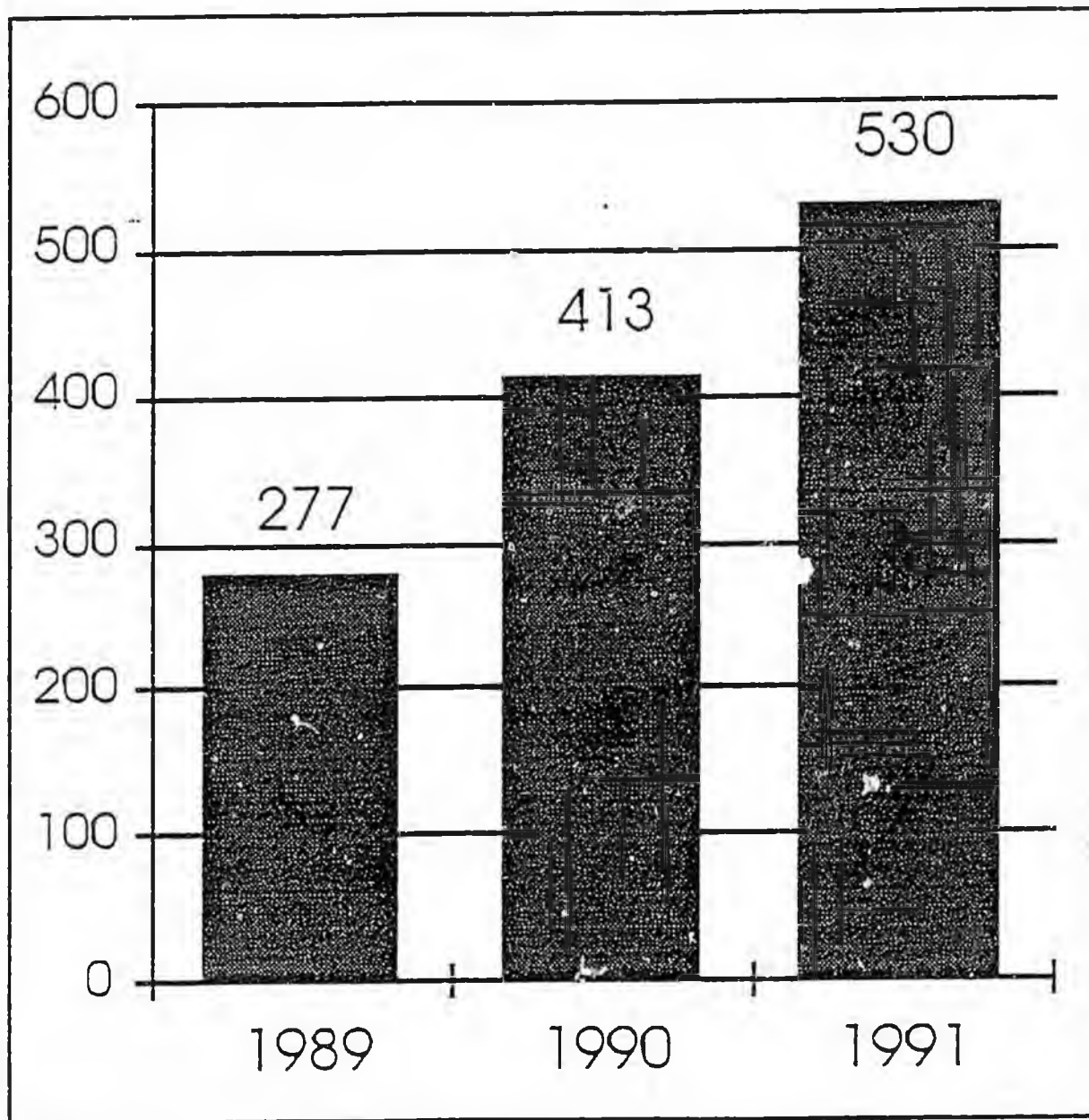
Please defeat H.B. 487.

Sincerely yours,



Christopher Finan
Executive Director

Reported Rapes in Alaska 1989 through 1991



Provided by The Network on Domestic Violence and Sexual Assault

Source: Department of Public Safety

THE MEDIA COALITION, INC.

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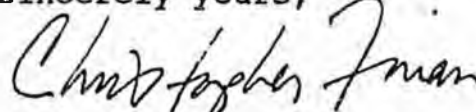
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Please defeat H.B. 487.

Sincerely yours,



Christopher Finan
Executive Director

DIVISION OF LEGAL SERVICES

LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

February 24, 1994

SUBJECT: Sectional Summary of SSHB 487 (Work Order No. 8-LS1745\E)

TO: Representative Pete Kott

FROM: Jerry Luckhaupt *JEL*
Legislative Counsel
Luckhaupt *JEL*

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

Section 1 of the bill amends AS 11.61 by adding two new sections:

AS 11.61.127 would make it a crime to sell, display, or distribute any material that is harmful to minors, other than audio or certain video recordings, at any place where minors are present unless the material is sealed in an opaque wrapper. A definition of "material harmful to minors" is provided and the crime is designated as a class A misdemeanor for the first offense and a class A misdemeanor for subsequent offenses;

AS 11.61.128 would make it a crime to sell or offer to sell an audio recording or a music video recording that contains lyrics that include or are descriptive of, or whose packaging includes or describes, material harmful to minors unless warning labels and opaque wrapping are provided. A different definition of "material harmful to minors" is provided for this section than for AS 11.61.127. A first offense is a class B misdemeanor and a second or subsequent offense would be a class A misdemeanor.

GPL:mi
94-040.mai

Sectional

FISCAL NOTE

BILL NO. HB 487

STATE OF ALASKA
1994 LEGISLATIVE SESSION

Revision Date: February 23, 1994
Title: ...sale, display or distribution of material harmful to minors...certain audio recordings...discs...tapes...
Sponsor: Representative Kott
Requestor: Representative Kott

Department Affected: Department of Law
BRU: Prosecution
Component: All
COMPONENT SERIAL NO. 0085 through 0090

EXPENDITURES/REVENUES:

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND &						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX

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

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

FUNDING:

1002 Federal						
1003 GF Match						
1004 GF						
1005 GF/Program						
1006 GF/MHTIA						
OTHER						
TOTAL	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX

POSITIONS:

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

Estimate of current year (FY94) impact: XXXX

ANALYSIS: (Attach a separate page if necessary.)

Please see the attached analysis.

Prepared by: Richard J. Peques, Director
Division: Administrative Services Division
Approved by Commissioner: Bruce M. Botelho, Attorney General
Agency: Department of Law

Phone: 465-3672
Date: February 23, 1994
Date: February 23, 1994

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FISCAL NOTE

BILL NO. HB 487

STATE OF ALASKA
1994 LEGISLATIVE SESSION

ANALYSIS CONTINUATION:

HB 487 prohibits the sale or display of material harmful to minors and, in this respect, the bill is similar to SB 216. However, there are two important differences between the bills.

First, both bills add a new section to AS 11.61 that provide that a person commits the crime of sale or display of material harmful to minors if the person knowingly sells, displays, or distributes any material, including the cover or packaging of the material, that is harmful to minors in any place where minors are present or are allowed to be present and where minors are able to view such material unless each item of the material is sealed in an opaque wrapper. The bill defines material harmful to minors to mean a description or representation, in any form, of nudity, sexual conduct, or sexual excitement when it:

- (1) predominately appeals to the prurient, shameful, or morbid interest of minors in sex;
- (2) is potently offensive to contemporary standards in the adult community with respect to what is suitable sexual material for minors; and
- (3) taken as a whole, lacks serious literary, artistic, political, or scientific value for minors.

The Senate version would not apply to:

- (1) recognized and established schools, religious institutions, museums, medical or psychological clinics, hospitals, public libraries, and government agencies in making available or providing material harmful to minors to a minor as an official function; or
- (2) a parent or guardian of a minor who provides material harmful to minors to the minor.

These exclusions are not provided in the House version, and we believe the lack of exclusions will result in extensive litigation if the provisions of HB 487 are enforced against those parties that are excluded in SB 216. In the department's research of other states' laws dealing with this subject, all of the other states' laws that we examined provided for exclusions similar to those provided in SB 216. Consequently, enforcement against schools, religious institutions, museums, medical or psychological clinics, hospitals, public libraries, government agencies and parents and guardians will probably be both difficult and expensive. Sale or display of material harmful to minors would be a class B misdemeanor, under both versions of the bill.

Second, HB 487 provides that a person commits the crime of unlawful sale of audio or video recording if the person knowingly sells or offers to sell an audio recording, phonograph record, magnetic tape, compact disc, or video tape that contains lyrics that include or are descriptive of material harmful to minors, unless the cover of such recording, record, tape, or disc contains a warning label that the lyrics contain material harmful to minors.

The bill further provides that a person commits the crime of unlawful display of audio or video recording if the person knowingly displays an audio recording, phonograph record, magnetic tape, compact disc, or videotape, whose packaging uses words, symbols, or pictures that include or describe material harmful to minors unless the recording is sealed in an opaque wrapping.

The bill prescribes lettering sizes for the warning and prescribes the wording of the warning to be:

'WARNING:
May contain explicit lyrics that include
or describe material harmful to minors.
PARENTAL ADVISORY'

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HB 487

ANALYSIS CONTINUATION:

Each day that a violation occurs and each audio recording, phonograph record, magnetic tape, compact disc, or video tape that is found in violation would be a separate offense. Unlawful sale of audio or video recording and unlawful display of audio or video recording would be class B misdemeanors, except that a person convicted of either offense would be guilty of a class A misdemeanor if the person was previously convicted of either offense. Material harmful to a minor would have the same meaning for unlawful sale and unlawful display of a audio or video recording as the meaning of material harmful to minors would have for the crime or sale, display or distribution of material harmful to minors.

It is impossible to determine the effect of multiple counts that will result from treating each violation as a separate offense. For example, ten copies of a particular recording that do not contain a warning label or are not contained in a sealed opaque wrapper for ten days would result in 100 separate counts. Moreover, prosecutors will have to prove in each case that the seller knew that the lyrics contained material harmful to minors. In cases involving explicit language this may be easy, but only if the prosecution can prove that the seller had listened to the recording and had knowledge of its contents. And in cases involving suggestive language it may be quite difficult for a prosecutor to prove that the seller knew the recording contained material harmful to minors. Data is not available that would indicate the number of audio or video titles that would fall within the bill's provisions, nor is data available that would indicate the number of outlets where those titles are sold or the number of copies of the individual titles that are available. Consequently, we cannot determine fiscal note costs. Those costs could be substantial in view of not excluding parties that have been excluded in other jurisdictions, and in view of varying interpretations of lyrics that may be sexually suggestive to some and not to others.

Alaska State Legislature
House of Representatives

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& SOCIAL SERVICES
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Representative Pete Kott

SPONSOR STATEMENT

**HB 487 – SALE/DISPLAY OF
MATERIAL HARMFUL TO MINORS**

The introduction of House Bill 487 was prompted by the sponsor's concern over the growing number of violent crimes in Alaska. Cases of reported rape, for example, nearly doubled between 1989 and 1991. Furthermore, there is growing evidence that violent crimes, especially rape and murder, are more frequently committed by young people.

The sponsor believes that a contributing factor in this rising violence among young people is the increased frequency of sex-related violence as a theme in rock and rap music. This conclusion has been supported by the U.S. Attorney General's Commission on Pornography which found that exposure to sexually violent material resulted in acts of sexual aggressiveness and anti-social behavior. It is self-evident that some material, whether in a visual or aural format, may not be suitable for distribution to children. At a minimum, the seller should make some attempt to alert parents to the contents of such material, and to shield innocent young people from unwanted contact with such material.

House Bill 487, while recognizing the constitutional restraints imposed on the legislature's ability to curtail distribution of certain material, acts on the state's legitimate interest in providing some level of protection to children who may be harmed by unwanted exposure to the material.

The bill would regulate the distribution, sale and display of two different types of material. First, it would require that printed matter, if it visually depicts material harmful to minors and is displayed in a place where minors are apt to view the material, must be covered by an opaque wrapper and individually sealed. The definition of material harmful to minors in this section is drawn from the obscenity definition set forth by the U.S. Supreme Court.

Second, the bill requires labeling on any audio recording or music video recording that contains lyrics harmful to minors. The label is required to give a parental advisory that the recording contains lyrics that include or describe material harmful to minors. The bill also applies the wrapping and sealing requirements of the first part of the bill to certain audio and video recordings. For audio and video recordings the definition of material harmful to minors is expanded to include certain kinds of violence.

Violation of the provisions of HB 487 would be a class B misdemeanor on first offense, and a class A misdemeanor on subsequent convictions.



Sponsor Statement



H B

4 9 7

Date of Committee Action: _____

The COMMUNITY AND REGIONAL AFFAIRS Committee considered: SSHB 497

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 497 OFFICERS OF UTILITY COOPERATIVES

"An Act relating to electric and telephone cooperatives."

RECOMMENDATIONS:
 be replaced with CS for Sponsor Substitute for HB 497 ^(CRA) the same title
 or a new title

- have attached amendments(s) (CRA)
- 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 _____ fiscal note(s) _____

zero fiscal note C + E D zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Ed Willis</i>	X	<i>Harley Olberg</i>			✓
<i>W. K. Williams</i>	✓	<i>John Sandberg</i>		✓	
<i>[Signature]</i>	✓	<i>Earl Beyer</i>		✓	
		<i>John E. Lewis</i>		✓	

Harley Olberg
 CHAIRMAN'S SIGNATURE

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HB 497

Revision Date: 3/10/97
Title: "Officers of utility cooperatives"
Sponsor: Rep. Green
Requestor: Rep. Green

Department Affected: Commerce and Economic Development
BRU: Boards and Commissions
Component: Occupational licensing
COMPONENT SERIAL NO. _____

Expenditures/Revenues:

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL EXPENDITURES	0	0	0	0	0	0
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CHANGE IN REVENUES ()	0	0	0	0	0	0
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FUND SOURCE

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
Other	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

Estimate of current year (FY 94) cost: \$ 0

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Wendy Mulder, Office of Commissioner
Division: Department of Commerce and Economic Dev.

Phone: 3/11/94
Date: _____

Approved by Commissioner: Paul Fuhs
Agency: Commerce and Economic Development

Date: 3/11/94

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DISTRICT 10



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INTERNATIONAL TRADE & TOURISM
COMMITTEE
ECONOMIC TASK FORCE

Representative Joe Green

TO: Representative Bill Hudson, Chairman
House Labor & Commerce Committee

FR: Representative Joe Green *JRG*

RE: HB 497

DATE: March 15, 1994

This is to request a hearing on CS SSHB 497 "An act relating to electric and telephone cooperatives".

CS SSHB 497 simply allows utility cooperatives to entitle their officers "president" or "chairman or chairwoman". I have sponsored this bill at the request of the electrical utility that serves my district. As restricted by current statute the presiding officer of their board of directors must assume the title "president".

Usually the president assumes the responsibility of day-to-day operations. At the utility in my district the day-to-day manager is called the general manager. The problem is, in the financial markets a general manager receives little attention or respect.

This bill would allow, but not require, utilities to call the presiding officer of their board a chairman or chairwoman, which is the common title for such a person in today's business world.

Alaska State Legislature

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DISTRICT 10



CHAIR, OIL & GAS COMMITTEE
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COMMITTEE

ECONOMIC TASK FORCE

Representative Joe Green

Sponsor Statement

HB 497 "An act relating to electric and telephone cooperatives"

HB 497 simply allows utility cooperatives to entitle their officers "president" or "chairman".

Problem: As restricted by current statute, the presiding officer of a utility board of directors must assume the title "president". Usually the president assumes the responsibility of day-to-day operations while a chairman or chairwoman presides over the board.

I have sponsored this bill at the request of the electrical cooperative that serves my district. At that utility, the day-to-day manager is called the general manager. The problem is, banks and other institutions with whom this person must deal pay little attention or respect to someone with the title of general manager.

Solution: This bill would allow, but not require, utilities to call the presiding officer of their board a chairman, which is the common title for such a position in today's business world. This would allow the day-to-day manager to be called a president. When the president of the utility calls for an appointment, it is my belief that he or she will be better received than a general manager. This would serve the utility well and the 65,000 cooperative members would benefit.

HB 497

POSITION PAPER
BY
ALASKA RURAL ELECTRIC COOPERATIVE ASSOCIATION
February 16, 1994

Effect

Although HB 497 requires several pages to accomplish it, the only thing this bill does is to make it optional with the electric or telephone cooperative as to whether the co-op uses the title "president" and "vice-president" or "chairman" and "vice-chairman" for its top two board officers.

As introduced, this bill actually uses the terms "chair" and "vice-chair".

Purpose

The reason for this statutory change is to permit cooperatives, if they choose to do so, to adopt standard business designations for its officers. The standard practice among business corporations is for its top board position (elected) to be its chairman while the chief executive officers (employed) is its president.

Importance

The reason we think this is desirable comes from the fact that the Rural Electrification Administration is decreasing the availability of its loans to the cooperatives. The co-ops have to seek other sources of capital, including the issuance of bonds. Chugach Electric Association went through the process of issuing its own bonds in 1991, and they found that the confusion caused by their not using standard business titles made this process more difficult and time consuming.

Position

The Alaska Rural Electric Cooperative Association supports HB 497 as an aid in getting financing when it is needed at the lowest possible cost. However, we think the bill should be amended to use the terms "chairman" and "vice-chairman". We realize that "chair" is now regarded as politically correct, but to most of corporate America, including Wall Street, "chair" is simply a piece of furniture. For this bill to accomplish its intended purpose, it needs to be amended to use the traditional titles "chairman" and "vice-chairman". We understand these titles to be gender neutral.

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

NO. _____
BILL VERSION: HB 497
PUBLISH DATE: _____

Revision Date: _____
Title: "An Act relating to electric and telephone cooperatives."
Sponsor: Representative Green
Requestor: Representative Green

Department Affected: Legislative Affairs Agency
BRU: All
Component: All

COMPONENT SERIAL NO:

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES						
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: _____

ANALYSIS: (Attach a separate page if necessary)

Zero fiscal impact.

Prepared By: Karla Schofield, Deputy Director *Karla Schofield* Phone: 465-3852
Division: Administrative Services Date: 2/24/94

Approved By: Pamela A. Stoops, Executive Director *Pamela A. Stoops*
Agency: Legislative Affairs Agency Date: 2/24/94

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

HB

506

C

HOUSE COMMITTEE REPORT

3/28/94

(7)

Date Referred: March 11, 1994

FURTHER REFERRALS:

Finance

Date of Committee Action: 3/28/94

The LABOR AND COMMERCE Committee considered:

HB 506

HOUSE BILL NO. 506

STUDENT LOAN PROGRAM

"An Act relating to student loans; to sanctions for defaulting on a student loan, including denial of a state occupational license or disbursement of state money; and providing for an effective date."

RECOMMENDATIONS:

be replaced with

CS HB 506(L+C)

[X] the same title
[] a new title

[] have attached amendments(s)

[X] do pass

[] do not pass

[] no recommendations

[] individual recommendations

[] additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

[X] fiscal impact ADMINISTRATION

[] zero fiscal note

APPROVES PREVIOUS:

[X] fiscal note(s) Commerce + Economic (Dept/Date) 3/11/94

[X] zero fiscal note(s) DEPT. of Ed. 3/11/94

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
Brian Porter, Porter	✓				
Joe Sutton, Sutton	✓				
Adam Mulder, Mulder	✓				
Green, Green	✓				
Bill Hudson, Hudson	✓				
	(5)				

Bill Hudson Hudson
CHAIRMAN'S SIGNATURE

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

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JUNEAU, ALASKA 99811-0505
PHONE (907) 465-2962
FAX (907) 586-4002

SUBJECT: AN ACT RELATING TO TERMS AND CONDITIONS OF THE ALASKA STUDENT
LOAN PROGRAM

The following is a synopsis of the legislative recommendations of the Alaska Commission on Postsecondary Education as included in House Bill 506:

- 1) Variable Interest Rate. Recommend that AS 14.43.120 (f) be amended so that the annual rate of interest on Alaska Student Loans will be set each year by adding to the true interest rate for that year's tax exempt bonds an additional percentage designed to cover the administrative costs of the program. Included in the amendment should be language mandating that the Commission insure that the effective borrower interest rate be as low as possible without threatening their ability to properly service loans.
- 2) Restricted Loan Eligibility After a Write-off. Recommend that AS 14.43 be amended so that a loan applicant would be considered ineligible to receive a new Alaska Student Loan for no less than five (5) years subsequent to having any portion of a prior Alaska Student Loan discharged or written-off for any reason.
- 3) Wage Garnishment. Recommend that AS 14.43 be amended to include a section authorizing income withholding for borrowers in default on their Alaska Student Loan. The effect of this amendment would be that any judgment or court order regarding a defaulted borrower must contain an income withholding order.
- 4) Denial of State License Renewals. Recommend that AS 14.43 and AS 08.01 be amended so that borrowers in default on their Alaska Student Loans would be ineligible to renew an existing license to do business or practice an occupation in Alaska until the Department of Commerce is notified by the Commission that the applicant's loan account has been brought current.
- 5) Denial of State Warrants. Recommend that no State warrant shall be issued to a borrower who is in default on an Alaska Student Loan. Any and all warrants resulting from business done with the State would be withheld until the affected department is notified by the Commission that the applicant's loan account has been brought current.
- 6) Refinancing Alaska Student Loans. Recommend that AS 14.43 be amended so that the Commission could offer borrowers the option to collapse variable term loans into a single loan. The interest rate on the refinanced loan would be the weighted average of all loans included. A married couple may consolidate their individual loans if they agree to be held jointly and separately liable for repayment of the refinanced loan regardless of the amount of their previously individual debts, and in spite of any future change in their marital status. The loan is not dischargeable in the event that one spouse dies.
- 7) Expand Family Education Loan Eligibility. Recommend that AS 14.43.750 and AS 14.43.740 be amended to remove the dependency requirement which would allow one family member to borrow on behalf of another member of their immediate family, and to clarify that it is the borrower only who must meet the Alaska residency requirement.

POSITION PAPER ON HOUSE BILL 506

Alaska Commission on Postsecondary Education
March 3, 1994

House Bill 506--an act relating to student loans and to sanctions for defaulting on a student loan--has been introduced by the House Committee on Health, Education and Social Services at the request of the Alaska Commission on Postsecondary Education (ACPE). The legislation has been crafted to address several significant problems encountered in the administration of the Alaska Student Loan program: specifically, the need to protect an eroding capital base by increasing loan repayment and by lending at rates which reflect costs of capital.

This paper provides the context within which the bill should be considered as well as the rationale for each of the sections.

BACKGROUND

The Alaska Student Loan Program (ASL) began in 1971 as a student assistance program supported by the state General Fund. The program grew out of a widely-expressed desire that the state's new oil wealth be used, in part, to increase educational opportunities for Alaska students. For the first decade and a half, the program was generously supported by general fund appropriations. However, as oil prices and state oil revenues declined, full state funding could no longer be assured and a separate state entity--the Alaska Student Loan Corporation--was established by the legislature to raise alternative financing in the form of tax-exempt bonding. Since the first bond sale in spring of 1988, the Corporation has raised more than \$250 million in private capital markets to support student loans.

Over its 20 plus years of existence, the ASL program has undergone numerous legislative changes:

- loan maximums have been raised from \$2,500 to \$5,500 for undergraduate study;
- loan interest rates have increased from 5% to 8%;
- the loan repayment period has been extended from 6 to 10 years; and
- forgiveness benefits for those borrowers returning to the state have gone from 40% to 50% and then to zero.

By and large, program changes from 1971 to 1986 were made to benefit students by providing easier access to larger amounts of postsecondary education aid. Although the program was originally created as a revolving loan fund, provisions such as forgiveness and interest subsidies while the student remained in school assured that the fund could not continue without infusions of state support. In 1986, forgiveness benefits were ended and interest subsidies were reduced in an attempt to cut back--but not eliminate--this drain on state resources.

With the advent of private funding through tax-exempt bonds, the ASL began to shift from a student-centered program to one responsible to bondholders. Loan conditions which resulted in losses to fund principle or to earned interest--such as forgiveness provisions and in-school interest subsidies--could be continued only with state general fund appropriations to replace losses. Although such appropriations did continue through FY92, the amount of the appropriation was never related to the losses incurred by mandated loan conditions. Today, the fund receives no state support. Thus, the student loan fund continues to expense forgiveness and interest subsidy benefits with no compensating revenue source.

Bad debts are a further drain on the capital base. The program has succeeded in reducing its default rates from the high levels of the mid-1980's; however, it continues to write off a portion of its portfolio as non-performing. In addition, some loans must be canceled because of death or disability of the borrower. The following table shows the annual and cumulative effect of the forgiveness and write off provisions since the program transitioned to bond funding.

Table 1
Losses to the Alaska Student Loan Fund

Fiscal Year	Forgiveness	Loan write offs
FY88	\$5,612.5	\$500.0
FY89	\$6,050.6	\$800.0
FY90	\$6,598.2	\$5,001.0
FY91	\$8,801.4	\$6,426.3
FY92	\$7,894.8	\$6,753.0
FY93	\$7,675.9	\$8,454.8
Total	\$42,633.4	\$27,935.1

A further erosion of the fund occurs because the statutorily-set interest rate on loans (8% simple interest since FY87) has, until this current year, resulted in a gap between the effective rate on loans and the true cost of capital. For a typical college student who borrows for four years, the effective rate over all of the loans is 5.8% because interest is deferred while the student is in school. The following table displays the difference between the bond rates and the interest received on a four-year collegiate loan.

Table 2
Difference Between Cost of Capital
to Program and to Borrower

School Year	True Interest Rate on Bonds	Effective Interest Rate on 4-year Loan	Difference (Subsidy)
1988/89	8.4%	5.8%	-2.6%
1989/90	8.1%	5.8%	-2.3%
1990/91	7.3%	5.8%	-1.5%
1991/92	6.7%	5.8%	-0.9%
1992/93	6.0%	5.8%	-0.2%
1993/94	5.5%	5.8%	0.3%

At the present borrowing rate, effective interest just covers the cost of capital for the most recent bond sale; however, it does not allow the fund to recover any loan awarding and servicing costs. In earlier days, administrative costs were supported by general fund appropriations. Since FY88, however, these program costs have been taken from program receipts--that is, from repayments on prior loans.

A recent legislative audit of the Alaska Student Loan Program¹ recognizes the changed fiscal situation of the program and the strains that earlier legislation and state policy have placed on maintaining fund viability. The report recommends that the loan fund be secured. The proposed legislation seeks to follow that recommendation by recognizing the true cost of capital, accounting for reasonable administrative expenses and increasing penalties for non-repayment of loans.

¹ Division of Legislative Audit, *Alaska Student Loan Corporation Organizational and Operational Efficiency and Alternatives*, October 28, 1993 (Audit Control No. 05-4466-94). The findings were echoed by the Legislative Research Agency in *Privatizing the Alaska Student Loan Program*, a January 4, 1994 research report prepared at the request of Rep. Mark Hanley (Research Request 94.068)

SECTIONAL ANALYSIS

Section 1 prohibits the Department of Commerce and Economic Development from renewing an occupational or professional license if the licensee is in default on an Alaska student loan. ACPE must notify the Department of defaulting borrowers.

Rationale: Borrowers who have received state support for education or training leading to an occupational/professional license must honor their loan repayment obligations. The legislation allows the original license to be issued in order that the borrower may earn the income necessary to repay the loan. If repayment is not made in a consistent and timely manner, however, the borrower should not continue to benefit from the state's investment.

Section 2 ties the interest rate on a student loan to 1) the cost of the private capital backing that loan and 2) a portion of the administrative expense of disbursing and servicing the loan. Under the legislation, the interest rate would be set annually by the Commission, by a method that "ensures that the rate of interest is as low as possible without precluding the ability of the commission to administer loans."

Rationale: The present interest rate of 8% bears no relationship to either the interest paid on bonds or the cost of running the loan program. Today's capital market provides a very advantageous rate to tax-exempt bond issuers. Savings from low rates should benefit students. By the same token, in times of higher rates, the costs must be passed on to the borrowers if the fund is to remain sound. And, in all cases, loan interest rates must include reasonable overhead costs. The legislation explicitly charges the commission to keep these overhead costs to minimum.

Section 3 directs the Commission to notify the Departments of Administration and of Commerce and Economic Development when a borrower is in default.

Rationale: Since these two departments are charged with withholding benefits from defaulted borrowers, it is incumbent upon the Commission to provide timely notification of default status.

Section 4 allows the Commission to consolidate a borrower's or a married couple's loans. Married borrowers must agree to be jointly and severally liable for repayment and the loan is not forgiven on the death of one of the borrowers.

Rationale: The existing loan portfolio is composed of loans of varying conditions and interest rates, as shown in the following table.

Table 3
Loan Portfolio by Loan Conditions

Type of Loan	Percent of Portfolio
5% interest	27%
8% with no grace year interest	13%
8% with grace year interest	60%

Each loan is accounted for separately. Borrowers are often confused by the billing statement and by the apportionment of the monthly payment across the various loans. In some cases, a borrower may choose to pay off a higher interest loan more rapidly than a lower interest one. In order to split payment in such cases, staff must enter the payment manually. Approximately one and three-quarters FTE staff time is directed to manual posting of these payments each month. Because the loan consolidation provided in this bill is optional on the part of the borrower, not all of these arrangements will be eliminated. However, borrowers will be encouraged to take the option and a significant decrease in special payments is anticipated.

Section 5 excludes from eligibility any borrower who has had a previous loan written off by the Commission within the previous five years.

Rationale: Currently, a borrower can have a student loan written off if the borrower is certified as 50% or more disabled by two doctors or if a loan has been discharged by a bankruptcy proceeding. Nothing in present statute prohibits a borrower from applying for and obtaining a new loan immediately. The proposed language would close this loop hole.

Section 6 allows the courts to assign to the Commission a portion of a defaulter's wages.

Rationale: Wage assignment is a powerful tool for enforcing loan repayment. In many cases, the threat of withholding wages is sufficient to encourage repayment. Where an assignment has been made, the loan fund benefits from at least partial payments.

Section 7 applies the one-year residency requirement for Family Education (FEL) to the borrower rather than the student. Current statutes require both the borrower and the student to meet the requirements.

Rationale: The Commission frequently encounters situations where a separated or divorced Alaskan resident parent wishes to borrow on behalf of a child for whom he/she does not have physical custody. In these cases, the parent with custody is often not a resident. The intent of the FEL program was to encourage parents to assist in funding a child's postsecondary education. FEL borrowers are generally very credit worthy and the default rate on these loans approaches zero. Therefore, it is in the best interests of the loan program to expand participation in this program to eligible Alaskans.

Section 8 deletes the requirement that an FEL loan can be made only on the behalf of a child who has been claimed as a dependent for federal tax purposes.

Rationale: Many potential FEL participants wish to borrow for children who are no longer claimed as dependents but who still need assistance in pursuing postsecondary education goals. Additionally, some parents object to sharing federal tax information with the loan program. The proposed changes would further encourage family responsibility and would provide relatively secure assets for the loan program without violating the financial privacy of the borrower.

Sections 9 and 10 prohibit the Department of Administration from disbursing state funds to persons who are in default on a student loan.

Rationale: Persons under contract to provide goods and services or who receive other remuneration from the state should be current on their obligations to the state. Together with wage assignment and the denial of license renewal, the threat of withholding payment puts borrowers on notice that the state takes repayment of student loans very seriously.

CONCLUSION

The Commission supports HB 506 because it provides the tools for fiscally-responsible management of the Alaska Student Loan program. Without the provisions of this bill, the fund will continue to erode. With it will erode the higher education opportunities for the coming generations of Alaskan students.

STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

BOX 110605
JUNEAU, ALASKA 99811-0605
PHONE: (907) 465-2952MEMORANDUM

TO: MEMBERS OF THE COMMISSION

FROM: JOB L. MCCORMICK
EXECUTIVE DIRECTOR *Joe L. McCormick*

SUBJECT: AN ACT RELATING TO TERMS AND CONDITIONS OF THE ALASKA STUDENT LOAN PROGRAM

DATE: FEBRUARY 8, 1994

The following is a synopsis of the legislative recommendations, resulting from this morning's work session teleconference. These recommendations will be formally forwarded to our legislative members, Senator Phillips and Representative Bunde, effective Thursday, February 10th, for submission to the legislative drafters.

- 1) Variable Interest Rate. Recommend that AS 14.43.120 (f) be amended so that the annual rate of interest on Alaska Student Loans will be set each year by adding to the true interest rate for that year's tax exempt bonds an additional percentage designed to cover the administrative costs of the program. Included in the amendment should be language mandating that the Commission insure that the effective borrower interest rate be as low as possible without threatening their ability to properly service loans.
- 2) Restricted Loan Eligibility After a Write-off. Recommend that AS 14.43 be amended so that a loan applicant would be considered ineligible to receive a new Alaska Student Loan for no less than five (5) years subsequent to having any portion of a prior Alaska Student Loan discharged or written-off for any reason.
- 3) Wage Garnishment. Recommend that AS 14.43 be amended to include a section authorizing income withholding for borrowers in default on their Alaska Student Loan. The effect of this amendment would be that any judgment or court order regarding a defaulted borrower must contain an income withholding order.
- 4) Denial of State License Renewals. Recommend that AS 14.43 and AS 08.01 be amended so that borrowers in default on their Alaska Student Loans would be ineligible to renew an existing license to do business or practice an occupation in Alaska until the Department of Commerce is notified by the Commission that the applicant's loan account has been brought current.
- 5) Denial of State Warrants. Recommend that no State warrant shall be issued to a borrower who is in default on an Alaska Student Loan. Any and all warrants resulting from business done with the State would be withheld until the affected department is notified by the Commission that the applicant's loan account has been brought current.
- 6) Refinancing Alaska Student Loans. Recommend that AS 14.43 be amended so that the Commission could offer borrowers the option to collapse variable term loans into a single loan. The interest rate on the refinanced loan would be the weighted average of all loans included. A married couple may consolidate their individual loans if they agree to be held jointly and separately liable for repayment of

Page 2

the refinanced loan regardless of the amount of their previously individual debts, and in spite of any future change in their marital status. The loan is not dischargeable in the event that one spouse dies.

7) Expand Family Education Loan Eligibility. Recommend that AS 14.43.750 and AS 14.43.740 be amended to remove the dependency requirement which would allow one family member to borrow on behalf of another member of their immediate family, and to clarify that it is the borrower only who must meet the Alaska residency requirement.

This will be the Commission's final review of these recommendations prior to transmittal to our legislative members. If you have any comments or concerns that must be dealt with prior to transmittal, contact me before noon tomorrow, Wednesday, February 9th, 1994.

Again, your attention and speedy responses during this process have been truly appreciated and I look forward to a successful legislative session. We should be proud of the steps we're taking to strengthen and secure this valuable state program.

cc: Alaska Student Loan Corporation

Alaska University and College Student Leaders 1993-1994

University of Alaska
System Governance

Updated January 10, 1994

Coalition of Student Leaders (The Net)

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Alaska University and College Student Leaders 1993-1994

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Alaska University and College Student Leaders 1993-1994

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FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. CS HB 506 (HES)

Revision Date: 03 - 11 - 94
 Title: An Act relating to student loans;to sanctions
for defaulting on a student loan, including denial of a state . . .
 Sponsor: _____
 Requestor: _____

Dept Affected: Alaska Commission on Postsecondary Education
 BRU: Alaska Student Loan Corporation.
 Component: Student Loan Program

COMPONENT SERIAL NO. 218

Expenditures/Revenues

(thousands)

OPERATING EXPENDITURES	FY95	FY96	FY97	FY98	FY99	FY00
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 EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
-----------------------------	------------	------------	------------	------------	------------	------------

CHANGES IN REVENUES (1022)	1,450.0	1,495.1	1,581.3	1,673.0	1,770.5	1,873.9
-------------------------------------	----------------	----------------	----------------	----------------	----------------	----------------

FUND SOURCE

1002 Federal Receipts						
1005 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY94) costs (\$): 0.0

POSITIONS

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

ANALYSIS (Attach a separate page if necessary): Fiscal analysis of this bill is presented by bill section:
 Section 1: this section directs Alaska Department of Commerce and Economic Development to withhold renewal of professional licenses upon notice from ACPE that a person has defaulted on an Alaskan Student Loan. Estimated cost to the ACPE to provide such notice:

FY95	FY96	FY97	FY98	FY99	FY00
0.0	0.0	0.0	0.0	0.0	0.0

(continued on reverse)

Prepared by: Douglas S. Hanon
 Division: Alaska Commission on Postsecondary Education

Phone Number: (907) 465-6757
 Date: 3/17/94

Approved by Commissioner: Joe L. McCormick, Executive Director
 Agency: Alaska Commission on Postsecondary Education

Date: 3/17/94

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No. 1
 Bill Version: CSHB 506 (HES)
 (H) Publish Date: 3/11/94

FISCAL NOTE

STATE OF ALASKA 1994 LEGISLATIVE SESSION

Revision Date: 3/3/94 Department: Commerce and Economic Dev.
 Title: An Act relating to student loans;...including BRU: Occupational Licensing
denial of a state occupational license.... Component: Operations
 Sponsor: House HES
 Requestor: House HES COMPONENT SERIAL NO. 1844

Expenditures/Revenues		(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	
PERSONAL SERVICES	42.7	42.7	42.7	42.7	42.7	42.7	
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0	
CONTRACTUAL	48.0	48.0	48.0	48.0	48.0	48.0	
SUPPLIES	1.0	1.0	1.0	1.0	1.0	1.0	
EQUIPMENT	8.0						
LAND & STRUCTURES							
GRANTS, CLAIMS							
MISCELLANEOUS							
TOTAL OPERATING	99.7	91.7	91.7	91.7	91.7	91.7	

CAPITAL EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
CHANGE IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts							
1003 GF Match							
1004 General Fund							
1005 GF/Program Receipts							
1006 GF/MHTIA							
Other (Inter-Agency Receipts)	99.7	91.7	91.7	91.7	91.7	91.7	
TOTAL	99.7	91.7	91.7	91.7	91.7	91.7	

Estimate of any current year (FY 94) cost: \$ None

POSITIONS		FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
FULL-TIME	1.0	1.0	1.0	1.0	1.0	1.0	
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0	
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0	

ANALYSIS: (Attach a separate page if necessary)
 HB 506 amends AS 08.02 by adding a provision that would prohibit the renewal of an occupational or business license if the licensee has failed to comply with repayment provisions of the student loan program by the Alaska Commission on Postsecondary Education. Based on approximately 180 occupational licenses and 500 business licenses which may fall within the default category, the division anticipates approximately 90 cases may result in hearings for refusal to issue a renewed license based on this amendment. (Continued on attached page)

Prepared by: Jennifer Strickler, Administrative Officer Phone: 465-2144
 Division: Occupational Licensing Date: 3/3/94
 Approved by Commissioner: Paul Fuhs Date: 3/3/94
 Agency: Commerce and Economic Development

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CORRECTION

**THIS DOCUMENT
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FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. CS HB 506 (HES)

Revision Date: 03 - 11 - 94
 Title: An Act relating to student loans; to sanctions
for defaulting on a student loan, including denial of a state
 Sponsor: _____
 Requestor: _____

Dept Affected: Alaska Commission on Postsecondary Education
 BRU: Alaska Student Loan Corporation.
 Component: Student Loan Program

COMPONENT SERIAL NO. 218

Expenditures/Revenues	(thousands)					
OPERATING EXPENDITURES	FY95	FY96	FY97	FY98	FY99	FY00
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 EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGES IN REVENUES (1022)	1,450.0	1,495.1	1,581.3	1,673.0	1,770.5	1,873.9
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FUND SOURCE						
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY94) costs (\$): 0.0

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

ANALYSIS (Attach a separate page if necessary): Fiscal analysis of this bill is presented by bill section:
Section 1: this section directs Alaska Department of Commerce and Economic Development to withhold renewal of professional licenses upon notice from ACPE that a person has defaulted on an Alaskan Student Loan. Estimated cost to the ACPE to provide such notice:

FY95	FY96	FY97	FY98	FY99	FY00
0.0	0.0	0.0	0.0	0.0	0.0

(continued on reverse)

Prepared by: Douglas S. Hanon Phone Number: (907) 465-6757
 Division: Alaska Commission on Postsecondary Education Date: 3/17/94
 Approved by Commissioner: Joe L. McCormick, Executive Director Date: 3/17/94
 Agency: Alaska Commission on Postsecondary Education

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Section 2: this section creates a variable interest rate that is tied to the cost of money.

NO Fiscal Impact. Zero (0) fiscal note.

Section 3: this section amends the provisions defining the actions of the Commission if a loan is in default.

NO Fiscal Impact. Zero (0) fiscal note.

Section 4: this section provides for loan consolidation.

NO Fiscal Impact. Zero (0) fiscal note.

Section 5: this section changes eligibility for ASL if applicant has had a previous loan discharged through bankruptcy proceedings.

NO Fiscal Impact. Zero (0) fiscal note.

Section 6: this section provides for assignment of wages on a defaulted loan.

NO Fiscal Impact. Zero (0) fiscal note.

Section 7 and Section 8: these sections amend the requirements for family education loans.

NO Fiscal Impact. Zero (0) fiscal note.

Section 9 and Section 10: these sections direct the Department of Administration to withhold payments on person who have a defaulted Alaska Student Loan. See Section 1.

NO Fiscal Impact. Zero (0) fiscal note.

These changes to the loan servicing will create significant opportunities for operational efficiencies and, more importantly, enhance the collection efforts of the program and increase the flow of student loan receipts. The following estimate of increased receipts as a result of these changes is based upon the following assumptions: 1) collection on defaulted loans increases 6 percent per year as a result of the assignment of wages, administrations withholding of payments, and Commerce's withhold renewal of professional licenses; 2) loan consolidation will reduce the number of loans going into default by 15 percent; and 3) loan consolidation will improve collection (accounts not going into default) by 2 percent per year.

Estimated increased revenues to the Corporation:

	in thousands					
	FY95	FY96	FY97	FY98	FY99	FY00
1) Increased collection vendor	250.0	259.1	282.8	308.8	337.2	368.1
2) loan consolidation	<u>1,200.0</u>	<u>1,236.0</u>	<u>1,298.5</u>	<u>1,364.2</u>	<u>1,433.3</u>	<u>1,505.8</u>
Total	1,450.0	1,495.1	1,581.3	1,673.0	1,770.5	1,873.9

FISCAL NOTE

No. 1
 Bill Version: CASHB 506(HES)
 (H) Publish Date: 3/11/94

**STATE OF ALASKA
 1994 LEGISLATIVE SESSION**

Revision Date: 3/3/94
 Title: An Act relating to student loans;...including
denial of a state occupational license....
 Sponsor: House HES
 Requestor: House HES

Department: Commerce and Economic Dev.
 BRU: Occupational Licensing
 Component: Operations

COMPONENT SERIAL NO. 1844

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	42.7	42.7	42.7	42.7	42.7	42.7
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	48.0	48.0	48.0	48.0	48.0	48.0
SUPPLIES	1.0	1.0	1.0	1.0	1.0	1.0
EQUIPMENT	8.0					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	99.7	91.7	91.7	91.7	91.7	91.7

CAPITAL EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
CHANGE IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other (Inter-Agency Receipts)	99.7	91.7	91.7	91.7	91.7	91.7
TOTAL	99.7	91.7	91.7	91.7	91.7	91.7

Estimate of any current year (FY 94) cost: \$ None

POSITIONS	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
FULL-TIME	1.0	1.0	1.0	1.0	1.0	1.0
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS: (Attach a separate page if necessary)

HB 506 amends AS 08.02 by adding a provision that would prohibit the renewal of an occupational or business license if the licensee has failed to comply with repayment provisions of the student loan program by the Alaska Commission on Postsecondary Education. Based on approximately 180 occupational licenses and 500 business licenses which may fall within the default category, the division anticipates approximately 90 cases may result in hearings for refusal to issue a renewed license based on this amendment. (Continued on attached page)

Prepared by: Jennifer Strickler, Administrative Officer *[Signature]* Phone: 465-2144
 Division: Occupational Licensing *[Signature]* Date: 3/3/94
 Approved by Commissioner: Paul Fuhs *[Signature]* Date: 3/3/94
 Agency: Commerce and Economic Development

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CONTINUATION of FISCAL NOTE ANALYSIS FOR BILL/RESOLUTION NO. HB 506

Under the provisions of HB 506, the division anticipates receiving a list from the Alaska Commission on Postsecondary Education that will identify individuals within their respective license program who are in default of student loan repayment provisions. Based on this list, the division is required not to renew the license of the individual until notice is received from the Alaska Commission on Postsecondary Education that the individual is no longer in default.

Based on information received from the Alaska Commission on Postsecondary Education, there were approximately 1,800 occupational licenses which matched their lists of student loan recipients, of which approximately 10% (180 licensees) were possibly in default. In addition, there are 66,000 current business licenses of which approximately two-thirds are held by sole proprietors, and possibly 500 of those licensees could be in default of the student loan repayment provisions. Of these statistics, the division anticipates that at least 90 cases will result in hearing over refusal by the division to renew a license. These hearings will undoubtedly result in time and cost to the division. To effectively administer the division's responsibilities under HB 506, the division will require funding for costs identified in this fiscal note.

PERSONAL SERVICES

1 - Paralegal I position, Range 13, PFT, located in Juneau \$42.7

This position is anticipated to prepare the division's case against the licensee who has requested a hearing. This position will coordinate with the State's AG's, work with the hearing examiners to schedule the hearing, take the hearing examiners findings to the licensing board if applicable, monitor licensees to ensure practitioners do not continue to practice after a license has been refused renewal, and respond to public inquiries regarding the case. This position will serve as liaison between this division and the Alaska Commission on Postsecondary Education to administer and seek compliance of HB 506.

CONTRACTUAL SERVICES

Hearing Costs \$45.0

Approximately 90 cases are anticipated to result in hearings at a minimum cost of \$500.00 per case. Depending on the complexity of the case, the estimated cost of \$500.00 per case may be extremely low.

**CONTINUATION of FISCAL NOTE ANALYSIS
FOR BILL/RESOLUTION NO. HB 506**

CONTRACTUAL SERVICES. continued

Other Contractual Costs 3.0

Computer configuration management (to compare database lists), communication costs, advertising hearings and licensing actions, etc.

COMMODITIES

Daily operating supplies 1.0

EQUIPMENT (one-time costs) 8.0

This funding will provide one-time equipment and office set-up costs for the one position

TOTAL: 99.7

FUND SOURCE: The division anticipates funding to be provided via RSA (inter-agency receipts) from the Alaska Commission on Postsecondary Education. Unlike the general fund program receipts funding from licensing fees, the requirement in this bill does not relate to regulation "of the profession", and therefore, would not be acceptable to increase licensing fees to fund activities under HB 506.

The division anticipates RSA funding for this program to be adjusted to actual on a yearly basis after the first year of operation.

If the business licensing program is to be excluded from the requirements of HB 506, the number of anticipated cases to result in hearings would be reduced. In addition, the need for a full-time position would also be reduced, possibly to a half-time position.

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HB 506

Revision Date: 3/3/94
Title: An Act relating to student loans;...including
denial of a state occupational license....
Sponsor: House HES
Requestor: House HES

Department: Commerce and Economic Dev.
BRU: Occupational Licensing
Component: Operations
COMPONENT SERIAL NO. 1844

Expenditures/Revenues		(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	
PERSONAL SERVICES	42.7	42.7	42.7	42.7	42.7	42.7	
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0	
CONTRACTUAL	48.0	48.0	48.0	48.0	48.0	48.0	
SUPPLIES	1.0	1.0	1.0	1.0	1.0	1.0	
EQUIPMENT	8.0						
LAND & STRUCTURES							
GRANTS, CLAIMS							
MISCELLANEOUS							
TOTAL OPERATING	99.7	91.7	91.7	91.7	91.7	91.7	

CAPITAL EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
CHANGE IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts							
1003 GF Match							
1004 General Fund							
1005 GF/Program Receipts							
1006 GF/MHTIA							
Other (Inter-Agency Receipts)	99.7	91.7	91.7	91.7	91.7	91.7	
TOTAL	99.7	91.7	91.7	91.7	91.7	91.7	

Estimate of any current year (FY 94) cost: \$ None

POSITIONS		FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
FULL-TIME	1.0	1.0	1.0	1.0	1.0	1.0	
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0	
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0	

ANALYSIS: (Attach a separate page if necessary)
HB 506 amends AS 08.02 by adding a provision that would prohibit the renewal of an occupational or business license if the licensee has failed to comply with repayment provisions of the student loan program by the Alaska Commission on Postsecondary Education. Based on approximately 180 occupational licenses and 500 business licenses which may fall within the default category, the division anticipates approximately 90 cases may result in hearings for refusal to issue a renewed license based on this amendment. (Continued on attached page)

Prepared by: Jennifer Strickler, Administrative Officer Phone: 465-2144
Division: Occupational Licensing Date: 3/3/94
Approved by Commissioner: Paul Fuhs Date: 3/3/94
Agency: Commerce and Economic Development

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CONTINUATION of FISCAL NOTE ANALYSIS FOR BILL/RESOLUTION NO. HB 506

Under the provisions of HB 506, the division anticipates receiving a list from the Alaska Commission on Postsecondary Education that will identify individuals within their respective license program who are in default of student loan repayment provisions. Based on this list, the division is required not to renew the license of the individual until notice is received from the Alaska Commission on Postsecondary Education that the individual is no longer in default.

Based on information received from the Alaska Commission on Postsecondary Education, there were approximately 1,800 occupational licenses which matched their lists of student loan recipients, of which approximately 10% (180 licensees) were possibly in default. In addition, there are 66,000 current business licenses of which approximately two-thirds are held by sole proprietors, and possibly 500 of those licensees could be in default of the student loan repayment provisions. Of these statistics, the division anticipates that at least 90 cases will result in hearing over refusal by the division to renew a license. These hearings will undoubtedly result in time and cost to the division. To effectively administer the division's responsibilities under HB 506, the division will require funding for costs identified in this fiscal note.

PERSONAL SERVICES

1 - Paralegal I position, Range 13, PFT, located in Juneau \$42.7

This position is anticipated to prepare the division's case against the licensee who has requested a hearing. This position will coordinate with the State's AG's, work with the hearing examiners to schedule the hearing, take the hearing examiners findings to the licensing board if applicable, monitor licensees to ensure practitioners do not continue to practice after a license has been refused renewal, and respond to public inquiries regarding the case. This position will serve as liaison between this division and the Alaska Commission on Postsecondary Education to administer and seek compliance of HB 506.

CONTRACTUAL SERVICES

Hearing Costs \$45.0

Approximately 90 cases are anticipated to result in hearings at a minimum cost of \$500.00 per case. Depending on the complexity of the case, the estimated cost of \$500.00 per case may be extremely low.

**CONTINUATION of FISCAL NOTE ANALYSIS
FOR BILL/RESOLUTION NO. HB 506**

CONTRACTUAL SERVICES, continued

Other Contractual Costs 3.0

Computer configuration management (to compare database lists), communication costs, advertising hearings and licensing actions, etc.

COMMODITIES

Daily operating supplies 1.0

EQUIPMENT (one-time costs) 8.0

This funding will provide one-time equipment and office set-up costs for the one position

TOTAL: 99.7

FUND SOURCE: The division anticipates funding to be provided via RSA (inter-agency receipts) from the Alaska Commission on Postsecondary Education. Unlike the general fund program receipts funding from licensing fees, the requirement in this bill does not relate to regulation "of the profession", and therefore, would not be acceptable to increase licensing fees to fund activities under HB 506.

The division anticipates RSA funding for this program to be adjusted to actual on a yearly basis after the first year of operation.

If the business licensing program is to be excluded from the requirements of HB 506, the number of anticipated cases to result in hearings would be reduced. In addition, the need for a full-time position would also be reduced, possibly to a half-time position.

FISCAL NOTE

No. 2
 Bill Version: CSHB 506(HES)
 (H) Publish Date: 3/11/94

**STATE OF ALASKA
 1994 LEGISLATIVE SESSION**

Revision Date: _____ Dept Affected: Alaska Commission on Postsecondary Education
 Title: An Act relating to student loans to sanctions BRU: Alaska Student Loan Corporation.
for defaulting on a student loan, including denial of a state Component: Student Loan Program
 Sponsor: _____
 Requestor: _____ COMPONENT SERIAL NO. 218

Expenditures/Revenues						
OPERATING EXPENDITURES	FY95	FY96	FY97	FY98	FY99	FY00
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 EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGES IN REVENUES (0.0)	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE						
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY94) costs (\$): 0.0

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

ANALYSIS (Attach a separate page if necessary): Fiscal analysis of this bill is presented by bill section:
Section 1: this section directs Alaska Department of Commerce and Economic Development to withhold renewal of professional licenses upon notice from ACPE that a person has defaulted on an Alaskan Student Loan. Estimated cost to the ACPE to provide such notice:

FY95	FY96	FY97	FY98	FY99	FY00
0.0	0.0	0.0	0.0	0.0	0.0

(continued on reverse)

Prepared by: Douglas S. Hanon Phone Number: (907) 465-6757
 Division: Alaska Commission on Postsecondary Education Date: 2/16/94
 Approved by Commissioner: Joe L. McCormick, Executive Director Date: 2/16/94
 Agency: Alaska Commission on Postsecondary Education

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Section 2: this section creates a variable interest rate that is tied to the cost of money.

NO Fiscal Impact. Zero (0) fiscal note.

Section 3: this section amends the provisions defining the actions of the Commission if a loan is in default.

NO Fiscal Impact. Zero (0) fiscal note.

Section 4: this section provides for loan consolidation.

NO Fiscal Impact. Zero (0) fiscal note.

Section 5: this section changes eligibility for ASL if applicant has had a previous loan discharged through bankruptcy proceedings.

NO Fiscal Impact. Zero (0) fiscal note.

Section 6: this section provides for assignment of wages on a defaulted loan.

NO Fiscal Impact. Zero (0) fiscal note.

Section 7 and Section 8: these sections amend the requirements for family education loans.

NO Fiscal Impact. Zero (0) fiscal note.

Section 9 and Section 10: these sections direct the Department of Administration to withhold payments on person who have a defaulted Alaska Student Loan. See Section 1.

NO Fiscal Impact. Zero (0) fiscal note.

These changes to the loan servicing will create significant opportunities for operational efficiencies and, more importantly, enhance the collection efforts of the program and increase the flow of student loan receipts. The following estimate of increased receipts as a result of these changes is based upon the following assumptions: 1) collection on defaulted loans increases 6 percent per year as a result of the assignment of wages, administrations withholding of payments, and Commerce's withhold renewal of professional licenses; 2) loan consolidation will reduce the number of loans going into default by 15 percent; and 3) loan consolidation will improve collection (accounts not going into default) by 2 percent per year.

Estimated increased revenues to the Corporation:

	in thousands					
	FY95	FY96	FY97	FY98	FY99	FY00
1) Increased collection vendor	250.0	259.1	282.8	308.8	337.2	368.1
2) loan consolidation	<u>1,200.0</u>	<u>1,236.0</u>	<u>1,298.5</u>	<u>1,364.2</u>	<u>1,433.3</u>	<u>1,505.8</u>
Total	1,450.0	1,495.1	1,581.3	1,673.0	1,770.5	1,873.9

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. CS HB 506 (HES)

Revision Date: 03 - 11 - 94
 Title: An Act relating to student loans;to sanctions
for defaulting on a student loan, including denial of a state . . .
 Sponsor: _____
 Requestor: _____

Dept Affected: Alaska Commission on Postsecondary Education
 BRU: Alaska Student Loan Corporation.
 Component: Student Loan Program
 COMPONENT SERIAL NO. 218

Expenditures/Revenues	(thousands)					
OPERATING EXPENDITURES	FY95	FY96	FY97	FY98	FY99	FY00
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 EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGES IN REVENUES (1022)	1,450.0	1,495.1	1,581.3	1,673.0	1,770.5	1,873.0
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FUND SOURCE						
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY94) costs (\$): 0.0

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

ANALYSIS (Attach a separate page if necessary): Fiscal analysis of this bill is presented by bill section:
 Section 1: this section directs Alaska Department of Commerce and Economic Development to withhold renewal of professional licenses upon notice from ACPE that a person has defaulted on an Alaskan Student Loan. Estimated cost to the ACPE to provide such notice:

FY95	FY96	FY97	FY98	FY99	FY00
0.0	0.0	0.0	0.0	0.0	0.0

(continued on reverse)

Prepared by: Douglas S. Hanon Phone Number: (907) 465-6757
 Division: Alaska Commission on Postsecondary Education Date: 3/17/94
 Approved by Commissioner: Joe L. McCormick, Executive Director Date: 3/17/94
 Agency: Alaska Commission on Postsecondary Education

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HB 506 Analysis (continued):

Section 2: this section creates a variable interest rate that is tied to the cost of money.

NO Fiscal Impact. Zero (0) fiscal note.

Section 3: this section amends the provisions defining the actions of the Commission if a loan is in default.

NO Fiscal Impact. Zero (0) fiscal note.

Section 4: this section provides for loan consolidation.

NO Fiscal Impact. Zero (0) fiscal note.

Section 5: this section changes eligibility for ASL if applicant has had a previous loan discharged through bankruptcy proceedings.

NO Fiscal Impact. Zero (0) fiscal note.

Section 6: this section provides for assignment of wages on a defaulted loan.

NO Fiscal Impact. Zero (0) fiscal note.

Section 7 and Section 8: these sections amend the requirements for family education loans.

NO Fiscal Impact. Zero (0) fiscal note.

Section 9 and Section 10: these sections direct the Department of Administration to withhold payments on person who have a defaulted Alaska Student Loan. See Section 1.

NO Fiscal Impact. Zero (0) fiscal note.

These changes to the loan servicing will create significant opportunities for operational efficiencies and, more importantly, enhance the collection efforts of the program and increase the flow of student loan receipts. The following estimate of increased receipts as a result of these changes is based upon the following assumptions: 1) collection on defaulted loans increases 6 percent per year as a result of the assignment of wages, administrations withholding of payments, and Commerce's withhold renewal of professional licenses; 2) loan consolidation will reduce the number of loans going into default by 15 percent; and 3) loan consolidation will improve collection (accounts not going into default) by 2 percent per year.

Estimated increased revenues to the Corporation:

	in thousands					
	FY95	FY96	FY97	FY98	FY99	FY00
1) Increased collection vendor	250.0	259.1	282.8	308.8	337.2	368.1
2) loan consolidation	<u>1,200.0</u>	<u>1,236.0</u>	<u>1,298.5</u>	<u>1,364.2</u>	<u>1,433.3</u>	<u>1,505.8</u>
Total	1,450.0	1,495.1	1,581.3	1,673.0	1,770.5	1,873.9

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. CSHB 506(HES)

Revision Date: _____

Department Afferted: Administration

Title: Student Loan Program

BRU: Finance

Component: Finance

Sponsor: (H) HES

Requestor: (H) L & C

COMPONENT SERIAL NO. 59

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	18.7	18.7	18.7	18.7	18.7	18.7
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	38.8	1.0	1.0	1.0	1.0	1.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	57.5	19.7	19.7	19.7	19.7	19.7

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0
--------------------	-----	-----	-----	-----	-----	-----

FUNDING SOURCE:

(Thousands of Dollars)

	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	57.5	19.7	19.7	19.7	19.7	19.7
1005 GF/Program	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	57.5	19.7	19.7	19.7	19.7	19.7

Estimate of any current year (FY 94) cost: \$ 15.1

POSITIONS:

	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
FULL-TIME						
PART-TIME	1	1	1	1	1	1
TEMPORARY						

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

Prepared by: Don Wanie
Division: Finance

Phone: 465-2240
Date: _____

Approved by Commissioner: Nancy Scott
Agency: Department of Administration

Date: 3/18/94

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FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. CSHB 506(HES)

ANALYSIS: (continued)

The FY94 cost of 15.1 includes senior accountant time to setup the payroll deduction codes, build a test environment, develop a test plan, execute and verify the test plan, move the tested codes in to the production environment, and develop procedures on how to use the new deduction codes. It also includes senior analyst/programmer time to make required program changes, setup a test environment, execute the test plan, and move the changes into production. It also include 3.0 for data processing chargeback costs.

The FY95 cost of 57.5 includes a part-time Accountant III to assist staff accountants in setting up payroll deduction processing for each employee affected by the bill, to monitor and reconcile a liability account on a daily basis, and to review and monitor control type reports to ensure the process is working properly and that it is in conformance with applicable statutes and procedures. It also includes 33.8 in contractual to retain an experienced and knowledgeable programmer to modify AKSAS and to generate appropriate reports from both AKSAS and AKPAY to facilitate tracking and reconciliation of the funds withheld under the provisions of this bill. 5.0 is included to cover data processing chargeback expenditures.

FY96 and subsequent year costs of 19.7 are for a part-time Accountant III to provide on-going accounting related tasks such as reconciliation, payroll setup, payroll deduction code maintenance, liability account setup and monitoring, procedure development etc. It also includes 1.0 for expected data processing chargeback costs.

Position Title Accountant III			No. of Positions 1	Range / Step 18A	Barg. Unit GGU
Time Status Part-time	Staff Months 4		Location Juneau	Election District 4	
TYPE OF EXPENDITURE			AMOUNT		
Salary			14.0		
Benefits			4.7		
Premium Pay					
Other					
Total Personal Services			0.0 18.7		
Travel					
Contractual					
Commodities					
Equipment					
Other					
Total Cost			18.7		
FUNDING SOURCE FOR TOTAL COST					
Federal Receipts 1002					
G.F. Match 1003					
General Fund 1004			18.7		
I-A Receipts 1007					
CIP Receipts 1061					
Other					
Justification This position will assist staff accountants in setting up payroll deduction processing, setup and maintenance of a new liability account, daily reconciliation of the withheld funds, and setup and maintenance of the vendor non-disbursement process.					

Request For New Position

AGENCY ADMINISTRATION

BRU Finance

COMPONENT Finance

FY 95

Page 1 of 1
Revised Date: _____

Headquarters:
217 2nd Street, Suite 201
Juneau, Alaska 99801
(907) 586-2323 FAX 463-5515

Regional Office:
415 E Street, Suite 201
Anchorage, Alaska 99501
(907) 278-2722 FAX 278-6643



ALASKA STATE CHAMBER OF COMMERCE

Resolution 94 - 4

Alaska Student Loan Program Reforms

WHEREAS resident college students finance their educational expenses in large part through the Alaska Student Loan Program; and

WHEREAS, the Legislature set the interest rate for the loans more than eight years ago at 8% fixed, a good rate at the time; and

WHEREAS, present loan rates are well below this on the market; and

WHEREAS, delays in processing checks have routinely forced students to pay tuition deferral charges; and

WHEREAS, the Alaska Student Loan Corporation's telephone lines are constantly busy during registration weeks at all campuses; and

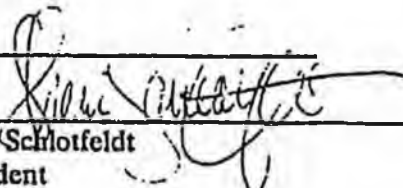
WHEREAS, all student loan recipients are residents of Alaska and are preparing, in large part, to join the Alaskan economy as business owners, lenders and professionals;

THEREFORE, be it resolved that the ASCC urges the Legislature to review and revamp the interest rate statute to reflect current conditions and rates;

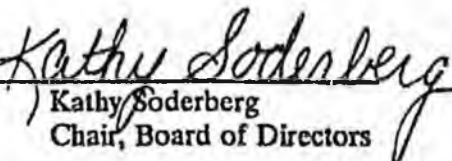
THEREFORE, be it further resolved that the ASCC believes the interest rate for Alaska Student Loans should be set at a floating formula, tied to prime rate and other reliable indices;

THEREFORE, be it further resolved that the ASCC sees it as vital that regulatory and policy impediments that currently cause long processing delays or slows service be corrected to serve the interests of these Alaska residents.

ADOPTED

BY 

Sheri Schlotfeldt
President

BY 

Kathy Soderberg
Chair, Board of Directors

February 20, 1994

University of Alaska
Coalition of Student Leaders

OFFICIAL POSITION

Regarding

Student Loan Reform

The Coalition of Student Leaders of the University of Alaska accepts the recommendations of the Alaska Commission on Postsecondary Education as its official position, except for the following modifications:

1. That in the first recommendation, we believe that the interest rates for student loans should never exceed eight percent; and
2. That in recommendations four and five, provisions should be included so that debtors in default can make appeals for exceptions to these proposed measures.

For further information, contact:

Scott Otterbacher, Student Regent & Coalition Spokesperson, 373-4628, Fax 373-7363;
Brian Brubaker, Coordinator, 474-5214;
or Pat Ivey, System Governance, 474-7323, Fax 474-5131

H B

5 0 7

(7)

Date Referred: March 2, 1994

FURTHER REFERRALS:

Finance

Date of Committee Action: 3/10/94

The LABOR AND COMMERCE Committee considered:

HB 507

HOUSE BILL NO. 507

LICENSING OF OPTOMETRISTS AND PHYSICIANS

"An Act relating to licensure by the State Medical Board and temporary permits for certain optometrists."

RECOMMENDATIONS:

be replaced with _____ |] the same title

|] a new title

[] have attached amendments(s)

[] do pass

[] do not pass

[] no recommendations

[X] individual recommendations

[] additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

[] fiscal impact _____

[X] fiscal note(s) Commerce

[] zero fiscal note _____

[] zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR
Bill Hudson	✓	Brian Porter		✓
		Hutton		✓
		[Signature]		✓
		[Signature]		✓
		[Signature]		✓

Bill Hudson
CHAIRMAN'S SIGNATURE

HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES

STATE CAPITOL, JUNEAU 99801
(907) 465-3759



HB 507

An Act relating to licensure by the State Medical Board and temporary permits for certain optometrists.

This bill was introduced by the House HESS Committee by the request of the State Medical Board and the Alaska Optometric Association.

Section 1 addresses the concerns of the State Medical Board for interviewing applicants for licensure in person. They would like it to be expanded to "the board or its designated representative". This would lessen the cost in time, money, and inconvenience for applicants who wish to practice medicine in the state.

Section 2 deals with granting a temporary permit for locum tenens for the purpose of providing temporary medical coverage for an underserved area as approved by the board.

Under current statute, locum tenens permits may only be issued to physicians who are substituting for an absent physician. With this change, a temporary permit may be issued to a physician who will be practicing in an area that does not have a regular, resident physician.

In Section 3 of this bill, a locum tenens permit may be issued to a nonresident optometrist for the purpose of assisting or substituting for an optometrist licensed under AS 08.72.

Alaska has a lot of solo practitioners in remote and semi-remote areas of the State. If the practitioner becomes injured, seriously ill or must leave temporarily, he presently must close down his clinic. This can bring a hardship to his patients, especially if the time away extends to several months.

Also, outside specialists in subnormal vision, visual therapy, etc, can be scheduled to assist local doctors where specialty care does not now exist.

I urge your favorable consideration of this legislation.

SPONSOR STATEMENT

Legislative Research Agency

Alaska State Legislature



130 Seward Street, Suite 218
Juneau, Alaska 99801-2196

Phone: (907) 465-3991
Fax: (907) 463-3351

March 1, 1994

MEMORANDUM

TO: Representative Cynthia Toohey

FROM: Patricia Young *P. Young*
Legislative Analyst

RE: **Licensing Requirements for Medical Doctors**
Research Request 94.159

You asked if other states require that physicians be interviewed by members of the state medical board as a condition of licensure. As you know, pursuant to AS 08.64.255, this is the case in Alaska.

According to information provided by the Federation of State Medical Boards of the United States (FSMB), 18 states require interviews of all license applicants. Interviews are required of some applicants in 21 states. Interviews are not required of applicants in 8 states or the District of Columbia. It is not clear what is required in 3 states. The pertinent table from the FSMB's publication on licensing requirements, *1992-1993 Exchange*, is attached. Relevant information provided by Leslie Haywood, executive secretary of the Alaska State Medical Board, is also attached.

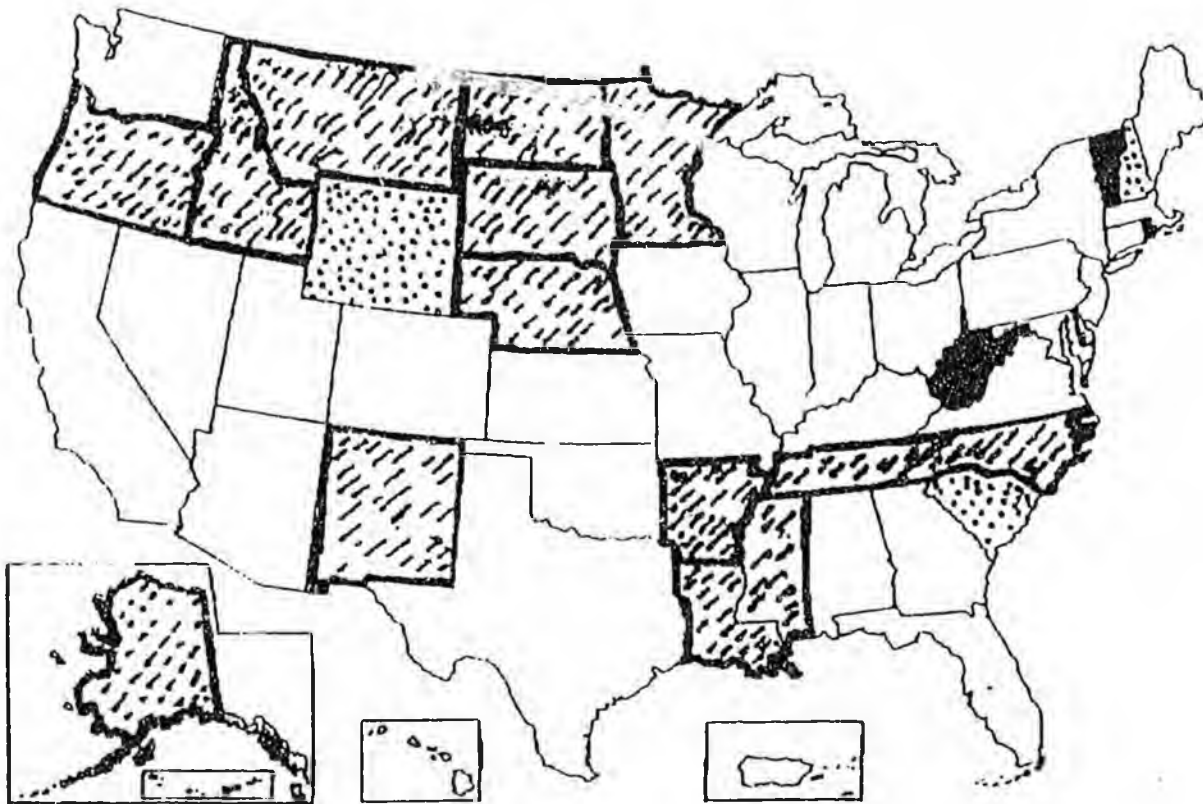
As you will see from the final attachment, "Section V, Requirements for Full Licensure," of FSMB's *Guide to the Essentials of a Modern Medical Practice Act*, sixth edition, published in 1991, the federation supports personal appearances by applicants.

I hope this information is sufficient for your purposes. If you have questions, or need further information, please let us know.

Attachments

Option # 1 Change in Division of Occupational Licensing procedure: Licensee schedules interview.

Option # 2 Propose revision of AS 08.64.255 and 12 AAC 40.055 to include ' or a person designated for that purpose by the board '



United States Medical Licensure Statistics

Required Interview.

Alaska
Arkansas - Interview & orientation.
Delaware - Two interviews.
Guam - Interview.
Idaho - Reviews license application with applicant
Louisiana - Interview
Minnesota - Interview.
Mississippi - Interview
Montana - Interview.
Nebraska - Interview.
New Mexico - Interview and orientation.
North Carolina - Interview.
North Dakota - Interview.
Oregon - Interview.
Rhode Island - Interview.
South Dakota - Interview.
Tennessee - Interview.
Vermont - Interview.
West Virginia - Interview.

Full Board Interview.

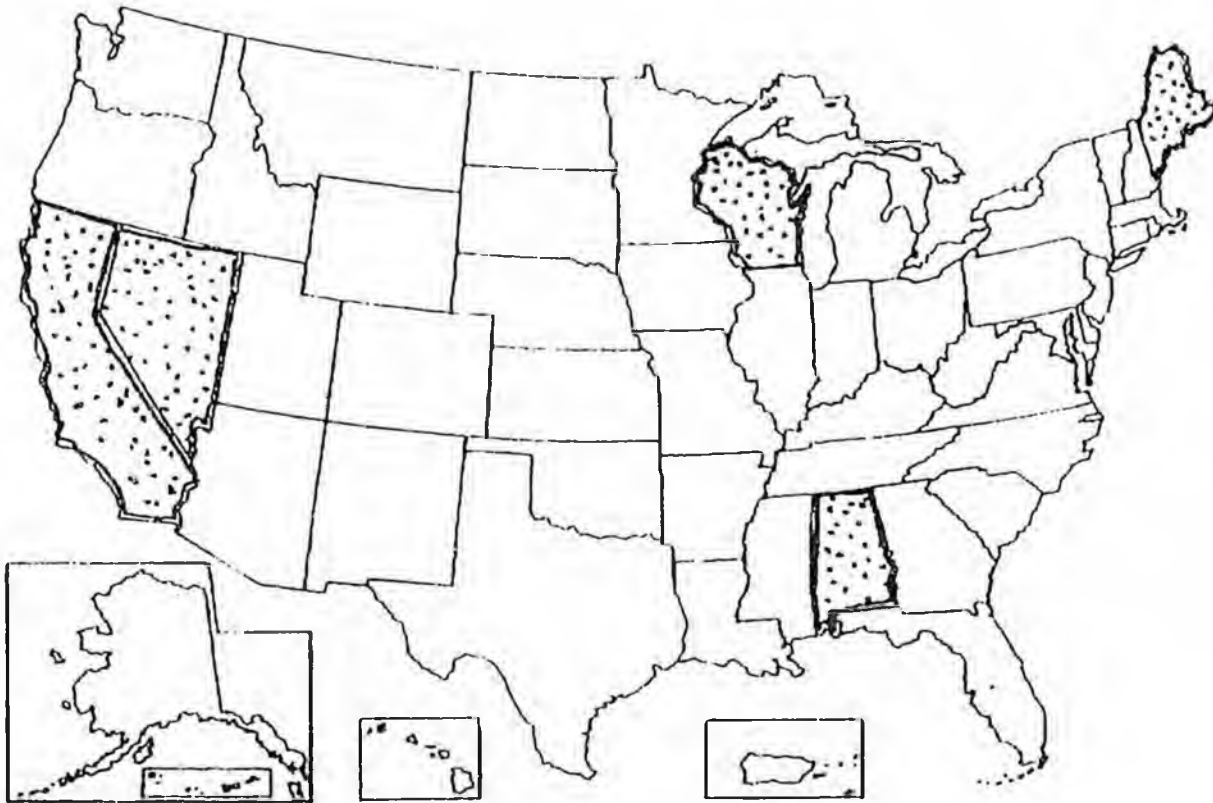
New Hampshire
South Carolina
Wyoming

Option # 3 Propose revision of 12 AAC 40.055 to include ' or a possible oral exam.'

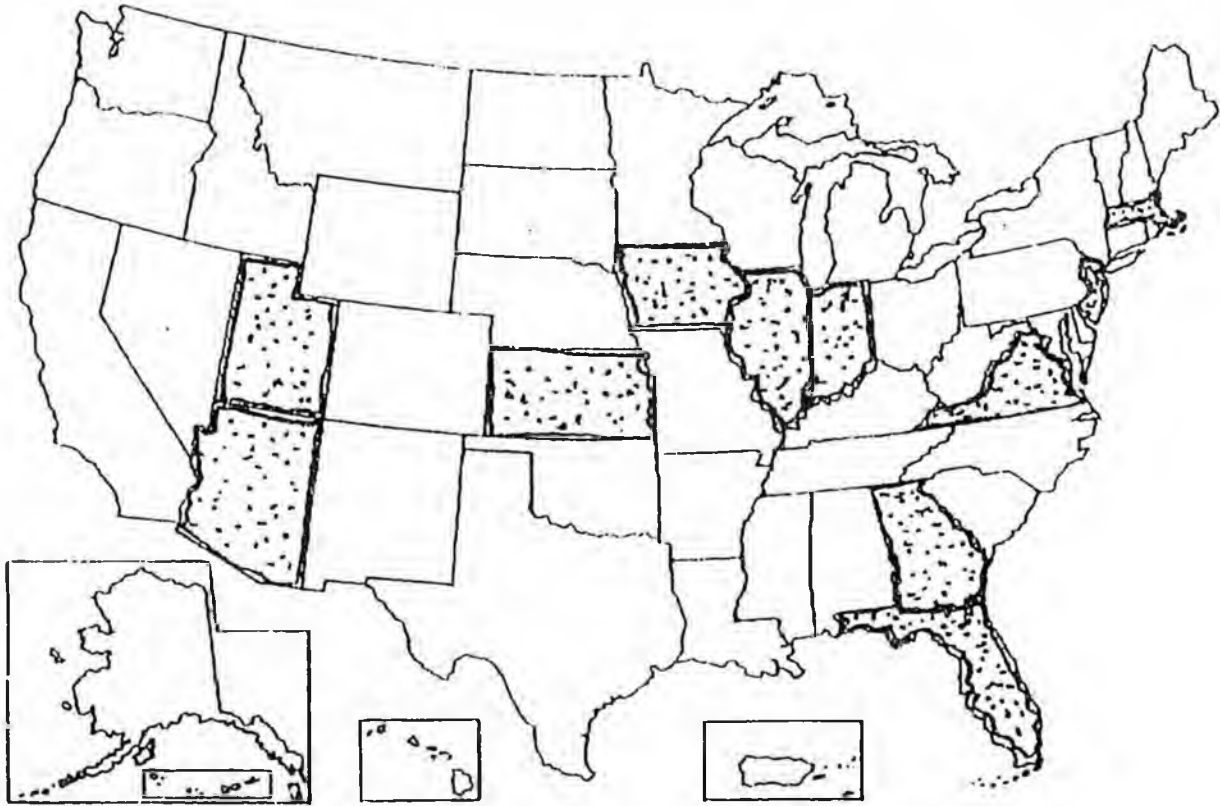
United States Medical Licensure Statistics

Oral Exam or Possible Oral Exam

- Alabama - Oral exam if not American board certified within 10 year.
- California - Oral exam & written exam at board discretion.
- Maine - Oral exam. (No further information available.)
- Nevada - Oral exam only at board request.
- Wisconsin - Oral Exam only at board request.



Option # 4 Propose revision of AS Sec. 08.64.255, AS Sec. 08.64.279 and 12 AAC 40.055 to read:
'Possible Interview required.'



United States Medical Licensure Statistics

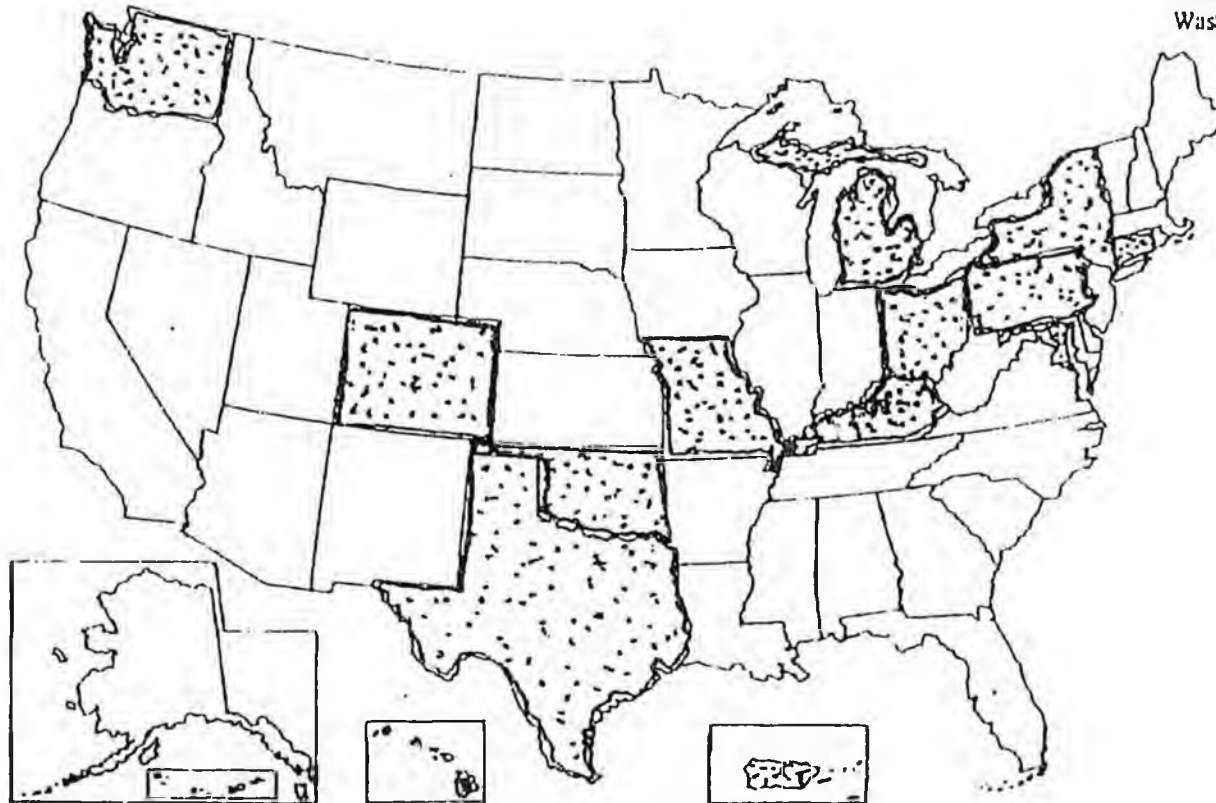
Possible Interview.

- Arizona
- Florida
- Georgia
- Illinois
- Indiana
- Iowa
- Kansas
- Massachusetts
- New Jersey
- Utah
- Virginia

No interview.

- Colorado - Finger prints, notarized passport or birth certifi
- Connecticut
- District of Columbia
- Hawaii
- Kentucky
- Maryland
- Michigan
- Missouri
- New York
- Ohio
- Oklahoma
- Pennsylvania
- Puerto Rico
- Texas
- Washington

Option # 5 Propose deletion of AS Sec. 08.64.255, AS Sec. 08.64.279 and 12 AAC 40.055.



Legislative Services Agency
1991

A GUIDE TO THE ESSENTIALS OF A MODERN MEDICAL PRACTICE ACT

SIXTH EDITION

Approved by the Board of Directors of the
Federation of State Medical Boards of the United States
February 22, 1991

ISSN 0888-6768

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Federation of State Medical Boards of the United States, Inc.
6000 Western Place, Suite 707
Fort Worth, Texas 76107-4618
(817) 735-8445

SECTION V

REQUIREMENTS FOR FULL LICENSURE

The medical practice act should provide minimum requirements for full licensure for the independent practice of medicine that bear a reasonable relationship to the qualifications and fitness necessary for such practice. These provisions of the act should implement or be consistent with the following Federation recommendations.

A. The applicant should provide the Board and attest to the following information and documentation in a manner required by the Board:

1. his or her full name and all aliases or other names ever used, current address, social security number, and date and place of birth;
2. a recent signed photograph, a set of fingerprints of the applicant, and a sample of handwriting;
3. originals of all documents and credentials required by the Board, or notarized photocopies or other verification acceptable to the Board of such documents and credentials;
4. a list of all jurisdictions, United States or foreign, in which the applicant is licensed or has applied for licensure to practice medicine or is authorized or has applied for authorization to practice medicine;
5. a list of all jurisdictions, United States or foreign, in which the applicant has been denied licensure or authorization to practice medicine or has voluntarily surrendered a license or an authorization to practice medicine;
6. a list of all sanctions, judgments, awards, settlements, or convictions against the applicant in any jurisdiction, United States or foreign, that would constitute grounds for disciplinary action under the medical practice act or the Board's rules and regulations;
7. a detailed educational history, including places, institutions, dates, and program descriptions, of all his or her education beginning with secondary schooling and including all college, pre-professional, professional, and professional graduate education;
8. a detailed chronological life history, including places and dates of residence, employment, and military service (United States or foreign);
9. any other information or documentation the Board determines is necessary.

B. The applicant should possess the degree of Doctor of Medicine or Osteopathy from a medical college or school located in the United States, its territories or possessions, or Canada that was approved by the Board or by a private non-profit accrediting body approved by the Board at the time the degree was conferred. No person who graduated from a medical school that was not so approved at the time of graduation should be examined for licensure or be licensed in the jurisdiction based on credentials or documentation from that school nor should such a person be licensed by endorsement.

C. The applicant should have satisfactorily completed at least twenty-four (24) months of progressive graduate medical training approved by the Board or by a private non-profit accrediting body approved by the Board in an institution in the United States, its territories or possessions, or Canada approved by the Board or by a private non-profit accrediting body approved by the Board.

D. The applicant should have passed medical licensing examination(s) satisfactory to the Board.

E. The applicant should have demonstrated a familiarity with the statutes and regulations of the jurisdiction relating to the practice of medicine and the appropriate use of controlled or dangerous substances.

F. The applicant should be physically, mentally, and professionally capable of practicing medicine in a manner acceptable to the Board and should be required to submit to a physical, mental, or professional competency examination or a drug dependency evaluation if deemed necessary by the Board.

G. The applicant should not have been found guilty by a competent authority, United States or foreign, of any conduct that would constitute grounds for disciplinary action under the regulations of the Board or the act. The Board should be authorized, at its discretion, to modify this restriction for cause, but it should be directed to use

such discretionary authority in a consistent manner.

H. The applicant should make a personal appearance before the Board or a representative thereof for interview, examination, or review of credentials. At the discretion of the Board, the applicant should be required to present his or her original medical education credentials for inspection at the time of personal appearance.

I. The applicant should be held responsible for verifying to the satisfaction of the Board the validity of all credentials required for his or her medical licensure. The Board should review and verify medical credentials and screen applicant records through recognized national physician information services (eg, the Board Action Data Bank of the Federation of State Medical Boards, the files of the American Medical Association and the American Osteopathic Association, and other national data banks and information resources).

J. The applicant should have paid all fees and have completed and attested to the accuracy of all application and information forms required by the Board.

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HB 507

Revision Date: 2/25/94
 Title: An Act relating to licensure by the
State Medical Board....
 Sponsor: House HES
 Requestor: House HES

Department: Commerce and Economic Dev.
 BRU: Occupational Licensing
 Component: Operations
 COMPONENT SERIAL NO. 1844

Expenditures/Revenues		(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	
PERSONAL SERVICES							
TRAVEL							
CONTRACTUAL	2.5						
SUPPLIES							
EQUIPMENT							
LAND & STRUCTURES							
GRANTS, CLAIMS							
MISCELLANEOUS							
TOTAL OPERATING	2.5	0.0	0.0	0.0	0.0	0.0	

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0
--------------------	-----	-----	-----	-----	-----	-----

FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts							
1003 GF Match							
1004 General Fund							
1005 GF/Program Receipts	2.5						
1006 GF/MHTIA							
Other							
TOTAL	2.5	0.0	0.0	0.0	0.0	0.0	

Estimate of any current year (FY 94) cost: \$ None

POSITIONS		FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
FULL-TIME		0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME		0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY		0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS: (Attach a separate page if necessary)

The bill provides for a designee of the State Medical Board to interview an applicant for licensure and expands the purpose of a medical temporary permit. -The bill also creates a locum tenens permit for nonresident optometrists. The bill calls for the State Medical Board and the Board of Examiners in Optometry to adopt regulations to define new phrases. The expenditures shown above are the estimated costs of the regulations projects and additional printing costs when the regulations become effective.

Prepared by: JoAnne Cummings, Regulations Specialist
 Division: Occupational Licensing
 Approved by Commissioner: Paul Fuhs
 Agency: Commerce and Economic Development

Phone: 465-2537
 Date: 2/25/94
 Date: 2-28-94

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Proposed revision to statute from a previous Board meeting:

PROPOSED REVISIONS TO STATUTES

New Agenda Item: Reword AS 08.64.255 Interview Required

Current Wording:

All applicants for licensure must be interviewed in person by at least one member of the board before a license will be issued.

Proposed Wording:

All applicants for licensure must be interviewed in person by at least one member of the board or its designated representative before a license will be issued.

Rationale:

Given the large geographical area of the state and the considerable expense involved in travelling this great expanse, this statute as currently worded often places an onerous burden on the applicant for licensure.

By inserting the words "... or its designated representative" interviews may be conducted by actively licensed physicians who have been previously approved by the Board. This will lessen the cost in time, money, and inconvenience for applicants who wish to practice medicine in the state.

1479M

PROPOSED:

Sec. 08.xxxxxx Temporary permit for locum tenens practice.
(a) A member of the board of examiners in Optometry may grant a temporary permit to an optometrist for the purpose of assisting or substituting for another optometrist licensed in this state. The office employing a Locum Optometrist must be an established practice, and the Locum employed by a resident Alaska licensed optometrist who owns and practices full time in that practice. The permit is valid for sixty (60) consecutive days. If circumstances warrant, an extension of the permit may be granted by the board.

(b) A Locum Optometrist applying under (a) of this section shall pay the required fee and shall meet the requirements of AS 08.72-140. In addition, the optometrist shall submit evidence of holding a license to practice optometry in a state or territory of the United States or in a province or territory of Canada.

(c) Within ten (10) days after the permit has been granted, the board member shall forward to the department a report of the issuance of the permit.

(d) Permits and extensions of permits issued under this section to an individual are not valid for more than 240 (two hundred forty) consecutive days during any consecutive 12 (twelve) months.

RATIONALE:

Alaska has a lot of solo practitioners in remote and semi-remote areas of the State. If the practitioner becomes injured, seriously ill or must leave temporarily, he presently must close down his clinic. This can bring a hardship to his patients.

Also, outside specialists in subnormal vision, visual therapy etc. can be scheduled to assist local doctors where specialty care does not now exist.

The Locum Tenens statute would allow a temporary permit be issued to a nonresident optometrist for the purpose of assisting or substituting for an optometrist licensed under this chapter.

Sec. 08.72.115. Malpractice insurance. [Repealed. § 40 ch 117 SLA 1978.]

Sec. 08.72.120. Registration. [Repealed § 9 ch 50 SLA 1988.]

Sec. 08.72.125. Licensing of branch offices. (a) The board shall license each branch office of an Alaskan licensee.

(b) A person may not practice, or attempt or offer to practice, optometry without obtaining a license for each branch office from the board.

(c) The board shall prescribe in the regulations the factors to be considered in issuing a branch office license. (§ 2 ch 76 SLA 1969; am § 9 ch 75 SLA 1980; am § 12 ch 37 SLA 1986; am § 4 ch 50 SLA 1988)

Effect of amendments. — The 1988 amendment, effective May 26, 1988, substituted "Licensing" for "Registration" in the catchline, rewrote subsection (a), which read "The board shall issue a branch office certificate of registration to an Alaskan licensee," and substituted "without obtaining a license for each branch office" for "in communities on a part-time basis without obtaining a branch office certificate of registration" in subsection (b) and "license" for "certificate of registration" in subsection (c).

Sec. 08.72.130. Optometry register. [Repealed. § 13 ch 37 SLA 1986.]

Sec. 08.72.140. Qualifications for examination. The board shall admit to the examination a person who furnishes proof that the person

(1) has a visual acuity of a standard of at least 20/40 in at least one eye as corrected;

(2) is not afflicted with a contagious or infectious disease;

(3) has had education equivalent to four years attendance at a state high school;

(4) is a graduate of a recognized school or college of optometry. (§ 35-3-141 ACLA 1949; am § 1 ch 95 SLA 1966; am §§ 3 — 5 ch 76 SLA 1969; am §§ 10, 23 ch 75 SLA 1980)

Sec. 08.72.150. Application for examination and issuance of license. An applicant shall apply for the examination by filing an application with the department together with the examination fee at least 15 days before the examination. Upon successful completion of the examination by the applicant and payment of the license fee, the board shall issue a license to the successful applicant. The applicant may practice optometry in the state upon receipt of the license. (§ 35-3-141 ACLA 1949; am § 6 ch 76 SLA 1969; am § 5 ch 50 SLA 1988)

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HB 507

Revision Date: 2/25/94
 Title: An Act relating to licensure by the
State Medical Board....
 Sponsor: House HES
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Department: Commerce and Economic Dev.
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 Component: Operations

COMPONENT SERIAL NO. 1844

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	2.5					
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	2.5	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0
--------------------	-----	-----	-----	-----	-----	-----

FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts	2.5					
1006 GF/MHTIA						
Other						
TOTAL	2.5	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 94) cost: \$ None

POSITIONS

POSITIONS	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS: (Attach a separate page if necessary)

The bill provides for a designee of the State Medical Board to interview an applicant for licensure and expands the purpose of a medical temporary permit. -The bill also creates a locum tenens permit for nonresident optometrists. The bill calls for the State Medical Board and the Board of Examiners in Optometry to adopt regulations to define new phrases. The expenditures shown above are the estimated costs of the regulations projects and additional printing costs when the regulations become effective.

Prepared by: JoAnne Cummings, Regulations Specialist
 Division: Occupational Licensing
 Approved by Commissioner: Paul Fuhs
 Agency: Commerce and Economic Development

Phone: 465-2537
 Date: 2/25/94
 Date: 2-28-94

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**DIVISION OF INVESTMENTS
ALASKA DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT**

ADDITIONAL INFORMATION FOR SB 251

The following information is intended to answer questions that have recently come up concerning the impact on the Commercial Fishing and Fisheries Enhancement loan funds if SB 251 were to pass in its present form (CSSB 251(L&C)).

Total Outstanding Balance CFRLF	\$65,580,000
Total Appropriations to CFRLF	\$60,201,000
Total Appropriations from CFRLF	\$44,234,300
Net of Appropriations	\$15,966,700
Last Appropriation to CFRLF	\$3,710,000 in 1985
Total Outstanding Balance FERLF	\$75,628,000
Total Appropriations to FERLF	\$74,725,400
Total Appropriations from FERLF	\$9,495,200
Net of Appropriations	\$71,230,200
Loan Repayments Since FY 89	\$12,866,300
General Fund Request as a Result of SB 251	-0-
Additional Personnel Required to Administer	-0-
Funds Available for IFQ, IRS, Refrigeration and Refinancing Requests as a Result of SB 251 and SB 132	\$5,000,000
Funds Available for Transfer from CFRLF to FERLF if SB 251 and SB 132 Pass	-0-

It is likely that loans for Individual Fishery Quota Shares (SB 132), IRS debts, refrigeration and refinancing will use up available funds for FY 95 eliminating the possibility of a transfer.

Criteria borrowers requesting onetime loans to pay IRS obligations will need to meet:

1. demonstrate that a limited entry permit is in danger of foreclosure by the IRS;
2. meet all eligibility requirements;
3. have adequate collateral to secure the loan;
4. demonstrate the ability to make loan repayments;
5. allow disbursement directly to IRS; and
6. not exceed a loan limit of \$90,000.

DIVISION OF INVESTMENTS
ALASKA DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
FISHERIES ENHANCEMENT REVOLVING LOAN FUND
HISTORICAL SUMMARY
(Dollars in Thousands)

AS 16.10.500; enacted in 1976
3 AAC 81.010

Purpose: Loans are available for planning, construction, and operation of fish hatchery facilities, including preconstruction activities necessary to obtain a permit, construction activities to build the hatchery facility, and the costs to operate the facility.

Eligibility: Loans may be made to qualified regional associations or private, nonprofit corporations who have obtained a private, nonprofit hatchery permit from the Alaska Department of Fish and Game (ADF&G). Loans may also be made for planning and preconstruction purposes prior to receipt of a hatchery permit from ADF&G.

Terms:

Maximum loan amount: \$10,000.0
Maximum loan term: 30 years
Interest rate: fixed rate at Prime +1%

No repayment of the principal is required for an initial period of six to ten years; no interest on the principal shall accrue during that period.

Total appropriations to RLF -	\$74,725.4
Total appropriations from RLF	<u>(3,495.2)</u>
Net of appropriations	\$71,230.2 (through 12-31-93)

Total number of loans committed - 213 (through 12-31-93)

Total dollars committed - \$88,070.4 (through 12-31-93)

Current statistics (as of December 31, 1993):

Number of loans outstanding: 177
Principal amount outstanding: \$75,797.2

Delinquency and Default	Based on Balance Outstanding	Based on No. of Loans Outstanding
% Delinquent	0.0%	0.0%
% In Default	0.0%	0.0%

Prepared by: Division of Investments
Revised January 20, 1994

Alaska State Legislature
Representative Carl E. Moses

CHAIRMAN
HOUSE RULES COMMITTEE

CHAIRMAN
HOUSE SPECIAL COMMITTEE FISHERIES

MEMBER FINANCE SUBCOMMITTEES ON:
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MEMORANDUM

TO: Representative Bill Hudson, Chair
House Labor & Commerce Committee

Representative William K. Williams
Member, House Labor & Commerce Committee

FROM: Representative Carl E. Moses *CEM*
Chairman, House Special Committee on Fisheries

DATE: February 28, 1994

RE: HB 381

As you know, the Senate version of HB 381 (SB 251) has had two hearings in Senate Labor and Commerce and is now in House Finance where it is scheduled for a hearing tomorrow.

Senate Labor and Commerce adopted a committee substitute which I have attached. At present, I concur with the revision on page 2, lines 9-12 which deletes the child support section. This section also adds a one time stipulation to loans secured to satisfy IRS debt service and caps the amount of each loan at \$30,000. I am in agreement with these changes.

I do not support the changes on page 4, Section 4 which would only allow one-half of the monies surplus to projected loan demand under the Commercial Fishing Revolving Loan Fund (CFRLF) to be transferred to the Fisheries Enhancement Revolving Loan Fund (FERLF). One of the major intents of this legislation was to make

Representative Bill Hudson
Representative William K. Williams
Page 2
February 28, 1994

available to the commercial fishing industry any monies surplus to loan demand in the CFRLF through the FERLF. The Department of Commerce and Economic Development (DCED) has no intentions of changing their loan forecasting to "short" the CFRLF. If all the surplus monies are not made available for transfer, they will most likely be appropriated to the general fund by request of OMB.

I do not support the changes on page 4, Section 7 which would place an unnecessary burden on DCED. DCED follows the guidelines set by ADF&G of 50% as a viable contribution to the common property fishery for any hatchery program under consideration for receiving loan monies. The percentage of contribution is usually much higher. The Regional Planning Team process is slow and does not examine the same criteria DCED would in making decisions. DCED will be making financial determinations based on sufficient collateral with assurances for repayment. This section only serves to complicate the legislation.

I would appreciate your scheduling HB 381 for a hearing soon.

Attachments

DRAFT

DRAFT

DRAFT

DRAFT

Proposed House Labor and Commerce Letter of Intent for CSHB 381(L&C)

It is the intent of the House Labor and Commerce Committee that the Division of Investments exercise particular care in forecasting loan demand in order to fully accommodate all new commercial fishing lending needs that arise from the ^{expansion} of the commercial fishing loan program by the Eighteenth Alaska State Legislature. It is further the intent of the House Labor and Commerce Committee that use of the Commercial Fisheries Revolving Loan Fund for loans for refinancing purposes succeed all other commercial fishing lending needs in priority. — Finally, it is the House Labor and Commerce Committee's intent that transfers of excess funds from the Commercial Fisheries Revolving Loan Fund be permitted only after commercial fishing loan needs, including any anticipated loans for purchase of Individual Fishing Quotas, have been met.

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HB 507

Revision Date: 2/25/94
 Title: An Act relating to licensure by the
State Medical Board....
 Sponsor: House HES
 Requestor: House HES

Department: Commerce and Economic Dev.
 BRU: Occupational Licensing
 Component: Operations

COMPONENT SERIAL NO. 1844

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	2.5					
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	2.5	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts	2.5					
1006 GF/MHTIA						
Other						
TOTAL	2.5	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 94) cost: \$ None

POSITIONS	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS: (Attach a separate page if necessary)

The bill provides for a designee of the State Medical Board to interview an applicant for licensure and expands the purpose of a medical temporary permit. -The bill also creates a locum tenens permit for nonresident optometrists. The bill calls for the State Medical Board and the Board of Examiners in Optometry to adopt regulations to define new phrases. The expenditures shown above are the estimated costs of the regulations projects and additional printing costs when the regulations become effective.

Prepared by: Anne Cummings, Regulations Specialist Phone: 465-2537
 Division: Occupational Licensing Date: 2/25/94
 Approved by Commissioner: Paul Fuhs Date: 2-28-94
 Agency: Commerce and Economic Development

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March 1, 1994

MEMORANDUM

TO: Representative Cynthia Toohey

FROM: Patricia Young *P. Young*
Legislative Analyst

RE: **Licensing Requirements for Medical Doctors**
Research Request 94.159

You asked if other states require that physicians be interviewed by members of the state medical board as a condition of licensure. As you know, pursuant to AS 08.64.255, this is the case in Alaska.

According to information provided by the Federation of State Medical Boards of the United States (FSMB), 18 states require interviews of all license applicants. Interviews are required of some applicants in 21 states. Interviews are not required of applicants in 8 states or the District of Columbia. It is not clear what is required in 3 states. The pertinent table from the FSMB's publication on licensing requirements, *1992-1993 Exchange*, is attached. Relevant information provided by Leslie Haywood, executive secretary of the Alaska State Medical Board, is also attached.

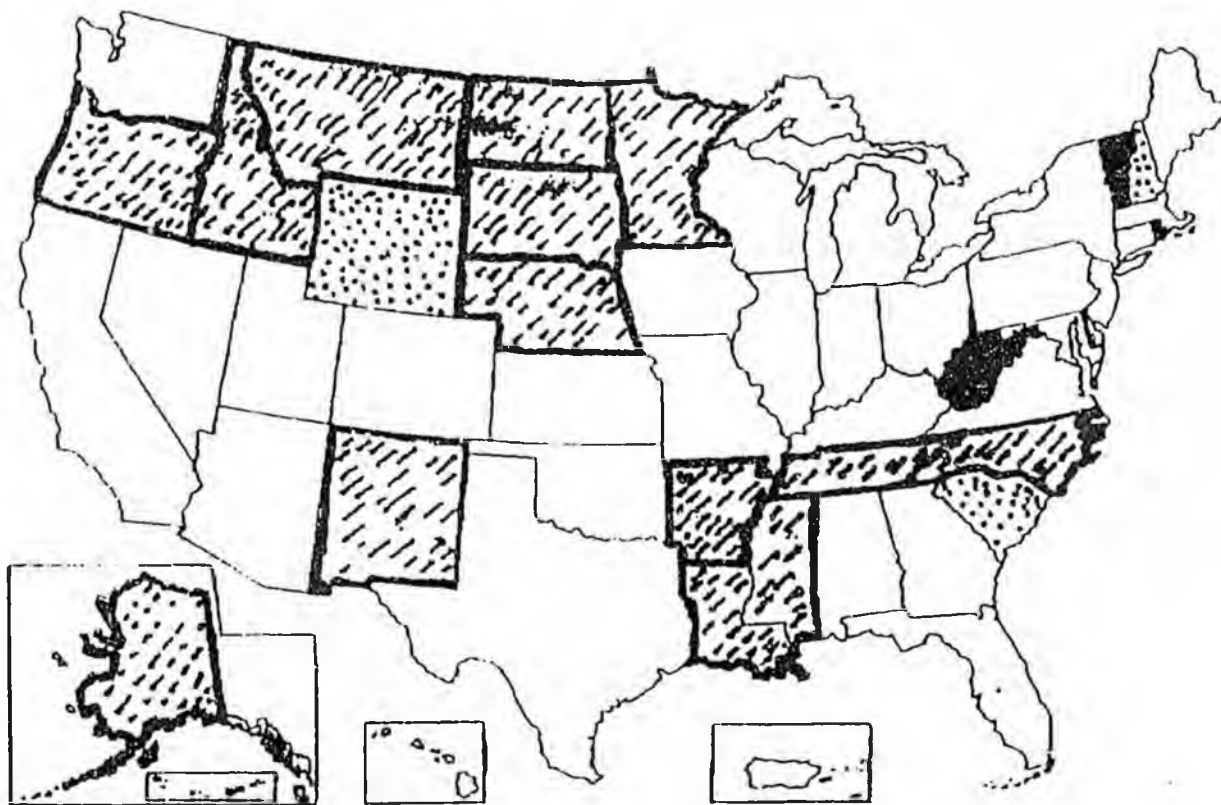
As you will see from the final attachment, "Section V, Requirements for Full Licensure," of FSMB's *Guide to the Essentials of a Modern Medical Practice Act*, sixth edition, published in 1991, the federation supports personal appearances by applicants.

I hope this information is sufficient for your purposes. If you have questions, or need further information, please let us know.

Attachments

Option # 1 Change in Division of Occupational Licensing procedure: Licensee schedules interview.

Option # 2 Propose revision of AS 08.64.255 and 12 AAC 40.055 to include ' or a person designated for that purpose by the board '



United States Medical Licensure Statistics

Requires Interview.

- Alaska
- Arkansas - Interview & orientation.
- Delaware - Two interviews.
- Guam - Interview.
- Idaho - Reviews license application with applicant
- Louisiana - Interview
- Minnesota - Interview.
- Mississippi - Interview.
- Montana - Interview.
- Nebraska - Interview.
- New Mexico - Interview and orientation.
- North Carolina - Interview.
- North Dakota - Interview.
- Oregon - Interview.
- Rhode Island - Interview.
- South Dakota - Interview.
- Tennessee - Interview.
- Vermont - Interview.
- West Virginia - Interview.

Full Board Interview.

- New Hampshire
- South Carolina
- Wyoming