

ALASKA LEGISLATURE COMMITTEE FILES 1993-1994 8672

8152 HOUSE STATE AFFAIRS

417

*The Honorable Ramona L. Barnes
June 25, 1993
Page 2*

This provision, however, has other possible (and probably unintended) ramifications. For example, the provision could make limited partnerships less attractive as a tax-planning or estate-planning vehicle. The section could also affect the desirability of limited partnerships as investment vehicles.

While I approve of the major portions of the bill, unfortunately, I must veto this bill because of the potential undesirable impact of Section 18. This Administration is available to work with the Legislature to resolve the problems posed by the language of this section.

With best regards,

Sincerely,



*Walter J. Hickel
Governor*

LAW OFFICES OF
DAVID G. SHAFTEL
A PROFESSIONAL CORPORATION
FIRST NATIONAL BANK BUILDING
425 G STREET, SUITE 700
ANCHORAGE, ALASKA 99501
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RECEIVED
JAN 18 1994
Ans'd.....

January 10, 1994

Carl E. Moses
Chairman, House Rules Committee
Alaska State Legislature
Capital Building, Room 204
Juneau, AK 99801-1182

Re: House Bill 112 - Support for 1994 Amendments to Alaska Uniform
Limited Partnership Act

Dear Representative Moses:

In 1993, House Bill 112 was introduced. This bill contained amendments to the Alaska Uniform Limited Partnership Act which greatly simplified the filing requirements for limited partnerships in Alaska. The undersigned members of the Alaska Bar Association, Estate Planning Section and Taxation Section, individually supported these filing requirement simplification amendments in 1993, and we again support such amendments in 1994.

However, in 1993, a further amendment was added to House Bill 112 on the Senate floor. This further amendment significantly changed the manner in which limited partnerships could be dissolved. This proposed change would have had several significant detrimental effects upon the operation of limited partnerships in Alaska. First, the amendment would eliminate creditor protection benefits which limited partnerships provide for Alaskans. Under the Uniform Limited Partnership Act, a limited partner may not demand that the partnership be dissolved. Further, a creditor of a limited partner may only obtain a "charging order" against distributions made to the limited partner. These standard Uniform Limited Partnership Act provisions produce substantial protection against creditors. The proposed change would have significantly weakened this protection.

Second, and equally important, the proposed Senate floor amendment would have had the effect of denying estate tax reduction benefits which are available to the citizens of almost all states which have enacted the Uniform Limited Partnership Act. This estate tax savings occurs because the limited partner can not demand that the partnership be dissolved. As a result, the value of the partnership's interest is discounted, often by approximately 25 - 50 percent. As a result, on the death of a limited partner, his or her family often pays significantly less estate tax.

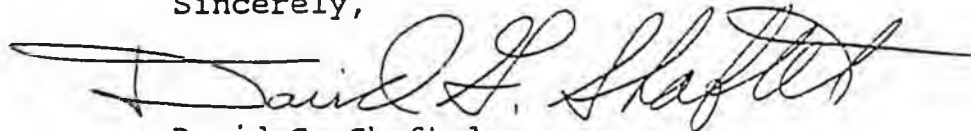
Shaftel

The above-described detrimental consequences of the Senate floor amendment caused the undersigned members of the Alaska Bar Association to vigorously oppose House Bill 112, and recommend that it be vetoed. Such a veto occurred on June 25, 1993.

In summary, we support House Bill 112 as it is proposed in 1994. These amendments will have the beneficial effects of simplifying the filing requirements for limited partnerships in Alaska. This 1994 version of House Bill 112 does not contain the above-described detrimental amendment relating to dissolution of limited partnerships.

Thank you very much for consideration of our views.

Sincerely,



David G. Shaftel,
and on behalf of the following:

Peter B. Brautigam
Hartig, Rhodes, Norman,
Mahoney & Edwards

Robert C. Brink
Attorney

Brian J. Brundin
Hughes, Thorsness, Gantz,
Powell & Brundin

Brian W. Durrell
Bogle & Gates

Peter C. Ginder
Kempel, Huffman and Ginder

John L. Hoffer Jr.
Attorney

Robert L. Manley
Hughes, Thorsness, Gantz,
Powell & Brundin

Steven T. O'Hara
Bankston & McCollum

Charles F. Schuetze
Davis & Goerig

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January 20, 1994

Representative Carl Moses
ATTN: Tim Benintendi
Alaska House of Representatives
Room 204, State Capitol
Juneau, Alaska 99801-1182

FOR MESSENGER PICK-UP

Re: Draft bill re Uniform Limited Partnership Act
-- certificate of limited partnership

Dear Carl:

I have quickly reviewed the January 18, 1994 draft of this bill, prepared by the Legislative Affairs Agency, as you requested, and have discussed it with Legislative Counsel Terry Bannister. It appropriately is a virtual duplicate of last year's HB 112 (which passed the Legislature as HB 112 am S and was vetoed by the governor because of that Senate floor amendment). It looks good and is ready for introduction.

In comparing this draft with HB 112, I find four little differences -- all of which appear to be appropriate. They are:

1. The lead-in line for each bill section in the new version no longer contains the phrase "as enacted by sec. 1, ch. 128, SLA 1992." That phrase appeared in HB 112 because ch. 128, SLA 1992, the comprehensive revision of the Limited Partnership Act, had not yet taken effect. It took effect July 1, 1993, and the phrase is no longer necessary.

2. Section 22(c) has been revised. In HB 112, it said in its entirety:

"Unless otherwise agreed by the partners, the applicable provisions of former AS 32.10, repealed by sec. 2, ch. 128, SLA 1992, governing the allocation of profits and losses, distributions to a withdrawing partner, and distributions of assets upon the winding up of a limited partnership apply to limited partnerships formed before the effective date of this Act instead of AS 32.11.220, as amended by sec. 9 of this Act."

Dillon & Findley

In the January 18, 1994 draft, it now says, in its entirety:

"Unless otherwise agreed by the partners, the allocation of profits and losses of a limited partnership that is formed before the effective date of this Act, but after July 1, 1993, is governed by AS 32.11.220, as that section exists before the effective date of this Act, instead of AS 32.11.220, as amended by sec. 9 of this Act."

I believe that the drafter's changes are appropriate since the comprehensive revision of the Limited Partnership Act has now taken effect, and, presumably, some partnerships have already been organized under it. Since AS 32.11.220, referred to in this section does not deal with distributions to a withdrawing partner or distributions of assets upon winding up, the reference to those two actions is deleted. The new reference to July 1, 1993 is helpful because that is when ch. 128, SLA 1992 took effect, and that Act contained its own transition provision to cover the period before July 1, 1993.

3. Section 23 has been revised. HB 112 said:

"If this Act takes effect after July 1, 1993, this Act is retroactive to July 1, 1993, to the extent constitutionally permissible."

The January 18, 1994 draft now says:

"This Act is retroactive to July 1, 1993, to the extent constitutionally permissible."

Again, I believe that the drafter's change is appropriate since the comprehensive revision has taken effect and the contingency language is no longer appropriate. (We now know that the new Act's effective date will be after July 1, 1993.)

4. Section 24 has been revised. HB 112 said:

"This Act takes effect July 1, 1993."

The January 18, 1994 draft now says:

"This Act takes effect immediately under AS 01.10.070(c)."

The new wording (an immediate-effective-date clause) is standard language to accompany a retroactivity clause, such as is in sec. 23. And last year's version referred to July 1,

Rep. Carl Moses
Limited Partnership Act bill
January 20, 1994

Page 3

1993 because that was when the comprehensive revision in ch. 128, SLA 1992 was to take effect, and it was desirable to have the whole package take effect at the same time.

So, the bill is ready to go. Thanks for your support and introduction of it. Let me know if I can be of further assistance.

Yours truly,



Arthur H. Peterson

cc: Terry Bannister
Legislative Counsel
Legislative Affairs Agency

Deborah E. Behr, Assistant A. G.
& Supervisor, Legis./Regs. Section
Alaska Department of Law

HB

395

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HB 395

Revision Date: _____ Dept. Affected: Administration
 Title: an act relating to retirement benefits for the BRU: Retirement & Benefits
administrative director of courts Component: Retirement & Benefits
 Sponsor: Vezey
 Requestor: (H) Sta COMPONENT SERIAL NO. 64

Expenditures/Revenues: (Thousands of Dollars)

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

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

REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING:

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
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 (FY 94) impact: \$ zero

ANALYSIS: (Attach a separate page if necessary.) This bill has no fiscal impact on either the Public Employees' Retirement System or the Judicial Retirement System.

Prepared by: Robert F. Stalnaker *for*
 Division: Retirement & Benefits
 Approved by Commissioner: Nancy Bear Usura
 Agency: Department of Administration

Phone: 465-4470
 Date: 1/28/94

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Fairbanks, Alaska 99701
907-456-5081

Representative Al Vezzy

January 24, 1994

HB 395: SPONSOR STATEMENT

"An Act Relating to retirement benefits for the administrative director of the courts; and providing for an effective date."

In 1967 the legislature created the Judicial Retirement System. Prior to 1980 only judges and justices were eligible to participate in this program. In 1980 the authorizing statutes were modified to allow the administrative director of the Alaska court system to participate in the judicial retirement system. Prior to 1980 the administrative director participated in the PERS program with all other state employees.

This office and the Legislative Research Agency have been unable to find any minutes of committee meetings where this issue was discussed. The provision showed up in a bill when it emerged from a free conference committee. However there is no formal record from which we can ascertain legislative intent.

The judicial retirement system offers substantially more benefits than does the PERS system. The extra cost of these benefits is borne by the employer, the State of Alaska. Currently the state contributes 13.72% of an employee's salary to the PERS retirement fund. Currently the State of Alaska contributes 50.2% of an employee's salary to the judicial retirement system retirement funds.

In the case of the administrator of the Alaska Court System, this additional contribution amounts to over \$35,000 per year.

The State of Alaska's Public Employee Retirement System is one of the best retirement systems in the world. It is not necessary to offer an even better retirement program in order to attract qualified and capable persons to this position.

CORRECTION

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

CSHB CSHB 782AMS
782

AM/FCC

Yeas: 39

Anderson, Barnes, Bairne,
Bettisworth, Branson, Brown,
Buchholdt, Carney, Chatterton,
Cotten, Duncan, Eliason, Freeman,
Fuller, Gardiner, Guy, Halford,
Haugen, Hurlbert, McKinnon, Meekin,
Martin, Meekins, Metcalfe, Miller,
Montgomery, Moss, Munson,
O'Connell, Osterback, Parker,
Phillips, Randolph, Rogers,
Schaeffer, Smith, Zharoff

Nays: 0

Not
Voting: 1 Hayes

CSHB And so, the House adopted the report, thus adopting
782 CSHB 782amS(amFCC) with FCC attachments.
amS
(am
FCC)

The Chief Clerk was instructed to so notify the Senate

HCS

SB The FCC report on SB 26 and HCS SB 26(Fin) was before
26 the House (page 2131 of the journal).
(Flr)

Mr. Anderson moved that the House adopt the FCC report,
thus adopting FCCS SB 26 incorporating the changes at-
tached by the FCC.

The question being: "Shall the House adopt the FCC
report, incorporating the changes attached by the FCC?"
The roll was taken with the following result:

FCCSSB 26 W/FCC CHANGES

Yeas: 29 Anderson, Barnes, Beirne, Brown,
Buchholdt, Carney, Chatterton,
Duncan, Eliason, Freeman, Fuller,
Gardiner, Guy, Haugen, Hurlbert,
Malone, Martin, Miles, Miller,
Montgomery, Moss, Munson, Osterback,
Parker, Parr, Rogers, Schaeffer,
Smith, Zharoff

Yeas:

10

Bettisworth, Branson, Cot
Halford, McKinnon, Meekin,
O'Connell, Phillips, Ranc

Not

Voting:

1

Hayes

Representative Halford changed his vote from
"Nay."

And so, the House adopted the report, thus
adopting FCCS SB 26 with attached changes (page 2
Journal).

Representative Anderson moved and asked un-
der that the roll call on the adoption of
considered the roll call on the effective
There being no objection, it was so ordered.

The Chief Clerk was instructed to so notify

The FCC report on SB 165 (appropriations
effective date) and HCS SB 165 (appropriation
and capital expenses related to telecomm
effective date) was before the House.

Representative Anderson moved that the
FCC report, thus adopting HCS SB 165 (F

The question being: "Shall the House
report?" The roll was taken with the

FCC ON SB 165

Yeas:

34

Anderson, Barnes
Bettisworth, Bra
Buchholdt, Carne
Cotten, Duncan,
Fuller, Gardine
Hurlbert, McKin
Miles, Miller,
Munson, O'Conne
Parr, Rogers, S
Zharoff

r appointed the following members to
SENCE COMMITTEE to consider the above bill:

- representative Munson, Chairman
- representative McKinnon
- representative Bettisworth

erk was instructed to so notify the Senate

changed the appointments to the FCC on
HCS SB 365 (liquor bills) to:

- representative Parr, Chairman
- representative McKinnon (replaces Anderson)
- representative Barnes

ERATION OF THE DAILY CALENDAR (Cont'd)

SECOND READING OF SENATE BILLS

10. 26 (credited service under the public
retirement system; effective date) was read
in concurrence with the State Affairs Committee
(page 936 of the 1979 journal), the Finance
Committee report (page 1046 of the 1979 journal),
the Finance Committee report (page 1871 of the journal),
and the Finance Committee report (page 1959

moved and asked unanimous consent that
SENATE SUBSTITUTE FOR SENATE BILL NO. 26
short title: public employee benefits
adopted in lieu of the original bill.
No objection, it was so ordered.

moved and asked unanimous consent that
bill be considered engrossed, advanced to
and placed on final passage.

representative Branson objected and withdrew her
objection. There being no further objection, it was
so ordered.

HCS
SB
26
(Fin)

SB 26(Fin) was read the third time.

representative Fuller moved and asked unanimous consent
that he be excused from voting on this bill due to a
conflict of interest. Objection was heard and the
motion denied.

Question being: "Shall HCS SB 26(Fin) pass the
House?" The roll was taken with the following result:

HCS SB 26(FIN)

Yeas:	29	Anderson, Barnes, Bettisworth, Brown, Buchholdt, Chatterton, Cotten, Duncan, Eliason, Freeman, Fuller, Gardiner, Guy, Halford, Hurlbert, McKinnon, Malone, Meekins, Miles, Miller, Montgomery, Moss, Munson, Osterback, Parker, Parr, Rogers, Schaeffer, Zharoff
Nays:	6	Reirne, Branson, Martin, O'Connell, Phillips, Randolph
Not Voting:	5	Carney, Haugen, Hayes, Metcalfe, Smith

representative O'Connell changed his vote from "yea"

HCS SB 26(Fin) passed the House.

representative Anderson moved and asked unanimous consent that
bill call on the passage of the bill be considered
in concurrence with the effective date clauses. There
being no objection, it was so ordered.

SB 26(Fin) was referred to the Chief Clerk for en-
grossment.

HCS
SB
26
(Fin)

* Sec. 54. Sections 1, 3 - 6, 18, 19, 22, 24 - 28, 43, 44(2) and (3), 45, 47 - 49, and 51 of this Act take effect January 1, 1981.

* Sec. 55. Sections 2, 27, 28, 35, 36, 41, 44(1) of this Act take effect January 1, 1981.

* Sec. 56. Sections 8 - 15 and 42 of this Act take effect immediately in accordance with AS 01.10.070(c).

* Sec. 57. Sections 7, 30, 37, 50, and 52 - 57 of this Act take effect immediately in accordance with AS 01.10.070(c).

Senate members signing the report: Senator Tillman, and Senators Bennett and Meland. House Representative Miller, Chairman and Representatives and Eliason.

Senator Colletta moved that the Senate adopt the Conference Committee Report.

The question being: "Shall FREE CONFERENCE COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 26 (public employees' retirement programs; amending the duties of the Public Employees Retirement Board; relating to earlier services under the teachers' retirement system and the employees retirement system; establishing minimum retirement benefits; relating to participation in the program of supplemental employee benefits; relating to the deferred compensation program; repealing the Legislative Board of Retirement Benefits; creating the Alaska National Guard retirement system; relating to the judicial retirement system; increasing the benefits paid under the territorial public employees' retirement system; relating to retirement benefit eligibility for disabled peace officers and firemen; relating to retirement benefits of the administrative director of courts; eff. date) with technical changes pass the Senate?" The roll was taken with the following result:

FCCS SB 26

Yeas: 18 Bennett, Colletta, Dankworth, Fahrenkamp, Ferguson, Hackney, Hohman, Kelly, Kerttula, Meland, Mulcahy, Ray, Rodey, Stimson, Sturgulewski, Sumner, Tillion, Ziegler

CONF. Vote

0
0
2 Bradley, Sackett
FREE CONFERENCE COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 26 passed the Senate with technical changes.

Colletta moved and asked unanimous consent that all call on the passage of the above bill by roll call on the effective date of the act. No objection it was so ordered.

FREE CONFERENCE COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 416 was referred to the Secretary for engrossment.

FREE CONFERENCE COMMITTEE REPORT

Just

Mr. President:
Mr. Speaker:

The Free Conference Committee considering COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 416 (limiting the number of regulations relating to milk that sold in the state and allowing the sale of unpasteurized milk) has adopted the FREE CONFERENCE COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 416 amended and recommends that FREE CONFERENCE COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 416 (relating to the regulation of the sale of milk in the state) be adopted.

Senate members signing the report: Senator Tillman and Senators Bradley and Kerttula. House Representative Carney, Chairman and Representatives and Halford.

Senator Colletta moved that the Senate adopt the Conference Committee Report.

by Senators Ferguson and Rodey,

ing for the issuance of general
us in the amount of \$11,105,000
se of paying the cost of Nome barge
and providing for an effective

time and referred to the State Affairs
Finance Committee and the Labor and Manage-

CONSIDERATION OF THE CALENDAR

SECOND READING OF SENATE BILLS

2 (relating to the comprehensive recycling
of litter and imposing a litter reduction
is read the second time.

Sturgulewski moved and asked unanimous consent
tion of the Community and Regional Affairs
stitute offered on page 433. Without objec-
TEE SUBSTITUTE FOR SENATE BILL NO. 2 was

SUBSTITUTE FOR SENATE BILL NO. 2 (relating to
comprehensive recycling and reduction of litter) was
second time.

Colletta moved and asked unanimous consent that
be suspended and COMMITTEE SUBSTITUTE FOR
2 be considered engrossed, advanced to third
and placed on final passage. Without objec-
so ordered.

TEE SUBSTITUTE FOR SENATE BILL NO. 2 was read
time.

question being: "Shall COMMITTEE SUBSTITUTE
E BILL NO. 2 (relating to the comprehensive
reduction of litter) pass the Senate?" The
an with the following result:

March 21, 1979

SENATE JOURNAL

579

Yeas: 19

Nays: 1

Bennett, Bradley, Colletta,
Dankworth, Fahrenkamp, Ferguson,
Hackney, Hohman, Kerttula, Meland,
Mulcahy, Ray, Rodey, Sackett,
Stimson, Sturgulewski, Sumner,
Tillion, Ziegler

CS
SB
2

Kelly

and so, COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 2 passed
the Senate.

Senator Colletta moved and asked unanimous consent that
the roll all on the above bill be considered the roll
call on the effective date clause. Without objection, it
is so ordered.

COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 2 was referred to
Secretary for engrossment.

BILL NO. 26 (relating to credited service under
public employees' retirement system) was read the

SB
26

Colletta moved and asked unanimous consent that
be suspended and SENATE BILL NO. 26 be considered
advanced to third reading and placed on final
Without objection, it was so ordered.

NO. 26 was read the third time.

question being: "Shall SENATE BILL NO. 26 (relating
to credited service under the public employees' retirement
system) pass the Senate?" The roll was taken with the

Bennett, Bradley, Colletta,
Dankworth, Fahrenkamp, Ferguson,
Hackney, Hohman, Kelly, Kerttula,
Meland, Mulcahy, Ray, Rodey,
Sackett, Stimson, Sturgulewski,
Sumner, Tillion, Ziegler

SENATE BILL NO. 26 passed the Senate. *Vote*

KPMG Peat Marwick

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM

Financial Statements
and Supplemental Schedules

June 30, 1992 and 1991

(With Independent Auditors' Report Thereon)

KPMG Peat Marwick

Certified Public Accountants

601 West Fifth Avenue
Suite 700
Anchorage, AK 99501-2258

Independent Auditors' Report

Division of Retirement and Benefits
State of Alaska Judicial Retirement System:

We have audited the accompanying statement of net assets available for plan benefits of the State of Alaska Judicial Retirement System as of June 30, 1992, and the related statement of changes in net assets available for plan benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the State of Alaska Judicial Retirement System as of June 30, 1991 were audited by other auditors whose report thereon dated September 14, 1991 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 1992 financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the State of Alaska Judicial Retirement System as of June 30, 1992, and the related statement of changes in net assets available for plan benefits for the year then ended in conformity with generally accepted accounting principles.

Our audit for the year ended June 30, 1992 was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedules 1 and 2 for the year ended June 30, 1992, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole for the year ended June 30, 1992.

KPMG Peat Marwick

Division of Retirement and Benefits
State of Alaska Judicial Retirement System
2

The report of the other auditors referred to above, dated September 14, 1991, stated that they applied certain limited procedures to the supplementary information for the years ended June 30, 1991 and prior, included in Schedules 1 and 2. However, they did not audit this information and expressed no opinion on it.

KPMG Peat Marwick

September 17, 1992

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM

Statements of Net Assets Available for Plan Benefits

June 30, 1992 and 1991

	<u>1992</u>	<u>1991</u>
Assets:		
Investments, at fair value:		
United States Government debt	\$ 10,027,248	8,349,836
Federal agency debt	1,048,750	-
Corporate bonds, notes and debentures	14,404,750	8,903,046
Domestic equity pool	9,492,080	8,533,245
Total investments	<u>34,972,828</u>	<u>25,786,127</u>
Receivables:		
Contributions	116,441	175,717
Accrued interest and dividends	662,048	475,979
Total receivables	<u>778,489</u>	<u>651,696</u>
Cash and cash equivalents	<u>1,167,460</u>	<u>5,623,333</u>
Total assets	<u>36,918,777</u>	<u>32,061,156</u>
Liabilities:		
Accrued expenses	1,139	18,817
Due to General Fund	39,471	74,284
Total liabilities	<u>40,610</u>	<u>93,101</u>
Net assets available for plan benefits	<u>\$ 36,878,167</u>	<u>31,968,055</u>

See accompanying notes to financial statements.

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM

Statements of Changes in Net Assets Available for Plan Benefits

Years ended June 30, 1992 and 1991

	<u>1992</u>	<u>1991</u>
Additions:		
Investment income:		
Net appreciation in fair value of investments	\$ 1,330,380	506,656
Interest	1,984,621	1,822,521
Dividends	249,854	259,000
Net realized gains on sales	810,664	128,180
Total investment income	<u>4,375,519</u>	<u>2,716,357</u>
Contributions:		
State of Alaska	2,542,598	2,491,202
Employees	250,497	217,516
Total contributions	<u>2,793,095</u>	<u>2,708,718</u>
Total additions	<u>7,168,614</u>	<u>5,425,075</u>
Deductions:		
Benefits paid:		
Retirement	2,054,973	1,879,416
Medical	109,944	114,554
Total benefits paid	<u>2,164,917</u>	<u>1,993,970</u>
Administrative expenses	93,585	66,169
Total deductions	<u>2,258,502</u>	<u>2,060,139</u>
Net increase	4,910,112	3,364,936
Net assets available for plan benefits at beginning of year	<u>31,968,055</u>	<u>28,603,119</u>
Net assets available for plan benefits at end of year	\$ <u>36,878,167</u>	<u>31,968,055</u>

See accompanying notes to financial statements.

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM

Notes to Financial Statements

June 30, 1992 and 1991

(1) Description

The following brief description of the State of Alaska Judicial Retirement System (Plan) is provided for general information purposes only. Participants should refer to the Plan agreement for more complete information.

General

The Plan is the administrator of a defined benefit, single-employer retirement system established and administered by the State of Alaska (State) to provide pension benefits for eligible State justices and judges. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Plan is considered a part of the State financial reporting entity and is included in the State's financial reports as a pension trust fund.

Inclusion in the Plan is a condition of employment for eligible State justices and judges. At June 30, 1991, Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated members entitled to future benefits	<u>57</u>
Current employees:	
Vested	36
Nonvested	<u>13</u>
	<u>49</u>
	<u>106</u>

Pension Benefits

Members with five or more paid-up years of credited service are entitled to annual pension benefits beginning at normal retirement age, sixty, or early retirement at age fifty-five. Members who are under age sixty who have twenty or more years of credited service may retire at any age and receive an actuarially reduced benefit.

The normal monthly pension benefit is based on the members' years of service and the current authorized salary for the position from which they retired. The pension benefit is equal to 5% for each year of service up to a maximum of 75% of salary.

Major medical benefits are provided without cost to retired Plan members.

(Continued)

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM

Notes to Financial Statements

Death Benefits

Upon the death of a member who has served for at least two years, the surviving spouse is entitled to receive monthly benefits equal to one-half of the monthly retirement pay the member would have been entitled to receive if retired at the time of death. If the member was not retired or would have been entitled to less than 60% of the monthly authorized salary, the spouse is entitled to monthly benefits equal to 30% of the authorized salary. The benefits continue until the surviving spouse dies.

If there is no eligible surviving spouse, the member's surviving dependent children are entitled to receive a benefit equal to 50% of the survivor's benefit. Each child will receive an equal share of the benefit while they are dependent.

Disability Benefits

Members who become disabled are eligible for pension benefits if they have two or more years of service. Disabled members are eligible to receive retirement benefits if they have at least five years of service.

Effect of Plan Termination

Should the Plan terminate at some future time, its net assets generally will not be available on a pro rata basis to provide participant benefits. Whether a particular participant accumulated Plan benefits will be paid depends on the priority of those benefits at that time. Some benefits may be fully or partially provided for by the then existing assets while other benefits may not be provided for at all.

(2) Summary of Significant Accounting Policies

Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting.

Valuation of Investments

Investments are carried at market value to reflect their asset values as determined by the last quoted market price at June 30, 1992 and 1991. The investment activity of all common stocks was consolidated October 1, 1987 with the common stocks of other State funds to form a domestic equity pool. The activity and the June 30, 1992 and 1991 balances of this domestic equity

(Continued)

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM

Notes to Financial Statements

pool are accounted for on a unit-accounting basis. All income and realized and unrealized gains are allocated monthly to each participating pool on a pro rata ownership basis. All income earned is included in dividend income. At June 30, 1992 and 1991, the Plan's investment in the domestic equity pool is comprised of the following:

	<u>1992</u>	<u>1991</u>
Domestic equities	\$ 8,812,473	8,025,300
Interest and dividends receivable	22,228	24,578
Cash and cash equivalents	<u>657,379</u>	<u>483,367</u>
	<u>\$ 9,492,080</u>	<u>8,533,245</u>

Cash and cash equivalents at June 30, 1992 and 1991 are comprised of the following:

	<u>1992</u>	<u>1991</u>
Interest-bearing deposits	\$ 1,167,460	23,333
Repurchase agreements	<u>-</u>	<u>5,600,000</u>
	<u>\$ 1,167,460</u>	<u>5,623,333</u>

Contributions Receivable

Contributions from employees and employers for service through June 30 are accrued. These contributions are considered fully collectible and, accordingly, no allowance for uncollectible receivables is reflected in the financial statements.

Accrued Interest and Dividends

Accrued interest and dividends represent amounts earned but not yet received as of June 30. These amounts are considered fully collectible and, accordingly, no allowance for uncollectible receivables has been reflected in the financial statements.

(Continued)

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM

Notes to Financial Statements

(3) Investments

To provide an indication of the level of credit risk assumed by the Plan at June 30, 1992, the Plan's deposits and investments are categorized as follows:

Deposits

Category 1 - Insured or collateralized with securities held by the State or its custodian in the State's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or custodian in the State's name.

Category 3 - Uncollateralized.

Investments

Category 1 - Insured or registered for which the securities are held by the State or its custodian in the State's name.

Category 2 - Uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the State's name.

Category 3 - Uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent but not in the State's name:

	<u>Category</u>			Market value and carrying value
	<u>1</u>	<u>2</u>	<u>3</u>	
Deposits - cash	\$ 1,167,460	-	-	1,167,460
Investments:				
United States Government debt	10,027,248	-	-	10,027,248
Federal agency debt	1,048,750	-	-	1,048,750
Corporate bonds, notes and debentures	14,404,750	-	-	14,404,750
Domestic equity pool	<u>9,492,080</u>	-	-	<u>9,492,080</u>
	<u>\$ 36,140,288</u>	-	-	<u>36,140,288</u>

(Continued)

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM

Notes to Financial Statements

During 1992 and 1991, the Plan's investments (including investments bought, sold, as well as held during the year) appreciated in value as follows:

	<u>1992</u>	<u>1991</u>
United States Government debt	\$ 348,889	162,325
Federal agency debt	44,576	-
Corporate bonds, notes and debentures	761,812	3,805
Domestic equity pool	<u>175,103</u>	<u>340,526</u>
	<u>\$ 1,330,380</u>	<u>506,656</u>

The cost, market and carrying values of the Plan's investments at June 30, 1992 and 1991 are as follows:

	<u>Cost</u>	<u>Market</u>	<u>Carrying value</u>
1992:			
United States Government debt	\$ 9,678,358	10,027,248	10,027,248
Federal agency debt	1,004,174	1,048,750	1,048,750
Corporate bonds, notes and debentures	13,642,937	14,404,750	14,404,750
Domestic equity pool	<u>8,171,917</u>	<u>9,492,080</u>	<u>9,492,080</u>
	<u>\$ 32,497,386</u>	<u>34,972,828</u>	<u>34,972,828</u>
1991:			
United States Government debt	8,306,121	8,349,836	8,349,836
Corporate bonds, notes and debentures	8,875,352	8,903,046	8,903,046
Domestic equity pool	<u>7,459,592</u>	<u>8,533,245</u>	<u>8,533,245</u>
	<u>\$ 24,641,065</u>	<u>25,786,127</u>	<u>25,786,127</u>

State of Alaska treasury investment policy requires that securities underlying repurchase agreements must have a minimum market value of 102% of the cost of the repurchase agreement.

(Continued)

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM

Notes to Financial Statements

The Commissioner of Revenue has the statutory authority to invest the moneys of the Plan. This authority is delegated to investment officers of the Division of Treasury of the Department of Revenue. Alaska Statute provides for the investment in United States treasury or agency securities; corporate debt securities; preferred and common stock; commercial paper; securities of foreign governments, agencies and corporations; foreign time deposits; gold bullion; futures contracts for the purpose of hedging; real estate investment trusts; deposits within Alaska savings and loans and mutual savings banks; deposits with state and national banks in Alaska; guaranteed loans; notes collateralized by mortgages; certificates of deposit and banker's acceptances.

(4) Funding Status and Progress

The amount shown below as "pension benefit obligation," which is the actuarial present value of credit projected benefits, is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of member service to date. This measure is intended to help users assess the Plan's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among plans. The measure is independent of the actuarial funding method used to determine contributions to the Plan, discussed in note 5 below.

The pension benefit obligation is determined by William M. Mercer, Incorporated and is that amount that results from applying actuarial assumptions to adjust the accumulated benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuations as of June 30, 1991 are as follows:

- a. Actuarial cost method - projected unit credit, unfunded accrued benefit liability amortized over twenty-five years, funding surplus amortized over five years.
- b. Mortality basis - 1984 Unisex Pension Mortality Table.
- c. Discount rate - 9% per annum, compounded annually, net of investment expenses.
- d. Health cost inflation - 9% per annum.
- e. Salary scale - increase of 6% per annum, compounded annually.

(Continued)

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM

Notes to Financial Statements

- f. Maximum retirement age - 70 years old.
- g. Asset valuation - based upon actual asset data as furnished by the Division of Retirement and Benefits.
- h. Turnover and early retirement - annual turnover and early retirement at each age and service is the greatest of the following amounts:
1. 0%.
 2. 3% if service is greater than fifteen years.
 3. 6% if vested and immediately eligible for full benefits based on retirement provision.
 4. 10% if vested and age is greater than sixty-four.

Disability assumptions are based upon actual historical occurrence rates of the Plan.

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated benefits.

At June 30, 1991, the unfunded pension benefit obligation was \$13,658,157 as follows:

Net assets available for benefits as of June 30, 1991, at market	\$ <u>31,968,055</u>
Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated members not yet receiving benefits	29,897,257
Current members:	
Accumulated employee contributions including allocated investment income	1,154,693
Employer-financed, vested	14,013,007
Employer-financed, nonvested	<u>561,255</u>
Total pension benefit obligation as of June 30, 1991	<u>45,626,212</u>
Unfunded pension benefit obligation as of June 30, 1991	\$ <u>13,658,157</u>

(Continued)

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM

Notes to Financial Statements

(5) Contributions

Employee Contributions

Plan members appointed after June 30, 1978 contribute 7% of their compensation to the Plan. Contributions are not required after members have made contributions for fifteen years. Present employee accumulated contributions at June 30, 1992 and 1991 were \$1,765,737 and \$1,154,693, respectively. Employee contributions earn interest at the rate of 4.5% per annum, compounded semiannually. Contributions are collected by the employer and remitted to the Plan. Members appointed before July 1, 1978 are not required to make contributions.

Employer Contributions

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Employer contribution rates are level percentages of payroll and are determined using the projected unit credit actuarial funding method. The Plan also uses the level percentage of payroll method to amortize the unfunded liability over a twenty-five year period. Funding surpluses are amortized over five years.

Contributions made in accordance with actuarially determined contribution requirements determined through actuarial valuations consist of the following:

	<u>1992</u>		<u>1991</u>	
	<u>Amount</u>	As a percentage of covered payroll	<u>Amount</u>	As a percentage of covered payroll
Employer	\$ 2,542,598	50.20%	\$ 2,491,202	50.19%
Employee	<u>250,497</u>	<u>4.95</u>	<u>217,516</u>	<u>4.38</u>
	<u>\$ 2,793,095</u>	<u>55.15%</u>	<u>\$ 2,708,718</u>	<u>54.57%</u>
Normal cost	1,354,277	26.74	1,194,545	24.06
Amortization of unfunded actuarial accrued liability	<u>1,438,818</u>	<u>28.41</u>	<u>1,514,173</u>	<u>30.51</u>
	<u>\$ 2,793,095</u>	<u>55.15%</u>	<u>\$ 2,708,718</u>	<u>54.57%</u>

The actuarial valuations for 1992 and 1991 were performed as of June 30, 1991 and 1990, respectively.

(Continued)

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM

Notes to Financial Statements

Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the standardized measure of the pension benefit obligation discussed in note 4.

(7) Ten-year Historical Trend Information

Ten-year historical trend information (where available) designed to provide information about the Plan's progress made in accumulating sufficient assets to pay benefits when due is presented in the accompanying supplemental schedules of analysis of funding progress and revenues by source and expense by type.

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM

Required Supplementary Information
Analysis of Funding Progress

(000's omitted)

Year ended <u>June 30</u>	Net assets <u>available</u>	Pension benefit <u>obligation</u>	Percen- tage <u>funded</u>	Unfunded (assets in excess of) pension benefit <u>obligation</u>	Annual covered payroll (unaudited)	Unfunded (assets in excess of) pension benefit obligation as a percentage of covered <u>payroll</u>
1990	\$ 28,603	\$ 34,482	83.0%	\$ 5,879	\$ 4,712	124.7%
1991	<u>31,968</u>	<u>45,626</u>	<u>70.0</u>	<u>13,658</u>	<u>4,363</u>	<u>313.0</u>

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the plan's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the plan is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the plan's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

See accompanying notes to required supplementary information.

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM

Notes to Required Supplementary Information

Years ended June 30, 1992 and 1991

All significant accounting policies, benefit provisions and actuarial assumptions are the same for the required supplementary information and the financial statements.

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM

Required Supplementary Information
Revenues by Source and Expense by Type

(000's omitted)

Year ended June 30	Revenues by source					Employer contribution as a percentage of annual covered payroll
	Employee contributions	Employer contributions	Investment income	Unrealized appreciation (depreciation) in market value	Total	
1991	\$ 218	\$ 2,491	\$ 2,209	\$ 507	\$ 5,425	50.19%
1992	<u>250</u>	<u>2,543</u>	<u>3,046</u>	<u>1,330</u>	<u>7,169</u>	<u>50.20</u>

	Expense by type			
	Retirement benefits	Medical benefits	Administrative expenses	Total
1991	\$ 1,879	\$ 115	\$ 66	\$ 2,060
1992	<u>2,055</u>	<u>110</u>	<u>94</u>	<u>2,259</u>

Contributions were made in accordance with actuarially determined contribution requirements.

See accompanying notes to required supplementary information.

September 11, 1991

Mr. Robert F. Stalnaker
Deputy Director
State of Alaska
Department of Administration
Division of Retirement & Benefits
P.O. Box CR
Juneau, AK 99811

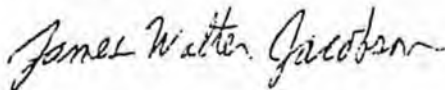
**Re: Judicial Retirement System Valuation Report
as of June 30, 1990**

Dear Bob:

Please find enclosed seven bound copies and one unbound copy of the State's Judicial Retirement System valuation report.

Please do not hesitate to call if you need any more copies or have any further comments.

Sincerely,



James W. Jacobson
Actuarial Assistant

JWJ/KMJ/jls

Enclosures

State of Alaska

Judicial Retirement System

Actuarial Valuation

as of June 30, 1990

Prepared by:

William M. Mercer, Incorporated
One Union Square, Suite 3200
600 University Street
Seattle, WA 98101-3137

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Highlights

This report has been prepared by William M. Mercer, Incorporated to:

1. present the results of a valuation of the Alaska Judicial Retirement System as of June 30, 1990;
2. review experience under the Plan for the period July 1, 1988 to June 30, 1990;
3. determine the contribution rate for the Judicial Retirement System for Fiscal Years 1993 and 1994;
4. provide reporting and disclosure information for financial statements, governmental agencies, and other interested parties.

The report is divided into two sections. Section 1 contains the results of the valuation. It includes the experience of the Plan during the 1988/89 and 1989/90 plan years, the current annual costs, and reporting and disclosure information.

Section 2 describes the basis of the valuation. It summarizes the Plan provisions, provides information relating to the Plan participants, and describes the funding methods and actuarial assumptions used in determining liabilities and costs.

The principal results are as follows:

Funding Status as of June 30:

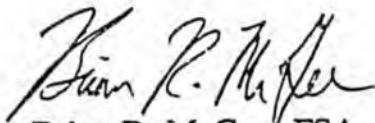
	<u>1988</u>	<u>1990</u>
a. Valuation Assets	\$ 20,427,073	\$ 28,014,214
b. Accrued Liability	31,714,820	34,481,706
c. Funding Ratio, (a) / (b)	64.4%	81.2%

Recommended Contribution Rates:

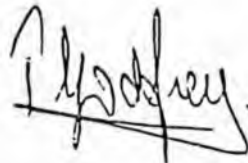
	<u>FY91-FY92</u>	<u>FY93-FY94</u>
a. Normal Cost Rate	24.83%	23.95%
b. Past Service Cost Rate	26.38%	15.51%
c. Total Employer Cost Rate	51.21%	39.46%

In preparing this valuation, we have employed generally accepted actuarial methods and assumptions, in conjunction with employee data and financial information provided to us by your office, to determine a sound value for the System's liabilities. We believe that this value and the method suggested for funding it are in full compliance with the Governmental Accounting Standards Board, the Internal Revenue Code, and all applicable regulations.

Respectfully submitted,



Brian R. McGee, FSA
Principal



Peter L. Godfrey, FIA, ASA
Associate

JWJ/jls

September 9, 1991

Analysis of Valuation

Actuarial Method and Assumptions

The actuarial method and assumptions are the same as those used in the June 30, 1988 valuation.

Salary Increases

Salaries remained unchanged for all active judges, but the Administrative Director's annual salary reduced from \$83,724 at June 30, 1988 to \$77,304 at June 30, 1990. The additional effects of new participants since June 30, 1988 and of terminations and retirements caused the average annual salary to reduce from \$75,404 at June 30, 1988 to \$74,880 at June 30, 1990. Since we assumed an average annual salary increase of 6% in the valuation as of June 30, 1988, there resulted an actuarial gain due to salary experience which increased the funding ratio and reduced the total contribution rate.

Investment Performance

The rate of return on investments during fiscal year 1989 was 7.84% and the rate of return during fiscal year 1990 was 8.27%, net of expenses. However, as noted in Section 1.1, the value of the assets as of June 30, 1988, reported in the June 30, 1988 valuation report, was understated. There was therefore an increased return on investments which was not reported in the June 30, 1988 valuation. Recognition of this return in this valuation increased the net annual return during the two-year period to 11.60%. Our actuarial calculations are based upon the assumption that the System's assets will earn 9% per year. This resulted in an actuarial gain to the System, increasing the funding ratio and reducing the contribution rate.

Health Premiums

The blended monthly premium increased from \$211.22 for FY89 to \$243.98 for FY91, an annual increase of 7.5%. Since we assumed an annual increase in health premiums of 9% during FY89 and FY90, there resulted an actuarial gain from health premiums which increased the funding ratio and reduced the total contribution rate.

Membership Statistics

The average age of active participants increased by 0.65 years and the average past service increased 0.58 years. The average age of vested terminations increased by 0.20 years and of retirees by 0.68 years. The changes in active and retired averages tended to offset each other, producing little net effect on the funding ratio and the total contribution rate of the system.

Summary

The overall effect of the actuarial gains was a significant increase in the funding ratio from 64.4% to 81.2% and a reduction in the total contribution rate from 51.21% to 39.46% of pay. In summary, the System enjoyed a good two years with substantial actuarial gains arising from favorable investment returns and salary experience. We expect the System to continue to maintain a sound financial position.

Section 1

Valuation Results

This section sets forth the results of the actuarial valuation.

Section 1.1 shows the transactions of the System's fund during FY89 and FY90.

Section 1.2 shows the actuarial present values as of June 30, 1990.

Section 1.3 develops the total contribution rate.

1.1 Development of Valuation Assets

	<u>FY89</u>	<u>FY90</u>
Net Assets Available for Benefits, Beginning of Year	\$ <u>22,233,876*</u>	\$ <u>24,971,176</u>
Additions:		
Employee Contributions	\$ 178,964	\$ 237,065
Employer Contributions	2,222,079	2,157,892
Indebtedness Interest	18,303	51,980
Investment Income	<u>1,811,651</u>	<u>2,134,322</u>
	\$ 4,230,997	\$ 4,581,259
Deductions:		
Retirement Benefits	\$ 1,368,015	\$ 1,408,034
Medical Benefits	95,000	99,839
Administrative Expenses	<u>30,682</u>	<u>30,348</u>
	\$ 1,493,697	\$ 1,538,221
Net Assets Available for Benefits, End of Year	\$ <u>24,971,176</u>	\$ <u>28,014,214</u>
Approximate Investment Return Rate During the Year, Net of Expenses	7.84%	8.27%

* The value of assets reported in the June 30, 1988 valuation as of the end of FY88 was \$20,427,073. The statement of net assets provided to us for this valuation shows a value of assets as of the beginning of FY89 of \$22,233,876. We understand that the end of FY88 value was understated and should have been \$22,233,876.

1.2 Breakdown of Present Value of Benefits at June 30, 1990

	<u>Normal Cost</u>	<u>Accrued Liability</u>
Active Participants		
Retirement Benefits	\$ 572,486	\$ 6,282,022
Disability Benefits	22,905	208,173
Death Benefits	114,211	1,102,678
Deferred Benefits	354,887	3,870,829
Health Benefits	<u>44,145</u>	<u>1,214,249</u>
Subtotal	\$ 1,108,634	\$ 12,677,951
 Retirees and Survivors		
Retired Members' Benefits		\$ 16,432,904
Health Benefits		<u>1,185,986</u>
Subtotal		\$ 17,618,890
 Vested Terminations		
Deferred Retirement Benefits		\$ 3,684,215
Health Benefits		<u>500,650</u>
Subtotal		\$ 4,184,865
 Total		 \$ 34,481,706

1.3 Calculation of Total Contribution Rate

1. Total Normal Cost	\$ 1,108,634
2. Total Salaries	3,893,760
3. Total Normal Cost Rate, (1) / (2)	28.47%
4. Average Employee Contribution Rate	4.52%
5. Employer Normal Cost Rate, (3) - (4)	23.95%
6. Accrued Liability	\$ 34,481,706
7. Assets	28,014,214
8. Total Unfunded Liability, (6) - (7)	6,467,492
9. Amortization Factor	10.706612
10. Past Service Payment, (8) / (9)	604,065
11. Past Service Rate, (10) / (2)	15.51%
12. Total Employer Contribution Rate, (5) + (11)	39.46%

Section 2

Basis of Valuation

In this section, the basis of the valuation is presented and described. This information -- the provisions of the System and the census of participants -- is the foundation of the valuation, since these are the present facts upon which benefit payments will depend.

A summary of the System's provisions is provided in Section 2.1 and participant census information is shown in Section 2.2 to Section 2.4.

The valuation is based upon the premise that the Plan will continue in existence, so that future events must also be considered. These future events are assumed to occur in accordance with the actuarial assumptions and concern such events as the earnings of the fund, the number of participants who will retire, die, terminate their services, their ages at such termination and their expected benefits.

The actuarial assumptions and the actuarial cost method, or funding method, which have been adopted to guide the sponsor in funding the System in a reasonable and acceptable manner, are described in Section 2.5.

2.1 Summary of Plan Provisions

1. Employees Included

All Judges and Justices of the Supreme, Superior, District and Appellate Courts and the administrative director of the Alaska Court System.

2. Employee Contributions

- a. Mandatory Employee Contributions: 7% of salary for each year of service up to 15 years, if appointed after June 30, 1978.
- b. Interest Credited: 4-1/2% compounded semiannually on June 30 and December 31.
- c. Refund at Termination (no vesting): Return of contributions with interest.
- d. Refund at Death: If no widow's pension payable, return of contributions with interest.

3. Normal Retirement Benefit

- a. Eligibility: Age 60 with five or more years of service.
- b. Type: Life only, with a 50% Survivor Benefit if married.
- c. Amount: (For each year of service up to 15 years) 5% of the monthly salary authorized for the appropriate court, at the time each payment is made.

4. Early Retirement Benefit

- a. Eligibility: Age 55 or 20 or more years of service.
- b. Type: Life only, with a 50% Survivor Benefit if married.
- c. Amount: Actuarial equivalent of Normal Retirement Benefit based on service to Early Retirement Date.

5. Deferred Vested Benefit

- a. Eligibility: Five or more years of service.
- b. Type: Normal or Early Retirement Benefit.
- c. Amount: Monthly benefit begins on employee's date of retirement. Amount determined in the same manner as Normal or Early Retirement Benefit.

6. Disability Benefit

- a. Eligibility: Two or more years of service.
- b. Type: Monthly benefit payable until death or recovery.
- c. Amount: Same as Normal Retirement Benefit except payments commence immediately.

7. Death Benefit Before Retirement

If not married, accrued contributions with interest are returned. If married, an income benefit is available at death after two years of service. The benefit is 50% of the accrued Normal Retirement Benefit, but at least 30% of the authorized salary. Under certain conditions, survivor benefits are payable to minor dependents.

8. Medical Benefits

Each retiree is provided with major medical benefits.

2.2 Changes in System Participation From 6-30-88 to 6-30-90

Active Participants

Total, June 30, 1988	53
New Entrants	6
Returned From Non-Vested Status	0
Returned From Vested Status	0
Non-Vested Terminations	0
Vested Terminations	(5)
Retirements	(1)
Deaths	<u>(1)</u>
Total, June 30, 1990	52

Vested Terminations

Total, June 30, 1988	9
New Vested Terminations	5
Retirements	(2)
Returned to Active Status	0
Omitted from Previous Valuation	0
Deaths	<u>0</u>
Total, June 30, 1990	12

Retirees and Survivors

Total, June 30, 1988	34
New Retirements	3
New Survivors	0
QDRO Recipients	2
Deaths	<u>0</u>
Total, June 30, 1990	39

12

2.3 Miscellaneous Information as of June 30

	<u>1982</u>	<u>1984</u>	<u>1986</u>	<u>1988</u>	<u>1990</u>
Active Members					
1. Number	48	47	54	53	52
2. Average Age	46.24	47.53	46.51	47.99	43.64
3. Average Service	7.88	8.42	8.01	8.94	9.52
4. Average Annual Base Pay	\$67,893	\$71,621	\$75,245	\$75,404	\$74,880
Vested Terminated Members					
1. Number	7	9	9	9	12
2. Average Age	41.91	46.39	47.58	47.98	48.18
3. Average Service	8.98	9.01	7.91	6.72	8.05
4. Average Monthly Benefit	\$ 2,389	\$ 2,350	\$ 2,137	\$ 2,001	\$ 2,446
Retirees and Beneficiaries					
1. Number	24	27	30	34	39
2. Average Age	64.92	65.80	67.11	67.53	68.21
3. Average Monthly Benefit	\$ 2,862	\$ 3,069	\$ 3,173	\$ 3,154	\$ 2,964

2.4 Distributions of Active Participants

ANNUAL EARNINGS BY AGE

ANNUAL EARNINGS BY SERVICE

<u>AGE GROUPS</u>	<u>NUMBER OF PEOPLE</u>	<u>TOTAL PROJECTED EARNINGS</u>	<u>AVERAGE PROJECTED EARNINGS</u>	<u>YEARS OF SERVICE</u>	<u>NUMBER OF PEOPLE</u>	<u>TOTAL PROJECTED EARNINGS</u>	<u>AVERAGE PROJECTED EARNINGS</u>
0 -19	0	0	0	0	3	221,424	12,081
20 -24	1	77,304	77,304	1	3	221,424	27,510
25 -29	0	0	0	2	1	66,816	30,708
30 -34	0	365,544	0	3	2	154,608	32,467
35 -39	5	776,928	73,109	4	1	77,304	35,155
40 -44	11	901,560	70,630	0 -4	10	741,576	30,773
45 -49	12	859,392	75,130	5 -9	23	1,684,224	37,433
50 -54	11	539,064	78,127	10 -14	10	782,088	42,467
55 -59	7	296,664	77,009	15 -19	7	533,328	54,884
60 -64	4	77,304	74,166	20 -24	1	66,816	48,022
65 -69	1	0	77,304	25 -29	0	0	63,242
70 -74	0	0	0	30 -34	1	85,728	77,582
75 -79	0	0	0	35 -39	0	0	64,558
80+	0	0	0	40+	0	0	0
TOTAL	52	\$3,893,760	\$74,880	TOTAL	52	\$3,893,760	\$74,880

YEARS OF SERVICE BY AGE

YEARS OF SERVICE

<u>AGE</u>	<u>0-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30-34</u>	<u>35-39</u>	<u>40+</u>	<u>TOTAL</u>
0 -19	0	0	0	0	0	0	0	0	0	0
20 -24	1	0	0	0	0	0	0	0	0	1
25 -29	0	0	0	0	0	0	0	0	0	0
30 -34	0	0	0	0	0	0	0	0	0	0
35 -39	4	1	0	0	0	0	0	0	0	5
40 -44	2	8	1	0	0	0	0	0	0	11
45 -49	3	6	3	0	0	0	0	0	0	12
50 -54	0	4	4	3	0	0	0	0	0	11
55 -59	0	3	1	2	1	0	0	0	0	7
60 -64	0	1	0	2	0	0	1	0	0	4
65 -69	0	0	1	0	0	0	0	0	0	1
70 -74	0	0	0	0	0	0	0	0	0	0
75 -79	0	0	0	0	0	0	0	0	0	0
80+	0	0	0	0	0	0	0	0	0	0
TOTAL	10	23	10	7	1	0	1	0	0	52

2.5 Actuarial Basis

Valuation of Liabilities

- A. **Actuarial Method - Projected Unit Credit.** Liabilities and contributions shown in the report are computed using the Projected Unit Credit method of funding. The unfunded accrued benefit liability is amortized over 25 years. Actuarial funding surpluses are amortized over five years.

The objective under this method is to fund each participant's benefits under the plan as they accrue. Thus, each participant's total pension projected to retirement with salary scale is broken down into units, each associated with a year of past or future service. The principle underlying the method is that each unit is funded in the year for which it is credited. Typically, when the method is introduced there will be an initial liability for benefits credited for service prior to that date, and to the extent that this liability is not covered by Assets of the Plan there is an Unfunded Liability to be funded over a chosen period in accordance with an amortization schedule.

An Accrued Liability is calculated at the valuation date as the present value of benefits credited with respect to service to that date.

The Unfunded Liability at the valuation date is the excess of the Accrued Liability over the Assets of the Plan. The level annual payment to be made over a stipulated number of years to amortize the Unfunded Liability is the Past Service Cost.

The Normal Cost is the present value of those benefits which are expected to be credited with respect to service during the year beginning on the valuation date.

Under this method, differences between the actual experience and that assumed in the determination of costs and liabilities will emerge as adjustments in the Unfunded Liability, subject to amortization.

B. **Actuarial Assumptions -**

- | | |
|--------------------------|--|
| 1. Interest | 9% per year, compounded annually, net of expenses. |
| 2. Mortality | 1984 Unisex Pension Mortality Table. |
| 3. Salary Scale | 6% per year, compounded annually. |
| 4. Health Cost Inflation | 9% per year. |

5. Turnover and Early Retirement Annual turnover and early retirement at each age and service is the greatest of the following amounts:
- a. 0%
 - b. 3% if service is greater than 15 years.
 - c. 6% if vested and immediately eligible for full benefits based on retirement provision.
 - d. 10% if vested and age is greater than 64.
6. Disability In accordance with Table 1.
7. Maximum Retirement Age Age 70.

Valuation of Assets

Based upon asset data as furnished by the Division of Retirement and Benefits.

Valuation of Medical Benefits

Medical benefits for retirees are provided by the payment of premiums from the fund. A pre-65 cost and lower post-65 cost (due to Medicare) are assumed such that the total rate for all retirees equals the current premium rate, increased with 9% annual inflation. The actuarial cost method used for funding retirement benefits is also used to fund health benefits.

For FY91 the pre-65 monthly premium is \$318.94 and the post-65 premium is \$121.50, based on a total blended premium of \$243.98. These rates and the pre-65/post-65 split were provided by Deloitte & Touche.

Table 1
State of Alaska
Judicial Retirement System

Disability Rates
Annual Rates Per 1,000 Employees

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
20	.17	45	.41
21	.17	46	.44
22	.18	47	.48
23	.18	48	.52
24	.18	49	.56
25	.19	50	.60
26	.19	51	.65
27	.19	52	.72
28	.20	53	.80
29	.20	54	.89
30	.21	55	1.00
31	.21	56	1.15
32	.22	57	1.34
33	.22	58	1.53
34	.23	59	1.80
35	.24	60	2.11
36	.25	61	2.44
37	.26	62	2.83
38	.27	63	3.26
39	.28	64	3.73
40	.29		
41	.30		
42	.32		
43	.34		
44	.37		



HOUSE STATE AFFAIRS COMMITTEE

DATE: FEBRUARY 10, 1994

PLACE: Capitol, Room 102

SUBJECT OF MEETING:

- HCR-29 Commend Air Force Envir Impact Statement
- HB-395 Court Administrative Director in PERS
- HB-411 Art in Public Places
- HCR-30 Twenty-Sixth Annual Girls State

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
Joan Cahill	Alaska Heritage Foundation	1115 SCOTT KATELAKA, JUNEAU AK 99801		789-2927	556-9262	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	HB 411
BOB STALNAKER	RETIREMENT BENEFITS				465-4471	IF NEEDED <input type="checkbox"/> Y <input type="checkbox"/> N	HB 395
						<input type="checkbox"/> Y <input type="checkbox"/> N	
						<input type="checkbox"/> Y <input type="checkbox"/> N	
						<input type="checkbox"/> Y <input type="checkbox"/> N	
						<input type="checkbox"/> Y <input type="checkbox"/> N	
						<input type="checkbox"/> Y <input type="checkbox"/> N	
						<input type="checkbox"/> Y <input type="checkbox"/> N	
						<input type="checkbox"/> Y <input type="checkbox"/> N	
						<input type="checkbox"/> Y <input type="checkbox"/> N	

HB

397

TO WHOM IT MAY CONCERN:

THE UNDERSIGNED REGISTERED VOTERS OF WHITTIER, ALASKA DO NOT WISH FOR HOUSE BILL 397 TO BECOME LAW. IF YOU HAVE ANY QUESTIONS REGARDING THIS PETITION PLEASE CONTACT BABS REYNOLDS AT PHONE

APR 22 1994 NUMBER 472-2374 OR BY WRITING TO BOX # 665 , WHITTIER, ALASKA 99693

NAME (PRINTED)	NAME (WRITTEN)	ADDRESS & MAILING ADDRESS	PHONE	DATE
SORCPT N HALL	Sorcpn Hall	# BOX 765 WHITTIER AK 99693 W.M.C.H. BAY 3 - 9 - 8	1VH	4/13/94
BARBARA REYNOLDS	Barbara Reynolds	W.M.C.H. BAY 3 - 9 - 8 BOX 665 WHITTIER ALASKA	472-2374	4/12-94
BRENDA TOMAN	Brenda Tolman	W.M.C.H. BAY 5 #12 #74 Whittier AK	472-2501	4-12-94
Douglas W. Latta	Douglas W. Latta	W.M.C.H. BAY 9 #10 Box 738	472-2535	4-12-94
JANICE M Latta	Janice M Latta	W.M.C.H. BAY 9 #10 P.O. Box 738	472-2535	4-12-94
William R. Coumbe	William R. Coumbe	B.T.I. Condo #412 P.O. Box 727	---	4-12-94
THOMAS R CONSTANTINO	T.R. Constantino	B.T.I. #502 P.O. BOX 641	---	4-12-94
GARY W. CARR	Gary W. Carr	B.T.I. #1512 P.O. BOX 767	472-2377	4-12-94
ESPERANZA KETCHERSIDE	Esperanza Ketcherside	B.T.I. #801 P.O. Box 654	472-2321	4-12-94
William L. KETCHERSIDE	William L. Ketcherside	B.T.I. #801 P.O. Box 654	472-2321	4-12-94
PATRICIA COUMBE	Patricia Coumbe	B.T.I. #1101 P.O. Box 797	---	4-12-94
Philip A Schoston	Philip A Schoston	P.O. Box 656 Whittier AK 99693 Whittier Manor Bay 3 Apt 1	472-2341	4-12-94
Kathryn J. Heflin	Kathryn J. Heflin	P.O. Box 703 Whittier AK 99693 Beagle Towers Apt 504	472-2310	4-13-94
Charles R. Hutchinson Jr	Charles R. Hutchinson Jr	P.O. BOX 691 Whittier, AK 99693 Beagle Towers 505	472-2310	4/13/94
Gary L. Lewis	Gary L. Lewis	Whittier Manor Whittier AK 99693	472-2443	4/13/94
Melody Scharf	Melody Scharf	P.O. Box 774 Whittier AK 99693	472-2479	4/13/94
FREDERICK E. WALTHAM II	Frederick E. Waltham II	P.O. BOX 774 WHITTIER AK 99693	472-2479	4/13/94
Lee Ann Turner	Lee Ann Turner	Box 757 - Whittier AK 99693	472-2357	4/13/94
Wallace Turner	Wallace Turner	Box 757 - Whittier AK 99693	472-2357	4/13/94
CHRIS A OVERBECK	Chris A Overbeck	Box 781 WHITTIER AK 99693	472-2302	4/13/94
Patti R. Overbeck	Patti R. Overbeck	Box 781 Whittier AK 99693	472-2302	4/13/94
WALTER KROL	Walter S. Krol	Box-705 WHITTIER AK 99693	472-2368	4/13/94
MADLINE KROL	Madeline M Krol	Box-705 Whittier, AK 99693	472-2368	4/13/94

TO WHOM IT MAY CONCERN:

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NAME (PRINTED)	NAME (WRITTEN)	ADDRESS & MAILING ADDRESS	PHONE	DATE
EDWARD G. WIENER	Edward G. Wiener	E-ST WHITTIER HARBOR P.O. 678 Whittier AK 99693	472-2477	4-11-94
Dina R. Knight	IRMA R. KNIGHT	Apt 678 Whittier Manor P.O. Box 688 Whittier AK 99693	472-2352	4-12-94
Charles R. Hutchinson	Charles R. Hutchinson	Apt 505 BTI P.O. Box 691 Whittier AK 99693	472-2310	4-12-94
Helen Akers	Helen Akers	Apt 201 BTI P.O. Box 787 Whittier AK 99693	—	4-12-94
Carol Jill	Carol E. Jill	Box 682 Whittier Manor Box 682 Whittier AK 99693	—	4-12-94
Timothy M. Farnode	Timothy M. Farnode	Whittier Manor Apt 79 Whittier AK 99693	472-2339	4-12-94
Jeremy D. Lancaster	Jeremy D. Lancaster	P.O. Box 756 Whittier AK 99693	472-2374 ext 128	4-12-94
Daniel S. Blair	Dan Blair	Whittier small Boat Harbor P.O. Box 706	—	4-12-94
COY J CULLUM	Coy Cullum	PO BOX 683 Whittier AK 99693	472-2329	4-13-94
Larry Roberts	Larry Roberts	Apt 604 Birch Towers P.O. Box 755 Whittier AK 99693	472-2429	4-13-1994
DENNIS P. HURK HANSON	Dennis P. Hutchinson	Apt 505 BTI P.O. Box 691 Whittier AK 99693	472-2310	4/13/94
Lincoln Lancaster	Lincoln Lancaster	Apt 110 BTI P.O. Box 651 Whittier AK 99693	—	4/15/94

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NAME (PRINTED)	NAME (WRITTEN)	ADDRESS & MAILING ADDRESS	PHONE	DATE
CHOU J SHEN	Chou J. Shen	P.O. 750 Whittier AK	472-2354	4/12/94
MATTHEW A. SAJEN	Matthew A. Sajen	P.O. Box 789 Whittier AK 99693	472-2412	4-12-94
MIKE FAENANIE	Mike Faenanie	Box 623 Whittier AK 99693	472-2444	4-12-94
Kathy Bartels	Kathy Bartels	Box 681 Whittier AK 99693	2443	4-12-94
Brian Moore	Brian Moore	P.O. Box 657 Whittier AK 99693	2354	4-12-94
Jeanne Moore	Jeanne Moore	P.O. Box 657 Whittier AK 99693	"	"

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NAME (PRINTED)	NAME (WRITTEN)	ADDRESS & MAILING ADDRESS	PHONE	DATE
GERALD A PROTZMAN	Gerald A Protzman	Box 410	472-2319	4-12-94
KEN MILLER	Kenneth Miller	API SB BT, Box 715	472-2396	4-18-94
MARCY PATRICK	Marcy Patrick	Box 734 - Whittier 99693	472-2552	4-12-94
Freddie Sue Miller	Freddie Sue Miller	P.O. Box 613 Whittier, AK 99693	472-2410	4-12-94
JERRY OLMAN	Jerry Olman	P.O. Box 672 Whittier AK 99693	472-2477	4-12-94
MICHELLE SWARTHOUT	Michelle Swarthout	P.O. Box 732 Whittier AK 99693	472-2389	4-12-94
LAWRENCE STYRGE	Lawrence S. Styrge	P.O. Box 728 Whittier AK 99693	472-2509	4/13/94
ROBERT SPEER	Robert Speer	CEN DEL WHITTIER, AK 99693	472-2477	4/14/94
GLORIA J PROTZMAN	Gloria J Protzman	P.O. Box 669 Whittier AK 99693	472-2319	4/14/94
ROBERT L. WARDLE	Robert L. Wardle	Box 1112 P.O. Box 721 Whittier AK 99693	472-2388	4/14/94
MARITES B CASAN	Marites B Casan	P.O. Box 725 Whittier AK 99693	472-2388	4/14/94
DONALD VAN BUREN	Donald Van Buren	P.O. Box 650 WHITTIER AK 99693	472-2565	4-14-94
NANCY J. DAVIDSON	Nancy J. Davidson	Box 656 WHITTIER, AK 99693	472-2416	4-14-94
JOSEPH S. GRAY, JR	Joseph S. Gray, Jr	Box 613 WHITTIER, AK 99693		4-14-94
BARBARA L. LAMB	Barbara L. Lamb	P.O. Box 725 Whittier AK 99693	472-2388	4-14-94
TAMMY J. MORGAN	Tammy J. Morgan	P.O. Box 791 Whittier AK 99693	472-2388	4-14-94
LARRY DEAN	Larry Dean	Box 701 Whittier AK 99693		4-14-94
CYNTHIA K. LINDSEY PELLIC	Cynthia K. Lindsey Pellie	P.O. Box 716 Whittier, AK 99693	472-2313	4-15-94

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NAME (PRINTED)	NAME (WRITTEN)	ADDRESS & MAILING ADDRESS	PHONE	DATE
TERRY J. BECKER	Terry J. Becker	#1114 BTI Box 127 Whittier, AK 99693	472-2353	4/13/94
ROBERT V. BECKER	Robert V. Becker	#506 P.O. Box 771 Whittier, AK 99692	472-2353	4/13/94
Janet L. Sayer	Janet Sayer	#702 BTI Box 1045 Whittier, AK 99693	472-2419	4/13/94
Jason Hall	Jason Hall	#702 BTI Box 1045 Whittier, AK 99693	472-2419	4-14-94
Mary F. Cullum	Mary F. Cullum	501 BTI Box 683 Whittier, AK 99693	472-2379	4-14-94
HANNAH L. SWANSON	Hannah L. Swanson	810 BTI Box 633 Whittier, AK 99693	472-2393	4-14-94
LINDA D. SAYEN	Linda D. Sayer	811 BTI P.O. Box 789 Whittier, AK 99693	472-2412	4-14-94
DANIEL J. SAYEN	Daniel Sayer	702 BTI P.O. Box 1045 Whittier, AK 99693	472-2419	4-14-94
Charlene Ann Harrison	Charlene Ann Harrison	P.O. Box 778	472-2441	4-15-94
MICHAEL W. DAVIDSON	Michael W. Davidson	P.O. Box 686 Whittier, AK 99693	472-2416	4-15-94

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NAME (PRINTED)	NAME (WRITTEN)	ADDRESS & MAILING ADDRESS	PHONE	DATE
William A. Lopez	William A. Lopez	Box 663 Whittier, AK 99693	472-2366	04-13-94
Lita S. Lopez	Lita S. Lopez	Box 644 Whittier, AK 99693	472-2366	04-13-94
EDWARD J. LONG	Edward J. Long	P.O. Box 663 ANCHOR ANNEX #20	472-2423	4/14/94

HB

400

HOUSE COMMITTEE REPORT

3-4-94

(7)

Date Referred: January 26, 1994

FURTHER REFERRALS:

Finance

Date of Committee Action: 3/3/94

The STATE AFFAIRS Committee considered:

HB 400

HOUSE BILL NO. 400

PFD ADMINISTRATIVE PROCEEDINGS

"An Act relating to administrative proceedings involving a determination of eligibility for a permanent fund dividend or authority to claim a dividend on behalf of another."

RECOMMENDATIONS: | | the same title
 be replaced with _____ | | a new title

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

ADOPTS: _____ letter of Intent

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

APPROVES PREVIOUS: _____ (Dept/Date)

fiscal impact Dept of Revenue

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Al Vezev</i> (VEZEY)	✓	<i>Sam L. Davis</i> (S. DAVIS)		✓	
<i>Ken Kott</i> (KOTT)	X	<i>Stanley Olberg</i> (OLBERG)		✓	
	(2)			(2)	
<i>Al Vezev</i>	✓	<i>Sam L. Davis</i>		✓	
<i>Ken Kott</i>	✓	<i>Stanley Olberg</i>		✓	
		<i>Franklin</i>		X	


 CHAIRMAN'S SIGNATURE

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HB 400

Revision Date: 03-04-94	Dept. Affected: Revenue
Title: PFD Administrative Proceedings	BRU: Permanent Fund Dividend
Sponsor: Rep. GREEN	Component: Permanent Fund Dividend
Requestor: House State Affairs Committee	COMPONENT SERIAL NO. 081

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES	-0-	(7.9)	(52.7)	(187.1)	(187.1)	(187.1)
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	7.5	(86.6)	(86.6)	(86.6)	(86.6)	(86.6)
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	7.5	(94.5)	(139.3)	(273.7)	(273.7)	(273.7)
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE FUND SOURCE: 1050	117.3	119.6	127.2	129.0	129.0	129.0

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other (Dividend Fund 1050)	7.5	(94.5)	(139.3)	(273.7)	(273.7)	(273.7)
TOTAL	7.5	(94.5)	(139.3)	(273.7)	(273.7)	(273.7)

POSITIONS:

FULL-TIME			(1)	(4)	(4)	(4)
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: \$ -0-

ANALYSIS:

See Pages 2 through 4, as well as the attachments.

Prepared by: <u>Thomas C. Williams</u> <i>Thomas C. Williams</i>	Phone: 465-2323
Division: <u>Permanent Fund Dividend</u>	Date: 03-04-94
Approved by Commissioner: <u><i>[Signature]</i></u>	Date: <u>3/4/94</u>
Agency: <u>Department of Revenue</u>	

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ALASKA DEPARTMENT OF REVENUE
PERMANENT FUND DIVIDEND DIVISION

ANALYSIS OF HB 400

As of March 4, 1994

Assumptions

- A. This Legislation would be effective in FY95.
- B. 55% of all appeals received involve bright line issues and 5% of all appeals received involve non-bright line issues. Bright line issues are those that are clearly definable by objective criteria, such as whether an individual was physically present in state during the two previous calendar years or met an application deadline. Non-bright line issues are those that involve issues that are more subjective, such as whether an individual demonstrated an intent to return to Alaska.
- C. The addition of a fee will mean some of those individuals whose denial involved a bright line issue as well as some of those individuals whose denial involved a non-bright line issue will not appeal.
- D. The Department would adopt regulations to:
 - 1. allow an indigent individual to be exempt from the fee and outline the specific requirements for qualifying for such an exemption;
 - 2. require payment of the fee by checks or money orders only (no cash payments);
 - 3. consider any appeal to be invalid if
 - a. the appeal was not accompanied by the fee;
 - b. an insufficient amount was submitted;
 - c. accompanied by a cash payment; or
 - d. which the check was returned for non-sufficient funds; and
 - 4. make it clear that the Department would not issue receipts over the counter;
- E. The PFD Division would continue to receive the vast majority of appeals and the associated fees in the mail. The Anchorage and Juneau Dividend Information Offices would receive and accept a relatively small number of appeals and the associated fees across the counter. The Information Offices would forward all appeals and fees to the Dividend Appeals unit for processing;
- F. The PFD Masterfile Computer System would be modified:
 - 1. adding a field to indicate whether the applicant was exempt from the fee as the result of indigence or if not exempt whether the fee actually accompanied the appeal;

ALASKA DEPARTMENT OF REVENUE
PERMANENT FUND DIVIDEND DIVISION

ANALYSIS OF HB 400

As of March 4, 1994

2. to send a redesigned computer generated appeal receipt letter not only advising the applicant that their appeal has been received, but whether a required fee in the appropriate amount was included. If the fee was not included or the amount was less than the required fee, the receipt letter would advise an applicant that the appeal would not be valid unless the Department received the additional amount within 30 days of the date of the notice. It would also advise the applicant that if they did not send in the additional amount or request in writing a return of the insufficient amount within 30 days of the date of the notice that the fee would be forfeited. If an appellant's check was returned for non-sufficient funds, the Department would send the appellant a notice advising an applicant that the appeal would be invalidated unless the Department received the additional amount within 30 days of the date of the notice.
 3. automatically refund fees when an appeal decision overturned the original denial; and
 4. produce a daily reconciliation report for fee receipts.
- G. Necessary data processing programming updates to the PFD System Masterfile would require approximately 3 weeks work at a contractual services cost estimated to not exceed \$7,500 in FY95.
- H. Additional data entry and fee processing could be accomplished by current staff, since with the adoption of the appeal fee requirement the total number of appeals received is expected to decline.
- I. See the attachments for the assumptions regarding the number of appeals to be received and the required staffing levels. If these assumptions are correct then:
1. In FY96 one PFDS II could be reallocated to a PFDS I resulting in a savings of \$7.9. In FY97 a PFDS I position could be eliminated for an additional savings of \$44.8. Starting in FY98 three more PFDS I positions could be eliminated for an additional savings of \$134.4.
 2. Starting in FY96 funding for one Formal Hearing Officer in the Commissioner's Office could be eliminated.
- J. To the extent that the number of appeals does not decline as projected, staffing levels could not be reduced as reflected. Similarly, to the extent that the number of appeals declines more than projected, staffing levels might be able to be reduced more than the amount reflected.

ALASKA DEPARTMENT OF REVENUE
PERMANENT FUND DIVIDEND DIVISION
ANALYSIS OF HB 400
As of March 4, 1994

Attachments: *Projected Revenues Resulting From HB 400*
Projected Inventory Resulting Form HB 400
FY91 - FY94 Appeals Statistics
Appeal Status Summary Report
Age of Unresolved Appeals

ALASKA DEPARTMENT OF REVENUE
 PERMANENT FUND DIVIDEND DIVISION
PROJECTED REVENUES RESULTING FROM HB 400

As of March 4, 1994

	<u>FY 94</u>		<u>FY95</u>	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
	<u>7 Mos</u>	<u>Annualized</u>						
<u>Informal Conference Appeals</u>								
Beginning Appeal Inventory	7,974	7,974						
Appeals Received without a fee	6,339	9,329	8,500	8,000	8,000	8,000	8,000	8,000
Decisions Issued	4,545	7,751						
Ending Appeal Inventory	9,768	9,522						
Bright Line Issue Appeals Received (55%)	3,486	5,136	4,675	4,400	4,400	4,400	4,400	4,400
Non-Bright Line Issue Appeals Received (45%)	2,853	4,203	3,825	3,600	3,600	3,600	3,600	3,600
Number of Bright Line Appeals with Fee			2,338	2,200	2,200	2,200	2,200	2,200
Number of Non-Bright Line Appeals with Fee			3,251	3,060	3,060	3,060	3,060	3,060
Total Appeals with Fee			5,589	5,260	5,260	5,260	5,260	5,260
Amount Collected			\$139,725	\$131,500	\$131,500	\$131,500	\$131,500	\$131,500
Projected Overturn Rate	35%	30%	20%	15%	10%	10%	10%	10%
Amount Refunded			\$27,950	\$17,275	\$9,875	\$8,225	\$8,225	\$8,225
Amount Retained			\$111,775	\$114,225	\$121,625	\$123,275	\$123,275	\$123,275
<u>Formal Hearing Appeals</u>								
Projected Appeal Rate		16%	10%	10%	10%	10%	10%	10%
Beginning Appeal Inventory	978	978						
Appeals Received	749	1,284	447	421	421	421	421	421
Decisions Issued	698	1,197						
Ending Appeal Inventory	1,029	1,065						
Non-Bright Line Issue Appeals Received (45%)	337	578	201	189	189	189	189	189
Bright Line Issue Appeals Received (55%)	412	706	246	231	231	231	231	231
Number of Non-Bright Line Appeals with Fee			171	161	161	161	161	161
Number of Bright Line Appeals with Fee			123	116	116	116	116	116
Total Appeals with Fee			294	277	277	277	277	277
Amount Collected			\$7,350	\$6,925	\$6,925	\$6,925	\$6,925	\$6,925
Projected Overturn Rate	11%	8%	5%	5%	5%	5%	5%	5%
Amount Refunded (10% for FY95)			\$900	\$800	\$675	\$575	\$575	\$575
Amount of Related Informal Conference Fee Refunded			\$900	\$800	\$675	\$575	\$575	\$575
Amount Retained at Formal			\$6,450	\$6,125	\$6,250	\$6,350	\$6,350	\$6,350
Not Retained			\$ 17,325	\$119,550	\$127,200	\$129,050	\$129,050	\$129,050

ALASKA DEPARTMENT OF REVENUE
 PERMANENT FUND DIVIDEND DIVISION
PROJECTED INVENTORY RESULTING FROM HB 400

As of March 4, 1994

	<u>FY94(A)</u>	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
<u>Informal Conference Appeals</u>							
Beginning Appeal Inventory	9,768	9,522	7,111	3,371	631	891	1,151
Total New Appeals	3,000	5,589	5,260	5,260	5,260	5,260	5,260
Total Resolutions	<u>(3,246)</u>	<u>(8,000)</u>	<u>(9,000)</u>	<u>(8,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>
Ending Inventory	<u>9,522</u>	<u>7,111</u>	<u>3,371</u>	<u>631</u>	<u>891</u>	<u>1,151</u>	<u>1,411</u>
<u>Formal Hearing Appeals</u>							
Beginning Appeal Inventory	978	1,014	261	82	0	0	0
Total New Appeals	535	447	421	421	421	421	421
Total Resolutions	<u>(499)</u>	<u>(1,200)</u>	<u>(600)</u>	<u>(503)</u>	<u>(421)</u>	<u>(421)</u>	<u>(421)</u>
Ending Inventory	<u>1,014</u>	<u>261</u>	<u>82</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Staffing Levels</u>							
Permanent Fund Dividend Division							
Informal Conference Staff	6	6	7	6	3	3	3
Formal Hearing Staff	2	2	1	1	1	1	1
Total Permanent Fund Dividend Division Staff	8	8	8	7	4	4	4
Commissioner's Office Formal Hearing Staff funded by PFD Division	2	2	1	1	1	1	1

(A) Beginning Inventory for FY94 is as of February 1, 1994

ALASKA DEPARTMENT OF REVENUE
 PERMANENT FUND DIVIDEND DIVISION
FY91 - FY94 APPEAL STATISTICS
 Through February 1, 1994

	<u>FY 94</u>	<u>FY 93</u>	<u>FY 92</u>	<u>FY 91</u>
<u>Informal Conference Appeals</u>				
Decisions Issued	4,545	9,337	4,912	4,625
Denials Overturned	1,598	2,309	1,859	1,378
Overturn Rate	35%	25%	38%	30%
Ending Appeal Inventory	9,768	7,974	7,679	5,167
Age of Oldest Appeal in Inventory in Months	29	20	19	15
<u>Formal Hearing Appeals</u>				
Decisions Issued	698	1,031	712	433
Denials Overturned	74	51	128	61
Overturn Rate	11%	5%	18%	14%
Ending Appeal Inventory	1,029	978	334	610
Age of Oldest Appeal in Inventory in Months	15	7	12	8

Notes

The relatively high informal conference overturn rate for the first seven months of FY94 is the result of:

1. applicants incorrectly answering questions on the revised 1993 Adult Supplemental Schedule, such as those pertaining to motor vehicle exemptions and out-of-state employment;
2. a question on the revised 1993 Adult Supplemental Schedule regarding fish and game licenses which needed to be more specific (this has been corrected on the 1994 Adult Supplemental Schedule);
3. a refinement of the working out-of-state policy which allowed a number of previously issued denials to be overturned; and
4. the PFD Division's efforts to resolve obvious errors as quickly as possible, artificially inflating the overturn rate during the first half of the fiscal year.

The 15 month old formal hearing appeal in FY94 relates to an appeal placed on hold pending the decision of the Superior Court in a related case.

ALASKA DEPARTMENT OF REVENUE
PERMANENT FUND DIVIDEND PROGRAM
APPEAL STATUS SUMMARY
(A-1) RPFEN250

APPLICATION YEAR

APPEAL STATUS	TOTAL	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982
I INFORMAL	9,768	5,590	3,185	569	250	105	43	22	3	1	0	0	0
P PENDING AT INFORMAL	0	0	0	0	0	0	0	0	0	0	0	0	0
4 FORMAL	312	29	56	109	51	36	15	10	3	1	1	0	1
II FORMAL HEARING HELD	495	7	102	191	104	43	17	13	9	2	2	2	3
II MOTION TO DISMISS	219	16	50	54	36	28	8	6	5	4	4	4	4
R RECONSIDERATION	0	0	0	0	0	0	0	0	0	0	0	0	0
7 SUPERIOR COURT	94	0	5	12	19	22	10	7	7	6	3	1	2
S SUPREME COURT	1	0	0	0	0	0	0	1	0	0	0	0	0
TOTAL UNRESOLVED	10,889	5,642	3,398	935	460	234	93	59	27	14	10	7	10
2 INFORMAL	11,893	734	1,120	1,059	405	213	140	349	530	318	2,063	1,991	2,000
W DEPARTMENT FORMAL WITHDRAWAL	549	3	89	127	54	33	18	26	56	17	56	35	35
5 FORMAL	298	0	16	35	46	41	15	23	10	4	43	21	44
8 SUPERIOR COURT	8	0	0	0	3	4	0	0	0	0	0	0	1
0 SUPREME COURT	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL RESOLVED WITH DENIAL OVERTURNED	12,748	737	1,225	1,221	508	291	173	398	596	339	2,962	2,047	2,251
0 LATE APPEAL	624	0	0	0	0	0	0	0	0	105	239	132	148
3 INFORMAL	20,480	560	1,495	2,986	3,334	2,055	2,065	1,048	2,553	1,296	1,740	594	754
6 FORMAL	4,326	5	313	431	636	586	669	414	440	251	225	165	191
9 SUPERIOR COURT	143	0	0	1	6	14	36	26	20	12	11	10	7
II SUPREME COURT	5	0	0	0	0	0	0	0	0	2	0	0	3
TOTAL RESOLVED WITH DENIAL UPHELD	25,578	565	1,808	3,418	3,976	2,655	2,770	1,488	3,013	1,666	2,215	901	1,103
TOTAL APPEAL	49,215	6,944	6,431	5,574	4,944	3,180	3,036	1,945	3,636	2,019	5,187	2,955	3,364
INVALID APPEAL CODES	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL RECORDS WITH APPEAL STATUS	49,215	6,944	6,431	5,574	4,944	3,180	3,036	1,945	3,636	2,019	5,187	2,955	3,364

ALASKA DEPARTMENT OF REVENUE
 PERMANENT FUND DIVIDEND PROGRAM
 AGE OF UNRESOLVED APPEALS
 (A-84) RPFEM200

AGE OF UNRESOLVED INFORMAL CONFERENCE APPEALS

INFORMAL CONFERENCE APPEALS

AGE OF APPEAL	TOTAL	1993	1992	1991	1990	1982-89
OVER 12 MONTHS	2,636	0	2,220	305	52	59
9 TO 12 MONTHS	1,109	0	737	165	136	71
6 TO 9 MONTHS	1,144	879	128	70	37	30
3 TO 6 MONTHS	1,903	1,866	20	7	3	7
LESS THAN 3 MONTHS	2,975	2,844	80	22	22	7
TOTAL UNRESOLVED INFORMAL CONFERENCE APPEALS	9,767	5,589	3,185	569	250	174

AGE OF UNRESOLVED FORMAL HEARING AND COURT APPEALS

FORMAL HEARING AND COURT APPEALS

AGE OF APPEAL	TOTAL	1993	1992	1991	1990	1982-89
OVER 12 MONTHS	19	0	5	4	4	6
9 TO 12 MONTHS	12	0	1	1	1	9
6 TO 9 MONTHS	56	0	11	11	13	21
3 TO 6 MONTHS	328	6	83	122	58	59
LESS THAN 3 MONTHS	611	46	108	216	115	126
TOTAL UNRESOLVED FORMAL HEARING AND COURT APPEALS	1,026	52	208	354	191	221

RECORDS WITH INVALID APPEAL DATES 1

ALASKA DEPARTMENT OF REVENUE
PERMANENT FUND DIVIDEND DIVISION
ANALYSIS OF HB 400
As of February 3, 1994

Assumptions

- A. This Legislation would be effective in FY95.
- B. 55% of all appeals received involve bright line issues and 45% of all appeals received involve non-bright line issues. Bright line issues are those that are clearly definable by objective criteria, such as whether an individual was physically present in state during the two previous calendar years or met an application deadline. Non-bright line issues are those that involve issues that are more subjective, such as whether an individual demonstrated an intent to return to Alaska.
- C. The addition of a fee will mean some of those individuals whose denial involved a bright line issue as well as some of those individuals whose denial involved a non-bright line issue will not appeal.
- D. The Department would adopt regulations to:
1. allow an indigent individual to be exempt from the fee and outline the specific requirements for qualifying for such an exemption;
 2. require payment of the fee by checks or money orders only (no cash payments);
 3. consider any appeal to be invalid if
 - a. the appeal was not accompanied by the fee;
 - b. an insufficient amount was submitted;
 - c. accompanied by a cash payment; or
 - d. which the check was returned for non-sufficient funds; and
 4. make it clear that the Department would not issue receipts over the counter;
- E. The PFD Division would continue to receive the vast majority of appeals and the associated fees in the mail. The Anchorage and Juneau Dividend Information Offices would receive and accept a relatively small number of appeals and the associated fees across the counter. The Information Offices would forward all appeals and fees to the Dividend Appeals unit for processing;
- F. The PFD Masterfile Computer System would be modified:
1. adding a field to indicate whether the applicant was exempt from the fee as the result of indigence or if not exempt whether the fee actually accompanied the appeal;

ALASKA DEPARTMENT OF REVENUE
PERMANENT FUND DIVIDEND DIVISION

ANALYSIS OF HB 400

As of February 3, 1994

2. to send a redesigned computer generated appeal receipt letter not only advising the applicant that their appeal has been received, but whether a required fee in the appropriate amount was included. If the fee was not included or the amount was less than the required fee, the receipt letter would advise an applicant that the appeal would not be valid unless the Department received the additional amount within 30 days of the date of the notice. It would also advise the applicant that if they did not send in the additional amount or request in writing a return of the insufficient amount within 30 days of the date of the notice that the fee would be forfeited. If an appellant's check was returned for non-sufficient funds, the Department would send the appellant a notice advising an applicant that the appeal would be invalidated unless the Department received the additional amount within 30 days of the date of the notice.
 3. automatically refund fees when an appeal decision overturned the original denial; and
 4. produce a daily reconciliation report for fee receipts.
- G. Necessary data processing programming updates to the PFD System Masterfile would require approximately 3 weeks work at a contractual services cost estimated to not exceed \$7,500 in FY95.
- H. Additional data entry and fee processing could be accomplished by current staff, since with the adoption of the appeal fee requirement the total number of appeals received is expected to decline.

Attachments: *Projected Revenues Resulting From HB 400*
FY91 - FY94 Appeals Statistics
Appeal Status Summary Report
Age of Unresolved Appeals

ALASKA DEPARTMENT OF REVENUE
 PERMANENT FUND DIVIDEND DIVISION
PROJECTED REVENUES RESULTING FROM HB 400

As of February 3, 1994

	<u>FY 94</u>		<u>FY95</u>	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
	<u>7 Mos</u>	<u>Annualized</u>						
<u>Informal Conference Appeals</u>								
Beginning Appeal Inventory	7,974	7,974						
Appeals Received	6,339	9,339	8,000	7,000	6,000	5,000	5,000	5,000
Decisions Issued	4,545	7,791						
Ending Appeal Inventory	9,768	9,522						
Bright Line Issue Appeals Received (55%)	3,486	5,136	4,400	3,850	3,300	2,750	2,750	2,750
Non-Bright Line Issue Appeals Received (45%)	2,853	4,203	3,600	3,150	2,700	2,250	2,250	2,250
Number of Bright Line Appeals with Fee			2,200	1,925	1,650	1,375	1,375	1,375
Number of Non-Bright Line Appeals with Fee			3,060	2,678	2,295	1,913	1,913	1,913
Total Appeals with Fee			3,060	4,603	3,945	3,288	3,288	3,288
Amount Collected			\$76,500	\$115,075	\$98,625	\$82,200	\$82,200	\$82,200
Projected Overturn Rate	35%	30%	20%	15%	10%	10%	10%	10%
Amount Refunded			\$15,300	\$17,275	\$9,875	\$8,225	\$8,225	\$8,225
Amount Retained			\$61,200	\$97,800	\$88,750	\$73,975	\$73,975	\$73,975
<u>Formal Hearing Appeals</u>								
Beginning Appeal Inventory	978	978						
Appeals Received	749	1,284	1,100	962	825	687	687	687
Decisions Issued	698	1,197						
Ending Appeal Inventory	1,029	1,065						
Non-Bright Line Issue Appeals Received (45%)	337	578	495	433	371	309	309	309
Bright Line Issue Appeals Received (55%)	412	706	605	529	454	378	378	378
Number of Non-Bright Line Appeals with Fee			421	368	316	263	263	263
Number of Bright Line Appeals with Fee			302	265	227	189	189	189
Total Appeals with Fee			723	633	542	452	452	452
Amount Collected			\$18,075	\$15,825	\$13,550	\$11,300	\$11,300	\$11,300
Projected Overturn Rate	11%	8%	5%	5%	5%	5%	5%	5%
Amount Refunded (10% for FY95)			\$900	\$600	\$675	\$575	\$575	\$575
Amount of Related Informal Conference Fee Refunded			\$900	\$800	\$675	\$575	\$575	\$575
Amount Retained at Formal			\$17,175	\$15,025	\$12,875	\$10,725	\$10,725	\$10,725
Net Retained			\$77,475	\$112,025	\$100,950	\$84,125	\$84,125	\$84,125

ALASKA DEPARTMENT OF REVENUE
 PERMANENT FUND DIVIDEND DIVISION
FY91 - FY94 APPEAL STATISTICS

Through February 1, 1994

	<u>FY 94</u>	<u>FY 93</u>	<u>FY 92</u>	<u>FY 91</u>
<u>Informal Conference Appeals</u>				
Decisions Issued	4,545	9,337	4,912	4,625
Denials Overturned	1,598	2,309	1,859	1,378
Overturn Rate	35%	25%	38%	30%
Ending Appeal Inventory	9,768	7,974	7,679	5,167
Age of Oldest Appeal in Inventory in Months	29	20	19	15
<u>Formal Hearing Appeals</u>				
Decisions Issued	698	1,031	712	433
Denials Overturned	74	51	128	61
Overturn Rate	11%	5%	18%	14%
Ending Appeal Inventory	1,029	978	334	610
Age of Oldest Appeal in Inventory in Months	15	7	12	8

Notes

The relatively high informal conference overturn rate for the first seven months of FY94 is the result of:

1. applicants incorrectly answering questions on the revised 1993 Adult Supplemental Schedule, such as those pertaining to motor vehicle exemptions and out-of-state employment;
2. a question on the revised 1993 Adult Supplemental Schedule regarding fish and game licenses which needed to be more specific (this has been corrected on the 1994 Adult Supplemental Schedule);
3. a refinement of the working out-of-state policy which allowed a number of previously issued denials to be overturned; and
4. the PFD Division's efforts to resolve obvious errors as quickly as possible, artificially inflating the overturn rate during the first half of the fiscal year.

The 15 month old formal hearing appeal in FY94 relates to an appeal placed on hold pending the decision of the Superior Court in a related case.

ALASKA DEPARTMENT OF REVENUE
 PERMANENT FUND DIVIDEND PROGRAM
 APPEAL STATUS SUMMARY
 (A-1) RPFEN250

APPLICATION YEAR

APPEAL STATUS	TOTAL	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982
I INFORMAL	9,768	5,590	3,185	569	250	105	43	22	3	1	0	0	0
P PENDING AT INFORMAL	0	0	0	0	0	0	0	0	0	0	0	0	0
4 FORMAL	312	29	56	109	51	36	15	10	3	1	1	0	1
H FORMAL HEARING HELD	495	7	102	191	104	43	17	13	9	2	2	2	3
M MOTION TO DISMISS	219	16	50	54	36	28	8	6	5	4	4	4	4
R RECONSIDERATION	0	0	0	0	0	0	0	0	0	0	0	0	0
7 SUPERIOR COURT	94	0	5	12	19	22	10	7	7	6	3	1	2
S SUPREME COURT	1	0	0	0	0	0	0	1	0	0	0	0	0
TOTAL UNRESOLVED	10,889	5,642	3,398	935	460	234	93	59	27	14	10	7	10
2 INFORMAL	11,893	734	1,120	1,059	405	213	140	349	530	318	2,863	1,991	2,171
W DEPARTMENT FORMAL WITHDRAWAL	549	3	89	127	54	33	18	26	56	17	56	35	35
5 FORMAL	298	0	16	35	46	41	15	23	10	4	43	21	44
8 SUPERIOR COURT	8	0	0	0	3	4	0	0	0	0	0	0	1
0 SUPREME COURT	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL RESOLVED WITH DENIAL OVERTURNED	12,748	737	1,225	1,221	508	291	173	398	596	339	2,962	2,047	2,251
0 LATE APPEAL	624	0	0	0	0	0	0	0	0	105	239	132	148
3 INFORMAL	20,480	560	1,495	2,986	3,334	2,055	2,065	1,048	2,553	1,296	1,740	594	754
6 FORMAL	4,326	5	313	431	636	586	669	414	440	251	225	165	191
9 SUPERIOR COURT	143	0	0	1	6	14	36	26	20	12	11	10	7
U SUPREME COURT	5	0	0	0	0	0	0	0	0	2	0	0	3
TOTAL RESOLVED WITH DENIAL UPHELD	25,578	565	1,808	3,418	3,976	2,655	2,770	1,488	3,013	1,666	2,215	901	1,103
TOTAL APPEAL	49,215	6,944	6,431	5,574	4,944	3,180	3,036	1,945	3,636	2,019	5,187	2,955	3,364
INVALID APPEAL CODES	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL RECORDS WITH APPEAL STATUS	49,215	6,944	6,431	5,574	4,944	3,180	3,036	1,945	3,636	2,019	5,187	2,955	3,364

ALASKA DEPARTMENT OF REVENUE
 PERMANENT FUND DIVIDEND PROGRAM
 AGE OF UNRESOLVED APPEALS
 (A-84) RPFEN200

AGE OF UNRESOLVED INFORMAL CONFERENCE APPEALS

INFORMAL CONFERENCE APPEALS

AGE OF APPEAL	TOTAL	1993	1992	1991	1990	1982-89
OVER 12 MONTHS	2,636	0	2,220	305	52	59
9 TO 12 MONTHS	1,109	0	737	165	136	71
6 TO 9 MONTHS	1,144	879	128	70	37	30
3 TO 6 MONTHS	1,903	1,866	20	7	3	7
LESS THAN 3 MONTHS	2,975	2,844	80	22	22	7
TOTAL UNRESOLVED INFORMAL CONFERENCE APPEALS	9,767	5,589	3,185	569	250	174

AGE OF UNRESOLVED FORMAL HEARING AND COURT APPEALS

FORMAL HEARING AND COURT APPEALS

AGE OF APPEAL	TOTAL	1993	1992	1991	1990	1982-89
OVER 12 MONTHS	19	0	5	4	4	6
9 TO 12 MONTHS	12	0	1	1	1	9
6 TO 9 MONTHS	56	0	11	11	13	21
3 TO 6 MONTHS	328	6	83	122	58	59
LESS THAN 3 MONTHS	611	46	108	216	115	126
TOTAL UNRESOLVED FORMAL HEARING AND COURT APPEALS	1,026	52	208	354	191	221

RECORDS WITH INVALID APPEAL DATES 1

Alaska State Legislature



STATE OF ALASKA
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600 NORTH BROADWAY
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OFFICE OF

Representative Joe Green

SPONSOR STATEMENT HB 400

LEGISLATIVE & GOVERNMENT
RELATIONS LABEL & COMMERCIAL
SERVICES

REPRINTING COMMITTEE

DESIGN & PRINTING COMMITTEE

INTERNATIONAL TRADE & PROGRAM
COMMITTEE

LEGISLATIVE SERVICES

This bill addresses a serious problem with the number of appeals filed after a person is denied a Permanent Fund Dividend, and the length of time that it takes to process those appeals. As of January 1, 1994 there were 9,579 appeals pending, the highest number since the PFD program's inception. One District 10 resident is still waiting to be heard 18 months after filing, and there is some indication that there may be people who have waited even longer for their appeals to be processed and resolved.

Processing such a large number of appeals is very costly, and the time delays are unfair to those people who have a legitimate claim. Currently there are 10 permanent, full time employees in The Permanent Fund Division and three appeals officers in the commissioners office working on processing the appeals, yet there are still almost 10,000 appeals pending, with no end in sight. Part of the problem is that it only costs a 29 cent stamp to file an appeal. Many people who are clearly unqualified protest their denial simply because they have the opportunity to do so at no cost or risk to themselves. This year's denial rate is 64% and in previous years the percentage rate of denials has been significantly higher.

HB 400 would implement a \$25 filing fee for individuals protesting the denial of their PFD application. This would be refundable if their appeal is successful, and non-refundable if the denial is not overturned. It is anticipated that implementation of a filing fee would discourage clearly unqualified individuals from appealing, thereby reducing costs which are deducted from the amount of the dividend, and making the appeal process shorter for legitimate claims.

SPONSOR STATEMENT

DIVISION OF LEGAL SERVICES
LEGISLATIVE AFFAIRS AGENCY
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Mail Stop 3101

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

MEMORANDUM

February 2, 1994

SUBJECT: Administrative proceedings involving permanent fund dividends
(HB 400)

TO: Representative Joe Green

FROM: Tamara Brandt Cook
Director *TBC*

Here is the sectional summary you requested.

Sec. 1. Adds a requirement that an individual pay a \$25 review fee to the Department of Revenue if the individual requests the department to review its decision regarding the individual's eligibility for a permanent fund dividend or authority to claim a dividend on behalf of another. If the individual prevails, either at the administrative level or on appeal, the review fee must be returned to the individual.

TBC:gc
94-078.glc