

ALASKA LEGISLATURE COMMITTEE FILES 1993-1994 8672

8301 SENATE JUDICIARY

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FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO: SB 84

Revision Date: _____ Dept. Affected: Public Safety
 Title: "An Act relating to fees for identification cards." BRU: Motor Vehicles
 Component: Drivers Services
 Sponsor: Senator Kelly
 Requestor: Senator Kelly COMPONENT SERIAL NO. 500

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

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	132.8	132.8	132.8	132.8	132.8	132.8
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	56.7	56.7	56.7	56.7	56.7	56.7
SUPPLIES	1.5	1.5	1.5	1.5	1.5	1.5
EQUIPMENT	24.7	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	215.7	191.0	191.0	191.0	191.0	191.0

CAPITAL						
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REVENUE FUND SOURCE: 1005	815.0	815.0	815.0	815.0	815.0	815.0
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	215.7	191.0	191.0	191.0	191.0	191.0
1006 GF/MHTIA						
Other						
TOTAL	215.7	191.0	191.0	191.0	191.0	191.0

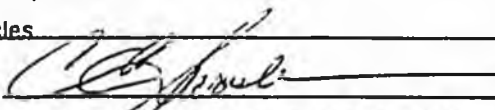
POSITIONS:

FULL-TIME	3	3	3	3	3	3
PART-TIME						
TEMPORARY						

Estimate of current year (FY 93) impact: \$ _____

ANALYSIS: (Attach a separate page if necessary.)

See attached analysis.

Prepared By: Juanita Hensley Phone: 465-4361
 Division: Motor Vehicles Date: 2/16/93
 Approved by Commissioner:  Date: 2/16/93
 Agency: Richard L. Burton, Dept. of Public Safety

PREPARED TO PRINT

For

LEGISLATIVE OFFICE

ive Office

Analysis:

SB 84 will require the Division of Motor Vehicles to place a holographic symbol on every driver's license in a further attempt to prevent alteration or duplication of a driver's license. This bill also requires the revocation of the driver's license in an attempt to gain entry to purchase alcohol. The Division of Motor Vehicles processes approximately 200,000 driver's license transactions yearly. The present cost to produce a license is \$1.05 per card. To place a hologram on the license and identify those drivers under the age of 21 will increase the contractual cost from \$1.05 to \$1.30, thus increasing the overall contractual cost to DMV an additional 50.0 year.

In 1992, the Alcohol Beverage Control Board reported that approximately 500 to 700 licenses are confiscated and referred to their agency by liquor establishments when a person under 21 is attempting to purchase alcohol. The department receives approximately 1,500 licenses each year that are surrendered or confiscated by law enforcement. The 1,500 licenses includes the 500 to 700 that are surrendered to the ABC Board.

The Division of Motor Vehicle estimates there will be an additional 1,500 driver license revocations a year. In order to handle the 1,500 additional license revocations a year, and provide due process for the person, one full-time Driver Improvement Specialist/Hearing Officer, and two full-time Document Processor IIs will be required. The duties of these positions are detailed in the attached request for new positions. The personal services cost for a Driver Improvement Specialist is 53.0; the personal services cost for the Document Processor II positions is 69.0; an additional 10.8 is needed for overtime expenses associated with reinstatement of revoked driver's licenses. The total for personal services is 132.8. The overtime pay is requested in lieu of a Motor Vehicle Representative III position, as the workload required to reinstate the offenders' driver's licenses will be borne by all of the Motor Vehicle Field offices throughout the state.

To revoke 1,500 additional driver's licenses a year takes over 30 processing steps per revoked license. It is estimated that 25% of all persons referred to DMV for a license revocation will request an administrative hearing. Each hearing takes approximately 20 minutes to one hour to conduct. All of the 30 processing steps varies in the time it takes to complete each step. Complete accuracy is essential, as an error of entry onto a record could result in civil liability to the State. It takes approximately 20 minutes per applicant to reinstate a revoked driver's license; the person must make a new application for the driver's license or permit, take all of the required tests, and if the person is under the age of 18 a parent or guardian must give consent for the driver's license or permit, file SR-22 (Certificate of Insurance) and pay the reinstatement fee. All of these steps total approximately 400 hours of additional workload for the Motor Vehicle Field office personnel.

Analysis (Cont'd.):

Under existing law, each person whose license has been revoked must pay a \$100 fee when applying for reinstatement of his or her driver's license. Assuming that 90 percent of the minors who are eligible for reinstatement will comply with the reinstatement requirements, approximately 135.0 will be generated annually as program receipts.

This bill increases the fees for a driver's license, and permits. The fee increases are as follows:

- (1) driver's license from \$10.00 to \$15.00
- (2) instruction permit from \$3.00 to \$5.00
- (3) duplicate license or permit from \$3.00 to \$5.00
- (4) school bus endorsement permit from \$3.00 to \$5.00
- (5) identification card from \$5.00 to \$10.00

This increase will generate overall, approximately 1.8 million dollars to the general fund. This increase is approximately 680.0 thousand more than the division presently receives in license fees and an additional 135.0 thousand in reinstatement fees for an overall total of 815.0 annually.

Detail

FY94

100	PERSONAL SERVICES		
	1 Driver Improvement Spec	53.0	
	2 Document Processor II	69.0	132.8
	Overtime MVR III Field Office	10.8	
200	CONTRACTUAL		
	Hologram inlaid driver license pouch	50.0	
	Postage and tolls	2.5	
	Telephone line fees	.5	56.7
	Conference call and long distance fees	3.7	
400	SUPPLIES		
	Routine Office Supplies	1.5	1.5
500	EQUIPMENT		
	3 Workstations		
	3 5-Drawer File Cabinets	24.7	24.7
	TOTAL		215.7

Position Title Document Processor II		Number of Positions 2	Range/Step 8-B	Bargaining Unit GGU
Time Status PFT	Staff Months 12 each	Location Juneau	Election District	
Type of Expenditure		Justification		
1	2	3	These positions would handle the necessary paperwork and computer entry onto the minor's record. Among other duties, the positions will send out letters advising the person of the dates of the license revocation, prepare files for hearing officer after the person has requested a hearing, file, close files out, sanitize for microfilm, microfilm, enter microfilm documents for microfilm retrieval, enter license revocation data. It is estimated that these positions will handle approximately 1,500 license revocation files a year.	
Salary*	45.6			
Benefits*	23.4			
Premium Pay (Included in Above)				
Other				
Total Personal Services		69.0		
Travel		0		
Contractual		4.5		
Commodities		1.0		
Equipment		16.5		
Other		0		
Total Cost		91.0		
Funding Source For Total Cost				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
Program Receipts/GF	1005			
I-A Receipts	1007			
CIP Receipts	1061			
Other				
* Personal Services Salary and Benefits Costs are from PACS calculations.				

REQUEST FOR
NEW POSITION

AGENCY Department of Public Safety
BRU Motor Vehicles
COMPONENT Driver Services

FY 94

Page 4 of 5
Revised Date

Position Title Driver Improvement Specialist		Number of Positions 1	Range/Step 16-A	Bargaining Unit GGU
Time Status PFT	Staff Months 12	Location Anchorage	Election District	
Type of Expenditure		Justification		
1	2	3	<p>This position will conduct administrative hearings involving the revocation of a minor's driver's license and/or privilege to drive. It will prepare the file, send notice to parties advising of the date and time of the hearing, conduct the hearing, prepare the file for appeal, enter license action onto the minor's driving record, and handle all correspondence associated with this program.</p>	
Salary*	37.0			
Benefits*	16.0			
Premium Pay (Included in Above)				
Other				
Total Personal Services		53.0		
Travel		0		
Contractual		2.2		
Commodities		.5		
Equipment		8.2		
Other (Overtime)		10.8		
Total Cost		74.7		
Funding Source For Total Cost				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
Program Receipts/GF	1005			
I-A Receipts	1007			
CIP Receipts	1061			
Other				
* Personal Services Salary and Benefits Costs are from PACS calculations.				

REQUEST FOR
NEW POSITION

AGENCY Department of Public Safety

BRU Motor Vehicles

COMPONENT Driver Services

FY 94

Page 5 of 5

Revised Date

BILL NO: SB 84

DATE: February 16, 1993

TITLE: "An Act relating to fees for identification cards..."

CONTACT: C.E. Swackhammer Deputy Commissioner 465-4322

SB 84 amends current law by requiring a holographic symbol be placed on driver's license and identification cards to prevent illegal alteration or duplication. This bill also adds a new section to Alaska's motor vehicle driver's license of any person under the age of 21 who uses a driver's license as fraudulent or false identification in an attempt to gain entry or purchase alcohol from a liquor establishment.

The Division of Motor Vehicles processes approximately 200,000 driver's license and ID card transactions yearly. The present cost to produce a license is \$1.05 per card. To place a hologram on the license will increase the cost from \$1.05 to \$1.30, thus increasing the cost of producing a license and increasing the contractual cost for DMV an additional 50.0 a year.

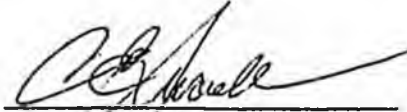
The Division anticipates some adverse public reaction to the revocation of a driver's license for a non-driving offense.

In 1992, the Alcohol Beverage Control Board reported that approximately 500 to 700 license a year are confiscated and referred to their agency by liquor establishments when a person under 21 is attempting to purchase alcohol. Approximately 1,500 licenses and IDs a year are surrendered to the department or confiscated by law enforcement officers. At the time of confiscation, the person was attempting to use an altered license, or attempting to use another's license or ID to gain entry into a liquor establishment in an attempt to purchase alcohol. The 1,500 licenses and IDs includes the 500 to 700 that are surrendered to the ABC Board.

This bill does not address information and education of the public or the costs associated with this type of program.

Identifying a person who is under 21 years of age on the driver's license will bring Alaska one step closer to qualifying for approximately 200.0 in federal highway safety alcohol incentive grants.

The Department feels the fee for a duplicate driver's license should be increased to \$10.00 instead of \$5.00. It takes more employee time to issue a duplicate than it takes for a renewal. When a person comes into a DMV office for a duplicate license or ID, it usually indicates they have lost their license and all identification, thus the additional time comes from having to verify the person's identity.


Richard L. Burton
Commissioner



Official Business

Alaska State Legislature

SENATOR TIM KELLY

State Capitol
Juneau, AK 99801-1182

SPONSOR STATEMENT FOR SB 84:

Use of A Fraudulent Driver's License by a Minor to Purchase Alcohol

Alcohol abuse is a severe problem in Alaska, impacting individuals, families, and communities throughout our State. In fact, Alaska ranks 4th in the nation for per capita alcohol consumption. This legislation -- which attempts to address alcohol consumption by minors -- passed the House last session and died in the closing minutes of the session in the Senate Finance Committee.

Nationally, while drug use among teenagers is down, teenage alcohol consumption is increasing. In Alaska, alcohol is associated with a majority of vehicular deaths of teenagers. In 1990, the most recent year for which statistics are available, there were 180 accidents caused by alcohol impaired minors. These accidents resulted in 6 deaths.

The result of a 1988 report done by the University of Alaska, Anchorage, indicate that 75% of all Alaskan youth in grades 7-12 have tried alcoholic beverages, and alcohol and drug use was a contributing or causal factor in the crimes of 48% of all youth who were detained or placed on probation in Alaska. Another 1990 study indicates that 45% of males and 33% of females of driving age in grades 10-12 have driven after drinking.

Many of these underage drinkers are getting their alcohol through the use of fraudulent drivers' licenses. Between January 1989 and February 1992, nearly 6,000 fake IDs had been turned over to the Alcohol Beverage Control Board (A.B.C. Board), most of which were fraudulent drivers' licenses. I believe it is a safe assumption this number represents only a fraction of the fake IDs in circulation.

While Alaska statute already prohibits the use of a fraudulent driver's license and bans the sale of alcohol to minors, the law clearly has not been effective. Most minors don't even have any idea what the penalties are for using a fraudulent ID to purchase alcohol. Consider that of the more than 6,000 IDs confiscated in the three year period from 1989 to 1992, only 87 cases have been prosecuted. The average sentence of those convicted has been 20 hours of community service and a \$100 fine.

SPONSOR STATEMENT

Clearly, Alaska's underage drinkers don't consider the law a real deterrent.

SB 84 was originally crafted to address this problem with cooperation from Mothers' Against Drunk Driving (MADD), the alcohol industry, the Department of Motor Vehicles (DMV), and the A.B.C. Board.

It was felt that the only way to effectively impress upon teenagers and 20-year-olds the grave consequences of using fraudulent drivers' licenses to go out drinking was to take away their car keys. Nothing will get their attention faster.

SB 84 would require the DMV to revoke a person's driving privileges for 60 days when a peace officer determines that person has used a driver's license as fraudulent ID to purchase alcohol. For a second offense, revocation would be for one year. This would be an administrative action, so revocation would not have to be adjudicated through the court system. Teenagers and 20-year-olds would see that the penalty is substantial and administered immediately.

(In order to ensure due process rights are protected, persons losing their license would have 7 days after receiving notice that their privilege to drive was to be revoked to request an administrative review. During this 7 days their notice of the DMV's intent to revoke would serve as a temporary license.)

Moreover, SB 84 would require that holograms be put on drivers' licenses and State IDs issued by the Department of Public Safety, as well as the phrase "UNDER 21" for qualified applicants.

Lastly, SB 84 would enact minor fee increases for a State ID and other drivers' licenses and permits to help pay for these preventative and deterrent measures.

If enacted, SB 84 should provide an effective deterrent for minors considering using fraudulent drivers' licenses to purchase alcohol, and go a long way towards alleviating some of the problems associated with alcohol abuse and use by minors.

DIVISION OF LEGAL SERVICES

LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

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

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

MEMORANDUM

February 3, 1993

SUBJECT: Sectional Summary of SB 84

TO: Senator Tim Kelly *TK*

FROM: Michael F. Ford *M.F.*
Legislative Counsel

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

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Increases the fee for an identification card to \$10.

Section 2. Requires that driver's licenses carry a holographic symbol and if the applicant is under age 21, the words "UNDER 21".

Section 3.

Sec. 28.15.187 - Provides for administrative revocation of the driver's license of a person who has used the license for the purchase of alcoholic beverages. Establishes a notice procedure and mandatory periods of license revocation.

Sec. 28.15.189 - Establishes a hearing procedure for a person whose driver's license is revoked under AS 28.15.189. Provides for appeal to superior court of the administrative determination.

Section 4. Provides for higher fees for certain drivers' licenses and permits.

Section 5. Effective date.

MFF:lmb
93-025.lmb

✓ SECTIONAL ANALYSIS

LETTERS SUPPORTING SB 84

Bristol Bay Area Health Corporation

Alcohol Beverage Control Board (Dept. of Revenue)

Pioneer Bar & Liquor Store, Inc.

Alaska Cabaret, Hotel, Restaurant and Retail Association

Anchorage Restaurant Beverage Association

Alaska Professional Bartending School

Department of Public Safety

BRISTOL BAY AREA HEALTH CORPORATION

P.O. BOX 130 • DILLINGHAM, ALASKA 99576

(907) 842-5201 or (907) 842-5202

February 3, 1993

Senator Tim Kelly
Senate Labor & Commerce
State Capitol
Juneau, AK 99801-1182

Dear Senator Kelly,

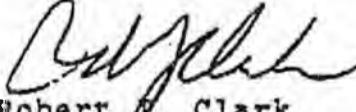
We appreciate this opportunity to respond to your introduction of SB 83 and SB 84. The Bristol Bay Area Health Corporation has supported these bills in the past and will continue to advocate passage in the form of this letter of support.

We renumerate our concerns regarding alcohol abuse as our main social problem in our region and we encourage any efforts to resuscitate interest to curb underage drinking and educate alcohol servers. The alcohol servers course has the potential to change the alcohol establishments policies and procedures; increase marketing to generate increased profits, educate servers on the alcohol beverage laws, provide servers with tools and techniques that can be used with patrons, and additional education efforts can be focused on the consequences of prenatal drinking that can cause birth defects.

Once again, thank you for introducing these key pieces of legislation and the best of luck in their passage.

Sincerely, .

BRISTOL BAY AREA HEALTH CORPORATION



Robert D. Clark
Chief Executive Officer

RCJ/ve

cc: Senator George Jacko
Senator Georgianna Lincoln
Representative Lyman Hoffman
Representative Irene Nicholia
Representative Carl Moses
file

STATE OF ALASKA

DEPARTMENT OF REVENUE

ALCOHOLIC BEVERAGE CONTROL BOARD

WALTER J. HICKEL, GOVERNOR

550 W. 7TH AVE
ANCHORAGE, ALASKA 99501-6698

February 4, 1993

The Honorable Tim Kelly
Alaska State Senate
State Capitol
Juneau, AK 99801-1182

RE: SB 84

Dear Senator Kelly:

This letter intends to express the Alcoholic Beverage Control Board's support for Section 1 of SB 84 concerning drivers' licenses. As indicated in Investigator Bill Roche's memo of February 5, 1992, liquor licensees have been plagued by and exposed to myriad incidents of altered or fraudulent identification presented by underage persons for purchase of alcoholic beverages or entry to licensed premises. According to the board's information, an identification card or drivers license that displays a holographic symbol cannot be altered. The board believes that any measure, such as requiring a holographic symbol, that can deter or reduce alcohol abuse by underage persons is a benefit to licensees and the public.

The board does not have a position on Section 3 of the bill.

If you have any questions, please do not hesitate to call.

Sincerely,



Patrick L. Sharrock
Director, ABC Board
(907) 277-8638

ENC: MEMORANDUM DATED 2/5/92

93-020

Pioneer Bar & Liquor Store, Inc.

CHRISTINE M. TENGS
President

141-143 Second Ave.
Post Office Box 190
Haines, Alaska 99827
(907) 766-9101 Business
(907) 766-2474 Office
(907) 766-3374 FAX

February 16, 1993

Senator Tim Kelly
State Capitol
Juneau, AK 99801-1182

Dear Senator Kelly:

I would like to go on record as strongly supporting Senate Bill 84, which would require Alaska Drivers' Licenses to bear a holographic symbol (making them harder to alter) and would provide penalties for use of false identification.

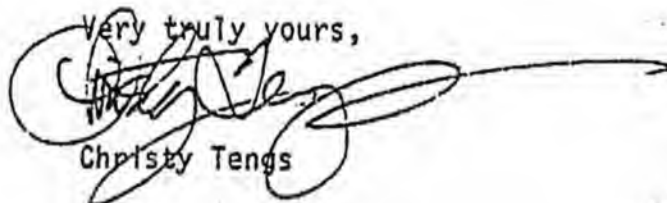
In July of 1990, a young man (6 months short of 21) used a fake I.D. to purchase from our liquor store. A few hours later he totalled his Toyota pick-up and died in the crash. It didn't matter to his parents that he broke the law 9 times that night. It also didn't matter that he had shown 8 of our employees I.D. that met the requirements of Title 4. Nor did it matter that he had previously purchased alcohol in the presence of his parents. They filed a civil liability suit against us and the Alaskan Liquor Store where he also bought that night.

In January of 1992, we settled the suit for \$37,500. We agreed to this amount because it was less than half of what it would have cost to go to trial, even with the most favorable results. The total cost of over \$120,000 we spent defending ourselves pales next to the emotional toll it took on not just my family and the family of the clerk on duty that night, but on the whole town.

During the course of this lawsuit, I did extensive research on my own in order to save legal fees. I interviewed many of the young man's friends, all of whom were most open and helpful. What I discovered is this: Perfect fake I.D.'s are inexpensive and easy to obtain. Using one is not considered a serious offense, but a rite of passage into adulthood. They haven't a clue that what they're doing has consequences, because up till now, there haven't been any consequences.

I can't thank you enough for introducing this bill. It's time people started taking responsibility for their own actions. If our youth want to pretend they're adults, let them pay an adult price.

Very truly yours,



Christy Tengs



*Alaska Cabaret, Hotel,
Restaurant & Retailers Association*

*P.O. Box 104830 • Anchorage, Alaska 99510
501 K Street • (907) 272-8133 • Fax: (907) 277-8640*

February 16, 1993

Senator Tim Kelly
State Capitol
Juneau, AK 99801-1182

Dear Senator Kelly,

On behalf of the statewide membership of the Alaska Cabaret, Hotel, Restaurant and Retail Association, I would like to express appreciation for your introduction and sponsorship of Senate Bill 84. We believe that this legislation will have significant impact in curbing the problem of underage drinking.

Underage drinking is a major social problem in our communities as well as a problem frequently encountered in our business. It is in our self-interest to support this legislation but even more importantly, we endorse it as a measure to protect all Alaskans from the sometimes tragic consequences of underage drinking.

This bill takes a common sense approach, first by making it much more difficult to alter an Alaska drivers license (a common method used by underage persons) and then by imposing meaningful and reasonable penalties on underage persons apprehended attempting to purchase alcohol.

We strongly endorse and support the passage of Senate Bill 84 and thank you for sponsoring such valuable legislation.

Yours truly,


Stan Filler
President



401 K Street Anchorage, Alaska P.O. Box 104839 Anchorage, Alaska 99510
(907) 272-8133 Fax: (907) 277-8640

WHEREAS, Senator Tim Kelly has sponsored Senate Bill 84, "An Act relating to fees for identification cards and certain motor vehicle licenses and permits; to licenses issued to drivers and to revocation of a license to drive; and providing for an effective date."; and,

WHEREAS, this bill provides for meaningful and reasonable penalties to be imposed on underage persons using false identification to purchase alcohol; and,

WHEREAS, the provisions of this bill will make altering or counterfeiting of the Alaska Driver's License almost impossible through the use of a hologram;

NOW THEREFORE BE IT RESOLVED, that the Anchorage Restaurant and Beverage Association strongly supports and endorses passage of this legislation which will have a significant impact in curbing the problem of underage drinking.

Michael C. Neely, President

February 15, 1993

ALASKA PROFESSIONAL BARTENDING SCHOOL



February 16, 1993

Senator Tim Kelly
State Capitol
Juneau, AK 99801-1182

Dear Senator Kelly:

We at Alaska Professional Bartending School strongly endorse and support Senate Bill 84 which we believe will effectively reduce the dilemma of underage drinking.

We feel the penalties involved in this Bill will definitely have the desired impact to diminish underage drinkers from trying to purchase alcohol and it will also alleviate the threat these individuals pose to all of us in the hospitality industry as well as the general public. The added benefit of making alterations and counterfeiting of the Alaska Driver's License more difficult is a definite advantage in the suspension of alcohol abuse by underage persons.

We wish to express our respect for what you are doing and extend our firm endorsement of Senate Bill 84.

Sincerely,

A handwritten signature in cursive script that reads "Stanley M. Austin".

Stanley M. Austin
President

S B

86

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. SB 86

Revision Date: February 10, 1993
Title: "...dealino with fund transfers under the Uniform Commercial Code..."
Sponsor: Senator Kerttula
Requestor: Senator Kerttula

Department Affected: Law
BRU: Legal Services
Component: Operations
COMPONENT SERIAL NO. 0093

EXPENDITURES/REVENUES:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND &						
GRANTS, CLAIMS						
MISCELLANEOU:						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING:

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

POSITIONS:

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

Estimate of current year (FY93) impact: -0-

ANALYSIS: (Attach a separate page if necessary.)

Please see attached analysis.

Prepared by: Richard I. Pegues, Director
Division: Administrative Services Division
Approved by Commissioner: Charles E. Cole, Attorney General
Agency: Department of Law

Phone: 465-3672
Date: February 10, 1993
Date: February 10, 1993

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FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. SB 86

ANALYSIS: (continued)

This bill amends the state's Uniform Commercial Code (AS 45.01.100 - AS 45.09.507) in accordance with recommendations of the National Conference of Commissioners on Uniform State Laws (NCCUSL). This amendment modernizes regulation of fund transfers between banks and other financial institutions by recognizing the use of electronic transactions. In 1989 the average amount transferred daily throughout the United States was one trillion dollars. Many of the financial transactions that take place today are accomplished by electronic means, reducing the shear load of paper transactions that would otherwise be required. Forty-four states have already adopted these provisions and incorporating them in Alaska's Uniform Commercial Code will help Alaska financial institutions keep up with the rest of the country. These provisions will not change the rules in Articles 3 and 4 dealing with signatures and endorsements on checks as the basis for determining liability. It is not anticipated that the changes proposed in the UCC will have any direct fiscal impact on the Department of Law or the state, because they deal primarily with private sector transactions.

FISCAL NOTE

No. 1

STATE OF ALASKA
1993 LEGISLATIVE SESSION

I Version: SB 86
(S) Publish Date: 3-3-93

Revision Date: _____
Title: Fund transfers under the UCC
Sponsor: Senator Kerttula
Requestor: _____

Department Affected: Commerce and Economic Development
BRU: Banking, Securities and Corporations
Component: _____
COMPONENT SERIAL NO. 1233

EXPENDITURES/REVENUES:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

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

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

POSITIONS:

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

Estimate of current year (FY 93) impact: 0

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Willis F. Kirkpatrick, Director
Division: Banking, Securities and Corporations

Phone: 465-2521
Date: _____

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

Date: 3-2-93

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February 10, 1993

The Honorable Tim Kelly
Chair, Senate Labor and Commerce Committee
Alaska State Legislature
Room 101, Capitol Building
Juneau, AK 99801-1182


Re: SB 86 -- Uniform Commercial Code, Article 4A
(Funds Transfers)

Dear Senator Kelly:

Word was relayed to me yesterday that your assistant, Josh Fink, has requested a section-by-section description of this bill. I have prepared the attached description, which I trust will be helpful for your committee's deliberations.

SB 86 is essential in Alaska's effort to keep its Uniform Commercial Code up to date and to facilitate doing business in Alaska by using modern technology and business practices. Therefore, I urge your committee to schedule it for an early hearing, to catch up with the 44 other states that have already enacted it.

Yours truly,


Arthur H. Peterson
Uniform Law Commissioner
for Alaska

AHP/mh

Enclosure

cc w/encl: The Honorable Jay Kerttula
Alaska State Senate

Deborah E. Behr, Assistant Attorney General
Legislation/Regulations Section
Alaska Department of Law

Rest of Alaska's ULC Delegation

SECTIONAL ANALYSIS

Section-by-Section Description of SB 86
(UCC, Article 4A, Funds Transfers)

2/9/93
AHP

Introduction.

Section 12 of SB 86 is the heart of the bill. It adds a new chapter to the Alaska Statutes. The new chapter embodies Uniform Commercial Code (UCC), Article 4A, Funds Transfers, promulgated by the National Conference of Commissioners on Uniform State Laws (NCCUSL), in conjunction with the American Law Institute, in 1989. It has been approved by the American Bar Association and endorsed by the American Bankers Association. As of February 1, 1993, it had been enacted by 44 states. The NCCUSL's official text includes detailed commentary for each section of the new article. The description below is based on that commentary.

The basic point of the whole bill is to recognize modern electronic technology and business practices. It provides statutory, nationally consistent answers to the myriad of questions currently arising. There is no comprehensive body of law, outside of Article 4A, that defines the rights and obligations that arise from wire transfers.

The banking system uses various mechanisms for making payments. Most are covered in whole or part by state or federal statutes. Most actual payments are made by check or credit card. Payment by check is covered by Articles 3 and 4 of the UCC, and some aspects of payment by credit card are covered by federal law. Some aspects of electronic funds transfers (i.e., most payments made by use of automated clearing houses) are covered by federal statute, the Electronic Fund Transfer Act (EFTA). Those kinds of transactions are not covered by the new Article 4A.

Wholesale wire transfers are the primary focus of the new article. These are overwhelmingly between business or financial institutions. The dollar volume of these payments far exceeds the dollar volume of payment made by all other means. The volume of payments by wire transfer over the two principal wire payment systems -- the Federal Reserve Wire Transfer Network (Fedwire) and the New York Clearing House Interbank Payments Systems (CHIPS) -- exceeds one trillion dollars a day. Regulations embodying the new Article 4A have been adopted to cover those two systems, and they would not be governed by state law (i.e., by this new Article 4A), but the substance will be the same. However, a significant volume of nonconsumer automated clearing house (ACH) payments that closely resemble wholesale wire transfers are also covered by Article 4A as enacted by the states.

Here is an example of a funds transfer covered by Article 4A: X, a debtor, wants to pay an obligation owed to Y. Instead of delivering to Y a negotiable instrument such as a check that would enable Y to obtain payment from a bank, X transmits an instruction

to X's bank to credit a sum of money to the bank account of Y. Typically, two different banks are involved at that point. X's instruction to its bank is a "payment order." X is the "sender." With respect to X's order, X's bank is the receiving bank. With respect to the funds transfer, X is the "originator," X's bank is the "originator's bank," Y is the "beneficiary," and Y's bank is the "beneficiary's bank." X's bank may carry out X's instruction by electronically telling Y's bank to credit Y's account in the amount that X requested. In more complex transactions, there can be one or more additional banks, known as "intermediary banks" involved. Since the payment order itself may be transmitted by a slow means such as first class mail, the broader term "funds transfer" rather than the narrower term "wire transfer" is used in Article 4A to describe the overall payment transaction.

Section-by-section description.

Sections 1 -- 11 of the bill make minor style amendments and corrections and, primarily, amend various citations to recognize the existence of the new chapter (i.e., the new Article 4A). Many of the citation updates are made by referring to "the code" (i.e., the UCC), which term is then defined in Section 8 of the bill (amending existing AS 45.01.201, at page 5, lines 11 and 12). This approach simplifies the citation system.

Section 12 of the bill adds a new "funds transfers" chapter -- AS 45.14. In the following description, the section numbers alone, without the title and chapter numbers, will be set out to identify the respective provisions.

- Section 101. For ease of reference to this batch of material, this section gives the short title, following the standard practice for the Uniform Commercial Code.

- Section 102. This is a simple statement of the applicability of the chapter. The exception refers to consumer transactions governed by federal law.

- Sections 103 -- 105. These definition sections set out definitions of basic terms, and include some cross references to other definitions. Central to this material is the definition of "funds transfer" in proposed Sec. 104 (page 11, lines 17 -- 22).

- Section 106. This section identifies the time that a payment order is received by applying the same rules that determine when a notice is received. This provision is important because the specified time usually defines the payment date or the execution date of a payment order.

- Section 107. This section merely provides for the Federal Reserve Board regulations to supersede inconsistent

provisions of state law -- a standard concept. This could occur in transfers made by Fedwire.

- Section 108. Comparable to Sec. 107, this section merely provides for the superseding applicability of federal law.

- Section 201. A large percentage of payment orders and communications amending or canceling payment orders are transmitted electronically, and it is standard practice to use security procedures that are designed to assure the authenticity of the message. This section defines "security procedure."

- Sections 202 and 203. Acceptance of a payment order by the receiving bank is based on the belief by the bank that the order was authorized by the person identified as the sender. These two sections set out the rules governing liability and obligation to pay.

- Section 204. This section sets out the rules with regard to refund of payment, etc., when what appears to be a payment order is actually an unauthorized one. This section applies only where (1) there is no commercially reasonable security procedure in effect, (2) the bank did not comply with a commercially reasonable security procedure that was in effect, and (3) the sender can prove that the culprit did not obtain confidential security information controlled by the customer. It also covers the situation where the bank, under Sec. 203, agreed to take all or part of the loss resulting from an unauthorized payment order.

- Section 205. This section covers three types of error in the content or in the transmission of payment orders.

- Section 206. This section applies an agency concept when an intermediary bank is used for the purpose of transmitting payment orders and related messages for the sender. This section deals only with errors by the intermediary.

- Section 207. Subsection (a) deals with the problem of payment orders issued to the beneficiary's bank for payment to nonexistent or unidentifiable persons or accounts. Since it is not possible in that case for the funds transfer to be completed, subsection (a) states that the order cannot be accepted. Subsection (b), which takes precedence over subsection (a), deals with the problem of payment orders in which the description of the beneficiary does not allow identification of the beneficiary because the beneficiary is described by name and by an identifying number or an account number, and the name and number refer to different persons.

- Section 208. This section is similar to Sec. 207. Because of automation in the processing of payment orders, a payment order may identify the beneficiary's bank or an

intermediary bank by an identifying number. This section covers the situation where the bank identified by number might or might not also be identified by name.

- Section 209. This section, on the acceptance of a payment order, treats the sender's payment order as a request by the sender to the receiving bank to execute or pay the order, and that request can be accepted or rejected by the receiving bank. This section tells when acceptance occurs. The next section covers rejection. Acceptance imposes an obligation.

- Section 210. With respect to payment orders issued to a receiving bank other than the beneficiary's bank, notice of rejection is not necessary to prevent acceptance of the order. Acceptance can occur only if the receiving bank executes the order. But notice of rejection will routinely be given by such a bank in cases in which the bank cannot or is not willing to execute the order for any of various reasons. This section sets out the rules governing rejection.

- Section 211. This section states the conditions under which cancellation or amendment of a payment order is both effective and proper.

- Section 212. This section describes the liability of a receiving bank.

- Section 301. This section defines "executed" and "execution date." These terms are used only with respect to a payment order to a receiving bank other than the beneficiary's bank. The beneficiary's bank can accept the payment order that it receives, but it does not "execute" the order. Execution refers to the act of the receiving bank in issuing a payment order "intended to carry out" the payment order that the bank received.

- Section 302. In the absence of agreement, the receiving bank is not obliged to execute an order of the sender. (See Sec. 212.) This section states the manner in which the receiving bank may execute the sender's order if execution occurs.

- Section 303. This section states the effect of erroneous execution of a payment order by the receiving bank. Under Sec. 402(c), below, the sender of a payment order is obliged to pay the amount of the order to the receiving bank if the bank executes the order, but the obligation to pay is excused if the beneficiary's bank does not accept a payment order instructing payment to the beneficiary of the sender's order. If erroneous execution of the sender's order causes the wrong beneficiary to be paid, the sender is not required to pay. If erroneous execution causes the wrong amount to be paid, the sender is not obliged to pay the receiving bank an amount exceeding that specified in the sender's order.

- Section 304. This section, on the duty of a sender to report an erroneously executed payment order, is the same in effect as Section 204 above, which applies to unauthorized orders issued in the name of a customer of the receiving bank.

- Section 305. Subsection (a) covers cases of delay in completion of a funds transfer resulting from an execution by a receiving bank in breach of Sec. 302(a). The receiving bank is obliged to pay interest on the amount of the order for the period of the delay. Subsection (b) applies to cases of breach of Sec. 302 that involve more than mere delay.

- Section 401. "Payment date" refers to the day the beneficiary's bank is to pay the beneficiary. It may be expressed in various ways, so long as it indicates the day that the beneficiary is to receive payment. In certain transfers, the payment date is the equivalent of "settlement date" or "effective date."

- Section 402. This section sets out the general rules specifying the obligation of a sender to pay the receiving bank. Subsection (b) states that the sender of a payment order to the beneficiary's bank must pay the order when the beneficiary's bank accepts the order. At that point, the beneficiary's bank is obliged to pay the beneficiary. A payment order is not like a negotiable instrument on which the drawer or maker has liability. Acceptance of the order by the receiving bank creates an obligation of the sender to pay the receiving bank the amount of the order. That is the extent of the sender's liability to the receiving bank, and no other person has any rights against the sender with respect to the sender's order.

- Section 403. This section defines when a sender pays the obligation stated in Sec. 402. If a group of two or more banks engages in funds transfers with each other, the participating banks will sometimes be senders and sometimes receiving banks. This section deals with situations where a federal reserve bank is, and situations where it is not, involved.

- Section 404. The first sentence of subsec. (a) states the time when the obligation of the beneficiary's bank arises. The second and third sentences state when the beneficiary's bank must make funds available to the beneficiary. They also state the measure of damage for failure, after demand, to comply. Subsection (b) states the duty of the beneficiary's bank to notify the beneficiary of receipt of the order.

- Section 405. This section defines when the beneficiary's bank pays the beneficiary and when the obligation of the beneficiary's bank under Sec. 404 to pay the beneficiary is satisfied. In almost all cases, the bank will credit an account of the beneficiary when it receives a payment order.

- Section 406. Subsection (a) states the fundamental rule of Article 4A (the proposed AS 45.14) that payment by the originator to the beneficiary is accomplished by providing to the beneficiary the obligation of the beneficiary's bank to pay. Since this obligation arises when the beneficiary's bank accepts a payment order, the originator pays the beneficiary at the time of acceptance and in the amount of the payment order accepted.

- Section 501. This section, allowing variation by agreement, is designed to give some flexibility to Article 4A. Funds transfer system rules govern rights and obligations between banks that use this system. They may cover a wide variety of matters such as form and content of payment orders, security procedures, cancellation rights and procedures, indemnity rights, compensation rules for delays in completion of a funds transfer, time and method of settlement, credit restrictions with respect to senders of payment orders, and risk allocation with respect to suspension of payments by a participating bank.

- Section 502. When a receiving bank accepts a payment order, the bank normally receives payment from the sender by debiting an authorized account of the sender. In accepting the sender's order, the bank may be relying on a credit balance in the account. In certain situations, it is unjust to the bank to allow the "creditor process" to take the credit balance on which the bank may have relied. Subsec. (b) allows the bank to obtain payment from the sender's account in this kind of situation. Subsection (c) deals with payment orders issued to the beneficiary's bank. The bank may credit the beneficiary's account when the order is received, but, under Sec. 404(a), the bank incurs no obligation to pay the beneficiary until the order is accepted under Sec. 209(b). "Creditor process" is defined in subsec. (a) of this section to cover a variety of devices by which a creditor of the holder of a bank account or a claimant to a bank account can seize the account. Procedure and nomenclature vary widely from state to state.

- Section 503. This section, on injunctions and restraining orders with respect to a funds transfer, is designed to prevent interruption of a funds transfer after it has been set in motion. Only certain kinds of injunctions are permitted. In particular, intermediary banks are protected, and injunctions against the originator and the originator's bank are limited to issuance of a payment order.

- Section 504. Subsection (a) concerns priority among various obligations that are to be paid from the same account. The problem addressed arises when an account balance is not sufficient to cover all of the checks and payment orders issued by the owner of the account.

- Section 505. This section is in the nature of a "statute of repose" (like a "statute of limitation") for objecting to debits made to the customer's account.

- Section 506. A receiving bank is required to pay interest on the amount of a payment order received by the bank in a number of situations. Sometimes the interest is payable to the sender, and in other cases it is payable to either the originator or the beneficiary of the funds transfer. This section tells how the rate of interest is determined.

- Section 507. Since funds transfers are typically interstate or international in character, this section sets out the rules stating which law applies to questions that arise.

Section 13 of the bill simply requires the reviser of statutes to make sure that all Uniform Commercial Code citations accurately reflect the new chapter.

Section 14 of the bill, related to the effective date specified in Sec. 16 of the bill, identifies the causes of action that will be covered by the new AS 45.14 and those that will still be covered by the common law of Alaska.

Section 15 of the bill, in conjunction with the bill title itself, facilitates compliance with Article II, Section 13, and Article IV, Section 15, of the Alaska Constitution, identifying changes in the court rules.

Section 16 of the bill makes the Act effective as of January 1, 1994. This appears to be a reasonable beginning date, giving adequate notice and preparation time to those concerned with this subject, while not unduly delaying Alaska's joining the rest of the country in making these provisions effective.

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National Bank of Alaska



Juneau Office P.O. Box 021189 Juneau, Alaska 99802-1189 (907) 586-3324 FAX (907) 463-3997

February 11, 1993

Senator Tim Kelly
Capitol Bldg. Room 101
Juneau, AK 99801

Dear Senator Kelly:

The use of electronic funds transfers as a method of conducting everyday business is growing rapidly. Senate Bill Number 86 which your committee will be hearing clarifies the responsibilities and rights of the involved parties in utilizing this method of commerce. Forty four other states have adopted these changes to the Uniform Commercial Code and we along with other financial institutions and businesses support adoption of the changes. Briefly these changes will have the following benefits:

- 1) Provide clear lines of responsibility for all parties utilizing electronic funds transfers.
- 2) Reduce and eliminate legal disputes between all parties that conduct business by fund transfers.
- 3) Eliminate disputes that could arise between the State of Alaska and the other 44 States about responsibilities between two different Uniform Commercial Codes.
- 4) Provides clear, fair and sound rules for all parties (not just financial institutions) in conducting business through fund transfer methods.

I urge you and your committee's support for this important bill. I will be glad to discuss this with you or any member of your committee.

Sincerely,

Peter Crandall
Senior Vice President

cc: Senator Jay Kerttula

SPONSOR LETTER

SB 86

1/20/93
(long version)

DESCRIPTION OF BILL TO ENACT
UNIFORM COMMERCIAL CODE, ARTICLE 4A
(FUNDS TRANSFERS)

This bill will enact the new Article 4A of the Uniform Commercial Code (UCC). The new article, an essential piece of the modern commercial law of this country (with 44 enactments as of December 1992), provides legislative answers to the many issues involved in funds transfers (the bulk of which are called "wholesale wire transfers").

The UCC, promulgated in the 1950's and '60's by the National Conference of Commissioners on Uniform State Laws (NCCUSL) in conjunction with the American Law Institute (ALI), and approved by the American Bar Association (ABA), is a comprehensive codification of commercial law. It has been enacted in all states and territories of the United States (except Louisiana, which has enacted parts of it) and serves as a model elsewhere. However, until promulgation of Article 4A in 1989 (endorsed by the American Bankers Association as well as the ABA and the ALI), it did not deal with funds transfers between commercial entities. As business practice has come to rely more heavily on the speed, efficiency, reliability, and comparatively low cost of electronic technology, the many questions that arise from that reliance demand answers.

The same technology that provides automated teller machines for personal use is also used to make large transfers of money to satisfy obligations arising from commercial transactions.

DESCRIPTION
LONG VERSION

In 1989, a record three trillion dollars were transferred on a single day -- more money than the 1989 gross national product of the United States -- and the 1989 average was one trillion dollars a day. In the average single "funds transfer," \$5,000,000 change hands.

Ever since promulgation and enactment of the UCC several decades ago, the rights and obligations of the parties to payment by check have been governed by Articles 3 and 4 (currently, AS 45.03 and 45.04, in Alaska). The new article will not change that coverage, but will deal with electronic methods of transferring bank credit. The rules in Articles 3 and 4, relying on signatures and endorsements on pieces of paper (checks) as the basis for determining liability, do not apply to electronic funds transfers.

Many transfers in the United States are effected through electronic transfer networks; one is owned and operated by the Federal Reserve Board and is known as FedWire; the other is owned and operated by the New York Clearing House and is known as CHIPS (Clearing House Interbank Payments Systems). Each of these systems has rules (including the Federal Reserve Board's Regulation J) to govern transactions between participating banks, but they do not directly affect bank customers. A "consumer transaction," such as through a credit card or an automated teller machine, is covered by federal law -- the Electronic Funds Transfer Act of 1978 -- and is not subject to Article 4A. A huge range of transactions directly

affecting bank customers, and not covered by those federal provisions, is the subject of this bill.

Unless the parties to a transaction use the same bank, a funds transfer involves at least four entities: the originator of the payment; the bank to which the originator communicates the first payment order; the beneficiary's bank that receives the final payment order; and the beneficiary (the entity that the originator or subsequent sender intends to pay). Intermediary receiving and sending banks also may be involved. There are numerous opportunities for problems and questions to arise.

What happens if the first bank makes a mistake as to the amount to be paid? What happens if the second bank doesn't notify the beneficiary? What happens if the payment order is fraudulent and not actually issued by the originator? What happens if there is a bank failure? What are the remedies if someone takes a loss? Who bears the risk of loss at a given time in the transactional process? What constitutes acceptance and rejection (both rightful and wrongful) of a payment order, and what must be done to amend a payment order? These are some of the questions answered in Article 4A.

The new article carefully addresses the interests of banks, commercial users of this payment method, and the public. It provides for a fair balance between the interests of these groups.

The four-year drafting effort that produced Article 4A included participation by many representatives of competing interests, as well as the uniform law commissioners themselves. The result of the numerous meetings, discussions, debates, and roughly 12 drafts is an appropriate accommodation of the disparate interests. It fills a major gap in the statutes.

This bill provides for a significant improvement in Alaska law. It meticulously adheres to the national version, making only minor style and numbering adjustments to comply with Alaska's requirements. (Conforming to Alaska's statute-numbering system and present UCC, this new article is designated a chapter -- AS 45.14 -- but the section numbers are the same as in the NCCUSL's official version.) The bill will help keep Alaska's Uniform Commercial Code up to date, thus tending to assure a favorable commercial climate here -- one that is in line with the rest of the country. The 44 states that have already enacted Article 4A include the major financial centers -- New York, Illinois, and California. Enactment by all states will retain this subject for handling by the states and should preclude federal intervention.

#

A Few Facts About
New Article 4A of the Uniform Commercial Code
— Funds Transfers —

Purpose: To provide a comprehensive body of law on the rights and obligations connected with funds transfers.

Origin: Completed by the Uniform Law Commissioners in 1989.

Endorsed by: American Law Institute
American Bankers Association
American Bar Association

State Adoptions:	Alabama	Minnesota
	Arizona	Mississippi
	Arkansas	Missouri
	California	Montana
	Colorado	Nebraska
	Connecticut	Nevada
	Delaware	New Mexico
	District of Columbia	New York
	Florida	North Dakota
	Georgia	Ohio
	Hawaii	Oklahoma
	Idaho	Oregon
	Illinois	Pennsylvania
	Indiana	Rhode Island
	Iowa	South Dakota
	Kansas	Tennessee
	Kentucky	Utah
	Louisiana	Virginia
	Maine	Washington
	Maryland	West Virginia
	Massachusetts	Wisconsin
	Michigan	Wyoming

1993
Introductions: New Jersey Puerto Rico

For any further information regarding Article 4A of the Uniform Commercial Code, please contact John McCabe or Katie Robinson at 312-915-0195.

(1/10/93)

STATES THAT HAVE ADOPTED
ARTICLE 4A - UCC

SB 86

1/20/93
(short version)

DESCRIPTION OF BILL TO ENACT
UNIFORM COMMERCIAL CODE, ARTICLE 4A
(FUNDS TRANSFERS)

This bill, addressing the electronic technology revolution and modern business practices, will enact the new Article 4A of the Uniform Commercial Code (UCC). It is an essential piece of the current commercial law of this country, with 44 enactments as of December 1992 (including New York, Illinois, and California -- the major financial centers). It provides state legislative answers to the many issues involved in funds transfers (the bulk of which are called "wholesale wire transfers").

The UCC is a comprehensive codification of commercial law. However, until promulgation of Article 4A in 1989, it did not deal with funds transfers between commercial entities. As business practice has come to rely more heavily on the speed, efficiency, reliability, and comparatively low cost of electronic technology, the many questions that arise from that reliance demand answers.

In 1989, a record three trillion dollars were transferred on a single day -- more money than the 1989 gross national product of the United States -- and the 1989 average was one trillion dollars a day. In the average single "funds transfer," \$5,000,000 change hands.

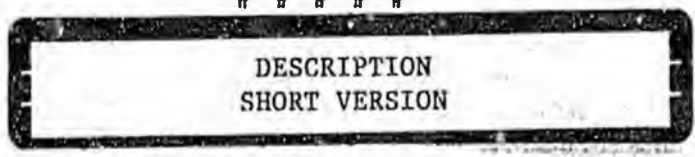
The new article will not change the rules in Articles 3 and 4 dealing with signatures and endorsements on pieces of paper (checks) as the basis for determining liability.

Unless the parties to a transaction use the same bank, a funds transfer involves at least four entities: the originator of the payment; the bank to which the originator communicates the first payment order; the beneficiary's bank that receives the final payment order; and the beneficiary. Numerous problems and questions can arise.

What happens if the first bank makes a mistake as to the amount to be paid? What happens if the second bank doesn't notify the beneficiary? What happens if the payment order is fraudulent and not actually issued by the originator? What happens if there is a bank failure? What are the remedies if someone takes a loss? Who bears the risk of loss at a given time in the transactional process? What constitutes acceptance and rejection (both rightful and wrongful) of a payment order, and what must be done to amend a payment order? These are some of the questions answered in Article 4A.

This bill provides for a significant improvement in Alaska law. It will help keep Alaska's Uniform Commercial Code up to date, thus tending to assure a favorable commercial climate here -- one that is in line with the rest of the country.

#



STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

March 1, 1993

Hon. Tim Kelly
Alaska State Senate
State Capitol Building, Room 101
Juneau, AK 9980

Re: SB 86

Dear Senator Kelly:

The Department of Law has reviewed SB 86 and finds no legal problems.

The bill makes important improvements to the Uniform Commercial Code.

We understand that the bill is before your committee. We would request early scheduling of a hearing on the bill.

If you have questions, please let us know.

Sincerely,

CHARLES E. COLE
ATTORNEY GENERAL

By: *Deborah E. Behr*
Deborah E. Behr
Assistant Attorney General

DEB:cl

cc: Alaska's Uniform Law Commissioners Delegation
Justice Jay Rabinowitz
Arthur H. Peterson, Esq.
Jerry Kurtz, Esq.
Tam Cook, Esq.
Grant Callow, Esq.

Kris Lethin, Legislative Liaison
Office of the Governor

WALTER J. HICKEL, GOVERNOR

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465-6735

SB

97

Alaska State Legislature

3111 C Street, Suite 150
Anchorage, Alaska 99503
(907) 561-2038



During Session:
P.O. Box V
Juneau, Alaska 99811
(907) 465-4993

Senator Drue Pearce
District G

Sponsor Statement for CS for Senate Bill 97 (L&C)

Mr. Chairman and members of the Committee ... the Work Draft for Committee Substitute for Senate Bill 97 will enable emergency dispatchers to better assist people who call 911 when they find themselves in life threatening situations. Victims of crime, the young, and the elderly are often unable to give adequate directions when they dial 911. If enacted, SB-97 would create a mechanism to fund enhanced 911 emergency reporting systems. The bill is permissive.

Enhanced 911 emergency reporting systems provide an expansion of the benefits of the basic 911 emergency telephone number. Among the benefits are:

- 1) Immediate visual display of the location and telephone number of the caller.
- 2) Automatic routing to the appropriate emergency response unit.
- 3) Faster response time.
- 4) Curtailment of abuses of the emergency system by documenting callers.

This bill gives immunity from liability, except for intentional acts of misconduct or gross negligence, to municipalities and their suppliers of 911 services. The bill, for the purposes of a dispatcher furnishing name and address information to emergency response units, waives the telephone customer's privacy rights normally afforded by unlisted phone numbers.

SPONSOR STATEMENT

Alaska State Legislature

Senator Tim Kelly, Chair
Senator Steve Rieger, Vice Chair
Senator Drue Pearce
Senator Judy Salc
Senator Georgianna Lincoln



SENATE LABOR AND COMMERCE
COMMITTEE

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SECTIONAL ANALYSIS OF THE WORK DRAFT CS SB 97 (L&C): ENHANCED 911 EMERGENCY SYSTEM

Section 1: Findings & Purpose.

Section 2:

Amends AS 09.25.120, PUBLIC RECORDS; EXCEPTIONS; CERTIFIED COPIES, so that records or information provided in the course of an enhanced 911 call, including the recording of the call, are protected from release to the public. This section also makes some technical changes making the section easier to read.

Section 3:

Amends AS 09.65.070(d), SUITS AGAINST INCORPORATED UNITS OF LOCAL GOVERNMENT, to provide municipalities immunity from suit for the exercise of a duty in connection with an enhanced 911 system.

Section 4:

Amends AS 29.10.200, LIMITATION OF HOME RULE POWERS, to add AS 29.35.131, ENHANCED 911 SYSTEM, as a new paragraph. This provides that the Enhanced 911 System provisions apply to home rule municipalities as a prohibition on acting otherwise than as provided for in AS 29.35.131.

Section 5:

Amends AS 29.35, MUNICIPAL POWERS AND DUTIES, by adding 5 new sections:

- 29.35.131 - 911 Surcharge;
- 29.35.133 - Immunity;
- 29.35.135 - Waiver of Privacy By Local Exchange Telephone Company Subscribers;
- 29.35.137 - Definitions.

SECTIONAL ANALYSIS

29.35.131: 911 Surcharge

Allows municipalities to elect to provide an enhanced 911 system and impose a surcharge, collectable through the local telephone exchange's billing system, to meet only the costs of the system. This surcharge is capped at 50 cents for municipalities with 100,000 or more people, and 75 cents for municipalities with fewer than 100,000 people.

In a municipality which has elected to provide this system, the local exchange telephone company shall bill and collect the surcharge, which shall be paid to the municipality no later than 60 days from the end of the month in which it is collected. The surcharge may not be considered revenue of the local exchange company. If a customer only pays a portion of his or her bill, the amount paid shall be prorated between the surcharge and telephone bill. From each remittance to the municipality, the local exchange company may deduct the greater of one percent of the collected amount or \$150 for the cost of collection.

A local exchange company is not legally obligated to take legal action to enforce collection of the surcharge, but if the company is attempting to collect an unpaid debt from a customer, it shall also attempt to collect any unpaid 911 surcharge.

29.35.133: Immunity

Except for intentional acts of misconduct or gross negligence, a service supplier, local exchange telephone company, and their employees and agents, are immune from liability.

29.35.135: Waiver of Privacy By Local Telephone Company Subscribers

Local telephone subscribers waive the privacy afforded by unlisted or unpublished phone numbers to the extent that the name and address may be furnished to the enhanced 911 system for routing and response.

29.35.137: Definitions

Section 6: Effective Date.

LETTERS OF SUPPORT FOR SB 97

ANCHORAGE POLICE DEPARTMENT

ANCHORAGE TELEPHONE UTILITY

MUNICIPALITY OF ANCHORAGE

ALASKA FIRE CHIEF'S ASSOCIATION



TOM FINK
MAYOR

ANCHORAGE POLICE DEPARTMENT

4501 SOUTH BRAGAW STREET • ANCHORAGE, ALASKA 99507-1599
TELEPHONE (907) 788-8500



February 11, 1993

The Honorable Drue Pearce
Alaska State Legislature
Senate
P.O. Box V
Juneau, Alaska 99811

Dear Senator Pearce,

The Anchorage Police Department supports Senate Bill 97. This bill will allow all Alaskans to receive efficient and effective access to emergency service agencies via Enhanced 911 Systems.

Senate Bill 97 provides stable funding for Enhanced 911 Systems throughout the State, thus allowing all jurisdictions the option to provide faster and more effective emergency services to citizens. Any person who dials 911 will receive an appropriate emergency response. These Enhanced 911 systems will also provide access to the speech and hearing impaired through the incorporation of Terminal Devices for the Deaf (TDD).

Senate Bill 97 also provides immunity from liability associated with the installation, operation and maintenance of Enhanced 911 Systems for telephone companies and emergency services telephone operators and dispatchers. This immunity is required, in our opinion, for efficient operation of Enhanced 911 Systems.

We sincerely appreciate your support.

Sincerely,

Kevin M. O'Leary
Chief of Police

ANCHORAGE POLICE DEPARTMENT
LETTER OF SUPPORT



Anchorage Telephone Utility

Executive Offices

February 24, 1993

Honorable Tim Kelly
 Alaska State Senate
 Pouch V
 Juneau, AK 99811

Dear Senator Kelly:

Your question regarding Section 2 (Public Records; Exceptions; Certified Copies) of CSSB97, An Act relating to enhanced 911 emergency reporting systems, was passed on to me by Senator Pearce's office.

That language was requested by the Anchorage Police Department. As I understand it, it is simply an issue of privacy. It is their position that a person involved in an emergency situation involving the use of 911 should be entitled to a degree of privacy regarding that situation. Naturally, if a crime is found to have been committed and/or an arrest is made in conjunction with a 911 call, then that information would become public.

Thank you for your support of this legislation. I hope this answers your question. If you need additional information, please do not hesitate to call.

Sincerely,

ANCHORAGE POLICE DEPARTMENT



Gordon Parker
 Director, Carrier Relations & Public Policy

cc: Senator Pearce

1:CRPP-011

MUNICIPALITY OF ANCHORAGE
1993 LEGISLATIVE PROGRAM

LEGISLATIVE ISSUES

TITLE: Statewide 911 Legislation

The Municipality of Anchorage would support a bill that provided as a local government option a mechanism for local telephone companies to collect for 911 services areawide.

The cost of the 911 system in Anchorage is born by the taxpayers of the Anchorage Police Service Area (APSA), which currently does not include the Hillside/South Anchorage area. In the past, the Alaska State Troopers have relied upon the Anchorage Police Department's (APD) 911 system in order to provide emergency telephone service to these areas, and have been billed for the services proportionate to calls received for their agency. The Troopers recently notified the Municipality that it will no longer pay these costs and wished to withdraw from 911 participation.

This is an important issue to the MOA, because we do not have a source of revenue to fund the 911 system outside the APSA. Clearly, we cannot provide free emergency communications services to some residents of the Municipality while taxing other residents for the same service. In addition, the Municipality cannot provide 911 services free of charge to the State.

The Municipality also favors eliminating liability for information regarding unlisted phone numbers.

Contact: Larry D. Crawford, Municipal Manager
Phone: 343-4433

Introduced by: Alaska Fire Chief's Association
Date: September 25, 1992

RESOLUTION 92-02J

A RESOLUTION REQUESTING THAT THE ALASKA STATE LEGISLATURE PROVIDE SOURCES OF FUNDING FOR THE ENHANCED 911 SYSTEM SIMILAR TO LEGISLATION INTRODUCED DURING THE SECOND SESSION OF THE SEVENTEENTH ALASKA STATE LEGISLATURE.

WHEREAS, expansion of the benefits of the basic 911 emergency telephone number provides faster response time, which minimizes the loss of fire and property, and

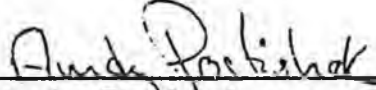
WHEREAS, automatic routing to the appropriate emergency response unit occurs, and

WHEREAS, immediate visual display of the location and telephone number of the caller appears which curtails the abuses of the emergency system by documenting callers.

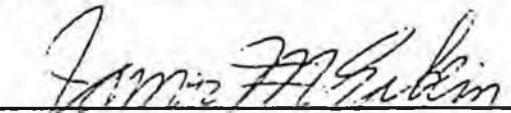
NOW, THEREFORE, BE IT RESOLVED BY THE ALASKA FIRE CHIEF'S ASSOCIATION AND ALASKA STATE FIREFIGHTER'S ASSOCIATION:

- 1) that the Alaska State Legislature is urged to provide funding sources, either through local user fees, or surcharges, to fund the enhanced 911 systems statewide.

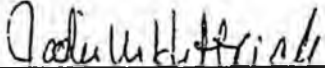
ADOPTED, this 25th day of September, 1992.



Andy Postishek, President AFCA



James Eakin, President ASFA

ATTEST: 

Jodie Hettrick, Secretary

RESOLUTION OF SUPPORT FROM THE
ALASKA FIRE CHIEF'S ASSOCIATION

S B

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FISCAL NOTE

No. 8

Bill Version: SB 99

(S) Publish Date: 2/5/93

**STATE OF ALASKA
1993 LEGISLATIVE SESSION**

Revision Date: _____ Dept. Affected: NATURAL RESOURCES
 Title: Act Relating to Financial Administration of State Government ... sec. 62.63, BRU: Park & Recreation Management
71 Component: Park Management
 Sponsor: _____
 Requestor: _____ COMPONENT SERIAL NO. 0452

Expenditures/Revenues:

(Thousands of Dollars)

	FY94	FY95	FY96	FY97	FY98	FY99
OPERATING						
PERSONAL SERVICES	38.2	19.0	15.0	15.0	0	0
TRAVEL						
CONTRACTUAL	27.0	15.0	12.0	12.0	0	0
SUPPLIES	10.8	6.0	5.0	5.0	0	0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	76.0	40.0	32.0	32.0	0	0

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

REVENUE FUND SOURCE:	150.0 PR	200.0 PR	300.0 PR	400.0 PR	400.0 PR	400.0 PR
-----------------------------	----------	----------	----------	----------	----------	----------

FUNDING:

(Thousands of Dollars)

	FY94	FY95	FY96	FY97	FY98	FY99
1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	76.0	40.0	32.0	32.0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
Other	0	0	0	0	0	0
TOTAL	76.0	40.0	32.0	32.0	0	0

POSITIONS:

	FY94	FY95	FY96	FY97	FY98	FY99
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 (FY93) impact: \$ _____

ANALYSIS:

(Attach a separate page if necessary)

Please see attached Fiscal Analysis

Changes in CS899 (JUD) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.
4/17/93 KRL
 date Comte Aide (initial)

Prepared by: Neil C. Johannsen
 Division: Parks & Outdoor Recreation
 Approved by Commissioner: [Signature]
 Agency: _____

Phone: 762-2600
 Date: 28 December 1993
 Date: 1/5/93

FISCAL ANALYSIS

The state park fee program to be funded by this fiscal note consists of the design, construction, and installation of fee collection stations at approximately 44 locations in the state park system. Each fee station is estimated to cost \$4,000, including labor, supplies, and contractual expenses.

The fee stations would be installed in phases, over a four year period. Eighteen stations would be installed in FY94, and ten stations installed in FY95. Eight stations would be installed in both FY96 and FY97. First year costs include design and production of fee collection envelopes and annual pass decals, as well as design and production of standard drawings and plans for the fee stations. These one-time costs are estimated at \$4,000.

No new positions would be required by this legislation. Additional administrative and management costs would be absorbed by existing staff.

The estimate of revenue to be produced by this bill is based on visitation records for selected park units, as well as financial records for the existing camping fee program. In the fourth year of implementation, this new fee program is expected to generate annual revenues of approximately \$400,000. Potential revenues to the state from this program exceed the state's costs in each year of the four year implementation period. In subsequent years, these user fees would help offset increased park maintenance and operating costs as well as possible general fund budget reductions. The net financial effect of this program would be positive, with fee revenues greater than operating costs.

FISCAL NOTE

No. 31

STATE OF ALASKA
1993 LEGISLATIVE SESSION

Bill Version: CSSB 99 (LJC)

(S) Publish Date: 3-9-93

Revision Date: _____ Dept. Affected: Alaska Commission on Postsecondary Education
Title: Omnibus Bill, Sec. 39-43 BRU: Student Loans
Component: Student Loan Operations

Sponsor: Rules Committee
Requestor: Governor COMPONENT SERIAL NO. 213

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						

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

REVENUE FUND SOURCE:	1022	1022	1022	1022	1022	1022
----------------------	------	------	------	------	------	------

FUNDING: (Thousands of Dollars:)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other Corporation Receipts	13.0	13.0	13.0	13.0	13.0	13.0
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ _____

ANALYSIS: (Attach a separate page if necessary)

Changes in CSSB 99 (JUD) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.
4/17/93 KRL
date Comte Aide (initial)

Prepared by: Doug Hanon, Finance Officer Phone: 465-2962, ext. 143
Division: Alaska Commission on Postsecondary Education Date: 3/3/93
Approved by Commissioner: _____ Date: _____
Agency: _____

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FISCAL NOTE

No. 30

STATE OF ALASKA
1993 LEGISLATIVE SESSION

Bill Version: CSSB 99 (LIC)

(S) Publish Date: 3-9-93

Revision Date: _____
Title: Omnibus Bill, Sec. 36-38
Sponsor: Rules Committee
Requestor: Governor

Dept. Affected: Alaska Commission on Postsecondary Education
BRU: _____
Component: Student Loans

COMPONENT SERIAL NO. 212/213

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						

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

REVENUE FUND SOURCE:	1022	1022	1022	1022	1022	1022
----------------------	------	------	------	------	------	------

FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other Corporation Receipts	500.0	500.0	500.0	500.0	500.0	500.0
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ _____

ANALYSIS: (Attach a separate page if necessary)

Changes in CSSB 99 (JUD) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.

4/17/93 KRL
date Comte Aide (initial)

Prepared by: Doug Hanon, Finance Officer
Division: Alaska Commission on Postsecondary Education
Approved by Commissioner: _____
Agency: _____

Phone: 465-2962, Ext. 143
Date: 3/3/93
Date: _____

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FISCAL NOTE

No. 29

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO :

Bill Version: CSSB 99 (LPC)
(S) Publish Date: 3-9-93

Revision Date: _____
Title: Financial Administration of State
Government
Sponsor: Rules Committee
Requestor: House State Affairs

Department Affected: Labor
BRU: Labor Standards & Safety
Component: Mechanical Inspection
COMPONENT SERIAL NO. 346

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

REVENUE	0.0	0.0	0.0	0.0	0.0	0.0
FUND SOURCE:	PR #1005	PR #1005	PR #1005	PR #1005	PR #1005	PR #1005

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ None

<p>ANALYSIS: (Attach a separate page if necessary)</p> <p style="text-align: center;">See attached</p>	<p>Changes in <u>CSSB 99 (JWD)</u> reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate. <u>4/17/93</u> <u>KRL</u> date Comte Aide (initial)</p>
--	---

Prepared by: Don Study, CSP, Director Phone: 465-6003
Division: Labor Standards & Safety Date: 3/3/93
Approved by Commissioner: Charles W. Mahlen
Agency: Department of Labor Date: 3/3/93

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Fiscal Note Analysis for:

Financial Administration of State Government

The Department of Labor is affected by four sections of this bill. Separate fiscal notes have been prepared for each section. Sections 45 through 47 of this bill concern fees and certification time periods for departmental programs. Section 49 would increase an existing fee set by statute and change to a biennial licensing requirement.

In anticipation of new fees and fee increases, a fund source change from general funds to program receipts was included in the department's FY 94 budget submittal. Because the \$93.5 in fee income is reflected in the department's operating budget, it is excluded from this fiscal note.

The net fiscal impact of the sections of this bill (and associated regulations) relevant to this department is the general fund gains \$94.6, and the department gains \$26.8 expenditure authorization to cover the costs of services provided.

Section 46:

Section 46 would change time periods for certificates of fitness for plumbers and electricians from a one- or three-year certificate to two-year certificates. The department would have the authority to phase in the two-year certificates over an expected three year period.

This bill would have no fiscal impact other than stabilizing revenues to the department.

For purposes of calculating fiscal impact, an effective date of July 1, 1993 is assumed.

FISCAL NOTE

No. 28

STATE OF ALASKA
1993 LEGISLATIVE SESSION

Bill Version: CSSB 99 (LFC)
BILL NO : _____
(S) Publish Date: 3-9-93

Revision Date: _____ Department Affected: Labor
Title: Financial Administration of State BRU: Labor Standards & Safety
Government Component: Wage & Hour
Sponsor: Rules Committee
Requestor: _____ COMPONENT SERIAL NO. 345

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

REVENUE	0.7	(0.1)	0.7	(0.1)	0.7	(0.1)
FUND SOURCE:	PR #1005	PR #1005	PR #1005	PR #1005	PR #1005	PR #1005

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ None

<p>ANALYSIS: (Attach a separate page if necessary)</p> <p style="text-align: center;">See attached</p>	<p>Changes in <u>CSSB 99</u> (JW) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.</p> <p style="text-align: center;"><u>4/17/93</u> <u>KRL</u></p> <p style="text-align: center;">date Comte Aide (initial)</p>
--	--

Prepared by: Don Study, CSP, Director Phone: 465-6003
Division: Labor Standards & Safety Date: 3/3/93

Approved by Commissioner: Charles W. Mahlen
Agency: Department of Labor Date: 3/3/93

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Fiscal Note Analysis for:

Financial Administration of State Government

The Department of Labor is affected by four sections of this bill. Separate fiscal notes have been prepared for each section. Sections 45 through 47 of this bill concern fees and certification time periods for departmental programs. Section 49 would increase an existing fee set by statute and change to a biennial licensing requirement.

In anticipation of new fees and fee increases, a fund source change from general funds to program receipts was included in the department's FY 94 budget submittal. Because the \$93.5 in fee income is reflected in the department's operating budget, it is excluded from this fiscal note.

The net fiscal impact of the sections of this bill (and associated regulations) relevant to this department is the general fund gains \$94.6, and the department gains \$26.8 expenditure authorization to cover the costs of services provided.

Section 49:

Section 49 of this bill raises the fee for an employment agency license from \$10 to \$100 and establishes the license as a biennial license. This fee has not been increased since 1953. This increase reflects the costs of review performed by the department for these operating permits.

The eight licensed employment agencies operating in the state will pay a total of an additional \$0.7 biennially for licensing. The department will continue to absorb the cost of reviewing and issuing these permits and the \$0.7 additional revenue collected will be deposited into the general fund.

For purposes of calculating fiscal impact, an effective date of July 1, 1993 is assumed.

FISCAL NOTE

No. 27

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO

Bill Version: CSSB 99/LSC
(S) Publish Date: 3-9-93

Revision Date: _____
Title: Financial Administration of State
Government
Sponsor: Rules Committee
Requestor: _____

Department Affected: Labor
BRU: Labor Standards & Safety
Component: Mechanical Inspection

COMPONENT SERIAL NO. 346

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	24.3	24.3	24.3	24.3	24.3	24.3
TRAVEL						
CONTRACTUAL						
SUPPLIES	2.5	2.5	2.5	2.5	2.5	2.5
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	26.8	26.8	26.8	26.8	26.8	26.8

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

REVENUE	26.8 *	26.8 *	26.8 *	26.8 *	26.8 *	26.8 *
FUND SOURCE:	PR #1005	PR #1005	PR #1005	PR #1005	PR #1005	PR #1005

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipt	26.8	26.8	26.8	26.8	26.8	26.8
1006 GF/MHTIA						
Other						
TOTAL	26.8	26.8	26.8	26.8	26.8	26.8

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ None

ANALYSIS: (Attach a separate page if necessary)

See attached

Changes in CSSB 99 (JVD)
reflect NO FISCAL CHANGE from the original
fiscal note. This fiscal note is appropriate.

4/17/93 KRL
date Comte Aide (initial)

Prepared by: Don Study, CSP, Director Phone: 465-6003
Division: Labor Standards & Safety Date: 3/3/93
Approved by Commissioner: Charles W. Mahlen
Agency: Department of Labor Date: 3/3/93

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Fiscal Note Analysis for:

Financial Administration of State Government

The Department of Labor is affected by four sections of this bill. Separate fiscal notes have been prepared for each section. Sections 45 through 47 of this bill concern fees and certification time periods for departmental programs. Section 49 would increase an existing fee set by statute and change to a biennial licensing requirement.

In anticipation of new fees and fee increases, a fund source change from general funds to program receipts was included in the department's FY 94 budget submittal. Because the \$93.5 in fee income is reflected in the department's operating budget, it is excluded from this fiscal note.

The net fiscal impact of the sections of this bill (and associated regulations) relevant to this department is the general fund gains \$94.6, and the department gains \$26.8 expenditure authorization to cover the costs of services provided.

Section 47:

This section would establish fees for an application/examination and for duplicate certificates of fitness for electricians and plumbers. Section 47 would also increase fees for certificates of fitness and for renewals of certificates.

No application/examination fee is currently charged; a \$50 application/examination fee would generate approximately \$23.8 annually in program receipts. This fee reflects the cost of providing these services.

No fee is currently charged for duplicate certificates; a \$25 fee for duplicate certificates of fitness would generate approximately \$3.0 annually in program receipts. The \$25 fee reflects the cost of providing the duplicate certificate.

Currently, \$40 is charged for a one year certificate and \$75 is charged for a three year certificate. A \$160, two-year certificate of fitness fee--with an \$80, one-year certificate of fitness issued for a three year period until the current three-year certificates are phased out--is proposed. These fee changes are expected to generate \$93.5 annually. The revenue associated with this change is included in the department's operating budget submittal as program receipts. Two points are relevant: 1) the general fund gains \$93.5 and 2) the fiscal note does not reflect the receipt of the revenue because it is in the operating budget.

For purposes of calculating fiscal impact, an effective date of July 1, 1993 is assumed.

FISCAL NOTE

No. 26

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO :

Bill Version: CSSB 99(L9C)
(S) Publish Date: 3-9-93

Revision Date: _____
Title: Financial Administration of State
Government
Sponsor: Rules Committee
Requestor: _____

Department Affected: Labor
BRU: Labor Standards & Safety
Component: Mechanical Inspection

COMPONENT SERIAL NO. 346

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

REVENUE	0.4	0.4	0.4	0.4	0.4	0.4
FUND SOURCE:	PR #1005	PR #1005	PR #1005	PR #1005	PR #1005	PR #1005

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ None

<p>ANALYSIS: (Attach a separate page if necessary)</p> <p style="text-align: center;">See attached</p>	<p>Changes in <u>CSSB 99</u> (TVD) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.</p> <p style="text-align: center;"><u>9/17/93</u> <u>KRL</u></p> <p style="text-align: center;">date Comte Aide (initial)</p>
---	---

Prepared by: Don Study, CSP, Director Phone: 465-6003
 Division: Labor Standards & Safety Date: 3/3/93

Approved by Commissioner: Charles W. Mahlen
 Agency: Department of Labor Date: 3/3/93

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Fiscal Note Analysis for:

Financial Administration of State Government

The Department of Labor is affected by four sections of this bill. Separate fiscal notes have been prepared for each section. Sections 45 through 47 of this bill concern fees and certification time periods for departmental programs. Section 49 would increase an existing fee set by statute and change to a biennial licensing requirement.

In anticipation of new fees and fee increases, a fund source change from general funds to program receipts was included in the department's FY 94 budget submittal. Because the \$93.5 in fee income is reflected in the department's operating budget, it is excluded from this fiscal note.

The net fiscal impact of the sections of this bill (and associated regulations) relevant to this department is the general fund gains \$94.6, and the department gains \$26.8 expenditure authorization to cover the costs of services provided.

Section 45:

This section would allow the department to adopt regulations establishing fees for administering special inspector examinations and processing applications for special boiler and pressure vessel inspector commissions. The department currently performs these functions without charge.

Regulations establishing a \$25 application and examination fee are anticipated. This would generate approximately \$0.4 annually in receipts to the general fund.

For purposes of calculating fiscal impact, an effective date of July 1, 1993 is assumed.

FISCAL NOTE

No. 25

STATE OF ALASKA
1993 LEGISLATIVE SESSION

F Bill Version: CSSB 99 (LAC)

(S) Publish Date: 3-9-93

Revision Date: _____
Title: An Act relating to improvement of State finances
through reduction of operating costs . . .
Sponsor: (S) Rules
Requestor: _____

Department Affected: Administration
BRU: Office of Public Advocacy
Component: Office of Public Advocacy
COMPONENT SERIAL NO. 43

EXPENDITURES/REVENUES:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

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

REVENUE FUND SOURCE:	0	0	0	0	0	0
----------------------	---	---	---	---	---	---

FUNDING:

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

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 (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary.)

Changes in CSSB 99 (JVD) have no fiscal impact. This fiscal note is appropriate.

4/17/93
date

KRL
Comte Aide (initial)

Prepared by: Brant M. Lee, Public Advocate
Division: Office of Public Advocacy

Phone: 274-1684
Date: _____

Approved by Commissioner: Nancy Bear Usher
Agency: Administration

Date: 3/4/93

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FISCAL NOTE

No. 24

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL Bill Version: CSSB 99 (L&C)
(S) Publish Date: 3-9-93

Revision Date:	Dept. Affected: Revenue
Title: Improvement of state finances through reduction of operating costs	BRU: Alcohol Beverage Control Board
costs of certain state agencies and establishment of certain fees...	Component: Alcohol Beverage Control Board
Sponsor: Senate Rules by Request of the Governor	
Requestor: Senate L&C	COMPONENT SERIAL NO. 100

Expenditures/Revenues:	(Thousands of Dollars)					
	FY94	FY95	FY96	FY97	FY98	FY99
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL						
REVENUE FUND SOURCE:						

FUNDING:	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:						
FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ 0.00

ANALYSIS: (Attach a separate page if necessary)

The administrative efficiencies and savings that will result from biennial licensing will assist the Board in its attempt to maintain adequate performance in spite of budget reductions which total 71% for FY93.

Changes in CSSB 99 (JVD)
have no fiscal impact. This
fiscal note is appropriate.
4/17/93 KRL
date Comte Aide(initial)

Prepared by: <u>Rod R. Mourant</u>	Phone: 465-2300
Division: <u>Commissioner's Office</u>	Date: <u>3/5/93</u>
Approved by Commissioner: <u>Darrel J. Rexwinkel</u>	Date: <u>3/5/93</u>
Agency: <u>Revenue</u>	

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FISCAL NOTE

No. 23

STATE OF ALASKA
1993 LEGISLATIVE SESSION

Bill Version: CSSB 99 (LFC)

(S) Publish Date: 3-9-93

Revision Date: _____ Dept. Affected: Public Safety

Title: "An Act relating to the improvement BRU: Motor Vehicles

of state finances" Component: Field Services

Sponsor: Rules

Requestor: Governor COMPONENT SERIAL NO. 502

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

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	60.0	60.0	60.0	60.0	60.0	60.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	60.0	60.0	60.0	60.0	60.0	60.0

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

REVENUE FUND	2750.4	2750.4	2750.4	2750.4	2750.4	2750.4
SOURCE: 1005						

FINDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	60.0	60.0	60.0	60.0	60.0	60.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	60.0	60.0	60.0	60.0	60.0	60.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY 93) impact: \$ none

ANALYSIS: (Attach a separate page if necessary.) SEE ATTACHED	Changes in <u>CSSB 99</u> (JVD) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate. <u>4/17/99</u> <u>KRL</u> date Comte Aide (initial)
--	--

Prepared By: Juanita Hensley Phone: 465-4361

Division: Motor Vehicles Date: 3/5/93

Approved by Commissioner: [Signature] Date: 3/5/93

Agency: Richard L. Burton, Dept. of Public Safety

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This fiscal note will address only those sections that have an impact on the Division of Motor Vehicles. Each section's impact will be addressed separately below and the cover sheet will reflect a summary of the total impact of all sections.

SECTION 50

This is a technical amendment to reflect the current computer technology in use. The Department of Public Safety uses a relational database in the Alaska Public Safety Information Network (APSIN). With this type of database there is no separate file or database that could be called "the vehicle register". The creation of such a list for sale to user has historically been done for more than 20 years and this amendment clarifies this sale as an electronic service. This protects over \$100,000 in revenue from those vendors who argue that this list should be provided at no charge. There is no fiscal since this amendment clarifies the current situation.

SECTION 51

This Section clarifies Section 50.

SECTION 52

This section allows the Division to design special plates and charge a one-time fee of \$30.00 for their issuance. This is similar to the existing fee structure for personalized plates and these fees would be in addition to the normal registration fees and taxes. This analysis assumes that 10,000 plates would be issued annually.

Contractual cost - 10,000 plates @ \$6	\$60,000
Revenue - 10,000 plate fees @ \$30	\$300,000

SECTION 53

This section would place Alaska in compliance with uniform federal regulatory guidelines for the issuance of handicap plates. These standards limit the plates and the use of special parking places to those persons with mobility handicaps. Current Alaska law allows those with other than mobility handicaps to obtain the plates. Revenue estimates are based on the assumption that 15% or 480 of the 3200 persons with these plates would not qualify and would have to pay regular fees.

Revenue - 480 registrations @ \$35	\$16,800
------------------------------------	----------

SECTION 54

This amendment closes a loop hole in the current law that allows dealers to misuse the dealer plate and prevents further loss of revenue. Since only one dealer was known to have misused the plates the additional revenue will be negligible.

SECTION 55

This amendment takes away the authority to issue vehicle titles to mobile homes. In almost all cases the mobile homes are permanently mounted in trailer parks and should be classed as real property. A title is usually only required when the mobile home is financed because the banks feel getting a vehicle title is easier than filing a UCC lien or a real property lien. Since the title is optional the division usually cannot guarantee ownership since there is no clear chain of documents normally associated vehicle ownership. There would be a small loss of revenue from the approximately 150 titles issued each year.

Revenue - 150 title and lien fees @ \$10 (\$1,500)

SECTION 56

This amendment improves efficiency by removing ambiguity associated with senior citizen exemptions and eliminating associated problems. Many senior citizens buy and sell several vehicles during the year and try to claim exemptions on each one. The statute only allows one exemption per year. There is no fiscal impact.

SECTION 57

Historically only 25-30% of vehicle owners use the mail to renew vehicle registrations. The remainder, over 300,00, come in person to a DMV office adding to the long lines when there is no need to do so. This section charges an additional \$10 for those who do not use the mail service. This approach was taken over giving a discount to those who use the mail because it is a revenue generator rather than a revenue loss. It places the cost directly on those who are creating the efficiency loss. Even with this incentive it is estimated that 200,000 owners will still come in person to renew their vehicles.

Revenue - 200,000 @ \$10 \$2,000,000

FISCAL NOTE

No. 22

STATE OF ALASKA
1993 LEGISLATIVE SESSION

Version: CSSB 99 (LPC)

(S) Publish Date: 3-9-93

Revision Date: _____ Dept. Affected: Public Safety
 Title: "An Act relating to the improvement of BRU: Alaska Police Standards Council
State Finances" Component: Alaska Police Standards Council
 Sponsor: Senate Labor & Commerce
 Requestor: Senate Labor & Commerce COMPONENT SERIAL NO. 519

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

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
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REVENUE FUND SOURCE: 1005	11.4	12.0	12.5	13.1	13.8	14.5
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY 93) impact: \$ None

ANALYSIS: (Attach a separate page if necessary.)

See attached.

Changes in CSSB 99 (JW)
 reflect NO FISCAL CHANGE from the original
 fiscal note. This fiscal note is appropriate.
4/17/93 KRL
 date Comte Aide (initial)

Prepared By: Jack W. Wray Phone: 465-4378
 Division: Alaska Police Standards Council Date: 3/3/93
 Approved by Commissioner: [Signature] Date: 3/4/93
 Agency: Richard L. Burton, Dept. of Public Safety

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Analysis:

Passage of this legislation will allow the Council to amend their regulations to include a fee schedule for the issuance of police, probation, parole, and correctional officer certificates and police and correctional instructor certificates.

Estimated revenue amounts are based on the Council's issuance of 228 police, probation, parole and correctional officer certificates and police and correctional instruction certificates during FY 92. Charge per certificate is calculated at \$50.00 per certificate and the yearly increase in revenue is based on a 5% population increase and a corresponding increase in number of officers and instructors.

FISCAL NOTE

No. 20

STATE OF ALASKA
1993 LEGISLATIVE SESSION

Bill Version: CSSB 99 (LAC)
(S) Publish Date: 3-9-93

Revision Date: March 5, 1993 Dept. Affected: Health and Social Services
 Title: "Act relating to improve. state BRU: Purchased Services
finances through reduction operating costs.. Component: Foster Care
 Sponsor: Rules Committee
 Requestor: Governor COMPONENT SERIAL NO. 0252

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	-35.4 *	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS						
TOTAL OPERATING	(35.4)*	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE FUND SOURCE						
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	(35.4)*	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	(35.4)*	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$0.0

Changes in CSSB 99 (JVD)
 reflect NO FISCAL CHANGE from the original
 fiscal note. This fiscal note is appropriate.
4/17/93 KRL
 date Comte Aide (initial)

ANALYSIS: (Attach a separate page if necessary)

See attached analysis for more.

These sections are covered by this fiscal note and analysis. *The fiscal impact of this bill has not been considered within the FY94 budget, but will be included in the budget amendment process.

Prepared by: Deborah R. Wing, Director *Deborah R. Wing* Phone: 465-3191
 Division: Family & Youth Services Date: 03/05/93
 Approved by Commissioner: Theodore A. Mala, MD, MPH *[Signature]* Date: 3/5/93
 Agency: Department of Health and Social Services

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Fisca Note Analysis continuation

An Act relating to the improvement of State financing through reduction of operating costs.

The Division of Family and Youth Services currently pays a direct monthly subsidy to adoptive parents of hard-to-place children. A hard-to-place child is a child who is not likely to be adopted or to obtain a guardian by reason of physical or mental disability, emotional disturbance, recognized high risk of physical or mental disease, age; membership in a sibling group, racial or ethnic factors, or any combination of these.

The monthly subsidy is considered a reimbursement for costs of supporting hard-to-place children. AS 25.23.190 provides for continuation of the subsidy if necessary to assure placement of a hard-to-place child. The subsidy covers many ongoing maintenance costs including, food, shelter, clothing, school supplies, recreation and transportation costs, counseling or other types of therapy, as well as medical costs.

The bill would authorize Alaska to add the Medicaid option to provide medical coverage for state-subsidized adoptive children who are not otherwise eligible for Medicaid. Medicaid would then pay for these children's medical needs eliminating the need for the DFYS payments to cover those medical costs in their subsidies, and accessing federal Medicaid funding available to the state at a 50 percent match rate.

Future subsidy agreements for hard-to-place children will allow for the Medicaid coverage available under the bill. Subsidy agreements already in force, however, do not provide for an offset for the cost of medical care that may be paid under the bill. For this reason the fiscal note only considers the coverage available for future adoptions of hard-to-place children with special medical needs.

The experience under the program shows that the number of new subsidy agreements have begun to lessen. For FY91 new agreements for children with special medical needs totaled 46. After FY92 there have been 14 placements that have special medical needs. The projected number of special needs placements and the associated medical cost is anticipated to show only slight growth in future years.

A December 1992 review of DFYS files established a FY 93 base year average medical cost per child of \$2,400. The current medical inflation rate of 5.5% is assumed to continue. Medical costs for FY94 are calculated to be 35.4. (14 placements x \$2,400 x 1.055 medical inflation rate = \$35,448.) There will be a one time transfer of funding for medical costs associated with subsidized adoptions.

FISCAL NOTE

No. 19

STATE OF ALASKA
1993 LEGISLATIVE SESSION

Bill Version: CSSB 99 (L&C)

(S) Publish Date: 3-9-93

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: An Act relating to the financial BRU: Medical Assistance
administration of state government... Component: Medicaid Non Facility
 Sponsor: Senate Labor & Commerce Committee
 Requestor: Senate Labor & Commerce Committee COMPONENT SERIAL NO. 0229

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	35.4 *	40.2	43.0	48.2	53.2	58.2
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	35.4 *	40.2	43.0	48.2	53.2	58.2

CAPITAL						
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REVENUE FUND SOURCE						
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts	17.7 *	20.1	21.5	24.1	26.6	29.1
1003 GF Match	17.7 *	20.1	21.5	24.1	26.6	29.1
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	35.4 *	40.2	43.0	48.2	53.2	58.2

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$0.0

Changes in CSSB 99 (JVD) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.
4/17/93 KRL
 date Comte Aide (initial)

ANALYSIS: (Attach a separate page if necessary)

See attached for more.

*The fiscal impact of this bill has not been considered within the Governor's original FY94 budget. An adjustment may be included as a budget amendment after further consideration.

Prepared by: Dave W. Williams *DW Williams*
 Division: Medical Assistance

Phone: 907-465-5826
 Date: 3/5/93

Approved by Commissioner: Theodore A. Mala, MD, MPH *T. Mala*
 Agency: Department of Health and Social Services

Date: 3/5/93

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Fiscal Note Analysis continuation

An Act relating to the improvement of State financing through reduction of operating costs.

The Division of Family and Youth Services currently pays a direct monthly subsidy to adoptive parents of hard-to-place children. A hard-to-place child is a child who is not likely to be adopted or to obtain a guardian by reason of physical or mental disability, emotional disturbance, recognized high risk of physical or mental disease, age, membership in a sibling group, racial or ethnic factors, or any combination of these.

The monthly subsidy is considered a reimbursement for costs of supporting hard-to-place children. AS 25.23.190 provides for continuation of the subsidy if necessary to assure placement of a hard-to-place child. The subsidy covers many ongoing maintenance costs including, food, shelter, clothing, school supplies, recreation and transportation costs, counseling or other types of therapy, as well as medical costs.

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The experience under the program shows that the number of new subsidy agreements have begun to lessen. For FY91 new agreements for children with special medical needs totaled 46. After FY92 there have been 14 placements that have special medical needs. The projected number of special needs placements and the associated medical cost is anticipated to show only slight growth in future years.

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DIVISION OF LEGAL SERVICES

**LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA**

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

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

MEMORANDUM

March 26, 1993

SUBJECT: Single Subject Issues in CSSB 99(L&C)

TO: Senator Robin Taylor, Chair
Senate Judiciary Committee

FROM: David R. Dierdorff *DRD*
Revisor of Statutes

I note that you have scheduled CSSB 99(L&C) for hearing on Friday, April 2. When the bill was in the Labor and Commerce Committee, I discussed certain single-subject problems and title adequacy concerns with committee staff. It was my understanding at the time that Senator Kelly was aware of the problems but that he preferred to have either Judiciary or Finance address them.

You may realize that the House companion bill, HB 65, was divided into three bills, CSHB 65(L&C), HB 178, and HB 179, by the House Labor and Commerce Committee in response to the concerns I raised. The administration had no objection to the division, and understood my concern that it was better to have three good bills than one that was subject to challenge. The memo I prepared for Representative Hudson has been made public, and I would be happy to share it with you if you desire further information on these issues. Suffice to say that it was, and is, my opinion that the sections dealing with motor vehicles and those dealing with Medicaid need to be placed in separate legislation to avoid a possible challenge.

If I may be of further assistance, please advise.

DRD:gc
93-278.glc

LEGAL SERVICES CONCERNS

STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

DEPARTMENT OF LABOR

OFFICE OF THE COMMISSIONER

P.O. BOX 21149
JUNEAU, ALASKA 99802-1149
PHONE: (907) 465-2700

FAX: (907) 465-2784

April 1, 1993

The Honorable Robin Taylor, Chair
Senate Judiciary Committee
State Capitol, Room 30
Juneau, AK 99801-1182

Dear Senator Taylor:

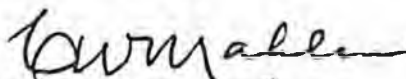
I would appreciate your consideration of two amendments to Committee Substitute for Senate Bill 99 (Labor & Commerce) which is scheduled for a hearing before the Senate Judiciary Committee tomorrow. The amendments would

1) allow the department to set time periods for certificates of fitness by regulation in order to shift from a one or three year certificate to two year certificates over a three year period to level out revenues; and

2) allow for the administrator level of certificate of fitness which is proposed in House Bill No. 249; and provide the flexibility to charge a prorated amount if the certificate is issued for a shorter period to accommodate the time it is anticipated to take to phase in a two year certificate.

Thank you for your consideration of my request. Please do not hesitate to contact my assistant, Arbe Williams, if you have questions concerning the proposed amendments.

Sincerely,



Charles W. Mahlen
Commissioner

Enclosures

cc: The Honorable Tim Kelly, Chair
Senate Labor & Commerce Committee

Cheryl Frasca, Div. Budget Review, OMB, Governor's Office

David Teal, Director, ASD, Labor

SENATE AMENDMENT 2

BY: _____

Page 13, Lines 30 & 31;
TO: Page 14, Lines 10 SENATE BILL NO. CSSB 99(L&C)

TO: _____ HOUSE BILL NO. _____

Add a new section 46 to read

*Sec. 46 AS 18.62.020 is amended to read:

Sec. 18.62.020. APPLICATION FOR AND ISSUANCE OF CERTIFICATE. The department shall issue certificates of fitness, including renewal [VALID FOR ONE YEAR AND] certificates, for a time period determined by the department by regulation [OF FITNESS VALID FOR THREE YEARS]. The certificate shall be issued only to an individual. An applicant for a certificate shall apply in writing, under oath, on a form prescribed by the department containing

- (1) the name and address of the applicant;
- (2) the applicant's age;
- (3) the applicant's citizenship; and
- (4) [WHETHER THE APPLICANT IS APPLYING FOR A ONE-YEAR OR A THREE-YEAR CERTIFICATE; AND

(5)] other information relevant to licensing that the department requires.

*Conceptual:
looking for a form of tra*

SENATE AMENDMENT

BY: _____

TO: Page 14, Lines 11 - 15 SENATE BILL NO. CSSB 99(L&C)

TO: _____ HOUSE BILL NO. _____

Add a new section 47 to read

*Sec. 47 AS 18.62.030 is repealed and reenacted to read:

Sec. FEES.

(a) An applicant shall pay a nonrefundable application and examination fee of \$50 when applying for a certificate of fitness;

(b) an applicant for a trainee or journeyman level certificate of fitness shall pay a biennial fee of \$160, to be prorated if the certificate is issued for a shorter period, for the issuance of a certificate or a renewal certificate;

(c) an applicant shall pay a fee of \$25 for the issuance of a duplicate certificate of fitness.

*Relates to HB 249
Ele tw*

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF PARKS AND OUTDOOR RECREATION

WALTER J. HICKEL, GOVERNOR

3601 C STREET, SUITE 1200
ANCHORAGE, ALASKA 99503
PHONE: (907) 762-2600

MAILING ADDRESS:
P.O. BOX 107001
ANCHORAGE, ALASKA 99510-7001

March 30, 1993

The Honorable Robin Taylor
Alaska State Senate
State Capital
Juneau, AK 99801.

Dear Senator ^{Robin} Taylor:

Thank you for meeting with me on SB99, the omnibus user fee bill. State park user fees are a small part of this large and complex piece of legislation. For my agency, however, the new fee authority contained in the bill is a very important tool for the future.

This bill adds new categories of park user fees to our existing fee program, begun in 1988. The existing fee program assesses charges for camping, boat launching, sanitary dump stations, commercial use permits, and public use cabins, and now accounts for roughly 25% of our field operating budget.

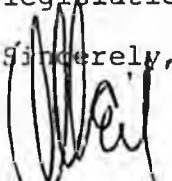
Proposed new categories include 1) sale of firewood, 2) sale of park-related merchandise (film, maps, field guides), 3) use of developed trailheads, picnic sites, and access sites, and 4) interpretive naturalist programs. We estimate that around \$400,000 in revenues will be generated with these fees, which could allow us to maintain services in spite of general fund budget cuts.

The public supports reasonable park user fees, according to a recently completed statewide survey conducted by a professional polling firm. I am attaching results from this survey, showing that **84% of Alaskans support park use fees.**

I need your help in making two minor modifications to the committee substitute bill now before the Senate Judiciary Committee. First, the word "overnight" ^{PLEASE?} (page 20, line 16) was added by Senate Labor and Commerce, but would severely limit our ability to raise reasonable fees. This wording authorizes overnight use of day use facilities. The word "overnight" should be removed. Second, the Labor and Commerce substitute bill sets the actual fee amounts in law, as opposed to the customary approach of setting fee levels in regulation. I request that you adopt the approach taken in the original bill, which is a temporary fee schedule that would remain in effect until regulations can be adopted.

Thanks again for your interest and assistance with this important piece of legislation.

Sincerely,


Neil C. Johannsen
Director

DNR REQUESTED AMENDMENTS

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STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

OFFICE OF THE GOVERNOR
OFFICE OF MANAGEMENT AND BUDGET
DIVISION OF BUDGET REVIEW

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JUNEAU, ALASKA 99811-0020
PHONE: (907) 465-3568

March 10, 1993

The Honorable Robin Taylor
Chair
Senate Judiciary Committee
State Capitol
Juneau, AK 99801-1182

Dear Senator Taylor:

Senate Bill 99, the "omnibus" legislation relating to the state's operating budget, has been referred to your committee for consideration. On behalf of the Governor, I would appreciate your scheduling it for the committee's consideration at your earliest convenience.

As explained in the Governor's transmittal letter that accompanied the bill, the legislation makes a number of changes to state law which will impact the state's operating budget. These changes involve both sides of the ledger--savings in future general fund expenditures and increases in state revenues.

To assist the committee in its review of the bill, attached is a "fiscal sectional" which outlines each section and discusses its fiscal impact. As you will note, the bill will generate an estimated \$4,188,300 in revenues with an associated cost of \$256,300.

Should you have questions, or need additional information, please let me know.

Sincerely,



Cheryl Frasca
Director

Enclosure

CS SB 99 (L&C) - "Omnibus" Legislation Fiscal Sectional

Section No.	Department	Brief Description	Discussion of Fiscal Impact	Revenues (including GF savings)	Cost
1 thru 32	Revenue	The Alcoholic Beverage Control Board currently issues licenses annually. These amendments make the process biennial and accordingly, double license fees.	Will enable staff to spread workload out over two years thereby enabling more efficient processing and utilization of existing staffing levels.		
33 thru 35	Administration (OPA)	Enables the Office of Public Advocacy to charge fees for public guardians based on ability to pay. In response to a recommendation by Legislative Audit that OPA pursue additional funding sources to support its activities.	Due to time required to develop and implement regulations, no revenue is projected for FY 94. Until fee schedule is established, future revenue projections are difficult.	Not yet determined	
36 thru 38	Education	Alaska Commission on Postsecondary Education: Authorizes assessment of a 1% guarantee fee to offset losses resulting from student loan debt cancellation due to death, disability or bankruptcy of the student. Will be similar to a loan origination fee.	Total revenue to be generated in FY 94 is 500.0 in corporate receipts	500.0	
39 thru 43	Education	Provides for the same 1% loan guarantee fee to be charged on these other student loan programs: Memorial Scholarship Loan Program, Teacher Scholarship Loan Program, and Family Education Loan Program.	Total revenue to be generated in FY 94 is 13.0 in corporate receipts	13.0	

CS SB 99 (L&C) - "Omnibus" Legislation Fiscal Sectional

Section No.	Department	Brief Description	Discussion of Fiscal Impact	Revenues (including GF savings)	Cost
44	Fish and Game	Amends "Fees and Compensation for Issuance of Licenses and Tags" to allow a vendor to withhold \$1 in compensation for the sale of a license or tag before sending sale proceeds to the department. This compares to current practice of sending full amount to the department which then reimburses the vendor for the amount due from the sale.			
45	Labor	Establishes as one of the Departments duties the ability to set fees by regulation for administering certain examinations and processing applications for special boiler and pressure vessel inspector commissions (currently there is no charge).	Anticipate fee of \$25.00 which will annually generate estimated \$375.00 to the general fund.	0.4	
46	Labor	Amends the Certificates of Fitness chapter by changing the expiration time frame for plumber and electrician certificates. Currently they are valid for either one or three years. Amendment provides for biennial issuance.	No fiscal impact; currently revenues fluctuate due to one or three year renewal. Change to a two year certificate will stabilize the level of program receipts from year to year.		

CS SB 99 (L&C) - "Omnibus" Legislation Fiscal Sectional

Section No.	Department	Brief Description	Discussion of Fiscal Impact	Revenues (including GF savings)	Cost
47	Labor	Current statute sets certificate of fitness fees for plumbers and electricians at \$40 for one year/\$75 for three years. Amendment sets application fee at \$50, provides for biennial issuance or renewal at \$160.00 and \$25 fee for duplicate certificate.	Anticipate application and exam fee of \$50.00 to generate 23.8 in program receipts; duplicate fee charge will generate 3.0. Certificate of fitness fee will generate 93.5.	120.3	120.3
			Of the total 120.3, 93.5 is already reflected in the Governor's FY 94 budget as submitted.		
48	Public Safety	Alaska Police Standards Council: Amends the Council's "Powers" section by establishing a \$50 fee to process applications for certification of police, probation, parole and correctional officers.	Based on issuance of 170 non-state certificates at a charge of \$50.00 per certificate, an estimate 8.5 in general fund program receipts is expected. The amount is projected to increase by 5% in future years.	11.4	
49	Labor	Amends the Employment Agencies statute by changing the duration of a permit from one to two years. Establishes the biennial fee for a permit at \$100 (currently \$10).	Only eight agencies are currently licensed; fee increase will generate an additional \$720.00.	0.7	