

ALASKA LEGISLATURE COMMITTEE FILES 1993-1994 8672

8164 HOUSE STATE AFFAIRS

429

WALTER J. HICKEL  
GOVERNOR



P. O. Box 110001  
Juneau, Alaska 99811-0001  
(907) 465-3500

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

March 11, 1994

*The Honorable Ramona L. Barnes  
Speaker of the House  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182*

*Dear Speaker Barnes:*

*Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to certain study, publication, and reporting requirements by and to state agencies. The bill would eliminate certain reports and amend the frequency with which other reports are required to be made. The bill also relates to certain fees for reports by and to certain state agencies.*

*The bill would streamline the administration of state government by repealing the requirement for certain reports that study has revealed are unnecessary or duplicative. Additional efficiencies can be gained by changing the mandatory reporting period for certain other reports from annual to biennial in specified situations. All of these changes are primarily designed as cost-saving or efficiency measures. None of the changes would reduce the flow of information necessary to the effective execution of governmental responsibilities or the monitoring of executive branch activities by the legislature or the public.*

*Finally, some of the reports duplicate information already submitted as part of the state budget process. Savings will result through more efficient use of state personnel formerly assigned to the production of these reports.*

*This bill is good for efficient government, and I urge your consideration and support of it.*

Sincerely,

Walter J. Hickel  
Governor

TRANSMITTAL LETTER

# FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. HB 530

Revision Date: 3/24/94 Dept. Affected: Administration  
 Title: "An Act relating to certain study, publication and reporting requirements by and to state agencies;..." BRU: Information Services  
 Component: Telecommunications Services  
 Sponsor: (H) Rules by request of the Governor  
 Requestor: \_\_\_\_\_ COMPONENT SERIAL NO. 74

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CAPITAL EXPENDITURES</b>						
<b>CHANGE IN REVENUES ( )</b>						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>Total</b>	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of current year (FY94) cost: 0.0

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

Sec. 24 repeals the annual reporting requirement by the Division of Information Services to the Governor and Legislature on the current FY instructional telecommunications activities and updated long-term development plan prepared with DOE/UA/Local School. Cost savings are small and will be reallocated to the Statewide Telecommunications Planning effort.

Prepared by: John Valensi, Director Phone: 465-2220  
 Division: Personnel/OEEG Date: \_\_\_\_\_  
 Approved by Commissioner: Nancy Bear Userá Date: 3/24/94  
 Agency: Administration

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# FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. HB 530

Revision Date: 3/24/94 Dept. Affected: Administration  
 Title: "An Act relating to certain study, publication and reporting requirements by and to state agencies..." HRU: Personnel/OEEO  
 Sponsor: (H) Rules by request of the Governor Component: Personnel/OEEO  
 Requestor: \_\_\_\_\_ COMPONENT SERIAL NO. 56

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of current year (FY94) cost: 0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page in necessary)

Sec. 14 repeals the annual reporting requirement by the Director of the Division of Personnel to the Legislature on nonpermanant and emergency hire practices in state government. Cost savings are small and will be reallocated to other backlogged work in the division.

Prepared by: Kevin Ritchie Director Phone: 465-4429  
 Division: Personnel/OEEO Date: \_\_\_\_\_  
 Approved by Commissioner: B Nancy Bear Usura Date: 3/24/94  
 Agency: Administration

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Sec. No.	Statutory Reference	Agency	Summary	Cost
1	05.05.030(a)	DCED	Amends the annual reporting requirement by the Athletic Commission to the Governor on semi-professional and professional athletic programs of the state and report including recommendations for the advancement and improvement of athletic programs in the state to a biennial report.	
2	10.06.955(a)	DCED	Amends this section to reflect the repeal of AS 10.06.160.	
3	14.36.010(b)(4)	DOE	Amends the annual reporting requirement by Department of Education to the Legislature on the community school programs evaluated in the preceding year to a biennial report.	\$500 printing + 3 days staff time
4	14.40.190	University of Alaska	Amends the annual reporting requirement by Board of Regents to the legislature on the condition of University property, of all receipts and expenditures, including the administration and disposition of appropriated and restricted funds, and of educational and other work performed.	Existing staff time
5	15.13.040(f)	DOA	Amends this section to reflect the repeal of 15.13.110(d).	
6	15.13.125	DOA	Amends this section to reflect the repeal of AS 15.13.110(d).	
7	16.05.130(b)	ADF&G	Amends the annual reporting requirement by the Waterfowl Tag Fee Account within the Fish and Game Fund to the public and the Legislature on the use of money derived from waterfowl conservation tags and limited edition prints to a biennial report.	N/A
8	16.05.825(c)	ADF&G	Repeals the annual reporting requirement by the Upland Game Bird Release Program to the Legislature on the results of tagging game birds released and compilation of harvest statistics.	N/A
9	18.65.260(a)	DPS	Repeals the annual reporting requirement by the Police Standards Council to the Department of Public Safety on donations received.	N/A
10	18.67.170	DPS	Amends the annual reporting requirement by the Violent Crime Compensation Board to Governor and Legislature on its activities including a brief description of the facts of each case and amount compensated to a biennial report.	\$400 printing
11	24.45.031(a)(4)	DOA	Amends the annual reporting requirement by APOC to the Governor, Legislature and public on the regulation of lobbying to a biennial report.	Existing staff time
12	26.10.010	DM&VA	Repeals the annual reporting requirement by the Department of Military and Veteran's Affairs to the Governor on its activities relating to veterans services for the preceding year.	N/A
13	37.05.210	DOA	Amends the reporting requirement by the Department of Administration, Division of Finance to the Governor and Legislative Auditor of the financial transactions of the preceding fiscal year from October 16 to December 16.	
14	39.25.195(h)	DOA	Repeals the annual reporting requirement by the Director of Personnel to the Legislature on nonpermanent and emergency hire practices in state government.	\$1,900 Printing \$400 + staff time 40-60 hours, \$1,500

# **CORRECTION**

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

Sec. No.	Statutory Reference	Agency	Summary	Cost
1	05.05.030(a)	DCED	Amends the annual reporting requirement by the Athletic Commission to the Governor on semi-professional and professional athletic programs of the state and report including recommendations for the advancement and improvement of athletic programs in the state to a biennial report.	
2	10.06.955(a)	DCED	Amends this section to reflect the repeal of AS 10.06.160.	
3	14.36.010(l)(4)	DOE	Amends the annual reporting requirement by Department of Education to the Legislature on the community school programs evaluated in the preceding year to a biennial report.	\$500 printing + 3 days staff time
4	14.40.190	University of Alaska	Amends the annual reporting requirement by Board of Regents to the legislature on the condition of University property, of all receipts and expenditures, including the administration and disposition of appropriated and restricted funds, and of educational and other work performed.	Existing staff time
5	15.13.040(f)	DOA	Amends this section to reflect the repeal of 15.13.110(d).	
6	15.13.125	DOA	Amends this section to reflect the repeal of AS 15.13.110(d).	
7	16.05.130(b)	ADF&G	Amends the annual reporting requirement by the Waterfowl Tag Fee Account within the Fish and Game Fund to the public and the Legislature on the use of money derived from waterfowl conservation tags and limited edition prints to a biennial report.	N/A
8	16.05.825(c)	ADF&G	Repeals the annual reporting requirement by the Upland Game Bird Release Program to the Legislature on the results of tagging game birds released and compilation of harvest statistics.	N/A
9	18.65.260(a)	DPS	Repeals the annual reporting requirement by the Police Standards Council to the Department of Public Safety on donations received.	N/A
10	18.67.170	DPS	Amends the annual reporting requirement by the Violent Crimes Compensation Board to Governor and Legislature on its activities including a brief description of the facts of each case and amount compensated to a biennial report.	\$400 printing
11	24.45.031(a)(4)	DOA	Amends the annual reporting requirement by APOC to the Governor, Legislature and public on the regulation of lobbying to a biennial report.	Existing staff time
12	26.10.010	DM&VA	Repeals the annual reporting requirement by the Department of Military and Veteran's Affairs to the Governor on its activities relating to veterans services for the preceding year.	N/A
13	37.05.210	DOA	Amends the reporting requirement by the Department of Administration, Division of Finance to the Governor and Legislative Auditor of the financial transactions of the preceding fiscal year from October 16 to December 16.	
14	39.25.195(l)	DOA	Repeals the annual reporting requirement by the Director of Personnel to the Legislature on nonpermanent and emergency hire practices in state government.	\$1,900 Printing \$400 + staff time 40-60 hours, \$1,500

Sec. No.	Statutory Reference	Agency	Summary	Cost
15	41.15.240	DNR	Repeals the annual reporting requirement by Division of Forestry to the Governor and Legislature showing income and expenditures and the operation of the fund. Fire Suppression Fund.	N/A
16	43.20.014(c)	DOR	Repeals the annual reporting requirement by Department of Revenue to LB&A on the credits taken under the Alaska Net Income Tax Act, Income Tax Education Credit.	N/A
17	43.55.019(c)	DOR	Repeals the annual reporting requirement by Department of Revenue to LB&A on the credits taken under the Alaska Oil and Gas Properties Production Taxes, Oil or Gas Producers Education Credit.	
18	43.65.018(c)	DOR	Repeals the annual reporting requirement by Department of Revenues to LB&A on the number of credits taken under the Mining License Tax, Mining Business Education Credit	N/A
19	43.75.018(c)	DOR	Repeals the annual reporting requirement by Department of Revenue to LB&A on the number of credits taken under the Fisheries Tax, Fisheries Business Education Credit.	Existing staff time
20	44.19.035	Office of Governor	Repeals the annual reporting requirement by the Governor and Legislature documenting the harmful effects of the Act on Alaska Commerce. (Jones Act)	N/A
21	44.19.161(4)	Office of Governor	Amends the annual reporting requirement by the Alaska Coastal Policy Council to the Legislature on that portion of the Coastal Management Program approved or amended by the Council during the preceding year to a biennial report.	
22	44.19.185	Office of Governor	Amends this section to reflect the repeal of AS 44.19.188.	
23	44.19.187	Office of Governor	Amends this section to reflect the repeal of AS 44.19.188.	
24	44.21.315(c)	DOA	Repeals the annual reporting requirement by the Division of Telecommunications to the Governor and Legislature on the current FY instructional telecommunications activities and updated long-term development plan prepared with DOE/UA/Local School.	\$1,134
25	44.21.320(e)	DOA	Amend this section to reflect the repeal of AS 44.21.310(a)(2).	
26	44.42.065(a)	DOT/PF	Repeals the annual reporting requirement by Department of Transportation to the Legislature on the energy audits performed on public buildings.	N/A
27	44.42.065(b)	DOT/PF	Amends this section to reflect the repeal of AS 44.42.065(a).	
28	44.68.240	DOT/PF	Equipment Maintenance & Operation of Supply Depots. There is a working capital fund established for the use of DOT/PF. DOT/PF submit a report on the operation of the fund.	N/A
29	46.03.020(11)	DEC	Repeals the annual reporting requirement of Department of Environmental Conservation to the Legislature on permits that have been included or deleted under 46.35 (Environmental Procedures Coordination).	N/A

Sec. No.	Statutory Reference	Agency	Summary	Cost
30	46.03.032(k)	DEC	Amends the annual reporting requirement by the Alaska Clean Water Fund to the Legislature on the clean water fund.	\$900 printing < \$500, staff time
31	47.07.040	DHSS	Repeals the annual reporting requirement by the Division of Medical Assistance to the Legislature concerning the status of and recommendations for statewide program.	
32	47.37.130(d)	DHSS	Repeals the annual reporting requirement of each administrator of the facilities listed in AS 47.37.130(f) to the Director of Alcoholism and Drug Abuse of the facility activities.	Printing \$217, staff cost \$695 for 38 hrs
33	47.55.010(c)(5)	DOA	Amends the annual reporting requirement by the Division of Pioneer Benefits to the Legislature on the operation of Pioneer Homes.	N/A
34	10.06.160	DCED	Repeals the requirement for an annual list and weekly update of additions, deletions, and changes to domestic and authorized foreign corporations with the superior court of each judicial district by the Division of Banking & Securities.	Existing staff time + \$4,000 in postage and handling
	12.62.017	DPS	Repeals the annual reporting requirement by each state or municipal agency to the Governor's Commission on the Administration of Justice.	N/A
	14.42.030(a)(5)	DOE	Repeals the reporting requirement by Post Secondary Education Commission to the Legislature on recommendations necessary or desirable changes in the programs of several segments of the total complex of public and private post-secondary education in Alaska.	N/A
	15.13.110(d)	DOA	Repeals the reporting requirement that APOC must within 60 days prepare a summary of campaign supplier transactions by candidate or group. This report was originally required when the campaign disclosure law included expenditure limits as a check to insure that candidates did not exceed the statutory expenditure limits.	N/A
	18.20.100	DHSS	Repeals the annual reporting requirement by the Division of Medical Assistance on its activities and operations under 18.20.020 - 130. Regulation of Hospitals.	N/A
	19.30.233	DOT/PF	Repeals the annual reporting requirement by a local government that has received Local Service Roads & Trail money to DOT/PF/Governor showing the use of the money in the last 12 months. Also repeals the annual reporting requirement of the commissioner showing the use of the funds & the status of all projects for which DOT/PF has responsibility.	N/A
	24.20.206(5)	Legislature	Repeals this section to reflect the repeal of 37.07.020(d).	
	26.05.190(b)	DM&VA	Repeals the annual reporting requirement by the Adjutant General to the Governor of all transactions, receipts and expenditures of the office for the preceding year.	N/A
	29.60.420(a)	DCED	Repeals the annual reporting requirement by the Department of Commerce & Economic Development to the Legislature about grants made under 29.60.400. Community Facilities Grants.	N/A
	37.07.020(d)	Office of Governor	Repeals the annual reporting requirement by the Governor to the Legislature concerning the long-range fiscal and economic consequences of (1) alternate levels of capitalization of the investment funds (2) alternate investment policy for general fund surplus.	N/A

Sec. No.	Statutory Reference	Agency	Summary	Cost
	37.10.050(c)	DOR	Repeals the annual reporting requirement by Department of Revenue to the Legislature and the public to publish the amount of state money deposited in each bank or financial institution in a newspaper in each judicial district.	\$1,200 per year
	38.05.300(b)	DNR	Repeals the annual reporting requirement by the Division of Land & Water to the Legislature describing the location of all classifications of state land made under this section during the preceding year.	Included with land bank report under AS 38.04.020
	39.30.070	DOA	Repeals the annual reporting requirement by the Division of Retirement & Benefits to the Legislature on the problem of old age and survivors' insurance protection for employees of local governments and their instrumentalities and administration of 39.30.010-080 during the preceding year.	N/A
	39.50.050(d)	DOA	Repeals the annual reporting requirement by APOC to publish copies of Conflict of Interest Statements to lobbyists to facilitate the filing of their reports. Information is made available on an individual basis for lobbyists.	Existing staff time
	41.35.360	DNR	Repeals the annual reporting requirement by Alaska Historical Commission to the Governor on commission activities.	N/A
	43.05.010(5)	DOR	Repeals the annual reporting requirement by Department of Revenue to the Governor/Legislature on the agency and state laws relating to taxation and tax administration.	N/A
	43.40.010(i)	DOT/PF	Repeals the annual reporting requirement by Department of Transportation to the Legislature covering anticipated revenues and their expenditure for approval by the legislature regarding the Motor Fuel Tax/Highway Fuel Tax Account.	Existing staff time
	43.50.360	DOR	Repeals the annual reporting requirement by the Department of Revenue to the Legislature showing the amount of tobacco tax collected under the Cigarette and Tobacco Tax.	
	44.09.017(c)	DOA	Repeals the annual reporting requirement to the Legislature by the contractor for the minting and sale of medallions on the production and sale of the medallions.	Existing staff time
	44.19.144(a)(3)	Office of Governor	Repeals the annual reporting requirement by the OMB Director to the Governor on the activities of the office.	N/A
	44.19.145(d)(2)	Office of Governor	Repeals the annual reporting requirement by OMB on the long-range development program of the state and submit it for inclusion into the Governor's report to the Legislature.	N/A
	44.19.188	Office of Governor	Repeals the annual reporting requirement by the Yukon-Taiya Commission to the Governor concerning the work of the commission and legislative recommendations to Congress and the state to carry out the purposes of 44.19.181 - 188.	N/A
	44.19.504(a)(4)	Office of Governor	Repeals the annual reporting requirement by the Information Council on the activities of the council.	N/A
	44.21.310(a)(2)	DOA	Repeals the annual reporting requirement by the Division of Telecommunications to the Governor and Legislature on the activities of the agency.	\$1,134
	44.41.030	DOA	Repeals the annual reporting requirement by the Department of Public Safety to the Director of the Division of Personnel on a description and number of hours for emergency hires.	

Sec. No.	Statutory Reference	Agency	Summary	Cost
	44.82.190	DOR	Repeals the annual reporting requirement by the Alaska Gas Pipeline Financing Authority to the Governor/Legislature describing operations, income and expenditures.	
	47.07.072	DHSS	Repeals the annual reporting requirement of the Division of Medical Assistance to the Governor on the prospective payments made under this chapter during the current FY and an estimate of the payments that will be made during the remainder of the current FY and the next FY.	N/A
	47.10.300(4)	DHSS	Repeals the annual reporting requirement of Department of Health & Social Service to the Governor on programs for runaway minors in the state.	N/A
	47.25.540	DHSS	Repeals the annual reporting requirement by the Division of Public Assistance to the Governor stating the number of recipients for the preceding year.	N/R
	47.37.130(f)	DHSS	Repeals the annual reporting requirement by the Division of Alcoholism and Drug Abuse to publish a list of approved public and private treatment facilities.	
	47.45.100(4)	DOA	Repeals the annual reporting requirement by the Division of Pioneer Benefits to publish a report showing the financial condition of the Alaska Longevity Bonus fund.	N/A

# STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

P.O. BOX 110400  
JUNEAU, ALASKA 99811-0400  
TELEPHONE: (907) 465-2300  
FACSIMILE: (907) 465-2389

April 8, 1994

The Honorable Al Vezey, Chair  
House State Affairs Committee  
Alaska State Legislature  
State Capitol, Rm. 102  
Juneau, AK 99801-1182

APR 8 1994

Dear Representative Vezey:

House Bill 530 is presently under consideration in the House State Affairs Committee. Included in this bill is a provision on page 5, line 17 that would extend the due date for the State's financial statements from October 16 to December 16 of each year.

The extension will place the due date almost 6 months beyond the State's fiscal year end. The six month provision is certainly acceptable if there is a requirement that the financial statements for the State be prepared in accordance with generally accepted accounting principles and that they are audited within this time frame. A concern is that the statutes do not appear to require that the financial statements be prepared in accordance with general accepted accounting principles and be audited in accordance with generally accepted auditing standards. Enclosed is a letter from Government Finance Associates, the State's Financial Advisor, dated April 7, 1994 discussing the need for timely audited financial statements.

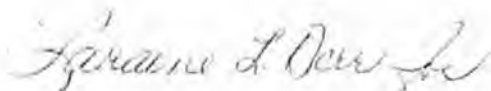
The Department of Revenue has responsibility for debt management and provides staff to the State Bond Committee. The Department works with the financial community including the national rating agencies of Moody's Investors Service and Standard & Poors, therefore we are very interested in the issue of financial reporting.

A major consideration in the discussion on financial reporting concerns sufficient funding to enable the Department of Administration to prepare timely financial statements in accordance with generally accepted accounting principles. Another consideration is the effort needed by Legislative Audit to perform a timely audit in accordance with generally accepted auditing standards.

The Honorable Al Vezey  
April 8, 1994  
Page 2

As we move forward in the State's financial future, proper financial reporting and funding to accommodate this will become very important. Enclosed is a proposed amendment to HB 530.

Sincerely,



Darrel J. Rexwinkel  
Commissioner

DJR:mll  
Enclosures

94-070

cc: Commissioner Nancy Bear Usera  
Randy Welker, Legislative Auditor

Sec. 37.05.210. FISCAL REPORTING AND STATISTICS. The Department of Administration shall

(1) Repealed

(2) file with the governor before December 31 a report of the financial transactions of the preceding fiscal year and of the financial condition of the state as of the end of that year, prepared in accordance with generally accepted accounting standards, and audited by the Division of Legislative Audit in accordance with generally accepted auditing standards, with comments and supplementary data that ~~it~~ the Department of Administration considers necessary; this report shall be printed for the information of the legislature and the public;

**Government Finance Associates, Inc.**

71 Broadway, Suite 1301  
New York, New York 10006  
(212) 809-5700  
FAX (212) 809-6317

April 7, 1994

Darrel J. Rexwinkel  
Commissioner  
Department of Revenue  
State of Alaska  
P.O. Box 110400  
Juneau, AK 99811-0400

Dear Mr. Rexwinkel:

We understand that there is legislation pending in the Alaska State Legislature that would extend the required deadline for the issuance of the State's annual financial statements to December 16th. We further understand that the proposed extension applies to the unaudited financial statements only and that the State's audited financial statements would appear each year some time later than December 16th.

The timing and quality of financial disclosure have become increasingly important with respect to state and local government finance. In particular, the Securities and Exchange Commission has recently voiced concern about financial disclosure by borrowers in the municipal securities markets. In addition, numerous industry groups have set forth proposed guidelines for the timeliness of audited financial statements. Most recently, a blue ribbon committee for the National Association of State Auditors, Comptrollers and Treasurers issued a report that stated that a significant majority of states currently require audited financial statements to be filed within six months after the fiscal year end. Freda S. Johnson, president of this firm, serves on the blue ribbon committee, which has allowed us to monitor closely the progress of these developments.

Based upon the report of the committee, the SEC issued a release on March 9, 1994, stating the following:

"The timeliness of financial information is a major factor in its usefulness. To avoid providing investors with a stale, and therefore potentially misleading, picture of financial condition and results of operations, issuers and obligors need to release their annual financial statements as soon as practical. . . The six month time period is consistent with the recommendations of NASACT's blue ribbon committee report. Unaudited financial statements should be provided when available prior to the completion of the audit."

In recent years, the State of Alaska has not issued its annual financial report, consistent with this recommended and permitted time period. Thus, should legislation be adopted by Alaska that allowed an extension or approval of more time for the issuance of financial statements, the State's practices would depart further from current trends across the country and recent regulatory and industry policy pronouncements. Moreover, the rating

**Government Finance Associates, Inc.**

agencies consider the timeliness of financial statements in their review of the State's financial management. If it appears that Alaska is taking action that reduces the timeliness of financial disclosure, the rating agencies will, in our opinion, consider this development as representing a negative aspect to the State's credit standing.

In conclusion, we believe that the proposed legislation does not reflect current trends in either practice or expectations, as the legislation, if enacted, could extend further the time that the State would issue its annual financial statements. In addition, because of the growing concerns in the municipal market regarding financial disclosure, the State of Alaska would be perceived as inadequately responding, if not countervailing improved developments in the timeliness and quality of annual financial statements. Therefore, in our opinion, we do not believe that it would be in the State's best interests to enact the proposed legislation.

If we can be of additional assistance, please do not hesitate to contact us.

Best regards,



J. Chester Johnson  
Chairman

jm

cc: Laraine L. Derr

# Washington Update

CONTACT: Cathy Spain  
Ruth Wallick

March 25, 1994

## SEC ACTS TO IMPROVE MUNICIPAL SECURITIES MARKET DISCLOSURE

### Introduction

On March 9, 1994, the Securities and Exchange Commission (SEC) met to consider and approve the release of two documents of interest to municipal securities issuers--a "Statement of the Commission Regarding Disclosure Obligations of Municipal Securities Issuers and Others" ("Interpretive Release") and "Proposed Amendments to SEC Rule 15c2-12," regarding municipal securities disclosure. In general, these documents set forth suggested disclosure practices and new requirements that are intended to improve disclosure in the municipal securities market by providing that issuers with outstanding debt will, among other things, (1) disseminate annual audited financial statements (prepared preferably in accordance with generally accepted accounting principles) and (2) send those reports to a central repository within six months after the close of their fiscal year or as soon as practical.

The Interpretive Release has an immediate impact because it provides guidance and advice to issuers and underwriters in the primary and secondary markets in meeting their obligations under the antifraud provisions of the federal securities laws. These laws have applied to municipal securities issuers since their enactment in the mid-1930s. A summary document prepared by the SEC staff states, "The interpretive release does not create any new disclosure obligations. Rather, it highlights areas that create a risk of misleading investors and suggests disclosure practices to minimize those risks." The proposed amendments to Rule 15c2-12 would not take effect until the rule is made final.

It is expected that some issuers will be advised to reexamine their disclosure practices as a result of the Interpretive Release. The Release makes it clear that issuers have a responsibility to develop a routine of ongoing disclosure to the investing market. It should be noted that the SEC Release cites the Government Finance Officers Association's (GFOA) longstanding Certificate of Achievement for Excellence in Financial Reporting program and the GFOA's Disclosure Guidelines for State and Local Government Securities, which contains recommendations regarding both primary and secondary market disclosure.

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*This Washington Update was prepared by the GFOA's Federal Liaison Center. Permission is granted to reprint this document. Information in this Update was drawn from various publications prepared by SEC staff of the Divisions of Corporation Finance and Market Regulation.*

In an October 1993 report to Congress and in subsequent Congressional testimony, the SEC had called for regulatory changes in the municipal securities market, including the imposition of corporate-style registration and periodic information reporting requirements on state and local government issuers, to achieve comprehensive reform. Responding to concerns voiced by GFOA and other organizations, SEC Chairman Arthur Levitt sought recommendations for an alternative plan from market participants within a 90-day timeframe. Those recommendations were contained in a "Joint Statement on Improvements in Municipal Securities Market Disclosure," which was presented to the SEC by the American Bankers Association's Corporate Trust Committee, American Public Power Association, Association of Local Housing Finance Agencies, Council of Infrastructure Financing Authorities, Government Finance Officers Association, National Association of Bond Lawyers, National Association of Counties, National Association of State Auditors, Comptrollers and Treasurers, National Association of State Treasurers, National Council of State Housing Agencies, National Federation of Municipal Analysts, and the Public Securities Association. GFOA took a lead role in coordinating the drafting of the Joint Statement and the SEC relied extensively on the Joint Statement.

#### Interpretive Release

The Interpretive Release reminds issuers that their disclosure documents, such as official statements, are subject to the antifraud laws that prohibit false or misleading statements of material facts, including the omission of material facts necessary to make the statements made, in light of the circumstances in which they are made, not misleading. The following definition of "materiality," taken from a United States Supreme Court decision, is provided to make this concept easier to understand:

An omitted fact is material if there is a substantial likelihood that, under all the circumstances, the omitted fact would have assumed actual significance in the deliberations of the reasonable [investor]. Put another way, there must be a substantial likelihood that the disclosure of the omitted fact would have been viewed by the reasonable investor as having significantly altered the "total mix" of information made available.

It states that, "The [disclosure] guidelines prepared by the GFOA and the [National Federation of Municipal Analysts] NFMA provide a generally comprehensive roadmap for disclosure in offering statements for municipal securities offerings." Specific areas identified that are in need of further improvement are:

- o disclosure of potential conflicts of interest and material financial and business relationships among issuers, advisers and underwriters, including those arising from political contributions;
- o disclosure of the terms and risks of municipal securities being offered;

- o disclosure of the issuer's or obligor's financial condition, results of operations and cash flows;
- o disclosure of the issuer's plans regarding the provision of information to the secondary market; and
- o timely delivery of preliminary official statements to underwriters and potential investors.

Issuers are cautioned of their potential exposure to antifraud liability in connection with public statements and reports that may be relied upon by market participants. Basic mechanisms suggested to address that potential liability in the secondary market are

- o publication of financial information, including audited financial statements and other financial and operating information, on at least an annual basis;
- o timely reporting of material events ("events disclosure") reflecting upon the creditworthiness of the issuer or the obligor and the terms of its securities, including material defaults, draws on reserves, adverse rating changes and receipt of an adverse tax opinion; and
- o submission of such information to an information repository.

The Release also reiterates the Commission's support for legislation repealing the exemption from the registration requirements of the federal securities laws for corporate obligations underlying "certain nongovernmental conduit securities."

#### Amendments to Rule 15c2-12

The proposed rule change is intended to deter fraud and manipulation in the municipal securities market. If the aggregate principal amount of a new issue is \$1.0 million or more, the underwriter may not purchase or sell the security unless he or she has determined that the issuer or its designated agent has undertaken in a written agreement or contract to provide to a nationally recognized information repository annual financial information and notices of material events. The proposed amendment also includes an exemption for issuers having less than \$10.0 million in aggregate amount of securities outstanding after an offering and that will have issued less than \$3.0 million in aggregate amount of municipal securities in the 48 months preceding the new offering. These are in addition to existing exemptions for limited placements, short-term securities, and securities with demand features.

Another provision would prohibit any broker-dealer from recommending the purchase or sale of a municipal security unless the broker-dealer has reviewed the information the



HB

531

# HOUSE COMMITTEE REPORT

(7)  
Date Referred: March 11, 1994

FURTHER REFERRALS:

Date of Committee Action: 4-7-94

The STATE AFFAIRS Committee considered:

HB 531

HOUSE BILL NO. 531

ELIMINATE SOME STATE MULTIMEMBER BODIES

"An Act relating to the existence and functions of certain multimember state bodies, including boards, councils, commissions, associations, or authorities; and providing for an effective date."

**RECOMMENDATIONS:**

be replaced with CSHB-531 (STA)  the same title  
 a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept) \_\_\_\_\_

APPROVES PREVIOUS: (Dept/Date) \_\_\_\_\_

fiscal impact LABOR, DNR, DOE, CORRECTIONS

fiscal note(s) \_\_\_\_\_

zero fiscal notes AGED, CLCA

zero fiscal note(s) \_\_\_\_\_

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

*[Signature]*  
 \_\_\_\_\_  
 CHAIRMAN'S SIGNATURE

8-GH2044J  
Lauterbach  
4/5/94

CS FOR HOUSE BILL NO. 531(STA)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
EIGHTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered:  
Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the existence and functions of certain multimember state  
2 bodies, including boards, councils, commissions, associations, or authorities; and  
3 providing for an effective date."

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

5 \* Section 1. AS 03.17.010 is amended to read:

6 Sec. 03.17.010. DUTIES OF THE DIRECTOR. The director shall [(1)]  
7 administer and enforce this chapter [, (2) ENFORCE THIS CHAPTER] and the  
8 provisions of marketing orders issued under this chapter [, AND (3) HAVE AN  
9 ACCOUNTING MADE OF THE FUNDS HELD BY THE BOARD AT LEAST  
10 ANNUALLY].

11 \* Sec. 2. AS 03.17.040(a) is amended to read:

12 (a) Subject to AS 03.17.060 and AS 44.62 ( [THE] Administrative Procedure  
13 Act) [(AS 44.62), AND WITH THE ADVICE OF THE BOARD], the director may  
14 issue, amend, or repeal marketing orders to regulate the marketing of milk in specified

1 regions of the state. A milk marketing order may be issued to

- 2 (1) establish orderly marketing of milk;
- 3 (2) provide for uniform grading and classification of milk;
- 4 (3) provide for the proper preparation of milk for market;
- 5 (4) ensure [INSURE] an adequate supply of milk;
- 6 (5) eliminate unfair competitive practices;
- 7 (6) assist producers to adjust to changing conditions;
- 8 (7) maintain incentive for the production of high quality milk under the
- 9 most sanitary conditions;
- 10 (8) conduct research and provide information for the benefit of the
- 11 producer and the consumer.

12 \* Sec. 3. AS 03.17.050(a) is amended to read:

13 (a) A marketing order may direct that

- 14 (1) a determination be made whether a surplus of milk exists and, if
- 15 so, its extent;
- 16 (2) a surplus be disposed of with a proration of the burden of any loss
- 17 among the handlers;
- 18 (3) the quantity, class, or grade of milk sold for a certain period be
- 19 limited;
- 20 (4) the quantity a producer may sell be limited, based upon the quantity
- 21 available, the quantities previously handled, or both;
- 22 (5) the quantity or grade a handler may handle during specified periods,
- 23 based upon the quantity a handler has available, or quantities previously handled, or
- 24 both;
- 25 (6) there be specified periods during which a particular grade of milk
- 26 may be distributed;
- 27 (7) a surplus pool of milk or a class or grade of milk be formed and
- 28 the milk sold, and the proceeds of sale be equitably distributed;
- 29 (8) milk be inspected, graded, and classified, or any of these;
- 30 (9) an assessment, not to exceed three percent of value, be levied on
- 31 the sale of milk to provide a fund for advertising and [,] sales promotion [, AND THE

1 EXPENSES OF THE BOARD];

2 (10) prices at which a grade, class, or quantity will be sold be posted;

3 (11) milk be labeled;

4 (12) stations be established for the receiving and weighing of milk, and  
5 the collection of assessments;

6 (13) cooperative investigations or undertakings be entered into with  
7 other state or federal agencies.

8 \* Sec. 4. AS 14.57.030(b) is amended to read:

9 (b) The committee shall meet at least once every six months and at the call  
10 of its chair [CHAIRMAN], on petition of a majority of its members, or at the call of  
11 the commissioner, or the director of the museum, at a mutually convenient time and  
12 place both for the members of the committee and for interested members of the public.

13 A meeting of the committee may be held by teleconference.

14 \* Sec. 5. AS 14.57.050(b) is amended to read:

15 (b) Artifacts, natural history specimens, art objects, collections, or other items,  
16 materials, or properties that relate to the history of Alaska and are appropriate for  
17 preservation in the state museum of a value of \$5,000 [\$1,000] or more may not be  
18 acquired by purchase, gift, or exchange, or otherwise nor may any item owned by, or  
19 in the custody of, the state museum be disposed of by sale, gift, exchange, or  
20 otherwise, without the written approval of the committee. In recommending the  
21 acquisition or disposal of an item under this subsection for the state museum, the  
22 committee shall evaluate the need for the item or collection proposed for acquisition  
23 or disposal with reference to the scope of collections of the state museums.

24 \* Sec. 6. AS 14.57.060 is amended to read:

25 Sec. 14.57.060. ADVISORY DUTIES. The committee shall act in an advisory  
26 capacity to the board as to the general acquisition and deaccession policies and  
27 programs of the state museum.

28 \* Sec. 7. AS 23.30.005(a) is amended to read:

29 (a) The Alaska Workers' Compensation Board consists of a southern panel of  
30 three members sitting for the first judicial district, a northern panel of three members  
31 sitting for the second and fourth judicial districts, three [TWO] southcentral panels of

1 three members each sitting for the third judicial district, and one panel of three  
2 members that may sit in any judicial district. Each panel must include the  
3 commissioner of labor or the designated representative of the commissioner, a  
4 representative of industry, and a representative of labor. The latter two members of  
5 each panel shall be appointed by the governor and are subject to confirmation by a  
6 majority of the members of the legislature in joint session.

7 \* Sec. 8. AS 33.16.050(c) is amended to read:

8 (c) Except as provided in (e) of this section, decisions [DECISIONS] and  
9 orders of the board require the affirmative votes of a majority of the members present.

10 \* Sec. 9. AS 33.16.050 is amended by adding a new subsection to read:

11 (e) A meeting of the board is not required for a decision or order setting  
12 special conditions of mandatory parole by a single member of the board under  
13 AS 33.16.150(b) and (e). If a prisoner or parolee who is aggrieved by the board  
14 member's decision or order applies to the full board under AS 33.16.150(e) and  
15 33.16.160 for a change in parole conditions, the board shall meet to act on the  
16 application.

17 \* Sec. 10. AS 33.16.150 is amended by adding a new subsection to read:

18 (e) The board may delegate its authority under this section to a single member  
19 of the board to issue a decision or order on behalf of the board setting special  
20 conditions of mandatory parole. A prisoner or parolee aggrieved by a decision or  
21 order of a single board member under this section may request a change in mandatory  
22 parole conditions by applying to the full board under AS 33.16.160.

23 \* Sec. 11. AS 42.40.850(c) is amended to read:

24 (c) If an impasse or deadlock still exists after the issuance of an injunction, the  
25 parties shall submit the dispute to binding arbitration. The railroad labor relations  
26 agency shall appoint an arbitrator selected by the parties by mutual consent. If  
27 the parties are unable to agree on an arbitrator, the railroad labor relations  
28 agency shall appoint an arbitrator from a list of arbitrators knowledgeable in  
29 railroad labor agreements. The arbitrator shall [BE THE SAME PERSON  
30 SELECTED UNDER AS 42.40.840 AND SHALL] fashion the award the arbitrator  
31 considers equitable.

1     \* Sec. 12. AS 03.17.020, 03.17.030, 03.17.100(l); AS 14.07.058, 14.07.059; AS 38.95.100,  
2 38.95.110, 38.95.120, 38.95.130, 38.95.140; AS 39.05.060(a)(4); AS 39.25.110(11)(A);  
3 AS 44.19.101, 44.19.102, 44.19.103, 44.19.104, 44.19.105, 44.19.123, 44.19.124, 44.19.125,  
4 44.19.126, 44.19.130, 44.19.181, 44.19.182, 44.19.183, 44.19.184, 44.19.185, 44.19.186,  
5 44.19.187, 44.19.188; AS 44.46.030, 44.46.040, 44.46.050; AS 44.47.050(a)(15); AS 44.82;  
6 and AS 44.99.010 are repealed.

7     \* Sec. 13. Sections 8 - 10 of this Act are retroactive to January 1, 1986.

8     \* Sec. 14. This Act takes effect immediately under AS 01.10.070(c).

# FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO : CSHB 531 (STA)

Revision Date: \_\_\_\_\_

Department Affected: Labor

Title: Eliminate some mutimember bodies

BRU: Worker's Compensation

Component: \_\_\_\_\_

Sponsor: House Rules by request of the Governor

Worker's Compensation

Requestor: House State Affairs

COMPONENT SERIAL NO. 344

**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						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL</b>						
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<b>REVENUE FUND SOURCE:</b>						
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**FUNDING:** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipt						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: \$ None

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

Prepared by: Paul B. Arnoldt, Director *Paul B. Arnoldt* Phone: 465-6059

Division: Worker's Compensation Date: 3/25/94

Approved by Commissioner: Charles W. Mahlen *Charles W. Mahlen*

Agency: Department of Labor Date: 3/25/94

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FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

No. 2  
Bill Version: HB 531  
(H) Publish Date: 3/11/94

Revision Date: \_\_\_\_\_ Department Affected: Commerce and Economic Development  
Title: An Act relating to certain study, publica- BRU: AIDEA  
tion, and reporting requirements Component: AIDEA  
Sponsor: \_\_\_\_\_  
Requestor: \_\_\_\_\_ COMPONENT SERIAL NO. 1234

Expenditures/Revenues:

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

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

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receiv.	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary.)

Please see attached sheet.

Prepared by: William R. Small  
Division: AIDEA

Phone: 561-8050  
Date: February 25, 1994

Approved by Commissioner: Paul Fuhs  
Agency: Commerce and Economic Development Date: \_\_\_\_\_

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FISCAL NOTE G460-AIDEA

Section 29. of the proposed legislation, impacts AIDEA, under AS 44.88.210, REPORTS AND PUBLICATIONS. The amendments under Sec.29 of the proposed legislation should not be included in a bill going to the Legislature for introduction. As the Alaska Industrial Development and Export Authority is a public corporation of the State of Alaska having outstanding and ongoing fiduciary responsibilities, the reporting requirements under AS 44.88.210, should remain as currently established. Specifically, because AIDEA is required under certain legal and financial contractual agreements such as bond covenants, and to other outside entities, such as bond rating agencies, to annually publish an audited financial statement, the Authority's statement of investments and other pertinent financial information, the proposed amendments to AS 44.88.210 are not recommended. Continuing to report on an annual basis would not provide for a fiscal impact.

STATE OF ALASKA  
 1994 LEGISLATIVE SESSION

FISCAL NOTE

Revision Date: \_\_\_\_\_ Dept. Affected: Community & Regional Affairs  
 Title: "An Act relating to the existence and functions of certain multimember state . . ." BRU: \_\_\_\_\_  
 Sponsor: \_\_\_\_\_ Component: \_\_\_\_\_  
 Requestor: Rules Committee by request of the Governor COMPONENT SERIAL NO. \_\_\_\_\_

Expenditures/Revenues: (Thousands of Dollars)

	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
<b>OPERATING</b>						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL</b>						
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<b>REVENUE FUND SOURCE:</b>						
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

POSITIONS:

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

Estimate of current (FY94) Impact \$ none

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Remond Henderson *Remond Henderson* Director Phone: 465-4708  
 Division: Administrative Services Date: 2/28/94  
 Approved by Commissioner: Edgar Blatchford *Edgar Blatchford* Date: 2-23-94  
 Agency: Community & Regional Affairs

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FISCAL NOTE

No. 3  
 Bill Version: HB 531  
 (H) Publish Date: 3/11/94

STATE OF ALASKA  
 1994 LEGISLATIVE SESSION

Revision Date: 3/9/94  
 Title: Gov's draft bill relating to the  
existence and function of certain multimember  
 Sponsor: state bodies  
 Requestor: \_\_\_\_\_

Department Affected: Commerce and Economic Development  
 BRU: \_\_\_\_\_  
 Component: \_\_\_\_\_  
 COMPONENT SERIAL NO. \_\_\_\_\_

Expenditures/Revenues:

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

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

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

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

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Karl Luck  
 Division: Director, Occupational Licensing, DCRD

Phone: 465-2500  
 Date: \_\_\_\_\_

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

Date: 3/8/94

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# FISCAL NOTE

STATE OF ALASKA  
 1994 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Dept. Affected: Corrections  
 Title: An Act relating to ... boards, BRU: Administration & Support  
councils, commissions, etc. Component: Parole Board  
 Sponsor: Rules Committee  
 Requestor: Governor COMPONENT SERIAL NO. 695

Expenditures/Revenues (Thousands of Dollars)

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

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

CHANGE IN REVENUES ( )						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY94) cost: \$ 0

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Diane Schenker, Special Assistant Phone: 65-4643/786-2147  
 Division: Office of the Commissioner Date: 2/25/94  
 Approved by Commissioner: J. Frank Prewitt, Jr. Date: 2/25/94  
 Agency: Department of Corrections

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**FISCAL NOTE - CORRECTIONS**

# FISCAL NOTE

BILL NO. \_\_\_\_\_

STATE OF ALASKA  
 1994 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
 Title: An Act relating to the existence and functions of certain multimembers bodies....  
 Sponsor: Governor Hickel  
 Requester: Governor Hickel

Department Affected: Education  
 BRU: Executive Administration  
 Component: Commissioner's Office

COMPONENT SERIAL NO. \_\_\_\_\_ 185

**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						
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE FUND SOURCE:						
----------------------	--	--	--	--	--	--

**FUNDING:**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: \$ \_\_\_\_\_

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

This legislation repeals AS 14.07.058-.059, Alaska School Activities Association. These statutes have been in a state of disuse since 1986.

Prepared by: Sheila Peterson  
 Division: Commissioner's Office

Phone: 465-2803  
 Date: February 28, 1994

Approved by Commissioner:   
 Agency: Education

Jerry Covey  
 Date: February 28, 1994

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FISCAL NOTE Education - EXEC ADM

# FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

No. 6  
Bill Version: HB 531  
(H) Publish Date: 3/11/94

BII

Revision Date: \_\_\_\_\_ Dept. Affected: Department of Education  
Title: An Act relating to the existence and functions of certain multimember bodies... BRU: Libraries, Archives & Museums  
Sponsor: Governor Hickel Component: Museum Operations  
Requestor: Governor Hickel COMPONENT SERIAL NO. 1895

Expenditures/Revenues		(Thousands of Dollars)				
	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
<b>OPERATING EXPENDITURES</b>						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>CAPITAL EXPENDITURES</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>CHANGE IN REVENUES ( )</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

FUND SOURCE		(Thousands of Dollars)				
	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Estimate of any current year (FY94) cost: \$ 0

POSITIONS		(Thousands of Dollars)				
	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
FULL-TIME						
PART-TIME						
TEMPORARY	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

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

The elimination of the Museum Collections Advisory Committee will relieve four museum staff members of about 700 hours of preparatory and meeting time. The Museum has lost 40% of its staff since FY86; it desperately needs these hours to meet basic service needs.

Prepared by: Karen P. Crane *Karen P. Crane* Phone: 465-2010  
Division: Libraries, Archives & Museums Date: 2/25/94  
Approved by Commissioner: Hubert Walker Date: 2/20/94  
Agency: Department of Education

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FISCAL NOTE DOE

# FISCAL NOTE

STATE OF ALASKA  
 1994 LEGISLATIVE SESSION

BILL

Revision Date: Original Dept Affected: Natural Resources  
 Title: "An Act relating to the existence and functions of  
certain multimember state bodies, including boards, councils,..." BRU: None  
 Sponsor: Rules Committee Component: None  
 Requestor: Governor Component Serial No. None

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CAPITAL EXPENDITURES</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CHANGE IN REVENUES ( )</b>	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY94) cost: \$ None

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

There is no anticipated fiscal impact on DNR associated with this bill.

Prepared by: Jerry Gallagher, Legislative Liaison Phone: 465-2400  
 Division: Commissioner's Office Date: 28-Feb-94  
 Approved by Commissioner: [Signature] Date: 28-Feb-94  
 Agency: Natural Resources

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FISCAL Note DNR

# FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO : HB 531

Revision Date: \_\_\_\_\_

Department Affected: Labor

Title: Eliminate some mutimember bodies

BRU: Commissioner's Office

Component: \_\_\_\_\_

Sponsor: House Rules by request of the Governor

Alaska Labor Relations Agency

Requestor: House State Affairs

COMPONENT SERIAL NO. 1200

**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						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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

REVENUE						
FUND SOURCE:						

**FUNDING:** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipt						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: \$ None

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

Prepared by: Jan Hart DeYoung, Hearing Examiner Phone: 465-2700

Division: Commissioner's Office Date: 3/22/94

Approved by Commissioner: Charles W. Mahlen

Agency: Department of Labor Date: 3/22/94

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WALTER J. HICKEL  
GOVERNOR



P. O. Box 110001  
Juneau, Alaska 99811-0001  
(907) 465-3500

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

March 21, 1994

*The Honorable Al Vezey, Chair  
House State Affairs Committee  
State Capitol  
Juneau, AK 99801-1182*

*Dear Representative Vezey:*

*This letter is to respectfully request that HB 531 be scheduled for hearing in the House State Affairs Committee. We believe this bill will bring up to date certain state statutes by eliminating entities which have been dormant, unfunded, or unnecessary for some time. It will also streamline procedures associated with specific boards.*

*This bill deletes in statute a number of entities which are no longer active or necessary. We believe it is good policy that these outdated statutes be eliminated. Proposed eliminations include the following nine entities: the Milk Control Advisory Board, the Museum Collections Advisory Committee, the Steering Council for Alaska Lands, the Rural Affairs Commission, the Governor's Commission on the Involvement of Young People in Government, the Yukon Taiya Commission, the Environmental Advisory Board, the Gas Pipeline Financing Authority, and the Alaska Manpower Services Council. Many of these have not had activity or funding for ten to twenty years.*

*The bill also relates to the powers of the Board of Parole and to the appointment of mediators in railroad labor relations cases. The bill eliminates the statutory Alaska School Activities Association as there is now a separate non-profit corporation, Alaska School Activities Association, Inc. that has a distinct and legal existence apart from state statute.*

*Enclosed is a sectional analysis for the bill. It gives a brief description and background for the proposed changes. Thank you in advance for your consideration of HB 531. I would be pleased to offer testimony in support of this bill.*

*Sincerely,*

A handwritten signature in cursive script that reads "Kristie Leaf".

*Kristie Leaf  
Director of Boards and Commissions*

WALTER J. HICKEL  
GOVERNOR



P. O. Box 110001  
Juneau, Alaska 99811-0001  
(907) 465-3500

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

March 11, 1994

The Honorable Ramona L. Barnes  
Speaker of the House  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

Dear Speaker Barnes:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the existence and functions of certain multimember state bodies, including boards, councils, commissions, associations, or authorities.

The bill contains several proposals recommended by my Administration to eliminate certain multimember state bodies, including the milk advisory board, the Alaska School Activities Association, the Steering Council for Alaska Lands, the Rural Affairs Commission, the Governor's Commission on the Involvement of Young People in Government, the Yukon-Taiya Commission, and the environmental advisory board. Several of these bodies have not been funded by the legislature, have not met in a number of years, or do not have members appointed. Also, the State Museum Collections Advisory Committee is proposed for deletion as an efficiency measure. The functions of the committee to oversee collection acquisitions can be adequately handled by Department of Education staff. It is good public policy to delete references to these bodies in the statutes since they are, in essence, not functioning bodies or their duties can be absorbed by other state agencies as a cost-saving or efficiency measure.

The bill additionally clarifies the parole board's authority to delegate to a single member of the board the authority to establish special conditions of mandatory parole. This will expressly authorize the parole board to continue its longstanding past practice of not noticing and convening a full board meeting to save costs of operation of the parole system.

Finally, the bill amends the Alaska Labor Relations Agency's authority to select arbitrators in railroad labor relations cases. The bill sets out the role of the agency in designating arbitrators. This clarification should make the appointment process easier and more cost effective for the agency to administer.

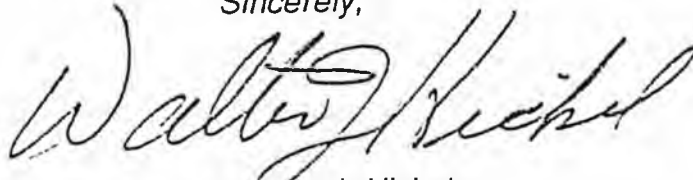
TRANSMITTAL LETTER

The Honorable Ramona Barnes  
March 11, 1994  
Page 2

*This bill represents a step forward in eliminating certain multimember state bodies as an efficiency measure or to reduce the size or costs of state government.*

*I urge your support of this important bill.*

Sincerely,

A handwritten signature in cursive script, reading "Walter J. Hickel". The signature is written in dark ink and is positioned centrally on the page, below the word "Sincerely,".

Walter J. Hickel  
Governor

## Streamlining State Government - Sectional - HB531/SB358

Section	Department	Brief Description	Notes
1 thru 3	Natural Resources	Eliminates references to the Milk Control Advisory Board within the Division of Agriculture and makes a few technical changes	Board expenses have not been funded; Board only met a few times in 25 years; Sec. 11 eliminates Board; the last meeting of this board was held in 1980
4 thru 6	Education	Eliminates references to the Museum Collections Advisory Committee and provides the commissioner of the department with the authority to approve acquisitions and dispositions of museum items	This will free staff time to provide other basic services within the museum; Sec. 11 eliminates Committee
7 thru 9	Corrections	Authorizes the Parole Board to delegate to one of its members the authority to establish special conditions of mandatory parole	Allows the board to continue its practice of not noticing and convening a full board meeting for these purposes
10	Labor	Authorizes the Department of Labor to appoint arbitrators in railroad labor relations cases	This would allow the continued use of no cost mediators from the Federal Mediation and Conciliation Service for contract negotiations
11	Natural Resources	Repeals sections 03.17.020, 03.17.030, and 03.17.100(1) to eliminate the Milk Control Advisory Board	Board expenses have not been funded; Board only met a few times in 25 years; the last meeting of this board was held in 1980
11	Education	Repeals sections 14.07.058 and 14.07.059 to eliminate the Alaska School Activities Association; eliminates the state entity that duplicates the activities of an existing non-profit corporation	The department will promulgate regulations to allow school districts to continue to contract with ASAA, Inc. (a non-profit organization) for services
11	Education	Repeals sections 14.57.020, 14.57.030, 14.57.040, 14.57.060, 14.57.070, 14.57.080, and 37.14.530(b)(2) to eliminate the Museum Collections Advisory Committee	This will free staff time for other basic services
11	Natural Resources	Repeals sections 38.95.100, 38.95.110, 38.95.120, 38.95.130, and 38.95.140 to eliminate the Steering Council for Alaska Lands	This council was established in response to federal regulations which expired in 1990
11	Governor	Repeals sections 44.19.101, 44.19.102, 44.19.103, 44.19.104 and 44.19.105 to eliminate the Rural Affairs Commission and 44.47.050(a)(15) deletes its reference under DC&RA statute	No appointments have been made to this commission since 1976

## Streamlining State Government - Sectional - HB531/SB358

Section	Department	Brief Description	Notes
11	Governor	Repeals sections 39.05.060(a)(4), 44.19.123, 44.19.124, 44.19.125, 44.19.126, and 44.19.130 to eliminate the Governor's Commission on the Involvement of Young People in Government?	No appointments have been made to this commission since 1974
11	Governor	Repeals sections 44.19.181, 44.19.182, 44.19.183, 44.19.184, 44.19.185, 44.19.186, 44.19.187, and 44.19.188 to eliminate the Yukon Taiya Commission	Last activity of this commission was noted in the 1976 Governor's Boards and Commission records
11	Environmental Conservation	Repeals sections 44.46.030, 44.46.040 and 44.46.050 to eliminate the Environmental Advisory Board	Last activity of this board was in 1980
11	Revenue	Repeals section 44.82 to eliminate the Gas Pipeline Financing Authority	Last plan for this authority was disapproved by the legislature in January 1980
11	Community & Regional Affairs	Repeals section 44.99.010 to eliminate the Alaska Manpower Services Council	This council was replaced by the Job Training Council in 1983
12	Corrections	Makes sections 7 thru 9 regarding the Parole Board retroactive to January 1, 1986.	
13		Effective dates	

## MEMORANDUM

State of Alaska  
Department of Law

TO Honorable Jerry Covey  
Commissioner  
Department of Education

DATE: January 19, 1994

FILE NO: 663-94-0078

TEL NO: 465-3603

SUBJECT ASAA and ASAA, Inc. - -

FROM:

*Janice Levy*  
Janice Gregg Levy  
Assistant Attorney General  
Human Services Section-Juneau

INTRODUCTION

You have asked our opinion regarding two organizations -- the Alaska School Activities Association (ASAA) created at AS 14.07.058, and the Alaska School Activities Association, Inc. (ASAA, Inc.), a nonprofit corporation. Specifically, you asked the following questions:

1. Is ASAA, Inc. statutorily the same entity as ASAA?
2. If ASAA, Inc. is a different entity than ASAA, is the state legally responsible for the actions of ASAA, Inc.?
3. Is the Commissioner of Education required to enforce AS 14.07.058 - 14.07.059 in light of the legislature's defunding of ASAA?
4. If ASAA, Inc. is not the same entity as ASAA, is it appropriate, in light of the potential legal liability and other unbudgeted financial commitment of the state, for the State Board to serve as the ASAA, Inc. Appeals Review Commission?

The short answers to your questions are that ASAA and ASAA, Inc. are distinct legal entities; the state should not be liable for the acts of a nonprofit corporation, but the present arrangement may make the state vulnerable to claims; the commissioner need not on his own attempt to revive ASAA; and the State Board of Education should refrain from serving as the Appeals Review Commission for ASAA, Inc.

DISCUSSION

1. Is ASAA, Inc. statutorily the same entity as ASAA?

The answer to this question is no. ASAA, Inc. is a nonprofit corporation, created by individuals, not the state. It

Honorable Jerry Covey  
Commissioner, Department of Education  
663-94-0078

January 19, 1994  
Page 2

was certified as a nonprofit corporation on April 21, 1986, in accordance with the corporate laws of Alaska, AS 10.20. In contrast, ASAA was created by the legislature in 1976 at AS 14.07.058.<sup>1</sup> Although they share similar names and were created to perform similar functions, ASAA and ASAA, Inc. are legally two distinct entities. ASAA is within state government, while ASAA, Inc. is a private, nongovernmental, nonprofit corporation.

The relationship between the two organizations is, as you indicate, an unusual one. At the time that ASAA, Inc. filed its articles of incorporation, its executive director and Board of Control were the executive secretary and Board of Control of the statutory ASAA.<sup>2</sup> Thus, at the time of the formation of ASAA, Inc., the two entities had the same functions, the same personnel, and a similar name. Additionally, ASAA, Inc. used the constitution and bylaws of ASAA. The corporation revised those documents to add "Inc." wherever "ASAA" was referenced, and added some administrative policies to what had been the ASAA handbook.<sup>3</sup> Additionally, it is possible that some member schools believed that ASAA (the statutory entity) had simply incorporated, and that it continued to be within the Department of Education. Despite the

---

<sup>1</sup> The purpose and structure of ASAA are described in statute. A board of control is to be elected from regions in the state, and, in consultation with the department, is to hire an executive secretary. AS 14.07.058(d)-(e). The department is to approve the association's constitution and bylaws to ensure equitable treatment. AS 14.07.058(g). Additionally, the legislature established a fund within the general fund to receive deposits of ASAA fees, including membership fees and activity and events fees collected by the association. AS 14.07.059.

<sup>2</sup> Tom Wagner, then Assistant Attorney General advising the department, has pointed out that there is an inherent conflict of interest in a state employee acting as head of a nonprofit corporation whose purposes are substantially the same as the statutory program he was hired to implement. See 1988 Inf. Op. Att'y Gen. at 7 (Jan. 6; 663-86-0418). See also the January 12, 1987 memorandum from Tom Wagner to Acting Attorney General Ron Lorensen.

<sup>3</sup> These changes were not approved by the Board of Education, and do not amend ASAA's constitution and bylaws. Thus, at the present time there exists a constitution and bylaws for ASAA, Inc. and a constitution and bylaws for ASAA. They are similar, but not identical.

Honorable Jerry Covey  
Commissioner, Department of Education  
663-94-0078

January 19, 1994  
Page 3

overlapping functions and players, however, ASAA and ASAA, Inc. are distinct legal entities.

2. If ASAA, Inc. is a different entity than ASAA, is the state legally responsible for the actions of ASAA, Inc.?

The state should not be liable for the actions of a nonpublic corporation. Although ASAA, Inc. performs functions that serve a public interest (as do many nonprofit corporations), it is not a public entity. The interaction between the two organizations over the last six years, however, has blurred what would otherwise be a bright line legally separating these two organizations.

The most obvious way in which the two organizations have remained intertwined is that the State Board of Education has continued to sit as the Appeals Review Commission for eligibility determinations made by ASAA, Inc.'s Board of Control. This action gives the appearance that the state remains connected to ASAA, Inc., or that ASAA, Inc. is in some way within the Department of Education. A party with a claim against the corporation may well exploit that connection in an attempt to hold the state liable for the corporation's acts. Whether the state would succeed in avoiding liability would probably depend on the nature of the claim. It is in the state's best interests to take steps to avoid exposing itself to liability for acts of a nonstate entity over which it has no control.

3. Is the Commissioner of Education required to enforce AS 14.07.058 - 14.07.059 in light of the legislature's defunding of ASAA?

In our opinion, the commissioner need not attempt to administer an association which has no members and no budget. Although ASAA continues to exist in statute, its vitality depends on the participation of member schools who join by submitting an application and paying dues. There are no current members of ASAA. Those schools who once belonged to ASAA have now become members of and pay dues to ASAA, Inc. We agree with the 1988 opinion of Tom Wagner that the legislature's defunding of the ASAA budget did not operate to repeal ASAA from statute. 1988 Inf. Op. Att'y Gen. at 6 (Jan. 6; 663-86-0418). The statutory creature continues to exist, but it is in a state of hibernation. Your question, as I understand it, is whether the department is obliged to wake it up. In our opinion, it is not.

First, the legislature's defunding of the program suggests that it understood and approved of the corporation taking

Honorable Jerry Covey  
Commissioner, Department of Education  
663-94-0078

January 19, 1994  
Page 4

over what had heretofore been a governmental function. ASAA, Inc. has governed interscholastic activities in Alaska since 1987. The Department of Education has not sought funding from the legislature for ASAA since that time. In our opinion the Department of Education is not obliged to needlessly spend time attempting to administer a program for the benefit of schools who have all joined another organization. It is unlikely that the legislature intended such a result.

Second, the language of the statute describes a whole scheme that contemplates an active membership. The only real department mandate set out in AS 14.07.058 is that the department shall make applications available to schools in the state. AS 14.07.059 requires the commissioner and the department to handle the ASAA budget in a certain manner. The department cannot carry out these duties in a vacuum. No schools have requested application or membership in ASAA, and there are no program receipts and no active association seeking a budget. The statutes do not require the department to actively solicit membership in ASAA. For these reasons, we do not believe that the department fails to perform its statutory obligations by refraining from attempting to revive ASAA. If the legislature does not approve of the manner in which interscholastic activities are governed, and desires the direct governance of those activities by the Department of Education, it is free to breathe life into ASAA by funding it again.

4. If ASAA, Inc. is not the same entity as ASAA, is it appropriate, in light of the potential legal liability and other unbudgeted financial commitment of the state, for the State Board to serve as the ASAA, Inc. Appeals Review Commission?

We believe the answer to this question is no. As described above, it is the intertwining of these distinct legal entities that exposes the state to liability for the acts of a nonstate corporation. In the past year, the Department of Education has expended significant legal fees defending in court decisions first made by a nonprofit corporation over which it exercises no control. This arrangement results in an inappropriate expense for the state, and unnecessary exposure for greater liability.

Additionally, the Board of Education simply has no statutory authority for hearing appeals from a nongovernmental corporation. That it has done so over the years may be the result of a misunderstanding by the Board of Education of an earlier attorney general opinion. Ed Nash (originally Executive Secretary

Honorable Jerry Covey  
Commissioner, Department of Education  
663-94-0078

January 19, 1994  
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for ASAA and then Executive Director for ASAA, Inc.) asked the Board of Education in 1987 if it would consider being the final appeal step in an appeal that began before ASAA, Inc. incorporated. He suggested that ASAA, Inc. and the Board of Education could consider having the Board continue in its appellate capacity, depending on the advice of the parties' counsel.

The Board of Education apparently asked its attorney whether it should continue to hear appeals. A 1988 memo from Tom Wagner stated in relevant part:

We conclude that ASAA still exists as a legal entity within the Department of Education, that its board of control is still responsible for making eligibility decisions in accordance with its bylaws approved under 4 AAC 06.111, and that the state board still acts as an appeal body under those bylaws.

1988 Inf. Op. Att'y Gen. at 1 (Jan. 6; 663-86-0418). This view, with which we agree, states that the State Board continues to sit as the appeals body for the ASAA Board of Control. This is to be distinguished from the ASAA, Inc. Board of Control. The Board of Education may have misunderstood his advice to be that it should continue to hear any appeals that came to it. The appeals have come from the ASAA, Inc. Board of Control, not the statutorily created ASAA Board of Control. Thus, in our view the Board of Education has been improperly hearing appeals from a nonstate entity's board. The procedure should not continue.

It would be appropriate to inform ASAA, Inc. and its member schools in writing that the Board of Education will no longer hear the appeals of decisions of the ASAA, Inc. Board of Control. That body may wish to set up another appeals procedure.

#### CONCLUSION

In conclusion, the concerns you raise are serious. ASAA, Inc. is not the same entity as ASAA, and the Board of Education acts beyond the scope of its statutory authority when it sits as an appeals body for the nonprofit corporation. Besides acting outside the scope of its authority, it unnecessarily entangles itself with the corporation, possibly exposing the department to liability for the acts of the corporation.

In our opinion it would be appropriate for the Board of Education to notify the corporation and its member schools that it will no longer sit as the Appeals Review Commission for the

Honorable Jerry Covey  
Commissioner, Department of Education  
663-94-0078

January 19, 1994  
Page 6

corporation. The notice should explain that the corporation is a legal entity distinct from the statutory ASAA, and that ASAA, Inc. is not within the state apparatus. Although the statutes related to the Alaska School Activities Association will continue to exist, they will simply be in disuse. The legislature may choose at some point to repeal them, or alternatively may one day revive them by funding the program and requiring membership within the statutory association.

I hope this answers the questions you raised concerning ASAA and ASAA, Inc. Please do not hesitate to contact me if I can be of further assistance.

JGL/bap

Attachments

cc: Harry Gamble

*HB 531/SB 358*

*Sections 1 through 3...Eliminates references to the Milk Control Advisory Board within the Division of Agriculture and makes a few technical changes. Board expenses have not been funded; the board only met a few times in 25 years. The last meeting of this board was held in 1980. (Sec. 11 eliminates Board)*

*Sections 4 through 6...Eliminates references to the Museum Collections Advisory Committee and provides the commissioner of the department with the authority to approve acquisitions and dispositions of museum items. (This will free staff time to provide other basic services within the museum; Sec. 11 eliminates Committee.) The current committee must approve all donations, exchanges, and dispositions of the Alaska State Museum permanent collection, and all purchases over \$1,000. The MCAC was established in 1973, as the result of an investigation and hearing on the practice of acquiring and disposing artifacts. The committee was formed as a solution to prevent any occurrences of disposing artifacts without appropriate controls. No acquisition or disposal procedures were in place to safeguard the Alaska State Museum's permanent collection. Since that time, however, the ASM has organized and developed internal controls capable of preventing any improprieties associated with the collection. The MCAC has become a redundant and very expensive committee for overseeing such a modest program. Direct and indirect costs of maintaining the MCAC is almost \$25,000 a year. The entire acquisition's budget for the State Museums is currently only \$50,000 and has varied from zero to \$50,000 over the last 6 years. DOE has a plan in place to handle MCAC responsibilities without the committee.*

*Sections 7 through 9...Authorizes the Parole Board to delegate to one of its members the authority to establish special conditions of mandatory parole. (Allows the board to continue its practice of not noticing and convening a full board meeting for these purposes.) Setting of special or supplemental conditions of parole, in mandatory parole cases, has traditionally been done by a single member, subject to the parolee's right of appeal to the full board. The changes proposed in Section 7 through 9 clarify the legality of this practice. By delegating this responsibility to one member the remaining four members are relieved of the task of reviewing approximately 500 case files each year. As a safeguard, this system of setting conditions provides the parolee with an immediate appeal to a majority of the members if the parolee objects to any of the conditions set by one member.*

*Section 10...Authorizes the Department of Labor to appoint arbitrators in railroad labor relations cases. This would allow the continued use of no cost mediators from the Federal Mediation and Conciliation Service for contract negotiations. This bill removes the provision that a mediator of a labor dispute between the railroad and a bargaining unit representative must serve as the arbitrator at a time if the parties are forced to interest arbitration. Currently the department utilizes mediators at no cost through Federal Mediation and Conciliation Services.*

*Discontinuation of this would increase the administrative costs of the Alaska Labor Relations Agency, which serves as the railroad labor relations agency, because the Alaska Labor Relations Agency would be required to arrange a mediation referral service. In addition the costs of the mediator would have to be paid by the parties to the dispute. FMCS mediators are very experienced in mediating railroad labor disputes and there is no charge for their services.*

*Section 11...Repeals certain sections in order to eliminate the Milk Control Advisory Board. (Sections 1 through 3 eliminate other references to the board and make technical changes.)*

*Section 11...Repeals sections 14.07.058 and 14.07.059 to eliminate the Alaska School Activities Association; eliminates the state entity that duplicates the activities of an existing non-profit corporation. AS 14.07.058 and AS 14.07.059 have been in disuse since 1986. Since 1986, when articles of incorporation were filed under the name of ASAA, Inc., two distinct legal entities have existed: the statutory ASAA, which fell into disuse, and ASAA, Inc., a non-profit organization which has promoted and governed interscholastic activities in the state. This section eliminates the statutory ASAA and removes the state from potential liability for ASAA, Inc. in the future.*

*Section 11...Repeals several statutes in order to eliminate the Steering Council for Alaska Lands. The council was established in response to federal regulations which expired in 1990.*

*Section 11...Repeals several statutes in order to eliminate the Rural Affairs Commission. No appointments have been made to this commission since 1976.*

*Section 11...Repeals several statutes in order to eliminate the Governor's Commission on the Involvement of Young People in Government. No appointments have been made to this commission since 1974.*

*Section 11...Repeals several statutes in order to eliminate the Yukon Taiya Commission. The last activity of this commission was noted in the 1976 Governor's Boards and Commissions records.*

*Section 11...Repeals several statutes in order to eliminate the Environmental Advisory Board. The last activity of this board was in 1980.*

*Section 11...Repeals statutes in order to eliminate the Gas Pipeline Financing Authority. The last plan for this authority was disapproved by the legislature in January 1980.*

*Section 11...Repeals statutes in order to eliminate the Alaska Manpower Services Council. This council was replaced by the Job Training Council in 1983.*

*Section 12...Makes sections 7 through 9 regarding the Parole Board retroactive to January 1, 1986.*

*Section 13...Effective dates.*

## Museums Alaska

P.O.Box 242523  
907-243-4714  
Anchorage AK 99524

MUSEUMS  
ALASKA

The Statewide  
Museum Association

To: Members of State Affairs Committee  
Alaska House of Representatives

From: Bea Shepard, Advocacy Chair  
Museums Alaska  
(Statewide Museum Association)

Re: House bill 531, Sections 4, 5, and 6, relating specifically  
to the Museum Collections Advisory Committee

Sections 4, 5, and 6 of HB 531 have the effect of eliminating the Museum Collection Advisory Committee (MCAC), and depositing the responsibilities of the committee in the hands of the commissioner and the director. Museum professionals throughout the state find this to be an unwise move for many reasons.

The functions of the Museum Collections Advisory Committee (MCAC) are mainly protective of the artifact collections in the State Museums. This is considered by many to be the most effective and inexpensive form of insurance and protection of the collections that could be obtained. Functions include evaluation of need for the item or items proposed for acquisition for the Museums, and also evaluation and determination of advisability of disposing of items in the collections in the Museums.

The MCAC includes in its membership museum professionals who are cognizant of the value and availability of museum artifacts. Since neither the Commissioner nor the director of the Division of Libraries, Museums and Archives is necessarily museum trained, it seems unwise to place them in a position of determining value, availability, and need for obtaining or disposing of museum artifacts without the advice of such a committee as the MCAC, which now exists.

Unfortunately there are documented cases of unwise deaccessioning of items from the Alaska State Museum collections prior to the formation of the MCAC committee; (these cases were quite obviously the reason for the formation of the committee in the first place). Such a committee is highly protective of the collections and a form of security for the Museum staff. (In some instances, artifacts that are unsuited to the purposes of the State Museum are offered. The MCAC in these instances can act as a buffer for the Museum staff in making the decisions of unsuitability.)

*The Statewide Museum Association*

AMENDMENT # 1

Amend AS 23.30.005 to read:

(a) The Alaska Workers' Compensation Board consists of a southern panel of three members sitting for the first judicial district, a northern panel of three members sitting for the second and fourth judicial districts, three [TWO] southcentral panels of three members each sitting for the third judicial district, and one panel of three members that may sit in any judicial district. Each panel must include the commissioner of labor or the designated representative of the commissioner, a representative of industry, and a representative of labor. The latter two members of each panel shall be appointed by the governor and are subject to confirmation by a majority of the members of the legislature in joint session.

WALTER J. HICKEL  
GOVERNOR



P. O. Box 110001  
Juneau, Alaska 99811-0001  
(907) 465-3500

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

April 8, 1994

*The Honorable Carl Moses, Chair  
House Rules Committee  
State Capitol  
Juneau, AK 99801-1182*

*Dear Representative Moses:*

*This letter is to respectfully request that CS for HB 531 (STA) be placed on the calendar for consideration by the full House. We believe this bill will bring up to date certain state statutes by eliminating entities which have been dormant, unfunded, or unnecessary for some time. It will also streamline procedures associated with specific boards which are still active.*

*This bill deletes in statute a number of entities which are no longer active or necessary. We believe it is good policy that these outdated statutes be eliminated. Proposed eliminations include the following eight entities: the Milk Control Advisory Board, the Steering Council for Alaska Lands, the Rural Affairs Commission, the Governor's Commission on the Involvement of Young People in Government, the Yukon Taiya Commission, the Environmental Advisory Board, the Gas Pipeline Financing Authority, and the Alaska Manpower Services Council. Many of these have not had activity or funding for ten to twenty years.*

*The bill also relates to the powers of the Board of Parole and to the appointment of mediators in railroad labor relations cases. The bill eliminates the statutory Alaska School Activities Association as there is now a separate non-profit corporation, Alaska School Activities Association, Inc. that has a distinct and legal existence apart from state statute. The bill also allows the Museum Collections Advisory Committee to meet by teleconference and clarifies their advisory role. It adds one 3-member Southcentral panel to the Workers' Compensation Board so that their decision and orders may be produced more timely.*

*The bill has a zero fiscal note. Enclosed is a sectional analysis, providing a description and background information for the proposed changes. Thank you in advance for your consideration of this bill.*

*Sincerely,*

A handwritten signature in cursive script that reads "Kristie Leaf".

Kristie Leaf

Director of Boards and Commissions

WALTER J. HICKEL  
GOVERNOR



P. O. Box 110001  
Juneau, Alaska 99811-0001  
(907) 465-3500

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
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A handwritten signature in cursive script that reads "Kristie Leaf".

*Kristie Leaf  
Director of Boards and Commissions*

### *CSHB 531(STA) Sectional Analysis*

*Sections 1 through 3...Eliminates references to the Milk Control Advisory Board within the Division of Agriculture and makes a few technical changes. (Board expenses have not been funded; Board only met a few times in 25 years; Sec. 11 eliminates Board; the last meeting of this board was held in 1980.)*

*Sections 4 through 6...Allows the the Museum Collections Advisory Committee to meet by teleconference; raises the dollar amount (from \$1,000 to \$5,000) on transactions which require the approval of the committee; clarifies that the role of the committee is regarding museum acquisition and deaccession policies.*

*Section 7...Adds one 3-member Southcentral panel to the Workers' Compensation Board. This makes more members available to meet (although only 3 members are needed to comprise a panel: one labor member, one industry member, and the Commissionr of Labor, so there is no fiscal impact). This will allow the Department to produce their decision and orders more timely.*

*Sections 8 through 10...Authorizes the Parole Board to delegate to one of its members the authority to establish special conditions of mandatory parole. (Allows the board to continue its practice of not noticing and convening a full board meeting for these purposes.) Setting of special or supplemental conditions of parole, in mandatory parole cases, has traditionally been done by a single membe subject to the parolee's right of appeal to the full board. The changes proposed in Section 7 through 9 clarify the legality of this practice. By delegating this responsibility to one member the remaining four members are relieved of the task of reviewing approximately 500 case files each year. As a safeguard, this system of setting conditions provides the parolee with an immediate appeal to a majority of the members if the parolee objects to any of the conditions set by one member*

*Section 11...Authorizes the Department of Labor to appoint arbitrators in railroad labor relations cases. This would allow the continued use of no cost mediators from the Federal Mediation and Conciliation Service (FMCS) for contract negotiations. This bill removes the provision that a mediator of a labor dispute between the railroad and a bargaining unit representative must serve as the arbitrator at the time the parties are forced to interest arbitration. Currently the department utilizes mediators at no costs through FMCS. FMCS has a rule that their mediators cannot be arbitrators in the same negotiations.*

*Section 12...Repeals certain sections (AS 03.17.020, 03.17.030, 03,17.100(1)) in order to eliminate the Milk Control Advisory Board. (Sections 1 through 3 eliminate other references to the board and make technical changes.)*

*Section 12...Repeals sections 14.07.058 and 14.07.059 to eliminate the Alaska School Activities Association; eliminates the state entity that duplicates the*

*activities of an existing non-profit corporation. These statutes have been in disuse since 1986. Since 1986, when articles of incorporation were filed under the name of ASAA, Inc., two distinct legal entities have existed: the statutory ASAA, which fell into disuse, and ASAA, Inc., a non-profit organization which has promoted and governed interscholastic activities in the state. This section eliminates the statutory ASAA and removes the state from potential liability for ASAA, Inc. in the future.*

*Section 12...Repeals several statutes (AS 38.95.100, 38.95.110, 38.95.120, 38.95.130, 38.95.140) in order to eliminate the Steering Council for Alaska Lands. The council was established in response to federal regulations which expired in 1990.*

*Section 12...Repeals several statutes ((AS 44.19.101, 44.19.102, 44.19.103, 44.19.104, 44.19.105, 44.47.050(a)) in order to eliminate the Rural Affairs Commission. No appointments have been made to this commission since 1976.*

*Section 12...Repeals several statutes ((AS 39.05.060(a), 44.19.123, 44.19.124, 44.19.125, 44.19.126, 44.19.130) in order to eliminate the Governor's Commission on the Involvement of Young People in Government. No appointments have been made to this commission since 1974.*

*Section 12...Repeals several statutes (AS 44.19.181, 44.19.182, 44.19.183, 44.19.184, 44.19.185, 44.19.186, 44.19.187, 44.19.188) in order to eliminate the Yukon-Taiya Commission. The last activity of this commission was noted in the 1976 Governor's Boards and Commission records.*

*Section 12...Repeals several statutes (AS 44.46.030, 44.46.040, 44.46.050) in order to eliminate the Environmental Advisory Board. The last activity of this board was in 1980.*

*Section 12...Repeals statutes (AS 44.82) in order to eliminate the Gas Pipeline Financing Authority. The last plan for this authority was disapproved by the legislature in January 1980.*

*Section 12...Repeals statutes (AS 44.99.010) in order to eliminate the Alaska Manpower Services Council. This council was replaced by the Job Training Council in 1983.*

*Section 13...Makes sections 8 through 10 regarding the Parole Board retroactive to January 1, 1986.*

*Section 14...Effective dates.*

**HB**

**533**

# HOUSE COMMITTEE REPORT

(9)  
Date Referred: March 16, 1994

FURTHER REFERRALS:

State Affairs  
Finance

Date of Committee Action: 3/22/94

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered:

HB 533

HOUSE BILL NO. 533

ALLOWABLE LOCAL EFFORT FOR SCHOOL FUNDING

"An Act increasing the amount of local contributions that may be made to a city or borough school district under the foundation formula; and providing for an effective date."

- 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 \_\_\_\_\_

fiscal note(s) \_\_\_\_\_

zero fiscal note Education

zero fiscal note(s) \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Frank L. Jam.</i>	✓	<i>[Signature]</i>		X	
<i>[Signature]</i>	✓	<i>Harold [Signature]</i>	✓		
<i>Ken Bende</i>	✓	<i>Wendy [Signature]</i>		✓	
<i>Betty Davis</i>	✓				
<i>Tom [Signature]</i>	✓				

*[Signature]*  
CHAIRMAN'S SIGNATURE

# FISCAL NOTE

STATE OF ALASKA

BILL NO. HB533

1994 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_

Department Affected: Education

Title: An act Increasing the amount of local contribution that may be made to a city or borough school district under the foundation formula; and providing for an effective date.

BRU: K-12

Component: Foundation Program

Sponsor: House Health, Education and Social Services Committee

Requester: HESS Committee

COMPONENT SERIAL NO. 141

**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	0	0	0	0	0	0
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

REVENUE FUND SOURCE:						
----------------------	--	--	--	--	--	--

**FUNDING:**

(Thousands of Dollars)

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

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

**ANALYSIS:** HB533 does not have a fiscal impact on the State. HB533 will amend AS 14.17.025(b)(2) which will increase the additional local revenue cities and boroughs are allowed to contribute for school operations, from 23% to 25% of that district's basic need. Actual local contributions are not known until the audit is complete and the year is closed out. Passage of the proposed legislation may require retroactive return of excess local dollars after the year has ended, if a district exceeds the 25% cap. Districts contributing in excess of the cap may not receive state aid.

Prepared by: Duane F. Guiley Phone: 465-2891  
 Division: School Finance Date: March 21, 1994

Approved by Commissioner: Jerry Covey  
 Agency: Education Date: March 21, 1994

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# HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES

STATE CAPITOL, JUNEAU 99801  
(907) 465-3759



## SPONSOR STATEMENT

**HB 533 An Act increasing the amount of local contributions that may be made to a city or borough school district under the foundation formula.**

The amount of money which may be appropriated to a school district to operate is limited by state and federal law. This limit or cap is designed to ensure relative parity among school districts and their educational programs across the state. Under federal law, there shall be no difference in funding greater than 25% between districts.

Alaska law establishes a maximum local contribution of 23% of the instructional unit value in AS 14.17.056. HB 533 raises the cap on voluntary local contributions to 25% of the instructional unit value; there is no change to the minimum requirement.

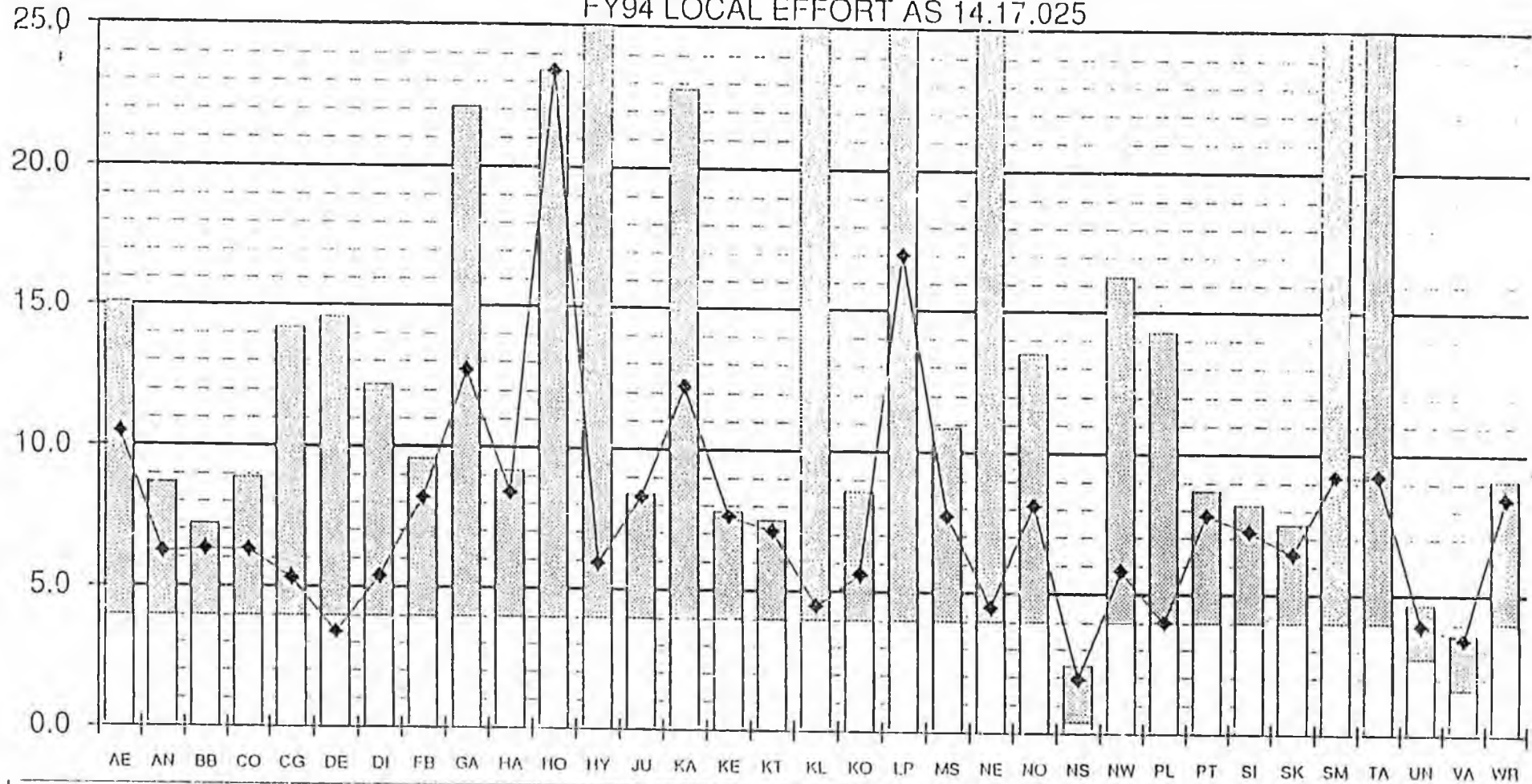
The intent of this bill is consonant with Alaska's policy of local control of education. Increasing the amount which a municipality MAY contribute to the funding of its school district allows local communities a greater opportunity to create the type of educational programs they desire. This bill thus encourages the concept of local control and responsibility as well as offering a practical remedy for those districts who wish to offset the negative effects of inflation on school funding.

I urge your favorable consideration of this legislation.

# MILL EQUIVALENT OF TAX EFFORT

## FY94 LOCAL EFFORT AS 14.17.025

MILL EQUIVALENT



MINIMUM required local effort
  ALLOWABLE EXCESS 23% of Basic Need
  LOCAL CONTRIBUTION FY94 Budgeted Revenue AS 14.17.250(7)

THIS CHART HAS BEEN LIMITED TO 25 MILLS.

CHART OF LOCAL CONTRIBUTIONS

20

ALASKA DEPARTMENT OF EDUCATION  
FY94 FOUNDATION PROGRAM AS 14.17.025

Abbreviations for chart on page 1.

		( 1992 Value ) REQUIRED MILL EQUIV.	ALLOWABLE EXCESS MILL EQUIV.	AS 14.17.250(7) BUDGETED MILL EQUIV.	1992 FULL VALUE DETERMINATION BY C&RA	FY94 REQUIRED LOCAL	ALLOWABLE EXCESS	TOTAL ALLOWABLE LOCAL	AS 14.17.250(7) BUDGETED LOCAL
ALEUTIANS EAST	= AE	4.0	11.1	10.5	\$86,859,000	\$347,436	\$961,476	\$1,308,912	\$914,731
ANCHORAGE	= AN	4.0	4.7	5.2	11,256,384,640	45,025,539	52,859,428	97,884,967	69,545,000
BRISTOL BAY	= BB	4.0	3.2	6.3	173,673,500	694,694	562,801	1,257,578	1,093,726
CORDOVA	= CO	4.0	4.9	6.3	151,877,040	607,508	739,521	1,347,029	964,000
CHIAIG	= CG	4.0	10.2	5.3	50,954,200	203,817	520,373	723,549	271,618
DENALI	= DE	4.0	10.6	3.4	72,572,400	290,290	770,513	1,060,818	249,756
DILLINGHAM	= DI	4.0	8.2	5.4	121,235,100	484,940	992,703	1,477,703	655,500
FAIRBANKS	= FB	4.0	5.6	8.2	3,256,294,590	13,025,178	18,311,956	31,337,134	26,745,000
GALFNA	= GA	4.0	18.1	12.7	19,965,100	79,860	360,711	440,571	253,573
HAINES	= HA	4.0	5.2	8.4	122,749,700	490,999	636,962	1,127,961	1,033,000
HOONAH	= HO	4.0	19.4	23.4	22,813,100	91,252	443,208	534,460	534,460
HYDABURG	= HY	4.0	21.0	5.9	5,736,300	22,945	251,277	274,222	34,000
JUNEAU	= JU	4.0	4.4	8.3	1,566,985,160	6,267,941	6,916,790	13,184,731	13,046,000
KAKE	= KA	4.0	18.8	12.2	16,951,200	67,805	318,902	386,707	207,453
KENAI	= KE	4.0	3.8	7.6	3,465,369,120	13,861,476	13,108,369	26,969,845	26,395,416
KETCHIKAN	= KT	4.0	3.5	7.1	933,887,400	3,735,550	3,259,731	6,995,280	6,669,993
KLAWOCK	= KL	4.0	21.0	4.5	14,793,800	59,175	357,344	416,519	67,000
KODIAK	= KO	4.0	4.6	5.6	829,302,700	3,317,211	3,113,136	7,150,347	4,647,120
LAKE AND PENINSULA	= LP	4.0	21.0	17.0	68,423,800	273,695	1,526,464	1,800,159	1,166,195
MAT-SU	= MS	4.0	6.9	7.7	2,020,623,780	8,082,495	13,844,383	21,926,878	15,652,925
NENANA	= NE	4.0	21.0	4.5	15,112,200	60,449	382,458	442,907	67,449
NOME	= NO	4.0	9.5	8.1	126,631,300	506,525	1,205,598	1,712,123	1,025,149
NORTH SLOPE /2	= NS	0.4	2.0	1.9	12,537,472,080	4,883,599	25,074,944	29,958,543	23,458,705
NORTHWEST ARCTIC	= NW	4.0	12.3	5.8	326,931,100	1,307,724	4,028,995	5,336,719	1,904,920
PELICAN	= PL	4.0	10.3	4.0	13,922,600	55,590	143,948	199,638	55,690
PETERSBURG	= PT	4.0	4.7	7.8	186,577,700	746,311	871,123	1,617,434	1,449,406
SITKA	= SI	4.0	4.2	7.2	517,476,500	2,069,906	2,166,793	4,236,699	3,729,524
SKAGWAY	= SK	4.0	3.5	6.4	76,393,200	305,573	266,710	572,283	491,073
ST. MARY'S	= SM	4.0	21.0	9.2	4,459,300	17,837	337,422	355,259	40,837
TANANA	= TA	4.0	21.0	9.2	11,245,600	44,982	304,591	349,573	103,000
UNALASKA /2	= UN	2.7	2.0	3.9	331,802,860	881,542	663,606	1,545,148	1,309,746
VALDEZ /2	= VA	1.6	2.0	3.4	1,146,257,830	1,799,592	2,292,516	4,092,108	3,845,970
WILKANGELL	= WR	4.0	5.1	8.4	132,997,300	531,989	674,703	1,206,692	1,120,168
YAKUTAT	= YA	4.0	14.5	12.1	19,957,200	79,829	288,597	368,426	241,484
TOTALS			Average contribution in mills >	7.8	\$39,704,688,400	\$110,321,354	\$159,278,209	\$269,598,922	\$208,989,587

/1 Can not exceed the total allowable local.

/2 Required local effort is limited to 35% of Basic Need of the preceeding year. Allowable excess is 2 mills.

ALASKA DEPARTMENT OF EDUCATION  
 FY94 FOUNDATION PROGRAM

	1% of Basic Need	2% of Basic Need
ALEUTIANS EAST	40,425	80,850
ANCHORAGE	2,290,764	4,581,528
BRISTOL BAY	24,254	48,508
CORDOVA	32,147	64,294
CRAIG	23,491	46,982
DENALI	33,373	66,746
DILLINGHAM	38,564	77,128
FAIRBANKS	799,631	1,599,262
GALENA	14,756	29,512
HAINES	25,827	51,654
HOONAH	21,350	42,700
HYDABURG	10,114	20,228
JUNEAU	289,957	579,914
KAKE	13,804	27,608
KENAI	567,890	1,135,780
KETCHIKAN	133,791	267,582
KLAWOCK	16,074	32,148
KODIAK	172,545	345,090
LAKE AND PENN.	72,401	144,802
MATSU	608,280	1,216,560
NENANA	16,061	32,122
NOME	53,338	106,676
NORTHWEST ARCTIC	182,250	364,500
PELICAN	6,015	12,030
PETERSBURG	37,881	75,762
SITKA	93,861	187,722
SKAGWAY	11,535	23,070
ST. MARY'S	11,682	23,364
TANANA	12,316	24,632
WRANGELL	30,884	61,768
YAKUTAT	13,408	26,816
<b>TOTALS</b>	<b>\$5,698,659</b>	<b>\$11,397,318</b>

Potential increase of local contributions due to increased cap from 23% of basic need to 24% or 25%.

## OTHER ISSUES:

**ALASKA'S PUBLIC SCHOOL FOUNDATION PROGRAM, AS 14.17** enables the state to meet fiscal equalization criteria outlined in the federal PL 81-874 law, commonly known as the "disparity test." Alaska must meet the guidelines in order to utilize approximately \$44 million in PL 81-874 funds within the state foundation plan as general revenues.

**PL 81-874 DISPARITY TEST** - The federal PL 81-874 disparity test measures the disparity in local school district revenues. The test takes into consideration designated state and local revenues. Under guidelines of the disparity test, the range of revenues may not vary more than 25 percent between the school district that raises the lowest amount of revenue per instructional unit and the school district that raises the greatest amount. Since federal regulations allow states to eliminate five percent of the weighted instructional units at the top of the scale and five percent at the bottom, Alaska eliminates both of its oil rich school districts, Valdez and North Slope Borough, which contribute considerably more than 25 percent beyond the lowest amount. Since REAAs are not authorized to raise local taxes, five percent of the units at the bottom of the scale can be from any REAA. The disparity test uses \$61,000 per instructional unit as the base.

**CENTRALIZED CORRESPONDENCE SCHOOL** - The law provides a formula for computing funds for the state Centralized Correspondence School. Instructional units are computed under the same formula used by elementary schools with more than 200 students and multiplied by 0.65.

**DECLINING ENROLLMENT** - The law contains language that protects districts from losing more than 10 percent of the prior year's K-12 instructional units by phasing in the reduction over four years.

**DISTRIBUTION PROCEDURES** - The Department of Education will make payment of foundation aid through monthly payments to school districts. The payments for the first nine months of each fiscal year will be based on actual instructional units for the prior school year. Payments for the last three months will be adjusted by current year instructional units. Any overpayments or underpayments made during the first nine months will be adjusted in the final three payments of the fiscal year. The first counting period will be during a 20-day period ending on the fourth Friday in each October. An optional 20-day count period ending the second Friday of February may be used to calculate foundation funding, if the February counting period yields more instructional units.

**FUND BALANCE LIMITATION** - The law prohibits districts from accumulating an unreserved fund balance of more than 10 percent of their operating expenditures and other uses for the year. The Department of Education must deduct the amount exceeding 10 percent from a school district's succeeding year's foundation entitlement.

**FULL AND TRUE VALUE** - The Department of Community and Regional Affairs will determine the full value of the taxable real and personal property in each city and borough school district for the purpose of calculating a school district's required local effort.

**GATHERING/REPORTING STUDENT DATA** - The statute requires districts to report to the Department of Education by October 15 of each school year an estimate of its student population for the next school year. The Department of Education will use the estimates to determine the amount of state foundation aid to seek from the Legislature for the following school year.



## ALASKA COUNCIL OF SCHOOL ADMINISTRATORS

326 Fourth St., Suite 404 Juneau, AK 99801-1101 • (907) 586-9702 • (800) 478-9702 • FAX (907) 586-5879

### POSITION STATEMENT

#### HB 533

"An Act increasing the amount of local contributions that may be made to a city or borough school district under the foundation formula; and providing for an effective date."

The Alaska Council of School Administrators is supportive of HB 533.

Although we do not believe this will solve the financial crisis school districts are feeling, it will provide some relief which would otherwise not be permitted on the local level.

Over the past seven years, the local contribution level needed to be increased in order for the districts to keep up with inflation and growing costs of providing education. We know many districts have now reached the maximum level allowed under the current statute.

In an effort to provide the opportunity for an increase in local contributions to offset revenue shortages, raising the level of district's basic need will be of some assistance.

Respectfully submitted

A handwritten signature in black ink, appearing to read "Stephen T. McPhetres".

Stephen T. McPhetres  
Executive Director

**HB**

**541**

**HOUSE COMMITTEE REPORT**

(7)

Date Referred: March 23, 1994

FURTHER REFERRALS:

Date of Committee Action: 4-12-94

The STATE AFFAIRS Committee considered:

HB 541

HOUSE BILL NO. 541

ADVISORY VOTE REGARDING STATE REVENUE

"An Act providing for an advisory vote of the people concerning a preferred alternative for increasing revenue available to support state government; and providing for an effective date."

- 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 \_\_\_\_\_

fiscal note(s) \_\_\_\_\_

zero fiscal note Gov-Elections

zero fiscal note(s) \_\_\_\_\_

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

*[Signature]*  
 CHAIRMAN'S SIGNATURE

FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. HB 541

Revision Date: \_\_\_\_\_  
Title Advisory Vote Regarding State Revenue  
Sponsor: Finance  
Requestor: \_\_\_\_\_

Department Affected: Office of the Governor  
BRU: Division of Elections  
Component: General and Primary Elections  
COMPONENT SERIAL NO. 22

EXPENDITURES/REVENUES:

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	2.2*	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND &	0	0	0	0	0	0
GRANTS,	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL	2.2*	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE						
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FUNDING:

1002 Federal	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	2.2*	0	0	0	0	0
1005 GF/Program	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	2.2*	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 (FY94) impact: 0

ANALYSIS: (Attach a separate page if necessary.)\*This figure covers cost of inclusion of information about this issue in the Official Elections Pamphlet as required by AS 15.58, and programming for DataVote counting of votes cast on the measure. However, only 4 measures can be printed on a single ballot card. Should this measure require printing an additional ballot card, the fiscal impact would be 53.4.

Prepared by: Joseph L. Swanson, Director Phone: 465-4611  
 Division: Division of Elections Date: 3/25/94  
 Approved by Commissioner: Lt. Governor John B. Coghill  
 Agency: Office of the Lt. Governor Date: \_\_\_\_\_

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**LEGISLATIVE AFFAIRS AGENCY  
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FAX (907) 465-2029  
Mail Stop 3101


MAR 24 1994  
130 Seward Street, Suite 409  
Juneau, Alaska 99801-2105

**MEMORANDUM**

March 24, 1994

**SUBJECT:** CSHB 541 (State Affairs) (Work Order No. 8-LS1826\O)

**TO:** Representative Al Vezey, Chair  
House State Affairs Committee  
ATTN: Joe Ryan

**FROM:** Jack Chenoweth  
Legislative Counsel 

As the House Finance Committee introduced this bill, it contains reference to "alternative[s] for increasing [state] revenue." Strictly speaking, a cut or reduction in state spending, the change under consideration by the State Affairs Committee, is not an alternative to increase state revenue. You'll note, then, that I altered the language in the bill's title and in the lead-in of the bill's section 1 to refer to the broader objective, "financing state government operation."

JBC:pl  
94-242.plm

Enclosure

**NEWS RELEASE**

STATE OF ALASKA

OFFICE OF THE GOVERNOR  
Post Office Box 110001  
Juneau, Alaska 99811-0001WALTER J. HICKEL  
GovernorJOSEF P. HOLBEIT  
Director of CommunicationsJOHN MANLY  
Press SecretaryJOHN HENDRICKSON  
Deputy Press Secretary  
Anchorage Office: 561-4228BRIAN HART  
Assistant Press Secretary907-465-3500  
FAX: 907-686-8369

FOR RELEASE: November 17, 1992

No. 92-241

SHORT-TERM REVENUE OUTLOOK IMPROVES  
BUT LONG TERM STILL POSES PROBLEM

JUNEAU--Governor Walter J. Hickel said today that while the soon-to-be-released fall revenue forecast points to short-term relief for this year and next, the long term doesn't look so rosy. Printed copies of the report are expected to be released on Friday.

"While the report suggests that revenues are better than previously expected, they are still less than this year's appropriations," Hickel said. "We have to make plans for the long term because world oil prices can't be expected to continue to offset the decline of Prudhoe Bay production. This is the main message we will be dealing with at the economic summit in Anchorage at the end of the month."

Darrel Rexwinkel, Commissioner of Revenue, said the mid-case scenario projects revenues for FY93 at about \$331 million more than was thought at the time of the March revenue forecast. To date, the state has received about \$210 million more in royalties and severance taxes than forecast.

"We should, of course, bear in mind that there are different scenarios, both high and low, that could come about instead," Rexwinkel said. "Unknown factors on the world market will play a role. Will Iraq become a player? Will we have a harsh winter or a mild one? Will there be political disruption or global disaster? No one really knows what's going to happen that will impact the price of oil and consequently state revenues."

— Hickel said higher oil prices should allow the minimum necessary spending to take place for FY94 without requiring the Legislature to dip into savings and reserve accounts.

- more -

2-2-2-2

92-241

Nov. 17, 1992

Rexwinkel said the long-term outlook has not changed significantly from the spring forecast. "In real dollars adjusted for inflation, revenues are expected to be only \$1.458 billion in the year 2000, as compared to \$2.271 billion in 1993."

The Governor has invited about 120 Alaskans to meet with him on November 29, 30 and December 1 in an economic summit to discuss the state budget, revenues and solutions. The meetings are scheduled to take place at the Egan Center in Anchorage and are open to the public.

####

## Available Taxes Assumptions

### Schedule 6

#### New Tax Types

**Personal Income** - Revenue estimates of \$250 - \$400 million are based on a fiscal note prepared by the department in 1987 (HB 154/SB148). Actual revenue increases would depend on the structure of the tax brackets and rates, and exemptions and credits allowed taxpayers. Personal income taxes are currently deductible for federal tax purposes.

**Gross Receipts Tax** - Each 1% would yield between \$100 - \$150 million based on total state receipts estimated in our fiscal note for HB 523 this year. Total gross receipts was estimated based on revenues reported to the department on corporation tax returns filed with the department. Actual revenue increases would depend on the structure of the tax brackets and rates, and what receipts would be exempted from taxation. Gross receipts tax would apply to sole proprietors, partnerships and corporations.

**Sales Tax** - Each 1% would yield \$50 to \$100 million, assuming that food purchases and other essential purchases would be exempt from sales tax to reduce the regressivity of this tax type. Sales taxes are currently not be deductible for federal tax purposes.

**School Tax** - Each \$1 of school tax will yield \$400,000 to \$500,000. Revenue estimates are based on Department of Labor (DOL) figures for total employees in the state, both permanent and seasonal. Total 1990 employees reported by DOL when preparing a fiscal note on school tax (HB 582) was 413,000.

**Statewide Property** - No additional revenue projection was made because property values statewide are not available.

ALASKA DEPARTMENT OF REVENUE  
 PERMANENT FUND DIVIDEND DIVISION

**EFFECT ON 1993 DIVIDEND IF ONLY 40% OF PF EARNINGS WERE AVAILABLE FOR DISTRIBUTION**

As of March 8, 1994

<u>Earnings (a)</u>	<u>Calculation</u>	<u>Dividend Fund</u>	<u>Deductions (b)</u>	<u>For Distribution</u>	<u>Eligibles (c)</u>	<u>PFD</u>	<u>Reduction</u>
\$1,013,125,165.96	0.50 0.21 5.00	\$531,890,712.13	(\$30,454,133.11)	\$501,436,579.02	528,128	949.46	
\$1,013,125,165.96	0.40	\$405,250,066.38	(\$30,454,133.11)	\$374,795,933.27	520,128	709.67	(\$239.79)
		<u>Inflation Proofing</u>					
	0.36	\$362,451,000.00	FY93 Actual				
\$1,013,125,165.96	0.30	\$303,937,549.79					
		<u>(\$58,513,450.21)</u>					

Notes:

(a) This represents the calculated amount of the average last five year's earnings of the Permanent Fund.

(b) Deductions include appropriations for:

PFD Hold Harmless Program Costs	(\$19,252,100.00)
Net Prior Year Dividends	(\$4,603,133.11)
PFD Program Administrative Costs	(\$4,288,300.00)
Appropriations of Felons' Dividends	<u>(\$2,310,600.00)</u>
<b>Total</b>	<b><u>(\$30,454,133.11)</u></b>

(c) This is the number of applicants the PFD Division estimated would be eligible for the 1993 dividend and used to calculate the dividend.