

ALASKA LEGISLATURE COMMITTEE FILES 1993-1994 8672

8495 SENATE STATE AFFAIRS

HEB

491

STATE OF ALASKA
1994 LEGISLATIVE SESSION

Revision Date: 3/15/94
Title: Reports by Alaska Science and Technology Foundation
Sponsor: Representative Vezev
Requestor: Representative Vezev

Department Affected: Commerce and Economic Development
BRU: ASTE
Component: _____

COMPONENT SERIAL NO. _____

Expenditures/Revenues:

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

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

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

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

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Wendy Mulder, DCED
Division: Commissioner of Finance

Phone: 465-2504
Date: 3-15-94

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

Date: 3-15-94

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No. 1
 Bill Version: HB 491
 (H) Publish Date: 3/18/94

FISCAL NOTE

STATE OF ALASKA
 1994 LEGISLATIVE SESSION

BILL NO.

Revision Date: _____ Dept. Affected: Revenue
 Title: "An Act Relating to Reports by The Alaska Science & Technology Foundation" BRU: Science & Technology Foundation
 Component: Operations
 Sponsor: Vezey
 Requestor: Vezey COMPONENT SERIAL NO. 1025

Expenditures/Revenues: (Thousands of Dollars)

	FY95	FY96	FY97	FY98	FY99	FY00
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE FUND SOURCE: <u>Endow Inc.</u>	-0-	-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other <u>Endow Inc.</u>	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: 8 -0-

ANALYSIS: (Attach a separate page if necessary.)
 Changing the ASTF Annual Report from the Calendar Year to the State of Alaska Fiscal Year.

Prepared by: John W. Sibert *JWS* Phone: 272-4333
 Division: Alaska Science & Technology Foundation Date: 3-15-94
 Approved by Commissioner: Darrel J. Rexwinkel *[Signature]* Date: _____
 Agency: Department of Revenue *[Signature]*

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COMMITTEE COPY

(S/STA)

HOUSE BILL NO. 491

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE VEZEY

Introduced: 2/14/94

Referred: State Affairs

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to reports by the Alaska Science and Technology Foundation."

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

3 * Section 1. AS 37.17.090(j) is amended to read:

4 (j) The board of directors shall provide a written report of its activities and
5 finances for the previous state fiscal year to the governor and the legislature no later
6 than January 15 [30] each year.

December 16

*independent
from consent*

HB

494

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 17, 1994

SUBJECT: Sectional Summary of HB 494. (Changing the Alaska State Pension Investment Board to the Alaska Pension Investment Authority)

TO: Representative Eileen MacLean

FROM: Teresa B. Cramer *TBC*
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.

Section 1 amends the section that addresses investment of state funds to substitute the Alaska Pension Investment Authority (APIA), created this bill for the existing Alaska State Pension Investment Board (ASPIB). The amendment also makes the officers of the authority eligible to act as fiduciaries.

Sec. 2 establishes the Alaska Pension Investment Authority as a public corporation and government instrumentality in the Department of Revenue with responsibility for having custody of, managing, and investing state pension funds. Previously, the section gave responsibility to the ASPIB for providing prudent and productive management and investment of state pension funds and other funds entrusted to it by the fiduciary with responsibility for the other fund.

Sec. 3 gives the trustees of the APIA the duties that previously applied to the ASPIB.

Sec. 4 permits the chair of the trustees of APIA to appoint the executive director or a trustee to present information to the legislature about the authority's operating budget.

Sec. 5 makes the trustees, the executive director and the investment officers of the authority subject to the financial disclosure requirements found in AS 39.50 and

requires disclosure if one of them has an interest in an entity in which the authority has an investment.

Sec. 6 permits the executive director of the authority to designate additional officers and employees of the authority who will also be subject to financial disclosure requirements.

Sec. 7 permits the authority to employ an executive director who, with the approval of the trustees, may employ additional staff.

Sec. 8 permits identification of the source of the funds for the authority's budget as the funds that the authority managements and invests.

Sec. 9 requires the authority to ensure that the assets it holds in trust and the services of the trustees, officers, employees, and agents of the authority are protected, either by insurance or by provision of self-insurance retention.

Sec. 10 exempts from state taxes and assessments the authority, funds managed by the authority, properties owned, managed, or held by the authority, and income from those activities or funds.

Sec. 11 replaces the ASPIB with the APIA in a section that prohibits engaging in private banking or private trust activities.

Sec. 12 replaces a definition of "board" (which was defined to mean the ASPIB) with a definition of "authority" (which is defined to mean the APIA).

Sec. 13 places the officers and employees of the APIA in the exempt service.

Sec. 14 amends the duties of the Department of Revenue with regard to state funds for which the APIA has responsibility. The section removes from the department the responsibility for having custody of, investing, and managing those funds. Under 37.10.210(a), enacted by sec. 2 of the bill, the APIA has those responsibilities.

Sec. 15 repeals AS 44.25.028 which is made unnecessary because the APIA will directly employ staff to manage and invest funds for which the APIA has responsibility instead of using staff of the Department of Revenue. Portions of AS 44.25.028 have been added to AS 37.10.230 by bill sec. 6, adding subsection (d) to that statutory section.

Sec. 16 directs the revisor of statutes and the regulations attorney to make the changes necessary in the state statutes and regulations to implement the name change enacted by this bill.

Representative Eileen MacLean
February 17, 1994
Page 3

Sec. 17 directs that the trustees of the ASPIB shall become the trustees of the APIA when the bill takes effect.

Sec. 18 transfers the business of the ASPIB to the APIA on the effective date of the bill.

Sec. 19 gives the bill an effective date of July 1, 1994.

TC:pl
94-135.plm

RECEIVED

FEB 28 1994

7021 Hunt Ave.
Anchorage, Ak. 99504
February 24, 1994

Rep. Eileen MacLean
State Capitol
Juneau, Alaska 99811

Dear Eileen:

I have just read through your bill, HB 494, changing the Alaska State Pension Investment Board to an independent authority. I am delighted that you have introduced this bill and want to lend my strong support.

Ironically, HB 494 puts forward the original intent of my pension investment legislation introduced in 1990 and subsequently vetoed by the Governor. At that time it was felt that the costs of maintaining an independent authority or corporation were excessive. There may have also been some old fashioned territorialism involved.

However, in 1992 the Administration, largely through the efforts of Commissioner Rexwinkle, and I and others worked out compromise legislation which subsequently passed and established the Pension Investment Board which exists today. This legislation gave the Board fiduciary responsibility and independent investment power over the State's pension funds, but did not authorize a staff to carry out its policies. That function remained with the Department of Revenue.

I think everyone has been generally pleased with the functioning of the new Board and the work of the Department of Revenue. Now, however, Board members are beginning to turn their sights to the future. I share their view that the investment policies of the Board have to be followed over a reasonably long time horizon, regardless of changes in Administration. Having an Executive Director and investment officers who work exclusively for the Board would provide much greater assurance that the Board receives all the assistance it requires in its decision-making, and that Board policies and directions are strictly followed.

As we found out with SBS funds, investment of these billions of dollars is serious business, and that considerable attention and safeguards are needed. This legislation will further ensure long-term protection and enhancement of these funds to the advantage of employees as well the state and participating municipalities.

If I can be of any help, please let me know.

With warm regards,


Pat Pourchot

Alaska State Pension Investment Board



P.O. Box 110400 Juneau, Alaska 99811-0400
(907) 465-4880

March 3, 1994

The Honorable Eileen MacLean
Alaska State Legislature
State Capitol, Room 507
Juneau, Alaska 99801-1182

Dear Representative MacLean:

The Treasury Division in the Department of Revenue as restructured by HB 494 will be able to improve earnings to the General Investment Fund by \$10 Million. This sum is actually a lower case expectation. Recent history shows that enhanced forecasting would have increased revenue in a range between \$23 Million and \$30 Million.

This can be achieved through enhanced cash flow forecasting and investing the funds using the improved information. However, as you would expect, there is nothing simple about the process.

The current cash flow forecasting system provides general information which is not sufficient for the investment process. The focus of the existing system is on unexpended General Fund assets. A greater emphasis towards monitoring the daily ebbs and flows of cash during the fiscal year will allow Portfolio Management staff of the Treasury Division to take greater advantage of investment opportunities. First, significant improvement can be achieved by monitoring the daily cash flows. Secondly, a significant working relationship can be established with financial officers of the appropriate departments and agencies of the State. This dialogue will educate and increase the level of communication regarding the need for timely information.

The improved level of cash flow information, as noted earlier, will allow staff to take advantage of investment opportunities. In a normal interest rate environment, an investor of fixed income securities will receive a higher return (increased yield) by investing in securities that have a longer maturity date. For example, a three-month U.S. Treasury Bill will pay a greater interest rate than an overnight investment; a six-month U.S. Treasury Bill typically has a higher payout than a three-month U.S. Treasury Bill, etc. With a greater understanding of the daily cash flow, it will not be necessary to maintain

Representative Eileen MacLean

March 3, 1994

Page 2

as high a level of residual cash on hand to meet unanticipated demands on the General Investment Fund. Not only can staff reduce the amount of cash on hand, they can take advantage of the interest rate environment and invest more comfortably in longer dated U.S. Treasury Fixed Income Securities. I emphasize that this can be achieved in the context of safety of principal and liquidity.

An example of how an improved forecast would have increased the returns in Calendar Year 1992 and for the twelve months ending October 31, 1993, is listed below. The columns represent the General Investment Fund balance, actual returns and the returns of the most representative published index. This low risk index is structured in a manner consistent with investment objectives that would be applicable given the ability to enhance cash flow forecasting.

Date Year Year Ending	GIF balance ('000's)	Actual Performance	Lehman Government 1-3 Year Index
12-31-92		4.87%	6.25%
11-30-92	\$1,420,000	0.15	<0.15>
12-31-92	\$1,423,000	0.48	0.93
1-31-93	\$1,368,000	0.49	1.05
2-28-93	\$1,374,000	0.39	0.80
3-31-93	\$1,397,000	0.29	0.31
4-30-93	\$1,417,000	0.34	0.61
5-31-93	\$1,356,000	0.13	<0.24>
6-30-93	\$2,034,000	0.38	0.75
7-31-93	\$1,050,000	0.29	0.22
8-31-93	\$1,849,000	0.37	0.83
9-30-93	\$2,312,000	0.30	0.32
10-31-93	\$2,028,000	0.26	0.22
Average 12 months ending 10-31-93	\$1,660,000	3.92%	5.77%

For the twelve months ending October 31, 1993, the additional return would have been:

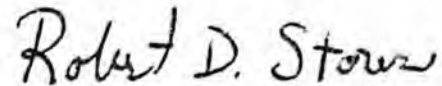
$$\$1,660,000,000 \times (5.77\% - 3.92\%) = \$30,710,000.$$

The same monthly average for Calendar Year 1992 would have increased revenue by \$22.9 Million. These returns are indicative of why staff believes an increase in revenue of \$10 Million is very conservative and achievable.

Representative Eileen MacLean
March 3, 1994
Page 3

I hope you find this information useful and I would be happy to provide additional information that may be required.

Sincerely,

A handwritten signature in cursive script that reads "Robert D. Storer".

Robert D. Storer
Chief Investment Officer

94-043

cc: Darrel J. Rexwinkel, Commissioner
Laraine L. Derr, Deputy Commissioner

PUBLIC EMPLOYEES' RETIREMENT BOARD

March 11, 1994

Honorable Al Vezey
Chair
House State Affairs Committee
Room 102
State Capitol
Juneau, Alaska 99801-1182

F A X T R A N S M I T T A L M E M O

TO: David Harding

DEPT: Rep. Ingleton FAX #: 463-3241

FROM: Lorraine Devv PHONE: _____

CO: Treasury FAX #: _____

Post-it brand fax transmittal memo 707

NO. OF PAGES
2

RE: Support for Creation of Alaska State Pension Investment Authority

Dear Representative Vezey:

My colleagues on the Public Employees' Retirement Board have requested that I, as chair, convey to you the support of the Public Employees' Retirement Board for enactment of legislation which would create an Alaska State Pension Investment Authority. As we understand it, HB 484, "An Act Changing the Alaska State Pension Investment Board to the Alaska Pension Investment Authority and Relating to the Authority" is presently before your committee. We have reviewed that bill and believe that the intentions of the bill to convert the Alaska State Pension Investment Board into an authority is clearly an idea whose time has come and would serve the interests of the State's public employees.

As you undoubtedly know, the Public Employees' Retirement Board has advised on many issues relating to investment and administration of Alaska's public employee retirement pensions. The Board includes two elected members and three appointed members representing the retirement and benefit interests of public employees, both current and retired. The Board supported creation of the Alaska State Pension Investment Board in 1993, and has been pleased with the operations of that Board as an independent manager and fiduciary of the substantial assets of the retirement funds for public employees. Two members of the Pension Investment Board are elected representatives of the same constituency as is represented by the Public Employees' Retirement Board.

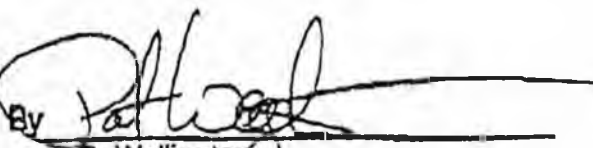
Given the substantial size of the assets now being administered by the Pension Investment Board (over \$8.5 billion), we believe that the scope of that Board's duties has evolved enough to warrant creation of an independent authority

Honorable Al Veazy
March 11, 1994
Page 2

to in fact handle its responsibilities. Creation of a new authority will not compound bureaucracy. Rather the creation of an authority will constitute an appropriate acknowledgment of the fact that pension funds are indeed separate from the general funds of the State of Alaska. The independent authority (consisting of staff and officers) supporting the Alaska Permanent Fund is an example of a self-supporting entity which is reflective of the importance given to the administration of that fund. The sizeable pension funds of public employees deserve similar treatment and we believe that an authority created through legislation such as HB 494 would indeed be self-supporting and protect the interests of our public employees.

We urge your support of a bill such as HB 494 creating an Alaska Pension Investment Authority. Should you have questions regarding the position or role of the Public Employees' Retirement Board in this process please feel free to contact me or other members of our Board. Thank you very much for your attention.

PUBLIC EMPLOYEES'
RETIREMENT BOARD

By 
J. P. Wellington
Chair

cc: Members, House State Affairs Committee
Members, Public Employees' Retirement Board
Members, Alaska State Pension Investment Board
Deputy Commissioner Laraine Derr

To: Eileen MacLean, Co-Chair, Finance Committee

From: Dorothy Wells, Alaska State Pension Investment Board
Trustee

Date: March 15, 1994

Subject: HB 494, An Act changing the Alaska State Pension
Investment Board to the Pension Investment Authority

Since I will not be coming to Juneau to testify at the hearing regarding this bill, which I understand is scheduled for this coming Monday, March 21, I'd like to submit the following comments.

As a member of this board, I feel strongly that this change would be an excellent one. As you know, the present law gives the trustees fiduciary responsibility; however, the accountability to go along with this fiduciary responsibility is less clear. As it works now, one Board member, the Commissioner of Revenue, is in charge of hiring staff and implementing the policies of the Board. This is working well now; however, it might not always work, and then, it seems to me, it gets a little muddy about who is really responsible. It seems that if the Board has the fiduciary responsibility for the pension funds, then it has to truly be where the "buck finally stops." I think this bill would cause that to be the case.

Additionally, when the law which created the present Pension Board was passed, there was a lot of testimony about why not using the Permanent Fund Board to manage this money also. If that comes up again, I think that is an especially bad idea because of significant differences in the two funds.

1. The Pension Funds are managed with a whole different set of investment objectives than is the Permanent Fund. The payment of pensions is mandated in the Constitution -- no such mandate exists for the permanent fund dividends.

2. The Board manages assets for four different defined benefit pension plans, plus deferred compensation and the SBS funds, which are participant directed.

3. The Pension Board must coordinate with the TRS and PERS Boards and have different reporting requirements than the Permanent Fund Board.

To: Eileen MacLean, Co-Chair, Finance Committee
From: Teachers Retirement System Board, Dorothy Wells, Chair
Date: March 15, 1994
Subject: HB 494, An Act changing the Alaska State Pension
Investment Board to the Pension Investment Authority

The Teachers Retirement Board expresses strong support for HB 494, changing the Investment Board to an Investment Authority.

We feel that the continuity to be gained by creating an Investment Authority would be invaluable. Not only would there be continuity of investment policy, but also continuity of carrying out this policy -- both could only enhance investment returns, which is, of course, the ultimate goal of the Authority.

Thank you for your support of this bill.

Post-It™ brand fax transmittal memo 7671 # of pages 2

To MacLean	From Wells
Co. Finance	Co. TRS, ASPIB
Dept.	Phone #
Fax # 463-3241	Fax # 488-6955

ALASKA STATE LEGISLATURE

Representative Eileen Panigeo MacLean
Co-Chair House Finance Committee
P.O. Box 830
Barrow, Alaska 99723
(907) 852-7111

WHILE IN JUNEAU
State Capitol, Room 507
Juneau, Alaska 99801-1182
467-1833
467-1525
463-3241 FAX

HOUSE OF REPRESENTATIVES

MEMORANDUM

District 37

North Slope
Borough

Anaktuvuk Pass
Atkasuk
Barrow
Kaktovik
Nulqsut
Point Hope
Point Lay
Wainwright

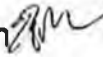
Northwest Arctic
Borough

Ambler
Buckland
Deering
Kiana
Kivalina
Kobuk
Kolzebue
Noatak
Noorvik
Selawik
Shungnak

Seward Peninsula

Brevig Mission
Diomedes
Shishmaref
Teller
Wales

TO: Sen. Loren Leman, Chair
Senate State Affairs Committee

FROM: Rep. Eileen P. MacLean 

DATE: March 30, 1994

RE: Hearing request for HB 494

This is a request for hearing of HB 494 in the Senate State Affairs Committee.

HB 494 represents the final step in establishing an appropriate management structure for the \$7 billion fund belonging to the State's retirement systems. It establishes an investment authority as the framework for a more efficient and responsive operation of the Alaska State Pension Investment Board (ASPIB).

The ASPIB is an eight-member board of trustees created in 1992 which has fiduciary responsibility for assets of the State's defined benefit pension programs including PERS, TRS and Judicial and Military retirement systems. Two trustees are elected by the PERS membership; two are elected by the TRS membership; three are appointed by the Governor; and the eighth trustee by statute is the Commissioner of Revenue.

The current organizational structure was regarded as a compromise when the Board was established. In order to save on program costs, executive and administrative functions of the ASPIB were assigned to the Treasury Division in the Department of Revenue. This simply carried forward the administrative structure that had been in place when the Commissioner of Revenue had sole fiduciary responsibility for the defined benefit pension programs.

Prudent management practice suggests that program staff should be responsible to the person or persons holding fiduciary responsibility.

Since the ASPIB Board now holds that responsibility, it stands to reason a separate, quasi-independent authority with its own staff should be established.

Staff that reports to only one member of the Board (the Commissioner of Revenue) creates the potential for a variety of conflicts, including the allocation of staff's time between the defined benefit pension funds and other funds in the Treasury Division. If a Commissioner of Revenue strongly disagrees with other members of the ASPIB regarding policy, there is clearly the potential for the Commissioner to influence policy implementation and undercut ASPIB policy decisions.

The 1992 legislation establishing the ASPIB gave it fiduciary responsibility for management of the pension funds' assets. They are accountable, not only to the Governor, but to the 57,000 beneficiaries and the 213 political subdivisions and school districts participating in the retirement plans. Under the current structure, allocation of resources and staff obscures accountability. HB 494 corrects this inherent flaw by establishing an investment authority and authorizing the ASPIB to hire an executive director and staff directly accountable to the ASPIB.

HB 494 creates a structure consistent with the way most large public pension plans are managed. The Department believes that the additional program costs for a quasi-independent agency are minimal compared to the increased revenue returns to the General Fund generated by the Treasury Division's enhanced cash flow analysis. As the fiscal note indicates, Revenue anticipates additional General Fund revenue of \$10 million or more.

In summary, HB 494 creates an investment authority that allows the ASPIB to hire an executive director and staff to assist in management of pension assets and implementation of policy for the retirement systems. This bill creates a more efficient organization and it clearly defines responsibility and accountability for management of pension assets.

If you need further information, please contact David Harding of my staff (-6871).



NEA-ALASKA

Affiliated with the National Education Association

NEA-ALASKA POSITION STATEMENT

HB 494

NEA-Alaska, representing members of both the Teacher Retirement System and the Public Employee Retirement System, supports changing the Alaska State Pension Investment Board to the Alaska Pension Investment Authority.

By establishing a public corporation with a legal existence independent of and separate from the state, active and retired participants in the retirement systems will become more confident in the integrity and security of their vested benefits.

Creating an Authority with an executive director and other employees will provide greater opportunity to keep pace with rapid and continuous change occurring in the employee benefits field. Even though the Alaska Pension Investment Board executes its fiduciary responsibility in a dependable manner, an Authority has the potential of enhancing the financial stability of investments and promoting greater economic security for the retirement systems.

The Alaska Permanent Fund Corporation provides a good example of successful management of funds independent of state government. A system that manages the volume of investments the size of TRS and PERS must carefully evaluate investment strategy to determine if investment objectives can be better achieved. HB 494 creates a system with greater accountability between the Board and the Executive Director and the Department of Revenue to achieve economic security for the system. The Authority will have the capacity to evaluate system performance against the employees it hires to achieve the investment returns necessary for a sound system.

One of the biggest employee needs is the need for economic security. In retirement years, economic security is the insurance against poverty and low income, and it is the assurance that one will have the ability to obtain the medical care that grows more important, and more expensive, as we age.

We believe that HB 494 will help achieve economic security for the system in the short term so that our employees enjoy economic security in the long term.

3-12-94



NEA-ALASKA

Affiliated with the National Education Association

NEA-ALASKA POSITION STATEMENT

HB 494

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We believe that HB 494 will help achieve economic security for the system in the short term so that ~~our~~ employees enjoy economic security in the long term.

3-12-94
4-18-94

Alaska State Pension Investment Board



P.O. Box 110400 Juneau, Alaska 99811-0400
(907) 465-4880

Position Paper

An Act Establishing the Alaska Pension Investment Authority

Position

The Trustees of the Alaska State Pension Investment Board (ASPIB) passed a motion without opposition to request legislation to establish the Alaska Pension Investment Authority (APIA). This action signifies the Trustees' strong belief that a separate authority is in the best interest of the beneficiaries and employers participating in the retirement systems for which the Trustees have fiduciary responsibility. The Trustees respectfully request support for this important legislation from members of the legislature and the Governor.

Background

SB 329 created the Alaska State Pension Investment Board and gave the Trustees the fiduciary responsibility for management and investment of the State's retirement assets. This proposed legislation to create the APIA provides the Trustees direct authority over staff to carry out the Trustee's fiduciary responsibilities. Conversely, SB 329 requires that staff for the ASPIB be provided by the Department of Revenue, Treasury Division. Therefore, many staff members have dual roles that are potentially conflicting and multiple organizations to which they are responsible. Creating the APIA, and staffing it with employees directly accountable to the APIA, will clearly define responsibilities for management of retirement system assets. The Trustees believe that it is imperative to have a staff responsible solely to them to provide a more focused effort. This will assure their ability to properly manage the funds.

Implementation Costs

Two fiscal notes associated with this legislation identify budgetary impacts from the formation of the APIA - one for ASPIB/APIA and one for the Treasury Division.

ASPIB/APIA Fiscal Note

The ASPIB/APIA fiscal note provides detail of the annual 2.7% increase over that budgeted for the ASPIB. The increase is primarily from staffing requirements and the need for additional office space. This legislation would result in the addition of only one-half full time equivalent

(FTE) position for the ASPIB/APIA budget. The increased cost for office space is due to the fact that the APIA will require separate facilities. ASPIB is not currently charged for the use of space within the Treasury Division. Other overhead costs for the Treasury Division are expected to decrease.

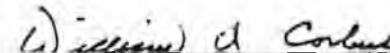
Treasury Fiscal Note

The revised structure for the Treasury Division would result in the generation of an additional \$10 million of revenues available for General Fund appropriation. This would occur as a result of the redirection of staff to enhance forecasting and management of the General Fund cash resources and would require the addition of 6.8 FTE positions. The additional \$10 million far outweighs any additional costs and further demonstrates the benefit from a more concentrated focus of effort.

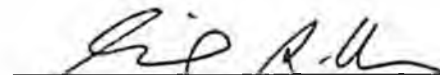
Summary

Actuarial soundness of the retirement systems would not be adversely impacted as a result of this legislation. In fact, formation of the APIA, with a proper operational structure to direct staff, should result in increased returns over time, enhancing the actuarial soundness and overall integrity of the systems.

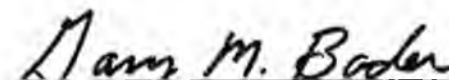
This legislation provides amendments to Alaska Statutes necessary for the establishment and operation of the APIA. This will allow the Trustees to properly manage and invest the retirement funds for which they currently have fiduciary responsibility. The trustees of the ASPIB strongly believe that this action is in the best interest of all of the beneficiaries and employers who participate in the various retirement systems under their control.



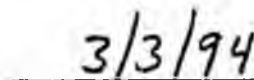
William A. Corbus, Chair



Gail R. Oba, Vice-Chair



Gary M. Bader, Secretary



Date

RETIREMENT FUND ORGANIZATIONAL SURVEY
March 4, 1994

In order to ascertain the fiduciary responsibility and structure of large public retirement funds, a survey was conducted by staff of the Department of Revenue. The survey was designed to gather information about boards, staff, and accountability. The following questions were asked:

- In regard to investment of pension funds, who is the fiduciary?
- If a Board, is there a sub-committee?
- If an individual, is the position elected or appointed?
- To whom does the chief administrative officer report?
- To whom do investment staff report?

Respondents were selected from Pensions & Investments, January 24, 1994, which listed the top 200 pension funds in the United States. Only public funds above \$5 billion were surveyed. This group included 46 public retirement funds.

Results were as follows:

- Thirty-seven (37) had boards with fiduciary responsibility and staff reporting to the administrative officer hired by the Board
- Six (6) had sole fiduciaries, either state treasurers or chief financial officers, with staff reporting directly. Of the six, four were elected and two appointed.
- Three (3) had boards, Oregon PERS, New York City and Alaska State, where the staff reported to the treasurer or other individual
 - New York City has a comptroller who is on the board of trustees. The comptroller is elected and investment staff report to the comptroller
 - Alaska State has a commissioner who is on the board of trustees. The commissioner is appointed and investment staff report to the commissioner
 - Oregon has a state treasurer that is elected and reports to the investment council. Investment staff report to the treasurer.

WHY SHOULD THE PENSION FUNDS BE INVESTED SEPARATELY FROM THE PERMANENT FUND?

The two Boards have a different focus for investment of funds. Significant points that detail those differences are as follows:

- Pension funds have a Constitutional mandate that there can be no diminishment of benefits - liabilities accrue and must be paid
- Permanent fund has discretionary liabilities - dividend payments are not mandatory
- Pension funds manage assets for four different defined benefit programs with different investment objectives. Deferred compensation and Supplemental Benefit System funds are participant directed.
- Pension funds are managed on a market basis as mandated by GAAP
- Permanent fund is managed on a cost basis
- Pension funds need elected membership on the Board who represent the beneficiaries
- Permanent fund Board is appointed by the Governor
- Each Board operates with a different set of investment objectives
- Permanent fund manages funds to a legal list
- Pension funds are managed with the prudent investor rule and is generally bound by ERISA guidelines.
- Competition and shared information leads to better results for both funds
- Pension funds must coordinate with PERS and TRS Boards and have different reporting guidelines than the Permanent Fund
- Pensions funds are able to be managed with greater rate of return giving the funds greater returns over time than the Permanent Fund
- Redundancy in the funds work to everyone's benefit -- currently the Permanent Fund is back-up for the Pension Funds with disaster control in the data processing area and vice-versa. The funds are able to help one another and it would not be in anyone's best interest to have 85% of the State's assets under control of one Board (the old eggs in one basket theory!)

Sponsor Statement
HB 494
Rep. Eileen Panigeo MacLean

This bill (HB 494) is the final building block in creating an organization focused solely on managing over \$7 billion in financial assets belonging to the State's retirement systems. This legislation is important to the State, its political subdivisions and school districts, and all beneficiaries of the retirement systems. It represents the culmination of an extensive effort to ensure the best financial returns on the assets of the retirement systems, in an organizational structure responsible to participating interests.

This bill establishes an investment authority as the structural framework for the responsive and efficient operation of the Alaska State Pension Investment Board (ASPIB). The ASPIB is an eight member board of trustees created in 1992 by SB 329 (36 yes, 4 no in the House and 18 yes, 0 no in the Senate). The ASPIB has fiduciary responsibility for assets of the State's defined benefit pension programs including Public Employees' Retirement System (PERS), Teachers' Retirement System (TRS), and Judicial and Military Retirement Systems, and assets of the Supplemental Benefits System (SBS) and the Deferred Compensation program.

All eight trustees are voting members and at least five votes are required to approve any action. Two trustees are elected by the Public Employees' System (PERS) participants from the membership of the system; one must be a participant in SBS. Two trustees are elected by the Teachers' Retirement System (TRS) participants from the membership of the system. Three trustees are appointed by the Governor; one must represent a participating employer. The eighth trustee by statute is the Commissioner of Revenue.

Board structure is important for balancing accountability to the people of Alaska with direct representation by beneficiaries of the retirement systems. This balance was established by SB 329 when the shared fiduciary board was established and prudent pension fund asset management practices were passed into law. An earlier bill in 1991, SB 18, "An Act establishing the Alaska State Pension Corporation...", passed the legislature (28 yes, 11 no in the House and 17 yes, 0 no in the Senate) but was vetoed by the Governor. There were two significant reasons why the legislation was vetoed: board composition and program costs.

SB 329 addressed the concern over board composition and encompassed most provisions of SB 18 relating to prudent investment practices. While program costs remain a factor, they are controllable. Enhanced investment earnings performance will likely more than offset cost factors. In fact, additional returns may well be in the tens of millions of dollars.

In an apparent effort to avoid the issue of program costs, SB 329 did not properly address organizational structure as did SB 18. As a result, the Treasury Division within the Department of Revenue provides staff to the ASPIB. It was thought that providing staff to the ASPIB in this manner would add limited economies of scale resulting in

reduced organizational costs. Prior to SB 329, the Commissioner of Revenue was the sole fiduciary for the defined benefit pension programs. Therefore, Treasury Division was the only reasonable staffing alternative. This is because staff must be responsible to the person having program responsibility.

A fiduciary board of trustees necessitates a changed reporting relationship -- one that can only be accomplished through a separate authority with its own staff. Staff that reports to the Commissioner of Revenue or any person other than the board creates a situation where conflicts are inevitable, and challenges the validity of limited economies of scale. Under the current system, conflicts can occur regarding allocation of staff's time and resources between the retirement systems (accountable to the ASPIB) and other funds in the Treasury Division of the Department of Revenue (accountable to the Commissioner). If a Commissioner of Revenue strongly disagrees with other members of the ASPIB regarding policy, potential clearly exists where the Commissioner could influence implementation of policy and make ASPIB policy decisions ineffective, or create immense discord.

SB 329 gave ASPIB trustees fiduciary responsibility for management of financial assets, and they will be held accountable. The trustees are accountable not only to the Governor, but to the 57,000 beneficiaries and the 213 political subdivisions and school districts participating in the retirement plans. Under the current structure, allocation of resources and staff obscures accountability. HB 494 establishes an investment authority and authorizes the ASPIB to hire an executive director and staff directly accountable to the ASPIB. The Executive Director will have full authority to carry out board policy and directives. This is essential because the trustees are responsible for the assets of employee trust funds.

A separate investment authority is in the best interests of the State. The proposed authority would continue to meet in public, report to the Governor and the legislature, use the same budget process, and have the Attorney General provide legal assistance in the same manner that currently exists. HB 494 creates a structure consistent with the way most large public pension plans are managed.

With PERS and TRS earning over 14% for 1993 and the funds' performance ranking in the top 25% of comparable public funds, it may appear that structural problems would not be an issue. However, every increase or decrease in performance of one basis point (1/100 of a percent) means an increase or decrease in earnings of approximately \$700,000. The PERS and TRS assets alone earned over \$775 million in fiscal year 1993, which is over \$2 million a day. While it cannot be absolutely quantified, it is apparent that an organization structured to respond directly to the ASPIB without potential conflicts will define accountability and, over the long term, increase returns and add earnings to the retirement systems.

In addition, a restructured Treasury Division in the Department of Revenue is expected to add at least \$10 million a year in additional revenue to the General Fund. This can be achieved by incremental investment returns through enhanced cash flow analysis.

One question that may be asked is, "Why not let the Alaska Permanent Fund Corporation (APFC) manage the assets?". There are many important reasons including different asset allocation needs, legal requirements, accounting requirements, constituency and objectives. The most important reason for individual boards and staff is that the funds have two entirely different mandates. The pension funds must be managed in the best financial interest of the beneficiaries. Beneficiaries have constitutionally protected benefits payable years into the future and these liabilities must be considered when making investment decisions. The Permanent Fund has a statutory legal list of investments and use of earnings.

Another question is, "Why not a board within the Department of Revenue with its own executive director and staff?". The simple answer is that the ASPIB is a fiduciary board legally responsible for managing the pension assets in the best financial interest of the beneficiaries. With over \$7 billion under management, there must be complete confidence in the system and accountability must not be obscured. Any obscurity of who has ultimate authority regarding implementation of board policies will work to the detriment of accountability, thus diminishing clear lines of fiduciary responsibility.

SB 18 was supported by the PERS and TRS Boards, the Alaska Municipal League, teachers' and State employee associations, and older Alaskan groups. It is expected that these entities will support HB 494.

In summary, HB 494 creates an investment authority that allows the ASPIB to hire an executive director and staff to assist in management of pension assets and implementation of policy for the retirement systems. This bill creates a more efficient organization and it clearly defines responsibility and accountability for management of pension assets.

by Taylor

HB-494

AS 37.10.260 is repealed and reenacted to read:

Sec 37.10.260. STAFF (a) The authority may employ and determine the salary of an executive director. The executive director may, with the approval of the trustees, select and employ additional staff as necessary. An employee of the authority, including the executive director, may not be a trustee of the authority. The executive director and other employees of the authority are in the exempt service under AS 39.25.110.

(b) [A PERSON WHO HAS SERVED AS A TRUSTEE OF THE AUTHORITY OR ON THE BOARD OF DIRECTORS OF THE FORMER ALASKA STATE PENSION INVESTMENT BOARD MAY NOT BE EMPLOYED BY THE AUTHORITY FOR A PERIOD OF ONE YEAR AFTER THE END OF THE SERVICE AS A TRUSTEE OR ON THE BOARD OF DIRECTORS, AS APPROPRIATE.]

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HB 494

Revision Date: _____	Dept. Affected: <u>Administration</u>
Title: <u>"An Act changing the Alaska State Pension Investment Board to the Alaska Pension Investment Authority"</u>	BRU: <u>Retirement and Benefits</u>
Sponsor: <u>Rep. MacLean</u>	Component: <u>Retirement and Benefits</u>
Requestor: <u>(H) Sta</u>	COMPONENT SERIAL NO. <u>64</u>

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY95	FY96	FY97	FY98	FY99	FY00
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	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

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

Estimate of current year (FY94) cost: none

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Prepared by: <u>Robert L. Stalnaker, Director</u>	Phone: <u>465-4460</u>
Division: <u>Retirement and Benefits</u>	Date: _____

Approved by Commissioner: <u>Nancy Bear Usher</u>	Date: <u>3/7/94</u>
Agency: <u>Administration</u>	

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FISCAL NOTE

No. 3
 Bill Version: CSHB 494 (STA)
 (H) Publish Date: 3/23/94

STATE OF ALASKA
1994 LEGISLATIVE SESSION

Revision Date: <u>March 21, 1994</u>	Dept. Affected: <u>Revenue</u>
Title: <u>An Act Relating to the Establishment of the Alaska Pension Investment Authority (APIA)</u>	BRU: <u>Revenue Operations</u>
Sponsor: <u>Representative MacLean</u>	Component: <u>Alaska State Pension Investment Board (See Note (2))</u>
Requestor: <u>House State Affairs Committee</u>	COMPONENT SERIAL NO. <u>#1961</u>

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	159.6	159.6	159.6	159.6	159.6	159.6
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	325.6	325.6	325.6	325.6	325.6	325.6
SUPPLIES	11.8	11.8	11.8	11.8	11.8	11.8
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	497.0	497.0	497.0	497.0	497.0	497.0

CAPITAL EXPENDITURES	200.0					
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other - Pension Systems	697.0	497.0	497.0	497.0	497.0	497.0
TOTAL	697.0	497.0	497.0	497.0	497.0	497.0

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

POSITIONS

FULL-TIME	Note (1)	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
		1.0	1.0	1.0	1.0	1.0	1.0
PART-TIME							
TEMPORARY							

ANALYSIS:

Note (1) Net increase of 0.5 FTE positions over the 19.5 FTE employees the Department of Revenue, Treasury Division currently charged to the Alaska State Pension Investment Board.

Note (2) This fiscal note represents the net impact from establishing a separate pension investment authority over that previously submitted for the Alaska State Pension Investment Board. If passed, the operating budget for the Board would be required to be used for operations of the new Authority.

Note (3) See attached analysis for additional detail.

Prepared by: <u>Mark W. Prussing, Comptroller</u>	Phone: <u>465-2350</u>
Division: <u>Treasury</u>	Date: <u>3/21/94</u>
Approved by: <u>Darrel J. Rexwinkel, Commissioner</u> <u>William A. Corbus, Chair</u>	Date: <u>3/21/94</u>
Agency: <u>Department of Revenue</u> <u>Alaska State Pension Investment Board</u>	

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Alaska State Pension Investment Board
Comparison of FY '95 Costs To Those For A Separate Authority (APIA)

Revenues

	FY 95 Budget Amount for ASPIB	FY 95 Budget Amount for APIA	First Year APIA Change from ASPIB 95 Budget	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
Public Employees' Retirement Trust Fund	\$10,891,600	\$11,303,807	\$412,207	\$293,919	\$293,919	\$293,919	\$293,919	\$293,919
Teachers' Retirement Trust Fund	7,255,700	7,530,302	274,602	195,801	195,801	195,801	195,801	195,801
Judicial Retirement Trust Fund	90,900	94,340	3,440	2,453	2,453	2,453	2,453	2,453
Military Retirement Trust Fund	29,100	30,201	1,101	785	785	785	785	785
Supplemental Benefit System Fund	74,000	76,801	2,801	1,997	1,997	1,997	1,997	1,997
Deferred Compensation Fund	74,000	76,801	2,801	1,997	1,997	1,997	1,997	1,997
Total Revenues	\$18,415,300	\$19,112,252	696,952	\$496,952	\$496,952	\$496,952	\$496,952	\$496,952

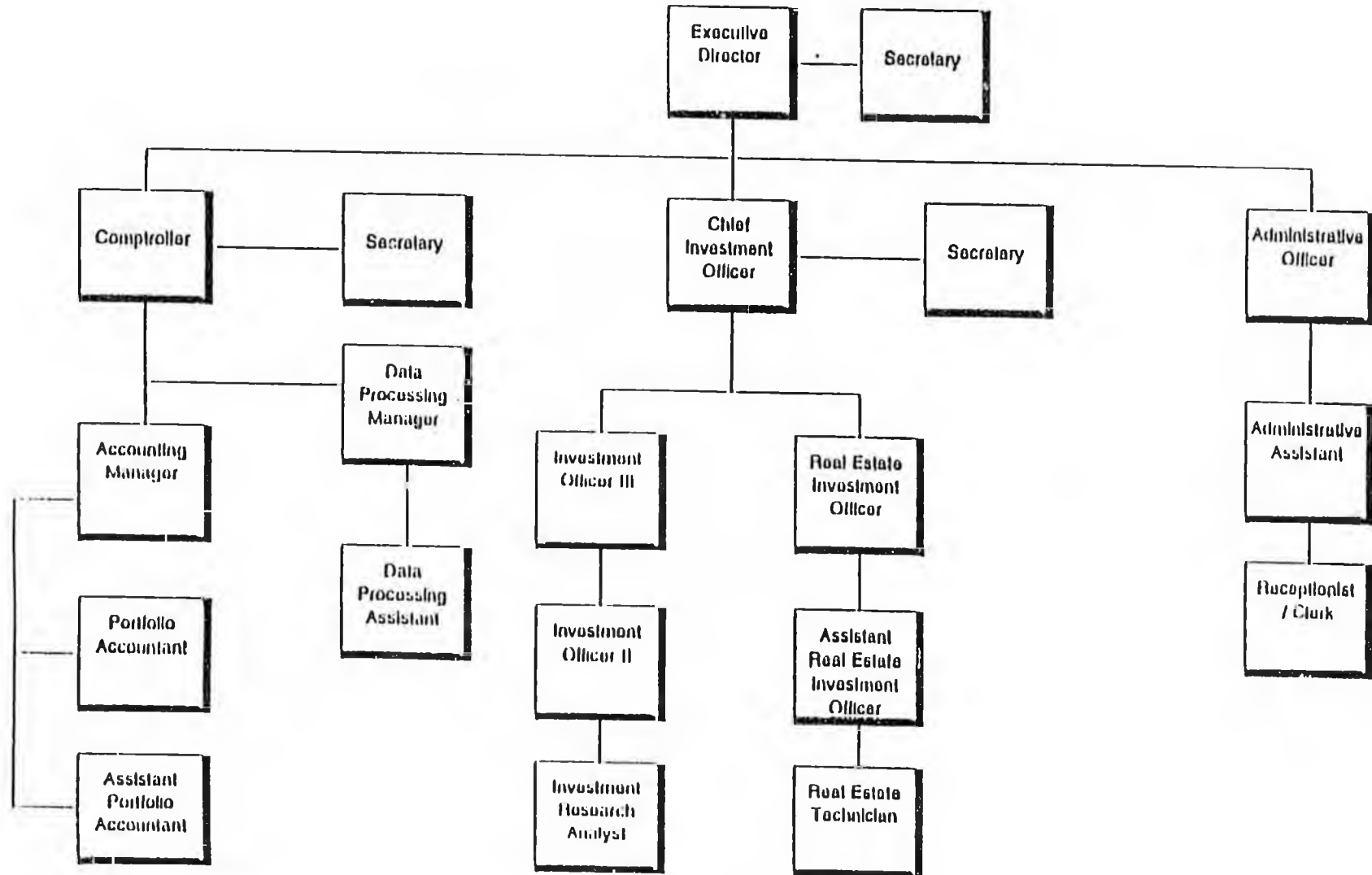
Expenditures

	FY 95 Budget Amount for ASPIB	FY 95 Budget Amount for APIA	First Year APIA Change from ASPIB 95 Budget	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
Salaries & Benefits	\$1,380,900	\$1,540,502	\$159,602	\$159,602	\$159,602	\$159,602	\$159,602	\$159,602
Investment Management Fees	14,827,700	14,827,700	0	0	0	0	0	0
Custody Fees	1,334,700	1,334,700	0	0	0	0	0	0
Travel	159,000	159,000	0	0	0	0	0	0
Performance Measurement	84,300	84,300	0	0	0	0	0	0
Investment Advisory	190,000	190,000	0	0	0	0	0	0
ASPIB Expenses	56,000	56,000	0	0	0	0	0	0
Professional Fees	109,000	119,000	10,000	10,000	10,000	10,000	10,000	10,000
Information Services	110,950	172,000	61,050	61,050	61,050	61,050	61,050	61,050
Software Support	121,050	121,050	0	0	0	0	0	0
Office Expenses	41,700	308,000	266,300	266,300	266,300	266,300	266,300	266,300
Equipment & Furniture	0	200,000	200,000	0	0	0	0	0
Total Expenditures	\$18,415,300	\$19,112,252	\$696,952	\$496,952	\$496,952	\$496,952	\$496,952	\$496,952



ALASKA PENSION INVESTMENT AUTHORITY

(Proposed)



FISCAL NOTE

No. 4
 Bill Version: CSHB 494 (STA)
 (H) Publish Date: 3/23/94

STATE OF ALASKA
1994 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Revenue
 Title: An Act Relating to the Establishment of the BRU: Revenue Operations
Alaska Pension Investment Authority (APIA) Component: Treasury Management
 Sponsor: Representative MacLean
 Requestor: House State Affairs Committee **COMPONENT SERIAL NO. #121**

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	550.5	550.5	550.5	550.5	550.5	550.5
TRAVEL	17.7	17.7	17.7	17.7	17.7	17.7
CONTRACTUAL	(169.7)	(169.7)	(169.7)	(169.7)	(169.7)	(169.7)
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						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	398.5	398.5	398.5	398.5	398.5	398.5

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (Note (2))	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	278.0	278.0	278.0	278.0	278.0	278.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other - Other State Funds	120.5	120.5	120.5	120.5	120.5	120.5
TOTAL	398.5	398.5	398.5	398.5	398.5	398.5

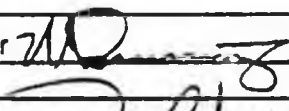
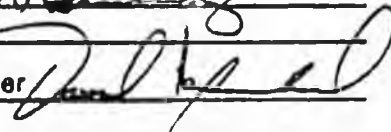
Estimate of any current year (FY94) cost: \$ 0

POSITIONS

FULL-TIME	Notes (1) & (2)	7.0	7.0	7.0	7.0	7.0	7.0
PART-TIME							
TEMPORARY							

ANALYSIS:

Note (1) Net increase of 6.8 FTE positions over the 9.5 FTE employees currently charged to the Department of Revenue, Treasury Division
 Note (2) The change in staffing is expected to increase the amount available to the General Fund by \$9.7 million annually.
 Note (3) See attached analysis for additional detail.

Prepared by: Mark W. Prussing, Comptroller  Phone: 465-2350
 Division: Treasury Date: 3/4/94
 Approved by: Darrel J. Rexwinkel, Commissioner  Date: 3/8/94
 Agency: Department of Revenue

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Department of Revenue, Treasury Division

Comparison of FY '95 Costs to Those If the Retirement Funds form a Separate Authority (APIA)

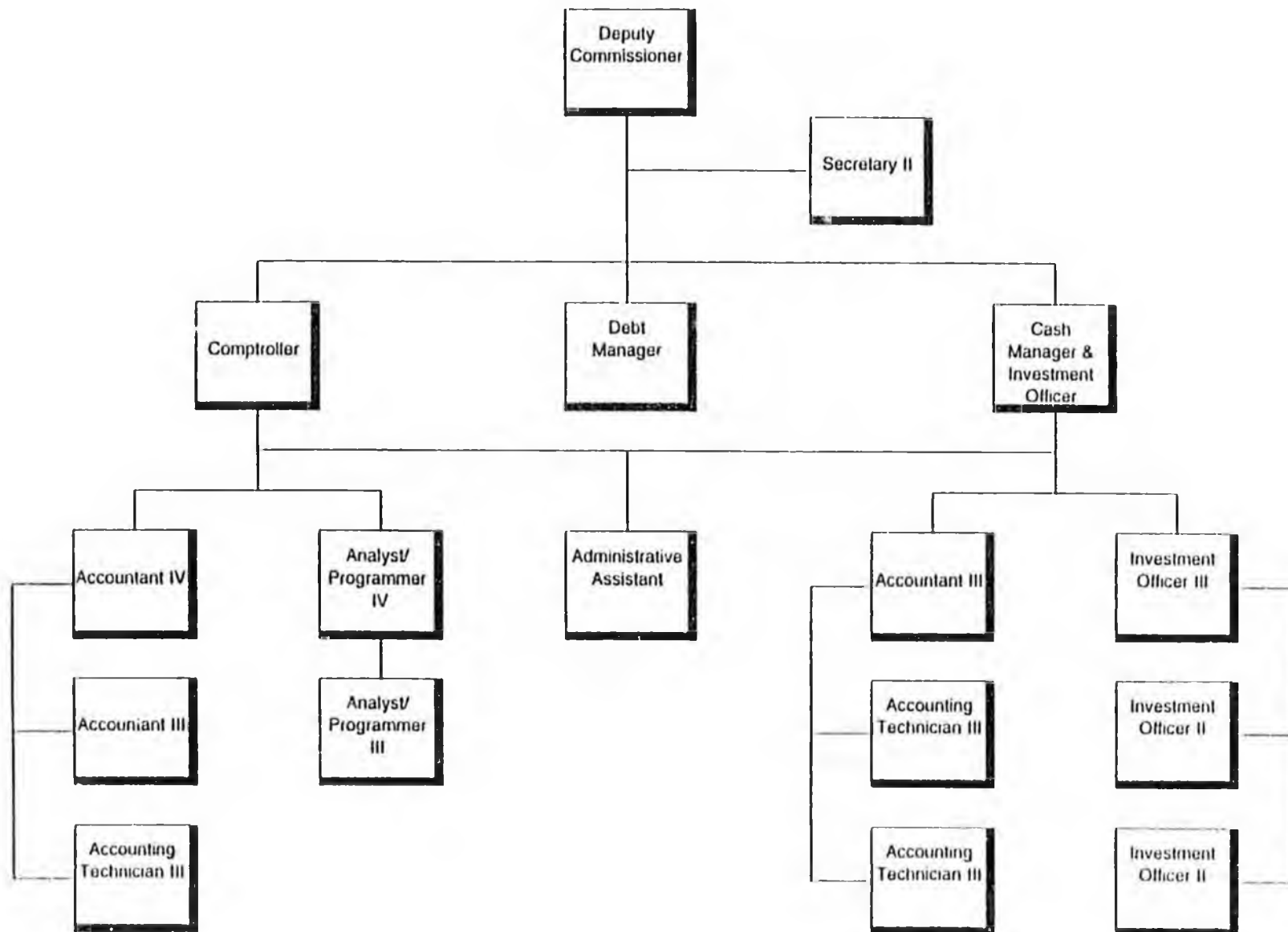
Revenues

	FY 95 Budget Amount for Treasury	Revised Treasury FY 95 Budget	First Year Change from Treas 95 Budget	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
General Fund	\$1,023,100	\$1,301,058	\$277,958	\$277,958	\$277,958	\$277,958	\$277,958	\$277,958
University of Alaska Trust Fund	71,400	90,798	19,398	19,398	19,398	19,398	19,398	19,398
Public School Trust Fund	302,000	384,048	82,048	82,048	82,048	82,048	82,048	82,048
Advance College Tuition Pmt Fund	35,100	44,636	9,536	9,536	9,536	9,536	9,536	9,536
Investment Loss Trust Fund	35,200	44,763	9,563	9,563	9,563	9,563	9,563	9,563
Total Revenues	\$1,466,800	\$1,865,303	\$398,503	\$398,503	\$398,503	\$398,503	\$398,503	\$398,503
Increase in General Fund Revenues			10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000

Expenditures

	FY 95 Budget Amount for Treasury	Revised Treasury FY 95 Budget	First Year Change from Treas 95 Budget	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
Salaries & Benefits	\$655,000	\$1,205,503	\$550,503	\$550,503	\$550,503	\$550,503	\$550,503	\$550,503
Investment Management Fees	201,700	201,700	0	0	0	0	0	0
Custody Fees	116,900	116,900	0	0	0	0	0	0
Travel	22,300	40,000	17,700	17,700	17,700	17,700	17,700	17,700
Performance Measurement	33,000	10,000	(23,000)	(23,000)	(23,000)	(23,000)	(23,000)	(23,000)
Investment Advisory	10,000	0	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Professional Fees	39,500	45,000	5,500	5,500	5,500	5,500	5,500	5,500
Information Services	120,100	36,000	(84,100)	(84,100)	(84,100)	(84,100)	(84,100)	(84,100)
Software Support	15,600	15,600	0	0	0	0	0	0
Office Expenses	245,700	187,600	(58,100)	(58,100)	(58,100)	(58,100)	(58,100)	(58,100)
Equipment	7,000	7,000	0	0	0	0	0	0
Total Expenditures	\$1,466,800	\$1,865,303	\$398,503	\$398,503	\$398,503	\$398,503	\$398,503	\$398,503
Net Increase in Amount Available for General Fund			\$9,722,042	\$9,722,042	\$9,722,042	\$9,722,042	\$9,722,042	\$9,722,042

ALASKA DEPARTMENT OF REVENUE
TREASURY DIVISION ORGANIZATIONAL CHART
 (Proposed)



8-LS1699K
Cramer
4/7/94

SENATE CS FOR CS FOR HOUSE BILL NO. 494(STA)
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE STATE AFFAIRS COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES MACLEAN, Ulmer

A BILL

FOR AN ACT ENTITLED

1 "An Act changing the Alaska State Pension Investment Board to the Alaska
2 Pension Investment Authority and relating to the authority; and providing for an
3 effective date."

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

5 * Section 1. AS 37.10.071(f) is amended to read:

6 (f) In this section, "fiduciary of a state fund" or "fiduciary" means

7 (1) the commissioner of revenue for investments under AS 37.10.070;

8 (2) with respect to the Alaska Pension Investment Authority [STATE

9 PENSION INVESTMENT BOARD], for investments under AS 14.25.180,

10 (A) each trustee who serves on the authority; [BOARD OF
11 TRUSTEES; AND]

12 (B) each officer of the authority;

13 (C) any other person who exercises control or authority with
14 respect to management or disposition of assets for which the authority

1 [BOARD] is responsible or who gives investment advice to the authority
2 [BOARD]; or

3 (3) for investments not subject to AS 14.25.180 or AS 37.10.070, the
4 person or body provided by law to manage the investments [FOR INVESTMENTS
5 NOT SUBJECT TO AS 14.25.180 OR AS 37.10.070].

6 * Sec. 2. AS 37.10.210(a) is repealed and reenacted to read:

7 (a) The Alaska Pension Investment Authority is established as a public
8 corporation and government instrumentality in the Department of Revenue. The
9 authority has a legal existence independent of and separate from the state. The
10 purpose of the authority is to have custody of and provide prudent and productive
11 management and investment of state pension funds and, if the authority secures the
12 agreement of the commissioner of the department or the fiduciary responsible for
13 another fund, of other state funds.

14 * Sec. 3. AS 37.10.220(a) is amended to read:

15 (a) The trustees of the authority [BOARD] shall

16 (1) hold regular and special meetings at the call of the chair or of at
17 least four members;

18 (2) establish investment policies for the funds for which the authority
19 [IT] is responsible after reviewing recommendations from the investment advisory
20 council and the executive director [DEPARTMENT OF REVENUE];

21 (3) submit long-range and quarterly investment reports to the
22 Legislative Budget and Audit Committee;

23 (4) report to the governor, the legislature, and employers participating
24 in the retirement systems by the first day of each regular legislative session concerning
25 the investment of funds for which the authority [BOARD] is responsible, including
26 financial and investment policies established by the authority [BOARD], and enclose
27 a summary of the most recent performance evaluations of the funds managed by the
28 authority [BOARD];

29 (5) contract with external performance evaluators to review the
30 performance of each fund for which the authority [BOARD] is responsible and report
31 each year on the fund's condition to the authority [BOARD OF TRUSTEES] and to

1 the other appropriate boards;

2 (6) engage independent certified public accountants to perform an
3 annual audit of each of the funds for which the authority [BOARD] is responsible and
4 to report to the authority [BOARD] with the results of the audit;

5 (7) review the actuarial earnings assumption for each fund for which
6 the authority [BOARD] is responsible every two years and report its findings and
7 recommendations to the appropriate board or agency;

8 (8) after reviewing the recommendations from the executive director,
9 other staff members, [DEPARTMENT OF REVENUE] and the advisory council,
10 select and retain the external investment managers and custodians for the funds
11 managed by the authority [BOARD];

12 (9) develop an annual operating budget plan and present it to the
13 Department of Revenue, the office of management and budget, and the legislature.

14 * Sec. 4. AS 37.10.220(d) is amended to read:

15 (d) The chair of the trustees [BOARD] shall appoint the executive director
16 or a trustee to present the authority's [BOARD'S] position to legislative committees
17 when the committees are considering the authority's [BOARD'S] operating budget.
18 The authority [BOARD] is otherwise subject to AS 37.07 as provided in
19 AS 37.10.265.

20 * Sec. 5. AS 37.10.230 is amended to read:

21 Sec. 37.10.230. CONFLICTS OF INTEREST. (a) Trustees, the executive
22 director, and the investment officers of the authority are subject to the provisions
23 of AS 39.50.

24 (b) If a trustee or the executive director or an investment officer of the
25 authority acquires, owns, or controls an interest, direct or indirect, in an entity or
26 project in which assets under the control of the authority [BOARD] are invested, the
27 trustee or officer shall immediately disclose the interest to the authority [BOARD].
28 The disclosure is a matter of public record and shall be included in the minutes of the
29 authority's [BOARD] meeting next following the disclosure.

30 (c) The authority [BOARD] shall adopt regulations to restrict trustees,
31 officers, and other employees from having a substantial interest in an entity or project

1 in which assets under the control of the authority [BOARD] are invested.

2 * Sec. 6. AS 37.10.230 is amended by adding new subsections to read:

3 (d) The executive director may designate additional officers and employees of
4 the authority who are subject to the provisions of AS 39.50 because of their
5 responsibility for participating in the management or investment of the funds for which
6 the authority is responsible. If an officer or employee of the authority designated
7 under this subsection acquires, owns, or controls an interest, direct or indirect, in an
8 entity or project in which assets under the control of the authority are invested, the
9 officer or employee shall immediately disclose the interest to the trustees as required
10 by (b) of this section.

11 (e) Failure to comply with the requirements of this section or regulations
12 adopted under this section is grounds for termination of employment.

13 * Sec. 7. AS 37.10.260 is repealed and reenacted to read:

14 Sec. 37.10.260. STAFF. The authority may employ and determine the salary
15 of an executive director. The executive director may, with the approval of the trustees,
16 select and employ additional staff as necessary. An employee of the authority,
17 including the executive director, may not be a trustee of the authority. The executive
18 director and other employees of the authority are in the exempt service under
19 AS 39.25.110.

20 * Sec. 8. AS 37.10 is amended by adding a new section to read:

21 Sec. 37.10.265. BUDGET OF THE AUTHORITY. Funds under the control
22 of the authority may be identified as the source of the operating budget of the authority
23 in the state's operating budget under AS 37.07 (Executive Budget Act).

24 * Sec. 9. AS 37.10.280 is amended to read:

25 Sec. 37.10.280. INSURANCE. The authority [BOARD] shall ensure that
26 trusteed assets and [ITS OWN] services of the trustees, officers, employees, and
27 agents of the authority are protected. At the direction of the trustees, the authority
28 [THE BOARD] may purchase insurance or provide for self-insurance retention in
29 amounts recommended by the executive director [COMMISSIONER OF REVENUE]
30 and approved by the trustees [BOARD] to cover the acts, including fiduciary acts,
31 errors, and omissions of trustees, officers, employees, [ITS BOARD MEMBERS] and

1 agents of the authority. Insurance must protect the authority [BOARD] and the state
2 from liability to others and from loss of trusted assets due to the acts or omissions
3 of the trustees, officers, employees, and agents of the authority.

4 * Sec. 10. AS 37.10.290 is amended to read:

5 Sec. 37.10.290. EXEMPTION FROM TAXATION. Except as provided in
6 AS 29.45.030(a) for property acquired through foreclosure or deed in lieu of
7 foreclosure, the authority, funds managed by the authority, [BOARD] and all
8 properties at any time owned by the authority [IT], managed by it, or held by it in
9 trust, and the income from those activities or funds, are exempt from all taxes and
10 assessments in the state. All security instruments issued by the authority [BOARD]
11 and income from them are exempt from all taxes and assessments in the state,
12 including transfer taxes.

13 * Sec. 11. AS 37.10.300 is amended to read:

14 Sec. 37.10.300. LIMITATIONS. The authority [BOARD] may not engage
15 in commercial banking activity or private trust activity. The authority [BOARD] may
16 not act as a depository or trustee for a private person, association, or corporation. The
17 authority [BOARD] may not act as a lender to a private person, association, or
18 corporation of money from any source except state funds under control of
19 [MANAGEMENT BY] the authority [BOARD].

20 * Sec. 12. AS 37.10.390(1) is repealed and reenacted to read:

21 (1) "authority" means the Alaska Pension Investment Authority;

22 * Sec. 13. AS 39.25.110(11) is amended to read:

23 (11) the officers and employees of the following boards, commissions,
24 and authorities:

- 25 (A) Alaska Gas Pipeline Financing Authority;
- 26 (B) Alaska Permanent Fund Corporation;
- 27 (C) Alaska Industrial Development and Export Authority;
- 28 (D) Alaska Commercial Fisheries Entry Commission;
- 29 (E) Alaska Commission on Postsecondary Education;
- 30 (F) Alaska Aerospace Development Corporation;
- 31 (G) Alaska Pension Investment Authority;

Taylor

Don't want to compete with private financial institutions

1 * Sec. 14. AS 44.25.020 is amended to read:

2 Sec. 44.25.020. DUTIES OF DEPARTMENT. The Department of Revenue
3 shall

4 (1) enforce the tax laws of the state;

5 (2) collect, account for, have custody of, invest, and manage all state
6 funds and all revenues of the state except revenues incidental to a program of licensing
7 and regulation carried on by another state department and funds managed and invested
8 by the Alaska Pension Investment Authority [STATE PENSION INVESTMENT
9 BOARD];

10 (3) register cattle brands;

11 (4) supply necessary clerical and administrative services for the
12 Alcoholic Beverage Control Board;

13 (5) invest and manage the balance of the power development fund in
14 accordance with AS 44.83.386;

15 (6) in accordance with the policies established by the [BOARD OF]
16 trustees of the Alaska Pension Investment Authority [STATE PENSION
17 INVESTMENT BOARD], collect and [,] account for [, HAVE CUSTODY OF,
18 INVEST, AND MANAGE] the state funds for which the authority [BOARD] is
19 responsible;

20 (7) administer the surety bond program for licensure as a fish processor
21 or primary fish buyer.

22 * Sec. 15. AS 44.25.028 is repealed.

23 * Sec. 16. IMPLEMENTING NAME CHANGE. To be consistent with the name change
24 made by this Act, wherever in the Alaska Statutes, and in regulations adopted under those
25 statutes, "Alaska State Pension Investment Board" or "board" are used, they shall be read as
26 referring to the "Alaska Pension Investment Authority" or "authority," as appropriate. Under
27 AS 01.05.031, the revisor of statutes shall implement this section in the statutes, and, under
28 AS 44.62.125(b)(6), the regulations attorney shall implement this section in the administrative
29 regulations.

30 * Sec. 17. TRANSITIONAL PROVISION CONCERNING BOARD MEMBERS. The
31 trustees of the Alaska State Pension Investment Board on June 30, 1994, shall become the

1 trustees of the Alaska Pension Investment Authority on July 1, 1994.

2 * Sec. 18. TRANSITIONAL PROVISIONS RELATING TO CREATION OF THE
3 AUTHORITY. All litigation, hearings, investigations, and other proceedings pending under
4 a law amended or repealed by this Act, or in connection with functions transferred by this Act,
5 continue in effect and may be continued and completed notwithstanding a transfer,
6 amendment, or repeal provided for in this Act. Orders and regulations issued or adopted
7 under authority of a law amended or repealed by this Act remain in effect for the term issued,
8 or until revoked, vacated, or otherwise modified under the provisions of this Act. All
9 contracts, rights, liabilities, and obligations created by or under a law amended or repealed by
10 this Act, and in effect on July 1, 1994, remain in effect notwithstanding this Act's taking
11 effect. Records, equipment, and other property of agencies of the state whose functions are
12 transferred under this Act shall be transferred commensurate with the provisions of this Act.

13 * Sec. 19. This Act takes effect July 1, 1994.

HB

497



CHUGACH ELECTRIC
ASSOCIATION, INC.

April 5, 1994

APR 8 1994

The Honorable Loren Leman
Alaska State Senate
State Capitol, Room 113
Juneau, AK 99801-1182

Dear Senator Leman:

I am writing to request your support of **House Bill 497**, an Act relating to electric and telephone cooperatives, which was referred to the Senate State Affairs Committee and Senate Labor and Commerce Committee.

The Bill was introduced by Representative Joe Green on behalf of Chugach Electric Association and in effect is a housekeeping measure. It gives electric and telephone cooperatives the option of substituting the titles "Chairman" and "Vice-Chairman" for the current statutorily required "President" and "Vice-President".

The titles "Chairman" and "Vice-Chairman" are more familiar to financial institutions the cooperatives will deal with in the future. **House Bill 497** will assist cooperatives when they obtain financing by alleviating the misunderstanding which exists within the financial community with the current use of board officers titles.

I have attached the Chugach Position Paper for your information and should you have any questions about the legislation, we are available for your calls.

Sincerely,

A handwritten signature in cursive script that reads "Eugene N. Bjornstad".

Eugene N. Bjornstad
Acting General Manager

Enclosure: Chugach Position Paper

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

Chugach Position on HB 497

Chugach Electric Association, Inc. (Chugach) strongly supports passage of HB 497 that will allow electric and telephone cooperatives to use the titles of "chairman" and "vice-chairman" for their top board officers. Under the current statute, the titles of President and vice-president are required for these officers.

In the past, Chugach and other electric cooperatives around the nation relied solely on the Rural Electrification Administration (REA) to provide capital for the construction of plant and other facilities. In recent years, the REA has decreased the amount of loan funds available to cooperatives, increased the interest rates for its loans, and forced the cooperatives to seek alternate financing.

In 1991, Chugach took advantage of legislation which allowed repayment of its REA debt prior to maturity without penalty. Chugach refinanced its REA debt through a public bond offering and became the first electric cooperative in the nation to sell bonds in the public market to replace REA debt. During the bond sale preparation Chugach's organizational structure was reviewed and scrutinized by a number of financiers and bond-rating agencies. Those organizations were confused with the board officers titles of President and vice-president which are different than what they experience in their dealings with private corporations.

As proposed, HB 497 offers electric and telephone cooperatives the option of changing board officers' titles if they so desire, but does not require them to do so. At five pages, the bill appears lengthy to accomplish such a minor change. However, this length is necessary to modify each of the individual references to the titles in the existing statutes, the bills only purpose.

Chugach believes that passage of HB 497 will allow financiers and other financial institutions to better understand the corporate structure of cooperatives and will allow Chugach and other cooperatives who must obtain financing from private sources to secure that financing at the lowest cost.

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

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Alaska State Legislature

WHILE IN SESSION:
CAPITOL BUILDING
JUNEAU, ALASKA 99801-1182
(907) 485-4031
(907) 485-4318 FAX

INTERIM ADDRESS:
718 WEST 4TH AVENUE
ANCHORAGE, ALASKA 99501
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(907) 258-8171 FAX

DISTRICT 10



CHAIR, OIL & GAS COMMITTEE
VICE CHAIR, LABOR & COMMERCE
COMMITTEE
JUDICIARY COMMITTEE
RESOURCES COMMITTEE
INTERNATIONAL TRADE & TOURISM
COMMITTEE
ECONOMIC TASK FORCE

Representative Joe Green

Sponsor Statement

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

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

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

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

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

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

No. 1
Bill Version: CSSSHB 497(CRA)
(H) Publish Date: 3/16/94

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

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

Expenditures/Revenues:

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

CAPITAL EXPENDITURES	0	0	0	0	0	0
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CHANGE IN REVENUES ()	0	0	0	0	0	0
------------------------	---	---	---	---	---	---

FUND SOURCE

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

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

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary.)

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

Phone: 3/11/94
Date: _____

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

Date: 3/11/94

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HB

504

VFW

GARY L. KURPIUS
Service Officer

VETERANS OF FOREIGN WARS OF THE U.S.
DEPARTMENT OF ALASKA SERVICE OFFICE

VA Regional Office
2925 DeBar Road, Suite 3106
Anchorage, Alaska 99508

Telephone (907) 278-8213
FAX (907) 278-6780
1-800-478-VETS



2 March 1994

Honorable Eldon Mulder
Room 116
State Capitol
Juneau, AK 99801-1182

Dear Representative Mulder;

We the Veterans of Foreign Wars support House Bill 504,
cosmetically amending ARS 04.11.10, deleting the word
"uniformed" and adding the words "on active duty".

As the military no longer requires its members to wear a
uniform during off duty hours, the requirement of "uniformed
military personnel" under ARS 04.11.10 is antiquated.

Thank you for your continued support.

Sincerely,

A handwritten signature in cursive script that reads "Gary Kurpius".

Gary L. Kurpius
Adjutant, VFW
Dept of Alaska

Sponsor Statement HOUSE BILL 504

OVERVIEW

Current Alaska statute requires that in order to be served and purchase alcohol at American Legion Posts and other patriotic organizations, active duty military personnel must be in uniform, even though the military does not require personnel to wear their uniforms during off duty hours. HB 504 will amend AS 04.11.110 by simply removing the words "in uniform" from statute and will allow military personnel to visit a patriotic organization without having to wear a uniform.

Alaska's VFW and American Legion Posts support HB 504 so that they can better accommodate the military personnel that they represent.

THE AMERICAN LEGION

LEGISLATIVE PROGRAM

1. Amend ARS 05.15.180(g), to remove the 1 Million Dollar limitation in the statute as it applies to qualified non-profit organizations. The statute presently sets limits on the amount of gaming awards that can be awarded in any given calendar year to \$1,000,000. This amendment would remove any such limitation.

2. Amend ARS 04.11.10, by deleting the words "in uniform" from the statute as it pertains to club licenses. Presently, Alaska club statutes provide that alcoholic beverages may be purchased only by the following:

- (1) members of the club and their families,
- (2) widows or widowers of deceased members
- (3) uniformed military personnel

The above amendment allows the deletion of "uniformed military personnel" in the statute and corrects an oversight making the appropriate cosmetic change. This change allows the serviceman to visit a post without wearing a uniform of which he is not required by the military to wear on off duty hours.

(3) Amend ARS 05.15.180 by adding a section which provides that sports pools and daily sign in sheets can be considered authorized statutory activities as relates to qualified non-profit organizations who are in good standing with national organization. The statute, as amended, would allow gaming activities that sports pools and sign in sheets as authorized permissible activities.

(4) Recommend that Service Officer funding remain at \$450,000 for FYR 95 for following reasons:

(a) Has proven to be a successful state mandated program for over 40 years;

(b) In FYR 94 the Veterans suffered a loss of funding for the Death Gratuity and a loss of appropriation for the operation of the Division of Veterans Affairs. This represented a 30% cut in funding and 20% more than other programs sustained;

(c) Monetary recovery of \$18,000,000 is expected for this year in Veteran VA Pension and Compensation claims. This claim recovery results in \$56 collected for every dollar appropriated by the State.

(5) Alaska's large and widely dispersed Veterans population requires extensive travel over 550 thousand square miles by Veterans Service organization representatives. Despite the costs of these services, the State of Alaska spends but \$6.85 per Veteran in contrast to Arkansas and Minnesota where \$13.70 and \$39.68 respectively, are spent on each Veteran.

(6) A reduction in Service Officer funding at this time would have a serious effect on Veteran State wide services. The VA has a Veteran Services Division of only five or six persons including clerical staff. The VA's main office is in Anchorage and a reduction in staff would mean that the 70,000 or 72,000 veterans would only be reached through contact of an 800 number. Obviously, this would mean that almost three-quarters of Alaska's Veterans would go unserved; particularly in the rural and small towns of Alaska.

(7) Lack of sufficient funding will result in a reduction in recovery of Veteran's VA claim and benefits would in many cases result in higher state welfare and medical costs because of the inability of service organizations to process and handle claims and rehabilitation.

(8) The American Legion vigorously opposes permanent loss of funding for its death gratuity program and operation moneys for Division of Veteran Affairs. However, due to anticipated budgetary shortfall in State revenues, the Legion as a responsible Grant holder recognizes the restraint on new funding this year. Should additional revenues become available this session, however, the Legion will of course diligently seek funding for these programs.

(9) The American Legion along with Senior organizations vigorously oppose any bill which would do away with Seniors and 50% Disabled Veterans tax exemptions. To remove these exemption, would force many disabled veterans to move or seek welfare. Qualified disabled veterans receive a little more than \$700 in compensation benefits.

(10) The Legion, along with Senior citizens, oppose any bill restricting the payment of Longevity Bonus. Annuities and other means are available to keep the bonus in tack. Senior citizen expenditures, as a result of the bonus, amount to millions of dollars. The same is true with permanent fund disbursements which Seniors 55 or older, spend locally.

(11) The American Legion opposes any State Health Care program which fails to recognize the independent status and integrity of the VA Hospital system.

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HB 504

Revision Date:

Dept. Affected: Revenue

Title:

Sale of Alcohol in Clubs

BRU:

Alcoholic Beverage Control Board

Component:

Sponsor:

House Special Committee on Military & Veteran Affairs

Requestor:

House Special Committee on Military & Veteran Affairs

COMPONENT SERIAL NO.

0100

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
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	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
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REVENUE FUND SOURCE:	0.0	0.0	0.0	0.0	0.0	0.0
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FUNDING:

(Thousands of Dollars)

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

POSITIONS:

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

Estimate of current year (FY94) Impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Director Patrick L. Shamock *Patrick L. Shamock* Phone: (907) 277-8638
 Division: Alcoholic Beverage Control Board
 Approved by Commissioner: Daniel J. Banzickel *Daniel J. Banzickel* Date: March 1, 1994
 Agency: Department of Revenue Date: 3/2/94

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HB

531

STATE OF ALASKA

DEPARTMENT OF LABOR

OFFICE OF THE COMMISSIONER

HB 531

WALTER J. HICKEL, GOVERNOR

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

FAX: (907) 465-2784

April 20, 1994

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

Dear Senator Kelly:

This is in response to Senator Rieger's concern about the binding interest arbitration requirement in the Alaska Railroad Corporation Act. In accordance with AS 42.40.840 and 42.40.850, railroad employees are eligible to strike after a mediator has decided to end a mediation session between the bargaining representative and the railroad corporation management.

The right to strike, however, is limited by a concern for the health, safety, or welfare of the public. If the railroad management believes that the public's health, safety, or welfare is threatened and demonstrates that fact to the superior court, the court will enjoin the strike. Only then are the employees entitled to binding interest arbitration.

This is a key difference from binding interest arbitration under the Public Employment Relations Act (PERA) which applies to the state, the university, some municipalities, and school districts. Under AS 23.40.200(a) in the Public Employment Relations Act, class 1 employees, who are generally police and fire protection employees, are entitled to binding interest arbitration automatically after deadlock and mediation.

Generally, interest arbitration is a tool to resolve impasse when employees are restricted from striking. In the case of the railroad, management would proceed to interest arbitration after the bargaining unit members have engaged in a strike and the ability to strike was enjoined by the courts, at the request of the railroad management. As a point of interest, railroad employees have never engaged in a work stoppage in the ten years of the Alaska Railroad Corporation Act.

The purpose of section 14 of Committee Substitute for Senate Bill No. 358 (State Affairs) is to allow the railroad and its bargaining

The Honorable Tim Kelly

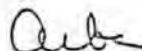
-2-

April 20, 1994

units to continue to use the mediators of the Federal Mediation and Conciliation Service (FMCS). In the past, those mediators have assisted the railroad and the unions to reach agreement and to avoid work stoppages. The current law puts continued use of this free and valuable resource in jeopardy because it requires the mediator to serve as the arbitrator in the event of interest arbitration. While the risk of this eventuality is very remote, its existence is a genuine concern to the FMCS.

Please contact me at 465-2702 or Jan DeYoung, Administrator of the Alaska Labor Relations Agency, at 269-4895 if this letter does not address Senator Rieger's concerns or if the committee has any other questions concerning section 14 of CSSB 358(STA). Thank you.

Sincerely,



Arbe J. Williams
Special Assistant
to the Commissioner

cc: Senate Labor & Commerce Committee members
Jan DeYoung, Administrator ALRA

WALTER J. HICKEL
GOVERNOR



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

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 27, 1994

*The Honorable Loren Leman, Chair
Senate State Affairs Committee
State Capitol
Juneau, AK 99801-1182*

Dear Senator Leman:

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

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

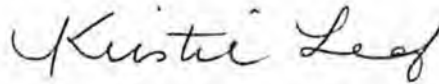
The bill also relates to the powers of the Board of Parole and to the appointment of mediators in railroad labor relations cases. The bill eliminates the statutory Alaska School Activities Association as there is now a separate non-profit corporation, Alaska School Activities Association, Inc. that has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

CSHB 531(STA)am makes the same changes as CSSB 358(STA) with the exception of two amendments that were added on the House floor. A title amendment was successful which narrowed the scope of the title by specifically naming the individual "multimember state bodies" affected by the bill. The other successful floor amendment eliminates the July 1, 1986 statutory deadline for the creation of local resource development authorities.

*The Honorable Loren Leman
April 27, 1994
Page two*

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

Sincerely,

A handwritten signature in cursive script that reads "Kristie Leaf". The signature is written in dark ink and is centered on the page.

*Kristie Leaf
Director of Boards and Commissions*

Enclosures

BILL NO: CSHB 531(STA) am

DATE: April 27, 1994

TITLE: Eliminate Some Multimember
Bodies

CONTACT: Arbe Williams
465-2700

Two sections in Committee Substitute for House Bill No. 531 (State Affairs) as amended affect Department of Labor operations. Section 7 of the bill would increase the number of panels of the Alaska Workers' Compensation Board from five to six. Section 12 of the bill would amend AS 42.40.850(c) to remove the provision that a mediator of a labor dispute between the railroad and a bargaining unit representative must serve as the arbitrator at a later time if the parties are forced to interest arbitration.

The amendment to the Alaska Workers' Compensation Act in Section 7 of the bill would make two additional Board members (one from industry and one from labor) available in the southcentral area to handle the workload. In Anchorage, where most of the hearings occur, board members often meet for one or two full days in hearings each month and deliberate one to two days following the hearings, in addition to time spent reviewing and signing legal documents. This substantial commitment of time generally leads to problems in scheduling hearings and issuing decisions.

This amendment is part of the solution to a critical situation. In 1983, the Department of Law settled a class action suit against the State for failing to issue Board Decision & Orders (D&O's) timely. That settlement cost the State \$250,000. Today, staff have been reduced to a level below that in 1983 and, though we are issuing more D&O's than in 1983, forty-four D&O's were issued beyond the 30-day statutory deadline. We believe that a class action law suit is eminent. Increasing the availability of Board members to process Decision & Orders would contribute to meeting our statutory obligations.

Section 12 of the bill would amend the Alaska Railroad labor relations laws which are administered by the Alaska Labor Relations Agency. AS 42.40.850(c) addresses the procedure for resolving a labor impasse if a labor organization representing a unit of Alaska Railroad Corporation employees has engaged in a work stoppage that has been enjoined by the court. If the labor organization and the railroad remain deadlocked, they are required by the provisions of AS 42.40.850(c) to submit their dispute to the person who earlier had mediated the parties' dispute. That person would then serve as an arbitrator with the power to fashion a labor agreement for the parties

The mediation services of the Federal Mediation and Conciliation Services (FMCS) are available, free of charge, to mediate labor disputes between the railroad and their bargaining unit representatives. However, under the FMCS charter, FMCS

POSITION PAPER/Department of Labor

mediators may not serve as interest arbitrators. If FMCS believes that its mediator may be required to serve as an arbitrator, it may not refer one.

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

The Department of Labor supports House Bill No. 531 and urges passage this legislative session. Expanding the Alaska Workers' Compensation Board members would not increase costs; the amendment as proposed in Section 7 would only increase the availability of members to meet our statutory obligations. Removing the requirement that a mediator in railroad labor relations cases later serve as arbitrator as proposed in Section 12 would provide for an efficient and effective tool in resolving such cases.



Charles W. Mahlen
Commissioner

POSITION PAPER/Department of Labor

STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

DEPARTMENT OF CORRECTIONS

BOARD OF PAROLE

ALASKA BOARD OF PAROLE
P.O. BOX 112000
JUNEAU, ALASKA 99811-2000
PHONE: (907) 465-3384
FAX: (907) 465-2006

DATE: April 30, 1994

Kristie Leaf
Director
Boards & Commissions

RE: HB 531/CSSB 286

Dear Ms. Leaf;

You have requested an analysis of the differences between HB 531 and CSSB 286 in relation to the sections concerning the Parole Board.

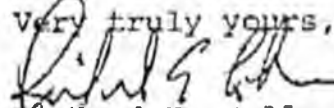
Both of these bills contain sections that amend current AS 33.16.050 and AS 33.16.150 to permit a single board member to impose special conditions of mandatory parole.

CSSB 286 does it by adding additional wording to AS 33.16.050(c) and by adding a new subsection (e) to AS 33.16.150.

HB 531 does it by adding a new subsection (e) to AS 33.16.050 and by adding a new subsection (e) to AS 33.16.150.

Both of these bills accomplish the same goal with similar, but different, wording. After discussions with Michael Stark, Assistant Attorney General, we feel the differences are not substantive. However, CSSB 286 contains a Purpose Section (Section 1) and an Explanation Section (Section 6) not present in HB 531. We believe these two additional sections are very important. Consequently, if at all possible and to eliminate any ambiguity, we prefer that CSSB 286 be signed into law after HB 531.

Thank you for providing us an opportunity to comment. Please contact me if I can provide any further information in this regard.

Very truly yours,

Richard E. Collum
Executive Director

WALTER J. HICKEL
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

May 3, 1994

HB531

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

Loren carry on
Senate floor
5-6-94

The Honorable Rick Halford, Chair
Senate Rules Committee
State Capitol
Juneau, AK 99801-1182

Dear Mr. President:

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

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

The bill also relates to the powers of the Board of Parole and to the appointment of mediators in railroad labor relations cases. The bill eliminates the statutory Alaska School Activities Association as there is now a separate non-profit corporation, Alaska School Activities Association, Inc. that has a distinct and legal existence apart from state statute. The bill also allows the Museum Collections Advisory Committee to meet by teleconference and clarifies their advisory role. It adds one 3-member Southcentral panel to the Workers' Compensation Board so that their decision and orders may be produced more timely. The bill also eliminates the July 1, 1986 statutory deadline for the creation of local resource development authorities.

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

Sincerely,

Kristie Leaf

Kristie Leaf
Director of Boards and Commissions

CSHB 531(STA)am Sectional Analysis

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

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

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

Section 8...Repeals the July 1, 1986 deadline for the voluntary creation of local resource development authorities. The purpose of these authorities as stated in AS 30.13.030 is for the improvement, establishment and development of facilities in a local district for transportation purposes in connection with natural resource enterprises, either directly or by agreement with any public or private entity or person. They can encourage economic development in rural Alaska and provide for local ownership, and financing of transportation infrastructure. Creation of an authority encourages regional planning and gives DOTPF and DCRA a mechanism to assist rural Alaska communities in meeting their transportation needs.

Sections 9 through 11...Authorizes the Parole Board to delegate to one of its members the authority to establish special conditions of mandatory parole. (Allows the board to continue its practice of not noticing and convening a full board meeting for these purposes.) Setting of special or supplemental conditions of parole, in mandatory parole cases, has traditionally been done by a single member, subject to the parolee's right of appeal to the full board. The changes proposed in Section 7 through 9 clarify the legality of this practice. By delegating this responsibility to one member the remaining four members are relieved of the task of reviewing approximately 500 case files each year. As a safeguard, this system of setting conditions provides the parolee with an immediate appeal to a majority of the members if the parolee objects to any of the conditions set by one member

Section 12...Authorizes the Department of Labor to appoint arbitrators in railroad labor relations cases. This would allow the continued use of no cost mediators from the Federal Mediation and Conciliation Service (FMCS) for contract negotiations. This bill removes the provision that a mediator of a labor dispute between the railroad and a bargaining unit representative must serve as the arbitrator at the time the parties are forced to interest arbitration. Currently the department utilizes mediators at no costs through FMCS. FMCS has a rule that their mediators cannot be arbitrators in the same negotiations.

Section 13...Repeals certain sections (AS 03.17.020, 03.17.030, 03.17.100(1)) in order to eliminate the Milk Control Advisory Board. (Sections 1 through 3 eliminate other references to the board and make technical changes.)

Section 13...Repeals sections 14.07.058 and 14.07.059 to eliminate the Alaska School Activities Association; eliminates the state entity that duplicates the activities of an existing non-profit corporation. These statutes have been in disuse since 1986. Since 1986, when articles of incorporation were filed under the name of ASAA, Inc., two distinct legal entities have existed: the statutory ASAA, which fell into disuse, and ASAA, Inc., a non-profit organization which has promoted and governed interscholastic activities in the state. This section eliminates the statutory ASAA and removes the state from potential liability for ASAA, Inc. in the future.

Section 13...Repeals several statutes (AS 38.95.100, 38.95.110, 38.95.120, 38.95.130, 38.95.140) in order to eliminate the Steering Council for Alaska Lands. The council was established in response to federal regulations which expired in 1990.

Section 13...Repeals several statutes ((AS 44.19.101, 44.19.102, 44.19.103, 44.19.104, 44.19.105, 44.47.050(a)) in order to eliminate the Rural Affairs Commission. No appointments have been made to this commission since 1976.

Section 13...Repeals several statutes ((AS 39.05.060(a), 44.19.123, 44.19.124, 44.19.125, 44.19.126, 44.19.130) in order to eliminate the Governor's Commission on the Involvement of Young People in Government. No appointments have been made to this commission since 1974.

Section 13...Repeals several statutes (AS 44.19.181, 44.19.182, 44.19.183, 44.19.184, 44.19.185, 44.19.186, 44.19.187, 44.19.188) in order to eliminate the Yukon Taiya Commission. The last activity of this commission was noted in the 1976 Governor's Boards and Commission records.

Section 13...Repeals several statutes (AS 44.46.030, 44.46.040, 44.46.050) in order to eliminate the Environmental Advisory Board. The last activity of this board was in 1980.

Section 13...Repeals statutes (AS 44.82) in order to eliminate the Gas Pipeline Financing Authority. The last plan for this authority was disapproved by the legislature in January 1980.

Section 13...Repeals statutes (AS 44.99.010) in order to eliminate the Alaska Manpower Services Council. This council was replaced by the Job Training Council in 1983.

Section 14...Makes sections 8 through 10 regarding the Parole Board retroactive to January 1, 1986.

Section 15...Effective dates.

Alaska Department of Community & Regional Affairs

(excerpted from)

SUMMARY OF DCRA ACTION PRIORITIES

to be completed by December, 1994

As a matter of legislative priority, considered essential to rural Alaska's development infrastructure, DCRA will promote an amendment to AS Title 30: providing for the establishment of "Regional Resource Development Authorities".

- * After review and consideration, the Local Autonomy Task Force recommended that an amended Title 30: "Regional Resource Development Authorities"..... could serve as a model for establishment of service areas in unorganized areas of Alaska
- An amendment to Title 30.30 : line 10.... delete [by July 1, 1986].....
- amendment would reactivate statute and allow department to respond to service and technical assistance requests
- reactivated statute would allow for organization of regional resource development authorities, through local / regional initiative
- as bonding authorities, the entities could take the lead as the "locally controlled" financial bonding institutions for regional / local development project endeavors
- opportunity would then exist to "decentralize" the public facilities development workload of DOTPF
- under the decentralized movement (occurring over a 5 - 10 year period), DOTPF reserved funding assets for public facilities (already approved and within a region where a RRDA has been established) could be transferred to the appropriate RRDA to serve as a base (initial startup) RRDA bonding account, and serve as a match with other bonding sources, e.g. AIDEA and Indian Development Bond Bank

Background:

When originally adopted in the mid 80's, the legislation provided for a very narrow window of opportunity (a 2 year period from date of enactment) for interested regions to petition for organizing an RRDA. Also, the state was considered flush with money and there existed very little incentive to organize when funds were so readily available from the state. As a result of these two constraints, and lack of time to organize or provide technical assistance, no petitions for organizing an RRDA were submitted to the department or governor.

LOCAL AUTONOMY TASK FORCE MEMBERS

Name - Residence - Representing

1. Mr. Donald Nielsen - South Naknek - Bristol Bay Native Association
2. Ms. Ginny Tierney - Thorne Bay - City Administrator
3. Mr. Terenty Tabios - Anchorage - North Pacific Rim Housing Authority
4. Mr. Johnny Hawk - Anchorage/ Eek - Calista Corporation
5. Mr. Charles Curtis - Kotzebue - NANA Corporation (President)
6. Mr. John Amik - Kipnik - Rural Resident/Subsistence User
7. Mr. Dewey Skan - Klawok - RurAL CAP (President)
8. Mr. Richard Romer - Juneau - Governor's Office
9. Commissioner Edgar Blatchford - Juneau- DCRA
10. Mr. Gary Amendola - Juenau - Department of Law
11. Mr. Donald Harris - McGrath - Lieutenant Governor's Office

May 10, 1993

To: Hon. Edgar Blatchford, chair
Local Autonomy Task Force
From: Gary I. Amendola
Assistant Attorney General

Re: Recommendations of
the Governor's Local
Autonomy Task Force



Governor's Local Autonomy Task Force

On April 15 and 16, 1993, the Governor's Local Autonomy Task Force (the Task force) met in Anchorage for its fourth two-day meeting (1). At this meeting, the Task Force focused on finalizing its recommendations to the Governor. They are as follows:

1. Alaska Native Affairs Commission:

The State should establish an Alaska Native Affairs Commission. The Commission would make recommendations to the Governor on policy issues facing Alaska Natives in both rural and urban Alaska. The Commission would be staffed by the Department of Community and Regional Affairs. The Commission should have access to day-to-day policy making at the cabinet level (2).

2. Service Areas in Unorganized Boroughs

The Governor should propose legislation to authorize the formation of service areas in the unorganized borough. In order for a service area to be created, there must be approval by a majority of voters within the proposed service area and a majority of voters of each community within the proposed service area (3). The Task Force recommends that the Department of Law and other involved agencies explore whether service areas should have the authority to issue revenue bonds for capital projects.

3. Incentives For Formation of Service Areas

There should be a review of incentives that are available for communities to form service areas, boroughs, or other regional service delivery organizations. To the extent that disincentives to the formation of service areas, boroughs, or other regional service delivery organizations exist, they should be eliminated.

4. Public Purpose Agreements Authority

The Governor should propose the amendment of existing statutes to expressly allow cities and boroughs to enter into agreements (that further a public purpose) with IRA and traditional councils. The Task Force believes that such power is implicit in existing law but that affirmation of that authority is appropriate.

5. Local Revenue Authority

There should be a review of ways to increase the ability of local governments to generate revenue locally. For example, there should be no restrictions on taxes that the people wish to impose upon themselves (expand local taxing authority).

6. Provision of Technical Assistance and Training

The Governor should support adequate funding to the Department of Community and Regional Affairs for the provision of technical and training assistance to local governments. This training and technical assistance should be specifically targeted at promoting stability, service delivery capacity and accountability of local governments. The Governor should also support adequate funding for existing programs that allow for grants to communities and regions to explore local government formation options and adopt a policy of encouraging regions and communities to explore all local service delivery options.

7. Local Community Determination of Governmental Entity

The State should develop uniform criteria for determining which local government entity (in the absence of a state chartered local government) that the state will deal with in any specific community and require all state

see next page

agencies, to the extent practicable, to deal with that entity. An important part of the criteria should require every effort of the local community to identify and agree on which local government it should be.

8. Equitable Revenue Sharing Based Upon Services Provided

The State should develop a more equitable funding formula for the Revenue Sharing and Municipal Assistance programs. Such formulas should be based principally on the services provided, and not on the structure of the local government providing the service. In addition, the Governor should recommend the amendment of existing statutes so that cities choosing to consolidate or merge with boroughs are not financially or otherwise penalized by the State.

9. Regional Resource Development Authorities

The Governor should recommend that the statutes providing for the establishment of Regional Resource Development Authorities be reactivated by removing the deadline for creating them currently existing in AS 30.13.010.

Notes -----

(1) In between the February and April meetings, the Task Force held a teleconference to further discuss its proposed recommendations.

(2) In 1967, the legislature created a Rural Affairs Commission in the Office of the Governor (AS 44.19.101 -- 44.19.105). We understand the commission has not existed for some time, and does not currently exist. It may be appropriate to amend AS 44.19.101 -- 44.19.105 to provide for the establishment of an Alaska Native Affairs Commission.

(3) It may be appropriate to use Regional Resource Development Authorities (AS 30.13.010 et seq.) as a model for legislation to authorize the creation of service areas.

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. CSHB 531 (STA)am

Revision Date: April 26, 1994

Department Affected: Education

Title: An Act to eliminate some state multimenber bodies.

BRU: Executive Administration

Sponsor: Governor Hickel

Component: Commissioner's Office

Requestor: Governor Hickel

COMPONENT SERIAL NO. 185

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
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 (FY94) impact: \$ _____

ANALYSIS: (Attach a separate page if necessary.)

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

Prepared by: Sheila Peterson
Division: Commissioner's Office

Phone: 465-2803
Date: April 26, 1994

Approved by Commissioner: _____
Agency: Education

Jerry Covey
Date: April 26, 1994

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FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. CSHB 531 (STA)am

Revision Date: April 26, 1994

Department Affected: Education

Title: An Act to eliminate some state multimember bodies.

BRU: Libraries, Archives and Museums

Component: Museum Operations

Sponsor: Governor Hickel

Requestor: Governor Hickel

COMPONENT SERIAL NO. 1985

Expenditures/Revenues:

(Thousands of Dollars)

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

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

FUNDING:

(Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

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

ANALYSIS: (Attach a separate page if necessary.)

The changes to AS 14.57.030 (b), 14.57.050 (b), and 14.57.060, pertaining to the Museum Collections Advisory committee (MCAC), will reduce staff involvement with the committee while maintaining the integrity of MCAC. This legislation will not require any changes in the budget.

Prepared by: Karen R. Crane

Phone: 465-2910

Division: Libraries, Archives and Museums

Date: April 26, 1994

Approved by Commissioner: 

Jerry Covey

Agency: Education

Date: April 26, 1994

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FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL

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

Expenditures/Revenues (Thousands of Dollars)

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

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

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

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

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

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

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

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FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

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

Expenditures/Revenues (Thousands of Dollars)

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

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

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

FUND SOURCE (Thousands of Dollars)

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

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

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Diane Schenker, Special Assistant Phone: 465-4643/786-2147
 Division: Office of the Commissioner Date: 2/25/94
 Approved by Commissioner: J. Frank Prewitt, Jr. Date: 2/21/94
 Agency: Department of Corrections

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STATE OF ALASKA
 1994 LEGISLATIVE SESSION

FISCAL NOTE

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

Expenditures/Revenues: (Thousands of Dollars)

	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
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	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

Estimate of current (FY94) Impact \$ none

ANALYSIS: (Attach a separate page if necessary)

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

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FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO : CSSB 358 (STA)

Revision Date: _____
Title: Eliminate some mutimember bodies

Department Affected: Labor
BRU: Worker's Compensation

Sponsor: Senate Rules by request of the Governor
Requestor: Senate State Affairs

Component: _____
Worker's Compensation
COMPONENT SERIAL NO. 344

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS CLAIMS						
MISCELLANEOUS						
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 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 (FY94) impact: \$ None

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Paul B. Arnoldt, Director *Paul B. Arnoldt* Phone: 465-6059
Division: Worker's Compensation Date: 3/25/94

Approved by Commissioner: Charles W. Mahlen *John L. Mahlen*
Agency: Department of Labor Date: 3/25/94

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FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO : CSSB 358(STA)

Revision Date: _____
Title: Eliminate some mutimember bodies

Department Affected: Labor
BRU: Commissioner's Office
Component: _____

Sponsor: Senate Rules by request of the Governor
Requestor: Senate Labor & Commerce

Alaska Labor Relations Agency
COMPONENT SERIAL NO. 1200

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
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 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 (FY94) impact: \$ None

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Jan Hart DeYoung, Hearing Examiner Phone: 465-2700
Division: Commissioner's Office Date: 4/12/94

Approved by Commissioner: Charles W. Mahler
Agency: Department of Labor Date: 4/12/94

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