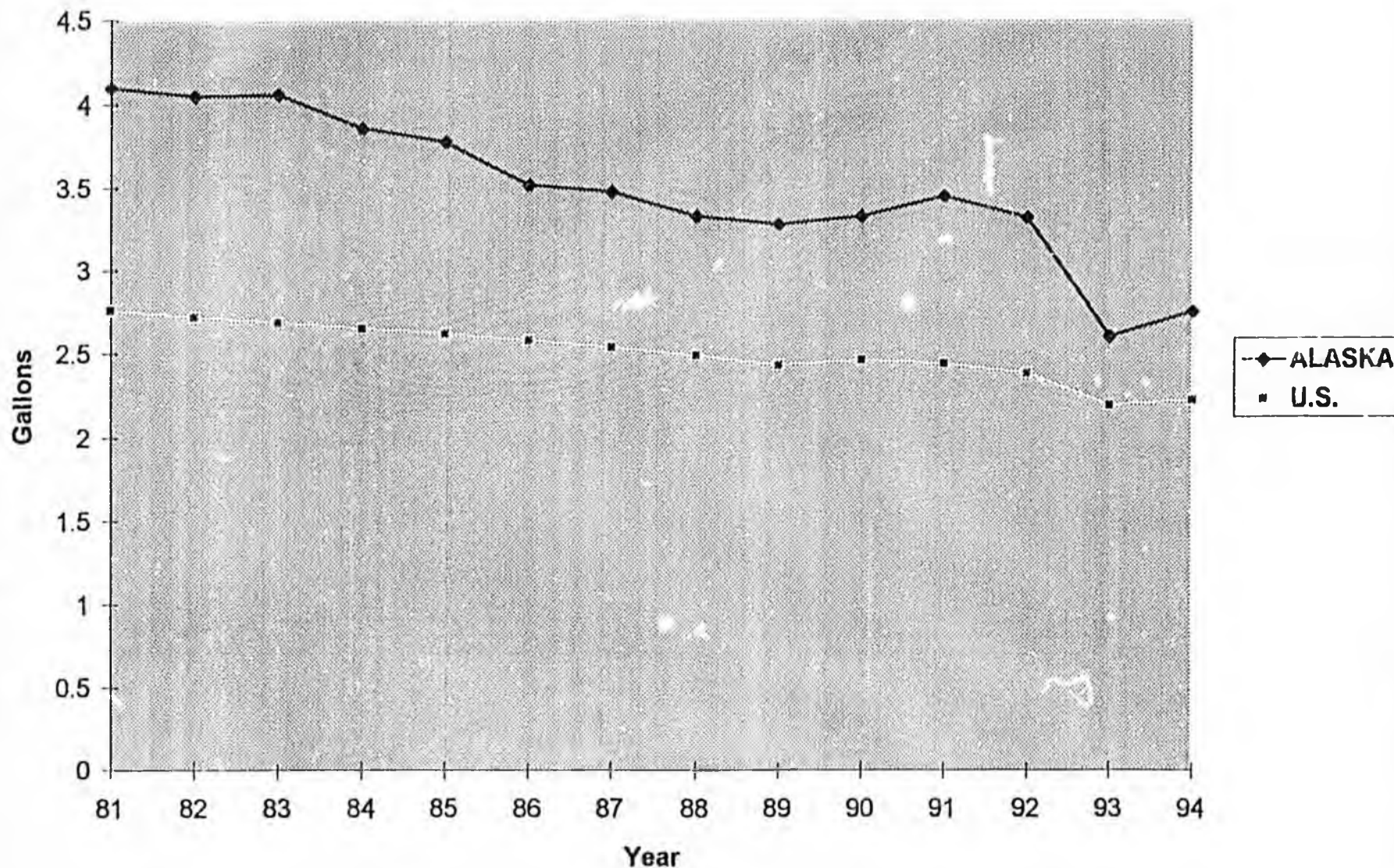


ALASKA LEGISLATURE COMMITTEE FILES 1995-1996 8672

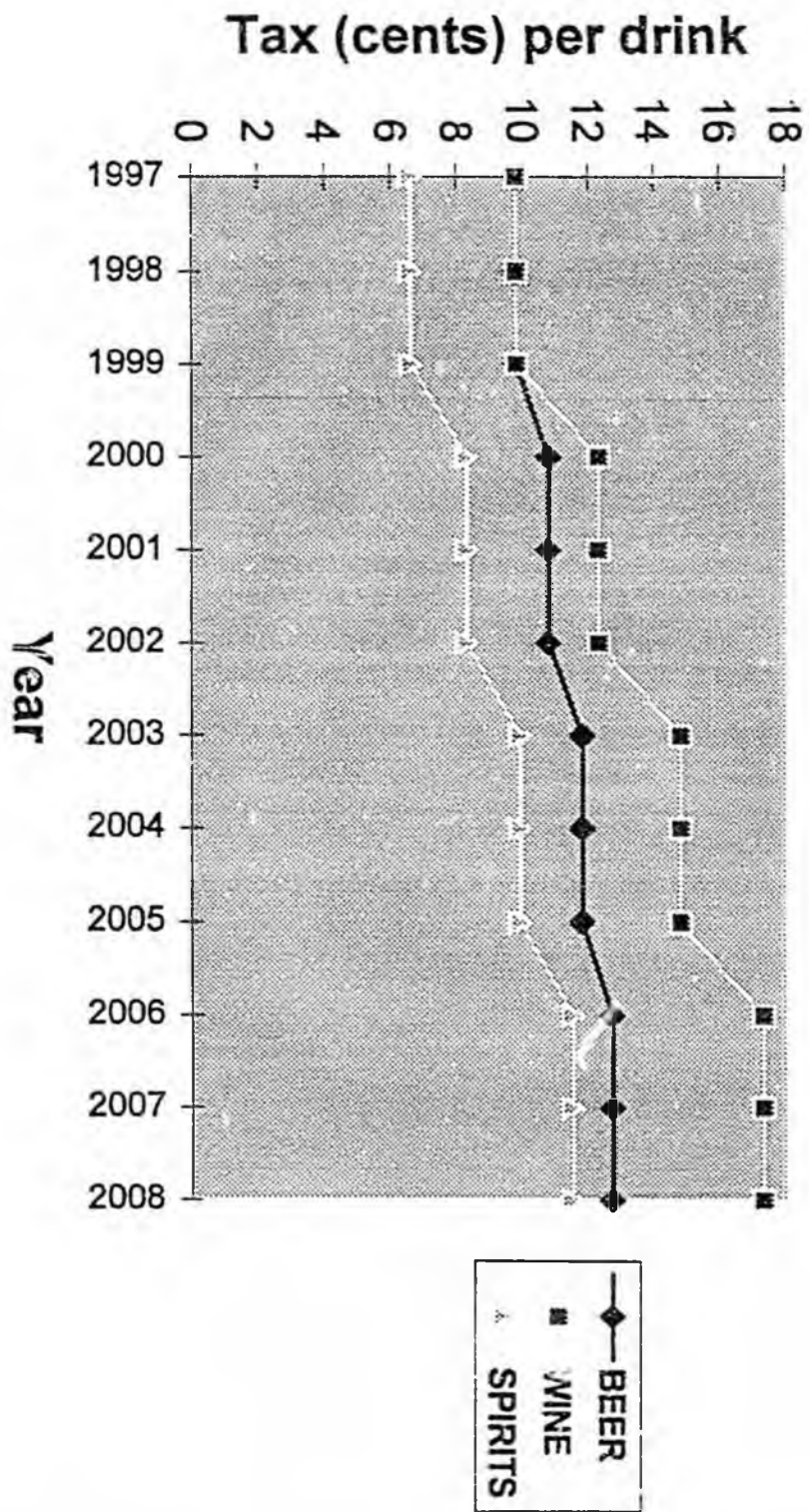
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### Per Capita Alcohol Consumption



Source: NIAAA, Surveillance Report #23, 1992; The Bottom Line

# HB-441 Projected Tax Rates



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**THE PRECEDING PAGES  
WERE TREATED AS A UNIT  
IN THE ORIGINAL FILE**

**HB**

**391**

HOUSE BILL NO. 391

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE IVAN

Introduced:

Referred:

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to succession to assets and liabilities of dissolved municipalities."

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

3 \* Section 1. AS 29.06.520 is amended to read:

4           Sec. 29.06.520. SUCCESSION. (a) When a municipality dissolves, the  
5 Local Boundary Commission shall arrange for the assumption of the liabilities  
6 and, except as provided in AS 44.47.150(f), the assets of the dissolved municipality  
7 by one or more successors. Assets or liabilities may not be transferred to a  
8 successor except upon terms approved in writing by the Department of Law. A  
9 successor may be

10                           (1) the state;

11                           (2) a municipality;

12                           (3) a Native council organized under federal law that is operating  
13 within the entire area of the dissolved municipality; or

14                           (4) a nonprofit corporation that is qualified for an entitlement  
15 under AS 29.60.140 and that is operating within the entire area of the dissolved

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municipality.

(b) If the state or a [A] municipality succeeds [SUCCEEDING] to assets or liabilities of a dissolved municipality, the state or successor municipality succeeds to all rights, powers, and duties [, ASSETS, AND LIABILITIES] of the dissolved municipality necessary for the management of the assets or liabilities [. OTHERWISE, THE STATE SUCCEEDS TO THOSE RIGHTS, POWERS, DUTIES, ASSETS, AND LIABILITIES]. If the state succeeds to assets or liabilities of a dissolved municipality, the state may enter into a contract for the performance of duties or powers in the area of the dissolved municipality.

(c) Transfer of assets or liabilities of a dissolved municipality to an organization under (a)(3) or (4) of this section or [HOWEVER.] a contract with an organization for the performance of duties or powers entered into under (b) of this section does not constitute recognition by the state of governmental powers of that organization.

\* Sec. 2. AS 44.47.150(a) is amended to read:

(a) The commissioner

(1) shall accept, administer, and dispose of land conveyed to the state in trust by village corporations under 43 U.S.C. 1613(c)(3) (Sec. 14(c)(3) of the Alaska Native Claims Settlement Act) for the purposes specified in that section;

(2) may, with the concurrence of an appropriate village entity recognized by the commissioner under (b) of this section or, in the absence of an appropriate village entity, under procedures prescribed by regulations of the commissioner, accept, administer, and dispose of land conveyed in trust by a state or federal agency [AND BY THE DISSOLUTION OF A MUNICIPALITY UNDER AS 29.06.450 - 29.06.530].

HOUSE BILL NO. 392

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE IVAN

Introduced:

Referred:

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the affirmative vote necessary to amend the articles of  
2 incorporation of Native village corporations to authorize the classification of  
3 directors."

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

5 \* Section 1. Section 10, ch. 166, SLA 1988, as amended by sec. 57, ch. 50, SLA 1989,  
6 is amended by adding a new subsection to read:

7 (d) Notwithstanding (a) of this section and AS 10.06.455(b), an amendment to  
8 the articles of incorporation of a village corporation organized under 43 U.S.C. 1601 -  
9 1629e (Alaska Native Claims Settlement Act) and incorporated under former  
10 AS 10.05.005 to add a provision authorizing the classification of directors under  
11 AS 10.06.455 may be adopted by the affirmative vote of a majority of the shares  
12 represented at a regular or special meeting at which a quorum is present in person or by  
13 proxy.

9-LS1371\IC  
Cook  
1/31/96

CS FOR HOUSE BILL NO. 391( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
NINETEENTH LEGISLATURE - SECOND SESSION

BY

Offered:  
Referred:

Sponsor(s): REPRESENTATIVE IVAN

A BILL  
FOR AN ACT ENTITLED

1 "An Act relating to succession to assets and liabilities of dissolved municipalities,  
2 and to the administration and disposal of certain land of dissolved municipalities."

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

4 \* Section 1. AS 29.06.520 is amended to read:

5       Sec. 29.06.520. SUCCESSION. (a) When a municipality dissolves, the  
6 Local Boundary Commission shall, after consulting with the Department of  
7 Natural Resources and except as provided in AS 38.05.825(d) and AS 44.47.150(f),  
8 arrange for the assumption of the liabilities and assets of the dissolved  
9 municipality by one or more successors. Assets or liabilities may not be  
10 transferred to a successor except upon terms approved in writing by the  
11 Department of Law. A successor to assets or liabilities of a dissolved municipality  
12 may only be

13               (1) a municipality;

14               (2) a council formed under 25 U.S.C. 473a;

1                   (3) a council that provides services under federal law to residents  
2                   of the area of the dissolved municipality;

3                   (4) a nonprofit corporation that is qualified for an entitlement  
4                   under AS 29.60.140; or

5                   (5) subject to (b) of this section, the state.

6                   (b) In arranging for the assumption of assets and liabilities of a dissolved  
7                   municipality by one or more successors, the Local Boundary Commission shall  
8                   give preference to entities listed in (a)(1) - (4) of this section. If the Local  
9                   Boundary Commission determines that it is not practicable for an entity listed in  
10                   (a)(1) - (4) of this section to be the successor to an asset or liability of a dissolved  
11                   municipality, the state may succeed to that asset or liability.

12                   (c) If the state or a [A] municipality succeeds [SUCCEEDING] to assets or  
13                   liabilities of a dissolved municipality, the state or successor municipality succeeds  
14                   to all rights, powers, and duties [, ASSETS, AND LIABILITIES] of the dissolved  
15                   municipality necessary for the management of the assets or liabilities. The [.  
16                   OTHERWISE, THE STATE SUCCEEDS TO THOSE RIGHTS, POWERS, DUTIES,  
17                   ASSETS, AND LIABILITIES. IF THE STATE SUCCEEDS TO A DISSOLVED  
18                   MUNICIPALITY, THE] state may enter into a contract for the performance of duties  
19                   or powers in the area of the dissolved municipality.

20                   (d) Transfer of assets or liabilities of a dissolved municipality to an  
21                   organization under (a)(2) or (3) of this section or [HOWEVER,] a contract with an  
22                   organization for the performance of duties or powers entered into by the state under  
23                   (c) of this section does not constitute recognition by the state of any governmental  
24                   powers of that successor or organization.

25 \* Sec. 2. AS 44.47.150(a) is amended to read:

26                   (a) The commissioner

27                   (1) shall accept, administer, and dispose of land conveyed to the state  
28                   in trust by village corporations under 43 U.S.C. 1613(c)(3) (Sec. 14(c)(3) of the Alaska  
29                   Native Claims Settlement Act) for the purposes specified in that section;

30                   (2) may, with the concurrence of an appropriate village entity  
31                   recognized by the commissioner under (b) of this section or, in the absence of an

1 appropriate village entity, under procedures prescribed by regulations of the  
2 commissioner, accept, administer, and dispose of land conveyed in trust by a state or  
3 federal agency;

4 (3) may, with the concurrence of the Local Boundary Commission,  
5 accept, administer, and dispose of land conveyed to the state under AS 29.06.520  
6 as a result of the dissolution of a municipality [AND BY THE DISSOLUTION OF  
7 A MUNICIPALITY UNDER AS 29.06.450 - 29.06.530].

8 \* Sec. 3. AS 44.47.150(b) is amended to read:

9 (b) Transfer of land acquired under (a)(1) or (2) of this section by sale, lease,  
10 right-of-way, easement, or permit, including transfer of surface resources, may be made  
11 by the commissioner only after approval of an appropriate village entity such as the  
12 traditional council, a village meeting, or a village referendum. This approval shall be by  
13 resolution filed with the department.

14 \* Sec. 4. AS 44.47.150(c) is amended to read:

15 (c) Within one complete state fiscal year after the incorporation of a municipality  
16 in the village or of a municipality that [WHICH] includes all or part of the village, land  
17 acquired under (a)(1) or (2) of this section shall be conveyed without cost to the  
18 municipality, and the municipality succeeds [SHALL SUCCEED] to all the entrusted  
19 interest in the land. Within one complete state fiscal year after incorporation of a  
20 municipality that includes all or part of the area of a dissolved municipality, land  
21 or an interest in land acquired under (a)(3) of this section and retained by the state  
22 shall be conveyed without cost to the newly incorporated municipality.

Alaska State House of Representatives  
House District 39

Session  
Alaska State Capital  
Juneau, Alaska 99801-1182  
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**Representative Ivan M. Ivan**

**CHANGES IN COMMITTEE SUBSTITUTE FOR HB 391**

The changes that are made in the committee substitute for House Bill 391 (Draft 9-LS1371\C) were recommended by the Department of Community and Regional Affairs, the Department of Law and the Department of Natural Resources.

Changes are as follows:

- (1) **Title.** Adds "and to the administration and disposal of certain land of dissolved municipalities." This reflects the various changes made throughout the bill.
- (2) **Section 1, Line 6.** At the suggestion of the Department of Natural Resources, before the Local Boundary Commission and the Department of Law decide where a dissolved municipalities former state land assets will be transferred, DNR be consulted.
- (3) **Section 1, Line 7.** Reference is made to AS 38.05.825(d), suggested by DNR. This statute requires that tide and submerged land conveyed revert to the state upon dissolution of the municipality. The reason for this, as stated by DNR, is to protect the public interest as established through the public trust doctrine.
- (4) **Section 1, Line 13.** Moved the state as a successor from the first option to the last option as noted in subsection (b), found on page two, line 6 of the committee substitute. This addresses the Department of Law's concern that the state succeed to the dissolved municipality's assets or liabilities only if there is no other successor, as another municipality, under current law. This lessens the liability for the state in the succession process.
- (5) **Section 1, Line 14.** Reference is changed from "a Native council organized under federal law" to "a council formed under 25 U.S.C. 473(a)." This change was recommended by the Department of Law. According to the department, a Native council organized under federal law is generally considered to be a federal IRA council. This conflicts with current regulations and practice which allow traditional

councils, as well as IRA's and nonprofit corporations to be deeded certain real properties from dissolved municipalities. Also, in the original bill, reference was made to "within the entire area of the dissolved municipality" which may have caused problems since Indian country is not recognized in Alaska, except in Metlakatla, and it could be that the area where a Native council operates may be different from what were the boundaries of the former municipality.

(6) Section 1, Page 2, Line 18. The change in subsection (c) (Lines 18-19) is a change in drafting and technical in nature. This change was recommended by the Department of Community and Regional Affairs.

(7) Section 2, Page 3, Line 4. The original bill would have deleted authority of the commissioner of DC&RA to dispose of relevant trust lands to an appropriate village entity if a municipality dissolves. Current regulations allow the commissioner of DC&RA to transfer the lands of a dissolved municipality to an appropriate village entity. Deletion of this authority would make current regulations inapplicable to land asset distribution in the event of a municipal dissolution. Therefore, the Department of Law recommended reinstating this authority.

(8) Section 3. Recommendation by the Department of Law that requires that the transfer of land by sale, lease, right of way, easement or permit, may be made by the commissioner only after the approval of the appropriate village entity by resolution filed with the department.

(9) Section 4. Language added to AS 44.47.150 (c) which states that after one complete fiscal year after incorporation of a municipality that includes all or part of the area of a dissolved municipality, land or interest in land acquired under (a) (3) of this section and retained by the state will be conveyed without cost to the newly incorporated municipality.

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO: HB 391

Revision Date: 1/11/96  
Title: Relating to succession to assets and liabilities  
of dissolved municipalities  
Sponsor: Rep. Ivan  
Requestor: Rep. Ivan

Dept. Affected: Community & Regional Affairs  
BRU: Local Government Assistance  
Component: Local Boundary Commission  
COMPONENT SERIAL NO. 674

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

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
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 ( )						
Revenue Code						

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

Estimate of current year (FY 95) impact: \$ none

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Remond Henderson, Director *Remond Henderson* Phone: 465-4708  
Division: Administrative Services Date: 1/11/96  
Approved by Commissioner: Mike Irwin *Mike Irwin* Date: 1/11/96  
Agency: Mike Irwin, Dept. of Community & Reg. Affairs

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# FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO. HB 391

Revision Date: \_\_\_\_\_ Dept. Affected: Department of Law  
 Title: "An Act relating to assets and liabilities of BRU: Civil Division  
dissolved municipalities." Component: General Legal Services  
 Sponsor: Representative Ivan  
 Requester: House C&RA Committee COMPONENT SERIAL NO. 2087

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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

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

Estimate of any current year (FY96) cost: \$ 0.0

**POSITIONS**

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

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

This bill amends AS 29.06.520 and AS 44.47.150 relating to the succession of assets and liabilities of dissolved municipalities. The bill, in part, requires that assets or liabilities of a dissolved municipality may not be transferred except upon terms approved in writing by the Department of Law. This requirement is already being followed in practice and therefore its codification will not have a fiscal impact for the Department of Law.

Other parts of the bill are of concern, however, because they appear unclear or appear inconsistent with the rest of the bill and with current law and practice. These concerns are noted below:

In Section 1, the bill establishes AS 29.06.520(a)(3), which allows a successor of assets and liabilities of a dissolved municipality to include: (3) a Native council organized under federal law that is operating within the entire area of the dissolved municipality.

Prepared by: Richard I. Peques, Director Phone: 465-3672  
 Division: Administrative Services Division Date: 1/15/96  
 Approved by Commissioner: Bruce M. Botelho, Attorney General Date: 1/15/96  
 Agency: Department of Law

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FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO. HB 391

ANALYSIS CONTINUATION:

This raises several issues. First, a "Native council organized under federal law" is generally considered to be a federal IRA council. This would not include a traditional village council. This conflicts with current practice and regulations, 19 AAC 94 which allows traditional councils, as well as IRA's and nonprofit corporations, to be deeded certain real properties from dissolved municipalities.

Second, the meaning of "is operating" as that terminology relates to a Native council, is unclear.

Third, "within the entire area of the dissolved municipality," is not particularly clear in this instance and may be geographically problematic because, except for Metlakatla, Indian country is not recognized in Alaska and it could be that the area where a Native council "operates" may be different from what were the boundaries of the former municipality.

Section 1 also provides for the rewrite of AS 29.06.520(b), which appears to create more liability for the state in the succession process. Under current law, the preference is that a dissolved municipality's assets succeed to another municipality (i.e., when a city dissolves within a borough the assets, etc., go to the borough; when a city dissolves simultaneously with its annexation to another city, the assets, etc., go to the city). If no municipality is available for the succession, then, under current law, the state succeeds to the dissolved municipality's assets, liabilities, etc., by operation of law. The amendment no longer provides for the preference for the municipality to be the successor before the state succeeds by operation of law. In sum, the intent or goal of the proposed amendment to AS 29.06.580(b) is not readily clear.

Section 2. AS 44.47.150(a)(2). The amendment to this subsection deletes the authority for the commissioner of Community and Regional Affairs (C&RA) to dispose of the relevant trust lands to an appropriate village entity if a municipality dissolves. The current regulations adopted pursuant to the authority of existing AS 44.47.150(a)(2), allow the commissioner of C&RA to transfer the lands of a dissolved municipality to an appropriate village entity (which includes IRA or traditional councils). Deletion of this authority would make the current regulations inapplicable to land asset distribution in the event of a municipal dissolution and, only the Department of Natural Resources would then have authority to transfer such lands in the event of a municipal dissolution. The proposed amendment to AS 44.47.150(a)(2) appears inconsistent with the rest of the bill and with current law and practice. Department of Law staff is available to resolve or clarify these concerns.

Sec. 29.06.520. SUCCESSION.

A municipality succeeding to a dissolved municipality succeeds to all rights, powers, duties, assets, and liabilities of the dissolved municipality. Otherwise, the state succeeds to those rights, powers, duties, assets, and liabilities. If the state succeeds to a dissolved municipality, the state may enter into a contract for the performance of duties or powers in the area of the dissolved municipality. However, a contract with an organization for the performance of duties or powers entered into under this section does not constitute recognition by the state of governmental powers of that organization.

History -

(sec. 5 ch 74 SLA 1985; am sec. 5 ch 35 SLA 1988; am sec. 22 ch 58 SLA 1994)

Amendment Notes -

The 1988 amendment added the last three sentences and rewrote the first sentence, which read "The government succeeding to a dissolved municipality succeeds to all its rights, powers, duties, assets, and liabilities."

The 1994 amendment, effective August 22, 1994, inserted "rights, powers, duties" in the first and second sentences and made related stylistic changes.

Sec. 44.47.150. LAND CONVEYED IN TRUST.

(a) The commissioner

(1) shall accept, administer, and dispose of land conveyed to the state in trust by village corporations under 43 U.S.C. 1613(c)(3) (Sec. 14(c)(3) of the Alaska Native Claims Settlement Act) for the purposes specified in that section;

(2) may, with the concurrence of an appropriate village entity recognized by the commissioner under (b) of this section or, in the absence of an appropriate village entity, under procedures prescribed by regulations of the commissioner, accept, administer, and dispose of land conveyed in trust by a state or federal agency and by the dissolution of a municipality under AS 29.06.450 - 29.06.530.

(b) Transfer of land by sale, lease, right-of-way, easement, or permit, including transfer of surface resources, may be made by the commissioner only after approval of an appropriate village entity such as the traditional council, a village meeting, or a village referendum. This approval shall be by resolution filed with the department.

(c) Within one complete state fiscal year after the incorporation of a municipality in the village or of a municipality which includes all or part of the village, land acquired under this section shall be conveyed without cost to the municipality, and the municipality shall succeed to all the entrusted interest in the land.

(d) Separate accounts shall be maintained in the name of each village for the land, including the revenues from the land, acquired from each village corporation under this section, and every two years within 90 days of the close of the second state fiscal year a statement of the account for each municipality shall be prepared by the commissioner and be made available to the village and to the public upon request.

(e) Upon the conveyance of land to a municipality under this section, the commissioner shall account to the municipality for all profits including interest generated from the land. The municipality may then request the governor to submit a request to the legislature for an appropriation for the amount due the municipality.

(f) Title to or an interest in land acquired by the department under this section may not be acquired by adverse possession or prescription. Notwithstanding (a) - (e) of this section, on the dissolution of a municipality under AS 29.06.450 - 29.06.530, unimproved land that was owned by the municipality on the date of its dissolution and received by the municipality from the state under a municipal land grant entitlement program is transferred to the commissioner of natural resources.

(g) For the purposes of this section, "municipality" includes only first and second class cities incorporated under the laws of the state.

History -

(sec. 1 ch 119 SLA 1975; am sec. 47 ch 94 SLA 1980; am sec. 1 - 5 ch 84 SLA 1989; am sec. 12 ch 134 SLA 1990)

Amendment Notes -

The 1989 amendment, effective June 2, 1989, in subsection (a), added the paragraph (1) designation, substituting therein "shall" for "is designated to" at the beginning and inserting "(sec. 14(c)(3))," and added paragraph (2); deleted "from each village corporation" following "acquired" and substituted "village" for "municipality" and made stylistic changes in subsection (d); divided subsection (e) into two sentences; inserted "generated" before "from the land" in subsection (d) and in the present first sentence of subsection (e); made stylistic changes in the present second sentence of subsection (e) and in the first sentence of subsection (f); added the second sentence of

subsection (f); and substituted "municipality" for "the term municipality" in subsection (g).

The 1990 amendment inserted "every two years" and substituted "the second state fiscal year" for "each state fiscal year" in subsection (d).

Testimony Before the House C&RA Committee  
February 8, 1996

by  
Patrick K. Poland, Director  
Municipal & Regional Assistance Division  
Department of Community & Regional Affairs

Regarding Committee Substitute for House Bill No. 391  
"An Act relating to succession to assets and liabilities of dissolved  
municipalities."

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The Department of Community and Regional Affairs strongly supports CSHB 391. Simply put, the bill allows the State to take itself out of the role of successor to the powers, rights, duties, assets and liabilities of dissolved municipalities.

Under existing law, the State automatically becomes the successor to a dissolved municipality, unless another municipal government assumes such responsibility. While the existing law provides a preference for another municipality to be the successor -- in reality, the State has invariably taken on that role by default.

Since the mid-1980s, seven proposals have been filed to dissolve municipalities in Alaska. All were cities in the unorganized borough. As such, in every case, dissolution would saddle the State with potentially significant responsibilities and liabilities associated with properties such as solid waste facilities, bulk fuel storage facilities, electrical utilities, fire halls, community meeting halls, sewage systems, water utilities and the like.

Even if a city within an organized borough dissolves, the State may find itself as the successor. There is nothing in the current law that requires an organized borough to become the successor to a dissolved city within its boundaries.

The Local Boundary Commission now stipulates as a condition of dissolution, that some local group must accept a reconveyance from the State of all properties and obligations of the former municipality. While this substantially reduces the State's responsibilities and liabilities with respect to the local properties, it does not eliminate them since the State-- by law -- is in the "chain of title" for all properties of the dissolved municipalities.

CSHB 391 allows the Local Boundary Commission, after consulting with the Department of Natural Resources, to designate a local group to be the direct successor to a dissolving municipality. The group may be a Native council, non profit corporation or even another municipality if one is available and willing to serve as the successor. The transfer of assets and liabilities can take place only upon terms approved by the Department of Law.

Presently, when the State receives assets from a dissolved municipality and subsequently transfers them to a local successor, it does so through a formal agreement prepared by the Department of Law. DCRA has worked closely with the Local Boundary Commission and the Department of Law to develop a standard set of conditions for inclusion in those agreements.

They include:

- covenants that the properties will be used only for public purposes and will be available to the public without restrictions as to race, color, national origin or sex;
- a formal waiver of sovereign immunity whenever the successor is a Native village council, in order to ensure that the agreement is enforceable;
- covenants that lands transferred to a Native Village council as a successor do not constitute "Indian Country";
- provisions that the local successor must transfer all properties, without consideration or other conditions, upon request to a future city or organized borough encompassing the community in question.

In conclusion, it is my strong belief that CSHB 391 is good public policy in that it removes the State from unnecessary exposure to liabilities associated with the dissolution of municipalities.

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Alaska State House of Representatives  
House District 39

Session  
Alaska State Capital  
Juneau, Alaska 99801-1182  
Phone: (907) 465-4942



Interim  
P.O. Box 137  
Akiak, Alaska 99552  
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**Representative Ivan M. Ivan**

SFONSOR STATEMENT - HOUSE BILL 391

This bill was introduced by request of the Department of Community and Regional Affairs and the Local Boundary Commission. Currently, the state automatically becomes the successor to a dissolved municipality unless another municipal government assumes such responsibility. In most cases, the state becomes the successor by default. This means the state takes over the responsibility and liability of owning properties such as solid waste facilities, bulk fuel storage facilities, power utilities, sewer systems and other facilities previously owned by the municipality.

House Bill 391 allows the Local Boundary Commission to designate a Native council or non profit corporation to be a direct successor to a dissolved municipality. The terms of the transfer of assets and liabilities of the dissolved municipality must be approved by the Department of Law. The bill also specifies that any transfer of assets or liabilities does not constitute recognition by the state of that organization.

Prepared Testimony Before the House C&RA Committee  
January 25, 1996

by  
*Lamar Cotten, Deputy Commissioner*  
*Department of Community & Regional Affairs*

Regarding House Bill No. 391  
"An Act relating to succession to assets and liabilities of dissolved  
municipalities."

---

The Department of Community and Regional Affairs strongly supports the concept embodied by House Bill No. 391. Simply put, the bill allows the State to take itself out of the role as successor to the powers, rights, duties, assets and liabilities of dissolved municipalities. Further, the bill allows such responsibilities to be placed directly on the local community where they rightfully belong.

Under existing law, the State automatically becomes the successor to a dissolved municipality unless another municipal government assumes such responsibility. Although the existing law provides a preference for a municipal successor, the State typically becomes the successor by default. Since the mid-1980s, proposals have been filed to dissolve seven municipalities in Alaska. All of them have been cities in the unorganized borough. Therefore, in every case the State faced the certainty that if the city dissolved it would be saddled with the significant responsibility and liability of owning properties such as community solid waste facilities, bulk fuel storage facilities, electrical utilities, fire halls, community meeting halls, sewer systems, water utilities and the like.

Even if a city within an organized borough dissolves, the State may find itself as the successor. There is nothing in the current law that requires an organized borough to become the successor to a dissolved city within its boundaries.

With respect to recent dissolutions, the Local Boundary Commission has stipulated, as a condition for approval of dissolution proposals, that a local successor must assume responsibility for the assets and liabilities of a dissolved city. While this reduces the responsibility and liability of the State, it certainly does not eliminate it since the State-- by law -- is in the chain of title for all properties of the dissolved municipalities.

House Bill No. 391 allows the Local Boundary Commission to designate a Native council or non profit corporation to be the direct successor to a dissolved municipality. Further, the transfer of assets and liabilities can take place only upon terms approved by the Department of Law.

Testimony Regarding HB 391  
January 25, 1996  
Page Two

When the State receives assets from a dissolved municipality and transfers them to a local successor under existing law, it is done through a formal agreement. DCRA has worked closely with the Local Boundary Commission and the Department of Law to develop a standard set of conditions to apply to the transfer of all such assets and liabilities. When the successor is a Native village council, the standard conditions include an express waiver of sovereign immunity. Where land is involved, the agreement also includes a specific acknowledgment that the lands do not constitute Indian Country.

Further, House Bill 391 specifically provides that the transfer of assets or liabilities to a local successor do not constitute recognition by the State of governmental powers of that organization.

I am aware that the Sponsor of the bill may be considering some technical amendments to the legislation. DCRA is available to lend its assistance and cooperation in that regard.

---

# STATE OF ALASKA

## DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

P.O. BOX 112100  
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June 22, 1995

The Honorable Ivan Ivan  
Co-Chairman  
House Committee on Community and Regional Affairs  
Alaska House of Representatives  
716 W. 4th Ave; Suite 380  
Anchorage, AK 99501-2133

Dear Representative Ivan:

This is to bring you up-to-date on our efforts to resolve one of the few remaining procedural impediments concerning dissolution of municipal governments.

AS 29.06.520 provides that if another municipal government does not succeed to the assets and liabilities of a dissolved municipal government, the State must do so. Such would be the case for each of the six pending city dissolutions (Akiak, Atmautluak, Kasigluk, Newtok, Tuluksak and Tununak). Neither this agency nor any of those six communities want the State to succeed to the assets and liabilities of the cities pending dissolution.

In order to establish procedures under which the assets of dissolved cities may be returned to a local successor, I intend to propose regulations under AS 44.47.150(a)(2) to allow the Department to accept, administer and dispose of real property obtained from a dissolved municipality. The proposed regulations and public notice relating to the matter have been drafted and are currently being reviewed by the Department of Law.

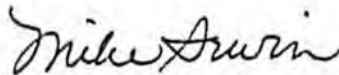
If adopted, the regulations will enable us to convey former municipal lands to anIRA council or traditional council. While this is the best we can do under our regulatory authority, I believe that a better long-term approach is warranted. I

The Honorable Ivan Ivan  
June 22, 1995  
Page Two

would prefer that AS 20.06.520 be amended to allow, upon approval by the Local Boundary Commission, that assets and liabilities of a dissolved city to be transferred directly to the local successor (bypassing the State). I would appreciate your support in making such a change to the statutes.

I will continue to keep you informed of matters relating to the proposed regulations and the pending dissolution of the six cities in question.

Cordially,



Mike Irwin  
Commissioner

cc: Patrick K. Poland, Director, Municipal & Regional Assistance Division

**HB**

**392**

HOUSE BILL NO. 392  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
NINETEENTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE IVAN

Introduced:  
Referred:

A BILL  
FOR AN ACT ENTITLED

1 "An Act relating to the affirmative vote necessary to amend the articles of  
2 incorporation of Native village corporations to authorize the classification of  
3 directors."

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

5 \* Section 1. Section 10, ch. 166, SLA 1988, as amended by sec. 57, ch. 50, SLA 1989,  
6 is amended by adding a new subsection to read:

7 (d) Notwithstanding (a) of this section and AS 10.06.455(b), an amendment to  
8 the articles of incorporation of a village corporation organized under 43 U.S.C. 1601 -  
9 1629e (Alaska Native Claims Settlement Act) and incorporated under former  
10 AS 10.05.005 to add a provision authorizing the classification of directors under  
11 AS 10.06.455 may be adopted by the affirmative vote of a majority of the shares  
12 represented at a regular or special meeting at which a quorum is present in person or by  
13 proxy.

Alaska State House of Representatives  
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**Representative Ivan M. Ivan**

SPONSOR STATEMENT - HOUSE BILL 392

This bill amends the Alaska Corporations Code to authorize ANCSA village corporations to provide for Board of Director classification in their bylaws. If enacted, House Bill 392 would allow ANCSA village corporations to amend their articles of incorporation to authorize a classified or staggered term board of directors by a majority vote of the shares represented at a meeting of shareholders.

Under current law, for those villages which did not have classified boards in place by July 1, 1989, such an amendment requires a vote of two-thirds of all outstanding shares entitled to vote. This is often difficult for village corporations to achieve. House Bill 392 rectifies that situation.

# FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO. HB 392

Revision Date: \_\_\_\_\_  
Title: Native Corp Director Classification  
Sponsor: Representative Ivan  
Requestor: \_\_\_\_\_

Department: Commerce and Economic Development  
BRU: Banking, Securities and Corporations  
Component: Banking, Securities and Corporations

COMPONENT SERIAL NO. 1233

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0

<b>CAPITAL EXPENDITURES</b>	0.0	0.0	0.0	0.0	0.0	0.0
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<b>CHANGE IN REVENUES</b>	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 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 96) cost: \$ 0.0

POSITIONS						
FULL-TIME						
PART-TIME						
TEMPORARY						

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

Prepared by: Willis F. Kirkpatrick, Director *Willis F. Kirkpatrick* Phone: 465-2521  
 Division: Banking, Securities and Corporations Date: 1-10-96  
 Approved by Commissioner: William L. Hensley *W. L. Hensley* Date: 1-10-96  
 Agency: Commerce and Economic Development

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# FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO: HB 392

Revision Date: 1/9/96 Dept. Affected: Community & Regional Affairs  
 Title: relating to the affirmative vote necessary BRU: \_\_\_\_\_  
to amend articles of inc. of Native village corp Component: \_\_\_\_\_  
 Sponsor: Rep. Ivan  
 Requestor: Rep. Ivan COMPONENT SERIAL NO. \_\_\_\_\_

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

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ( ) Revenue Code						
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**FUNDING: (Thousands of Dollars)**

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

Estimate of current year (FY 95) impact: \$ none

**POSITIONS:**

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

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Remond Henderson, Director *Remond Henderson* Phone: 465-4808  
 Division: Administrative Services Date: 1/9/96  
 Approved by Commissioner: Mike Irwin *Mike Irwin* Date: 1/9/96  
 Agency: Mike Irwin, Dept. of Community & Reg. Affairs

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*Swan Lake Corporation  
Board of Directors  
Resolution 95-17*

A resolution to amend the Alaska Corporation Code (AS 10.26.455 (a)) ANCSA village corporations Articles of Incorporation and By Laws - Classified Boards

WHEREAS, under the Corporation's current form of Articles of Incorporation and By Laws, the Board of Directors is comprised of seven members who are elected annually; and

WHEREAS, the Board of Directors have determined that it is in the Corporation's best interests to classify the Board into three classes with three-year staggered terms; and

WHEREAS, under the Alaska Corporation's Code (AS 10.06.455 (a)), a classified board must be authorized in a corporation's Articles of Incorporation; and

WHEREAS, the Corporation's Articles presently contain no such authority; and

WHEREAS, in order to provide such authority in the Articles of Incorporation, an amendment to the Article must be approved by at least two-thirds of the shares entitled to vote on the amendment; and

WHEREAS, the Corporation has attempted such an amendment in the last two annual shareholder meetings, but has been unable to even have two-thirds of all shares represented at the meetings; and

WHEREAS, it is very common for ANCSA village Corporations to be unable to obtain a two thirds attendance in person or by proxy, at a shareholder's meeting; and

WHEREAS, the Board of Directors has determined that it should request that the Alaska Federation of Natives and Calista Corporation work towards an amendment to the Alaska Corporations Code to address this high voting percentage requirements;

NOW THEREFORE BE IT IS RESOLVED by the delegates to the 1995 Annual Convention of the Alaska Federation of Natives, Inc., that Aurelia Brown, as Chairperson and President of the Corporation, be and hereby is authorized and directed to contact and work in conjunction with Calista, the Alaska Federation of Natives, and the Corporation's attorney to attempt to amend the Alaska Corporations Code to provide for either (i) a lower voting percentage to amend

ANCSA village corporation's Articles with respect to authority for classified boards; (ii) the authority in a Board of Directors to amend a Corporation's By Laws to provide for a classified board; or (iii) some similar amendment that would assist ANCSA village Corporations in establishing classified boards.

PASSED AND APPROVED by a duly constituted quorum on the 13th day of September 1995, with 4 present and 3 absent, also by a vote of 4 in favor, 0 opposed and three absent of the Swan Lake Corporation Board of Directors

Aurelia Brown  
Aurelia Brown  
Chairperson

ATTEST: Justin Ignatius Sr.  
Justin Ignatius, Sr.  
Secretary

NAPASKIAK INCORPORATED

BOARD OF DIRECTORS

RESOLUTION NO. 95-05

WHEREAS, under the corporation's current form of Articles of Incorporation and Bylaws, the Board of Directors is comprised of five members who are elected annually; and

WHEREAS, the Board of Directors has determined that it is in the corporation's best interests to classify the Board into three classes with three-year staggered terms; and

WHEREAS, under the Alaska Corporations Code (AS 10.06.455(a)), a classified board must be authorized in a corporation's Articles of Incorporation; and

WHEREAS, the corporation's Articles presently contain no such authority;  
and

WHEREAS, in order to provide such authority in the corporation's Articles of Incorporation an amendment to the Articles must be approved by at least two-thirds of the shares entitled to vote on the amendment; and

WHEREAS, the corporation is not able to obtain even a two-thirds attendance, in person or by proxy, at shareholder meetings; and

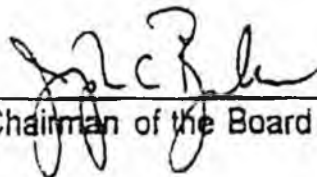
WHEREAS, it is very common for ANCSA village corporations to be unable to obtain a two-thirds attendance, in person or by proxy, at a shareholder's meeting; and

WHEREAS, the Board of Directors has determined that it should request that the Alaska Federation of Natives and Calista Corporation work towards an amendment to the Alaska Corporations Code to address this high voting percentage requirement; therefore

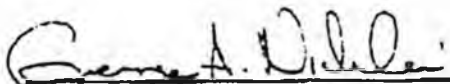
IT IS RESOLVED, that Joseph Bavilla, as Chairman and President, and Steven Maxie, Jr., as General Manager, be and hereby are authorized and directed to contact and work in conjunction with Calista Corporation, the Alaska Federation of Natives, and the corporation's attorney to attempt to amend the Alaska Corporations Code to provide

for either (i) a lower voting percentage to amend ANCSA village corporations' Articles with respect to authority for classified boards; (ii) the authority in a Board of Director's to amend a corporation's Bylaws to provide for a classified board; or (iii) some similar amendment that would assist ANCSA village corporations in establishing classified boards.

5 DATED this 2nd day of October, 1995, be a vote of 5 in favor, and 0 opposed.

  
\_\_\_\_\_  
Chairman of the Board

ATTESTED TO:

  
\_\_\_\_\_  
Secretary



## FOSTER PEPPER &amp; SHEFELMAN

A LAW PARTNERSHIP INCLUDING  
PROFESSIONAL SERVICE CORPORATIONS

January 12, 1996

VIA FACSIMILE

Mr. Tom Wright  
Administrative Assistant  
Office of Representative Ivan M. Ivan  
Alaska State Legislature  
Juneau, Alaska 99801

Re: HB 392; ANCSA Village Corporation Board Classification  
Our File Nos. 74270.1 and 74273.1

Dear Tom:

Per your request, this letter provides you with a summary of HB 392 ("An Act relating to the affirmative vote necessary to amend the articles of incorporation of Native village corporations to authorize the classification of directors"). In a nutshell, if enacted in its current form, HB 392 would allow ANCSA village corporations to amend their articles of incorporation to authorize a classified or staggered term board of directors by a majority vote of the shares represented at a meeting of shareholders.

Under the current law, such an amendment requires a vote of two-thirds of all the outstanding shares entitled to vote. This is a difficult voting percentage for ANCSA village corporations to achieve. Native village corporations generally have a difficult time obtaining even a majority attendance (in person or by proxy) at their shareholder meetings. Obtaining an affirmative vote of two-thirds of all the shareholders (which is not simply two-thirds of the shareholders present at a meeting) or even two-thirds attendance (in person or by proxy) at a shareholder meeting, is almost impossible.

There are various advantages to having a classified board of directors. A classified board provides continuity in the management of a corporation because the full board is not replaced every year. Instead, only directors in one of the classes are up for election in any given year. A classified board also provides for better long range planning and policy development because there are always directors from the previous year on the board. In addition, such a scheme always ensures that there are some board members with historical knowledge of prior year corporate activities.

It is also important to emphasize that this legislation does not apply to ANCSA Regional corporations. Furthermore, many of the ANCSA village corporations already have classified boards in place, so this legislation will also not impact them (unless they desire to change their current classification scheme). Under the prior corporations statute (which was replaced by the

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BELLEVUE, WASHINGTON PORTLAND, OREGON SEATTLE, WASHINGTON

Mr. Tom Wright  
January 12, 1996  
Page 2

Alaska Corporations Code effective July 1, 1989), corporations were permitted to provide for a classified board in their bylaws. Savings language enacted in conjunction with the Alaska Corporations Code allowed these bylaw classification schemes to remain intact for ANCSA corporations despite language in the new code requiring corporations to provide for classified boards through their articles of incorporation. See Section 57, ch. 82, SLA 1989. Thus, HB 392 is primarily directed at village corporations who did not have classified boards in place on July 1, 1989, but now desire to implement such a scheme.

I should also emphasize that there is a precedent for allowing this lower voting percentage. Under the Alaska Corporations Code, corporations are authorized to eliminate or limit director personal liability (except in certain instances) to the corporation and/or shareholders for monetary damages by way of their articles of incorporation. See AS 10.06.210(1)(N). For corporations in effect prior to July 1, 1989, the necessary voting percentage for such an amendment to the articles is two-thirds of all the shares entitled to vote. However, the Legislature made an exception to this requirement for ANCSA corporations by providing that such an amendment to the articles of incorporation could be adopted by the affirmative vote of the majority of shares represented at a meeting. See Section 10, ch. 166, SLA 1988, as amended by Section 57, ch. 50, SLA 1989. The voting percentage for such an amendment is the same as that proposed in HB 392.

Lastly, as you are aware, this amendment was requested by Napaskiak Incorporated and Swan Lake Corporation, two ANCSA village corporations from the Calista Region. Both corporations have submitted classified board amendments to their shareholders at the last two annual shareholder meetings. Although the amendment was supported by a majority of shares represented at each meeting, neither corporation was able to obtain a two-thirds affirmative vote in favor of the amendment. If the proposed legislation is enacted, both corporations will most likely adopt a classified board amendment at their next annual shareholder meeting.

Please let me know if you need additional information. I appreciate all the time and effort you have provided in conjunction with this proposed legislation.

Very truly yours,

FOSTER PEPPER & SHEFELMAN



Glen Price

cc: Steven Maxie, Jr., Napaskiak Incorporated  
Aurelia Brown, Swan Lake Corporation  
Matthew Nicolai, Calista Corporation  
Sue Gamache, Calista Corporation  
Julie Kitka, Alaska Federation of Natives  
Michael Monagle, Division of Banking, Securities and Corporations

Sec. 10.06.455. CLASSIFICATION OF DIRECTORS.

(a) If the board consists of three or more members, the articles of incorporation may provide that instead of electing all the directors annually the directors be divided into either two or three classes, each class to be as nearly equal in number as possible, with the term of office of directors of the first class to expire at the first annual meeting of shareholders after their election, that of the second class to expire at the second annual meeting after their election, and that of the third class, if any, to expire at the third annual meeting after their election. At each annual meeting after the classification the number of directors equal to the number of the class whose term expires at the time of the meeting shall be elected to hold office until the second succeeding annual meeting if there are two classes, or until the third succeeding annual meeting if there are three classes. A classification of directors is not effective before the first annual meeting of shareholders.

(b) Unless cumulative voting rights under AS 10.06.420(d) have been eliminated by the articles of incorporation, an amendment of the articles that would establish or require classification of the board under (a) of this section may not be adopted if the votes cast against the amendment would be sufficient to elect a director if voted cumulatively at an election of the entire board.

History -

(sec. 1 ch 166 SLA 1988; am sec. 1 ch 131 SLA 1990)

Cross References -

For applicability of section to certain existing corporations, see sec. 7, ch. 82, SLA 1989 in the Temporary and Special Acts or the editor's note at AS 10.06.453.

Amendment Notes -

The 1990 amendment substituted "three or more members" for "nine or more members" in the first sentence of subsection (a).

Sec. 10.06.453. NUMBER AND ELECTION OF DIRECTORS.

(a) The board of directors shall consist of one or more members. The number of directors shall be fixed by, or in the manner provided in, the bylaws, unless the articles fix the number of directors, in which case a change in the number of directors shall be made only by amendment of the articles. If the number of directors is not otherwise set, the number of directors is three.

(b) Except as otherwise provided in AS 10.06.230 and this section, the number of directors may be increased or decreased by amendment of the articles or the bylaws or by action of the board or the shareholders under the specific provisions of an article or a bylaw adopted by approval of the outstanding shares. A change in the number of directors, including by amendment of the articles, is subject to the following limitations:

(1) if the board is authorized by the articles or the bylaws to change the number of directors, whether by amending the bylaws or by taking action under the specific provision of an article or a bylaw adopted by approval of the outstanding shares, the amendment or action shall require the vote of a majority of the entire board;

(2) a decrease in the number of directors may not shorten the term of an incumbent director.

(c) The articles may provide for the election of one or more directors by the holders of the shares of a class or series voting as a class or series.

(d) The names and addresses of the members of the first board may be stated in the articles. The members of the first board hold office until the first annual meeting of shareholders, and until their successors have been elected and qualified.

(e) At the first annual meeting of shareholders and at each subsequent annual meeting the shareholders shall elect directors to hold office until the next succeeding annual meeting, except in the case of the classification of directors as permitted by AS 10.06.455. A director, including a director elected to fill a vacancy, shall hold office until the expiration of the term for which elected and until a successor has been elected and qualified.

History -

(sec. 1 ch 166 SLA 1988; am sec. 35, 36 ch 82 SLA 1989)

Amendment Notes -

The 1989 amendment, effective July 1, 1989, rewrote subsection (a); and in subsection (b), added "Except as otherwise provided in AS 10.06.230 and this section" at the beginning of the subsection, divided the subsection into two sentences, adding "A change in the number of directors, including by amendment of the articles, is" to the beginning of the present second sentence, and made related grammatical changes.

Editors Notes -

Section 57, ch. 82, SLA 1989, provides: "APPLICABILITY TO CERTAIN CORPORATIONS WITH CLASSIFIED DIRECTORS. (a) Notwithstanding AS 10.06.453(e) and 10.06.455, if a corporation is organized under 43 U.S.C. 1601 - 1629e and if the corporation's bylaws, as the bylaws exist immediately before July 1, 1989, contain a provision that complies with former AS 10.05 and provides for a board of directors consisting of three or fewer classes of directors with terms of office extending not longer than the third annual meeting after the directors' election, the corporation may continue to elect directors in the classes and for the terms provided under the bylaws.

"(b) The application of (a) of this section terminates if on or after July 1, 1989, the corporation modifies or eliminates the provisions of the corporation's bylaws on the classification and terms of office of the corporation's directors.

"(c) Notwithstanding AS 10.06.453(e) and 10.06.455, if a corporation is not covered by (a) of this section, if the corporation is organized under former AS 10.05, and if the corporation's bylaws, as the bylaws exist immediately before July 1, 1989, contain a provision that complies with former AS 10.05 and provides for a classified board of directors, the corporation may continue to elect directors in the classes and for the terms provided under the bylaws until July 1, 1994."

Collateral Refs -

18B Am. Jur. 2d, Corporations, sec. 1349, 1363.

19 C.J.S., Corporations, sec. 716 - 720.

Sec. 10.06.504. PROCEDURE TO AMEND ARTICLES OF INCORPORATION.

(a) A corporation shall amend its articles of incorporation in the following manner:

(1) if shares have not been issued, the board shall adopt a resolution setting out the proposed amendment or amendments;

(2) subject to AS 10.06.506, if shares have been issued, an amendment shall be approved by the board and the outstanding shares; approval may be initiated by the shareholders either before or after consideration by the board; if the board adopts a resolution setting out a proposed amendment, the board shall direct that the amendment be submitted to a vote at a meeting of shareholders that may be either the annual or a special meeting; if approval of the outstanding shares is obtained before action by the board, the board shall consider and either approve or reject the amendment at the next regular or special meeting;

(3) unless the articles of incorporation provide otherwise, a corporation's board of directors may adopt one or more of the following amendments to the articles of incorporation without shareholder action:

(A) to delete the names and addresses of the initial directors;

(B) to delete the name and address of the initial registered agent or registered office, if a statement of change is on file with the commissioner; or

(C) to change each issued and unissued authorized share of an outstanding class into a greater number of whole shares if the corporation has only shares of that class outstanding.

(b) A proposed amendment may be contained in restated articles of incorporation that contain

(1) a statement that except for the designated amendment the restated articles correctly set out without change the provisions of the articles being amended; and

(2) a statement that the restated articles together with the designated amendment supersede the original articles and all amendments to the original articles.

(c) Written notice setting out the proposed amendment or amendments or a summary of the changes to be made shall be given to each shareholder of record entitled to vote thereon within the time and in the manner provided in this chapter for the giving of notice of meetings of shareholders. If the amendment is to be considered at an annual meeting, the proposed amendment or summary may be included in the notice of the annual meeting.

History -

(sec. 1 ch 166 SLA 1988)

Editors Notes -

Section 10, ch. 166, SLA 1988, as amended by sec. 57, ch. 50, SLA 1989, provides:

"(a) The requirement of an affirmative vote of at least two-thirds of the shares entitled to vote for the adoption of an amendment to the articles of incorporation as provided in former AS 10.05.276 shall remain in force for corporations existing before July 1, 1989.

"(b) Notwithstanding (a) of this section, an election to be governed by the voting provisions of AS 10.06.504 - 10.06.506, as enacted by sec. 1 of this Act, may be made in the same manner as an amendment to the articles of incorporation is made under those sections. An election under this subsection requires the affirmative vote of at least two-thirds of the shares entitled to vote under former AS 10.05.276(3).

"(c) Notwithstanding (a) of this section, an amendment to the articles of incorporation of a corporation organized under 43 U.S.C. 1601 - 1628 (Alaska Native Claims Settlement Act) and incorporated under former AS 10.05.005 to add a provision eliminating or limiting the personal

liability of a director to the corporation or its stockholders for monetary damages under AS 10.06.210(1)(N) may be adopted by the affirmative vote of a majority of the shares represented at the regular or special meeting at which a quorum is present in person or by proxy."

10/20/00

**HB**

**400**

# STATE OF ALASKA

TONY KNOWLES, GOVERNOR

## DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

P.O. BOX 110601  
JUNEAU, ALASKA 99811-0601  
PHONE: (907) 465-3030  
FAX: (907) 465-3068

January 18, 1996

Honorable Ivan Ivan, Co-Chairman  
House Community & Regional  
Affairs Committee  
Room 503 State Capitol  
Juneau, AK 99801-1182

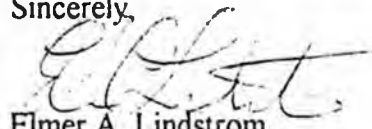
Dear Representative Ivan,

The Department of Health and Social Services respectfully requests a hearing in the House Community and Regional Affairs Committee on House Bill 400 "An Act relating to welfare reform....; and providing for an effective date." This bill was introduced at the request of Governor Knowles and has been referred to your committee for consideration.

A package of fiscal notes and the Governor's transmittal letter should be on file with your committee. If you, your staff or other committee members or staff would like a detailed briefing on the bill prior to a hearing or we can provide you with any additional information at this time, please feel free to contact this office.

Your favorable consideration of this request will be appreciated.

Sincerely,



Elmer A. Lindstrom  
Special Assistant to the Commissioner

HB 400

TONY KNOWLES  
GOVERNOR



P.O. Box 110001  
Juneau, Alaska 99811-0001  
(907) 465-3500  
Fax (907) 465-3532

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 8, 1996

The Honorable Gail Phillips  
Speaker of the House  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

Dear Speaker Phillips:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill designed to reform our welfare system, move more Alaskans into jobs, and save the state millions of dollars over the next five years.

The bill establishes the Alaska Family Independence Program while repealing the former Aid to Families with Dependent Children and Job Opportunity and Basic Skills programs. This plan stresses job training and child-care funding, but also sets a five-year limit on public assistance benefits and orders most welfare recipients into work or training programs within two years.

Last year's welfare reform measure that I vetoed was tough on children. Its provisions would have barred a child whose parents use the program from ever receiving help again in his or her lifetime. This bill orders tough work requirements while protecting Alaska's children.

Last year, I submitted a welfare reform bill that directed the Department of Health and Social Services to seek approval from the federal government to operate waiver programs as demonstration projects. This bill builds on my previous proposal and the proposal unanimously adopted by the House. It also incorporates the public's observations as expressed in extensive public hearings conducted over the summer. All of the changes I propose will continue to focus on reshaping our public assistance programs to help families achieve economic independence.

The Honorable Gail Phillips

January 8, 1996

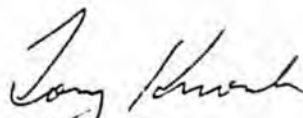
Page 2

This bill contains four major elements: 1) establishes a new family independence program that is designed to move families from dependency to self-sufficiency by providing temporary assistance and job-related services; 2) establishes a grandparent support obligation when a minor has a child; 3) restricts professional, occupational and driver's licenses if a parent is not providing support in accordance with an established support order; and 4) authorizes the department to initiate the new program under waivers if federal welfare reform is not accomplished.

Even though the federal welfare reform bill has not yet been enacted, this measure fits well within the parameters of likely federal reform scenarios. If federal law changes are enacted during the legislative session, I will promptly inform the legislature of any necessary conforming amendments. If federal law changes are not enacted this year, the state will still be in a position to move forward with a dramatic new program designed to help families achieve economic independence.

This bill will enable the state to reshape its public assistance program to meet Alaska's unique circumstances and to provide opportunities for dependent families to move to self-sufficiency in the workplace. I urge your support of this bill.

Sincerely,



Tony Knowles  
Governor

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
Title: An Act Relating to Welfare Reform BRU: Family and Youth Services  
Sponsor: Rules Committee Component: DFYS Central Office  
Requestor: Governor COMPONENT SERIAL NO. 259  
See also (SN#): \_\_\_\_\_

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES	58.9	58.9	58.9	58.9	58.9	58.9
TRAVEL	1.1	1.1	1.1	1.1	1.1	1.1
CONTRACTUAL	33.8	33.8	33.8	33.8	33.8	33.8
SUPPLIES	2.8	2.8	2.8	2.8	2.8	2.8
EQUIPMENT	4.0	4.0	4.0	4.0	4.0	4.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>100.2</b>	<b>100.2</b>	<b>100.2</b>	<b>100.2</b>	<b>100.2</b>	<b>100.2</b>

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES ( )						
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	100.2	100.2	100.2	100.2	100.2	100.2
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other (please specify)						
<b>TOTAL</b>	<b>100.2</b>	<b>100.2</b>	<b>100.2</b>	<b>100.2</b>	<b>100.2</b>	<b>100.2</b>

POSITIONS:

FULL-TIME	1	1	1	1	1	1
PART-TIME						
TEMPORARY						

Estimate of any current year (FY96) cost: \$0.0

ANALYSIS: (Attach a separate page if necessary)

In order to follow state and federal guidelines, the AFDC parents who are 17 years of age or younger who are living independently from their parent or guardian will need to be assessed for meeting one of the exceptions that are allowed for waiver.

The Division of Public Assistance expects 180 applications from unwed teen parents. It can be anticipated that 40 of the teen parents circumstances will need to be fully assessed in order to determine if their living arrangement is suitable and meets the criteria for waiver. Investigations and initial assessments will require an average of 10 hours of contracted social worker time at \$70/hr for each recipient. Maintenance of these cases will require an additional 80 hours of contracted social worker time per year for continued assessment.

Development, implementation and monitoring of this statewide contractual program will necessitate establishing a new SW IV position in the State Office of the Division. A travel allowance for monitoring field sites once a year would also be necessary.

Prepared by: L. Diane Worley, Director  
Division: Family & Youth Services

Phone: 465-3191  
Date: 01/03/96

Approved by Commissioner: Karen Perdue, Commissioner  
Agency: Department of Health & Social Services

Date: 1/5/95

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ANALYSIS (cont.):

Contract Clinical Social Worker (12 months)

Intake Assessment/Evaluation 40 referrals x 10 hours = 400 hours x \$70/hr =	\$28,000.00
Re-evaluations for maintenance caseload 80 hours x \$70/hr =	\$5,600.00
Social Worker IV Range 18 Juneau State Office	\$58,900.00
Travel: 1 trip to Fairbanks, 1 trip to Anchorage	\$1,100.00
Equipment (Computer, Software)	\$4,000.00
Supplies (Desk, Chair, Telephone, Office Supplies)	\$2,580.00
TOTAL	\$100,200.00

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

Page 2 of 2  
BILL NO. \_\_\_\_\_

FISCAL NOTE

No. 7

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

Bill Version: HB 400

(H) Publish Date: 1-8-96

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
 Title: An Act to accomplish welfare reform by BRU: Public Assistance  
establishing the Alaska Family Independence Program Component: Public Assistance Admin  
 Sponsor: Rules Committee COMPONENT SERIAL NO. 233  
 Requestor: Governor Knowles See also (SN#): \_\_\_\_\_

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	610.0	580.0	580.0	580.0	580.0	580.0
MISCELLANEOUS						
TOTAL OPERATING	610.0	580.0	580.0	580.0	580.0	580.0

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

1002 Federal Receipts						
1003 GF Match						
1004 GF	610.0	580.0	580.0	580.0	580.0	580.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (please specify)						
TOTAL	610.0	580.0	580.0	580.0	580.0	580.0

Estimate of any current year (FY96) cost: \$0.0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

This legislation creates a need for additional SAFETY NET SERVICES for low-income Alaska families in addition to the services provided under the new Alaska Family Independence program.

Prepared by: Jim Nordlund, Director  
 Division: Public Assistance  
 Approved by Com: Karen Perdue  
 Agency: Department of Health & Social Services

Phone: 465-2680  
 Date: 01/04/96  
 Date: 1/5/95

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**ANALYSIS (cont.):**

**TEEN PARENT SERVICES:** In Section 2 of the bill, new statutory section 47.27.027 provides that a minor parent must live with a parent or another relative unless no such safe home is available.

**Investigations:** Funds for the investigation of homes when the teen claims the family home is unsafe are requested in a separate fiscal note prepared by the Division of Family and Youth Services.

**Alternate Living Arrangements and Transportation Services:** If there is no safe, available family home for the teen parent, the teen must live in an alternate, adult-supervised setting. Pending federal legislation requires states to help teen parents find alternate housing if they cannot live at home. The only option the state currently has is foster care, at high cost and with a limited number of available spaces.

Teen parents seldom have access to reliable transportation. Transportation assistance is needed to assure that they can attend school and utilize healthy family case management services.

\$250.0 per year is needed to develop and provide a supply of supervised, alternate housing for teen parents who cannot live at home. These funds are expected to be able to pay for approximately 35 placements at \$7,140 per year.

\$25.0 is needed annually to purchase transportation services needed by teen parents.

**"Healthy Family" case management services for teen families:** This will support a collaborative project involving five state agencies and community grantees, which will pool existing resources to merge health, education and social services for pregnant teens and teen parents. Intensive case management will assure individualized services to teens living on their own as well as teen parents living at home.

\$135.0 is needed annually for Healthy Family case management services.

**EMERGENCY FOOD SERVICES:** One of the purposes of this legislation is to maintain a safety net for children living in poverty. Welfare reform and federal budget reductions will increase the need for emergency food services for low-income families. Emergency food services are provided by local organizations that already operate under severe budget constraints.

Most cash funding for food assistance is through the federal government; this money will be reduced by at least 10% in FY 97. Food donations come from the private sector.

\$200.0 is needed for Emergency Food Support in FY 97. \$170.0 is needed annually in FY 98 through FY 02.

\$30.0 will be used in FY 97 to contract with the Food Bank of Alaska, acting as agent for the Alaska Food Coalition, to complete an assessment of hunger in Alaska.

\$85.0 will be granted annually as "seed money" for community organizations willing to establish and operate emergency food programs in their communities.

\$85.0 will match other funds raised by the coalition to purchase and install a \$300,000 freezer-refrigeration for the Anchorage statewide distribution center.

FISCAL NOTE

No. 6

Version: HB 400

Publish Date: 1-8-96

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
 Title: An Act to accomplish welfare reform by BRU: Public Assistance  
establishing the Alaska Family Independence Program Component: AFDC  
 Sponsor: Rules Committee COMPONENT SERIAL NO. 220  
 Requestor: Governor Knowles See also (SN#): \_\_\_\_\_

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY97	FY98	FY99	FY00	FY01	FY02
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	(662.6)	(8,066.6)	(10,694.4)	(10,600.8)	(10,420.3)	(10,420.3)
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>(662.6)</b>	<b>(8,066.6)</b>	<b>(10,694.4)</b>	<b>(10,600.8)</b>	<b>(10,420.3)</b>	<b>(10,420.3)</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGES 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	(1,906.2)	(10,005.6)	(12,629.5)	(12,809.6)	(12,948.4)	(13,290.70)
1005 GF/Program Receipts	1,363.5	2,571.3	2,828.4	3,111.2	3,422.3	3,764.6
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
Other 1007 I/A Receipts	(119.9)	(632.3)	(893.3)	(902.4)	(894.2)	(894.2)
<b>TOTAL</b>	<b>(662.6)</b>	<b>(8,066.6)</b>	<b>(10,694.4)</b>	<b>(10,600.8)</b>	<b>(10,420.3)</b>	<b>(10,420.3)</b>

Estimate of any current year (FY96) cost: \$0.0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

This legislation amends the public assistance statutes and replaces the Aid to Families with Dependent Children (AFDC) program with a new program The Alaska Family Independence Program. It includes several provisions that impact program costs.

General Assumptions: We assume, for purposes of this analysis, that the anticipated changes in federal law take effect on October 1, 1996 and that the state regulations necessary to implement each of the provisions of this bill take effect by the effective dates noted. We assume no impact on program costs due to the time limit because most individuals go to work before receiving 60 months of assistance. The only individuals who continue to receive assistance after 60 months are those who are exempt from the provision.

Prepared by: Jim Nordlund, Director  
 Division: Public Assistance

Phone: 465-2680  
 Date: 01/04/96

Approved by Com: Karen Perdue  
 Agency: Department of Health & Social Services

Date: 1/4/96

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**ANALYSIS (cont.):**

Family Independence Pgm	FY97	FY98	FY99	FY00	FY01	FY02	Total
Seasonal Benefits	\$ -	\$ (2,010.9)	\$ (1,891.2)	\$ (1,702.1)	\$ (1,607.5)	\$ (1,607.5)	\$ (8,819.2)
Benefits based on expenses	\$ (1,560.0)	\$ (5,460.0)	\$ (5,460.0)	\$ (5,460.0)	\$ (5,460.0)	\$ (5,460.0)	\$ (28,860.0)
No assistance 2nd parent	\$ (1,852.4)	\$ (1,852.4)	\$ (1,468.8)	\$ (1,321.8)	\$ (1,248.5)	\$ (1,248.5)	\$ (8,592.5)
Earned Income Disregards	\$ 2,276.6	\$ 1,110.4	\$ (1,820.7)	\$ (2,083.1)	\$ (2,050.8)	\$ (2,050.8)	\$ (4,598.0)
Automobile Allowance	\$ 181.6	\$ 383.2	\$ 383.2	\$ 383.2	\$ 383.2	\$ 383.2	\$ 1,997.6
Diversion Payments	\$ (171.6)	\$ (343.2)	\$ (343.2)	\$ (343.2)	\$ (343.2)	\$ (343.2)	\$ (1,887.6)
Minor Teen Parents	\$ (78.8)	\$ (157.8)	\$ (157.8)	\$ (157.8)	\$ (157.8)	\$ (157.8)	\$ (888.8)
Sanctions	\$ (258.0)	\$ (516.1)	\$ (516.1)	\$ (516.1)	\$ (516.1)	\$ (516.1)	\$ (2,838.5)
Child support pass-through	\$ 600.0	\$ 600.0	\$ 600.0	\$ 600.0	\$ 600.0	\$ 600.0	\$ 3,600.0
Totals	\$ (662.6)	\$ (8,086.6)	\$ (10,894.4)	\$ (10,800.8)	\$ (10,420.3)	\$ (10,420.3)	\$ (50,865.0)

**Sec. 47.27.010 ELIGIBLE FAMILIES**

Seasonal Benefit Reduction for Two Parent Families: Effective July 1, 1997. Assistance payments to two parent families are reduced by 50% during the summer months of July, August and September when work is available.

**Sec. 47.27.025 FAMILY ASSISTANCE**

Benefits based on household expenses: Effective January 1, 1997. Families who pay little or no housing costs receive a smaller assistance payment than families who pay market value for their housing.

No Additional Assistance for the Second parent in Two Parent Families: Effective October 1, 1996. Eliminates the additional \$102 payment for the needs of the second parent in Unemployed Parent households.

Earned Income Disregards: Effective January 1, 1997. The earned income disregards are increased to allow families to keep more of the income they earn and encourage recipients to gain the job experience that is essential to long-term self-sufficiency. The disregards are phased down slowly over four years.

Automobile Allowance: Effective January 1, 1997. Allows each family to own one vehicle, regardless of value, before the equity is counted to determine eligibility.

**Sec. 47.27.020 DIVERSION PAYMENTS:** Effective January 1, 1997. Diversion payments provide families an alternative to long-term dependency by offering applicants a one-time lump-sum cash payment to meet critical needs while they obtain employment and/or child support.

**Sec. 47.27.027 ASSISTANCE TO MINORS:** Effective January 1, 1997. This section provides that, with specified exceptions, unmarried minor parents must live with a parent or legal guardian, an adult relative, or in another adult-supervised living arrangement.

**Sec. 47.27.030 FAMILY SELF-SUFFICIENCY PLAN; Sec. 47.27.035 PARTICIPATION IN WORK ACTIVITIES; Sec. 47.27.085 SANCTIONS; RECOVERY OF COSTS:** Effective January 1, 1997. Certain families must cooperate in developing a self-sufficiency plan and participate in work activities. Failure to comply results in a reduction in assistance.

**Sec. 47.27.040 ASSIGNMENT OF SUPPORT RIGHTS; COOPERATION WITH CHILD SUPPORT AGENCY:** Effective July 1, 1996. This section continues the state share of the child support pass-through payment, paid to recipients for whom CSED receives monthly child support collections.

**Child Support Collections:** The child support enforcement occupational and driver's license provisions of this legislation increase child support collections for AFDC children and shift program funding from GF to GF program receipts dollar for dollar.

# FISCAL NOTE

Version: HB 400  
(H) Publish Date: 1-8-96

**STATE OF ALASKA  
1996 LEGISLATIVE SESSION**

Revision Date: \_\_\_\_\_ Dept. Affected: EDUCATION  
 Title: An act relating to welfare reform BRU: Teaching & Learning Support  
 Component: Teacher Certification  
 Sponsor: Rules Committee  
 Requester: Governor COMPONENT SERIAL NO. 1240

**Expenditures/Revenues: (Thousands of Dollars)**

OPERATING EXPENDITURES	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES	17.8	17.8	17.8	17.8	17.8	17.8
TRAVEL	2.0					
CONTRACTUAL	1.0					
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>20.8</b>	<b>17.8</b>	<b>17.8</b>	<b>17.8</b>	<b>17.8</b>	<b>17.8</b>

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES						
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**FUNDING: (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
Other: 1007 I/A Receipts	20.8	17.8	17.8	17.8	17.8	17.8
<b>TOTAL</b>	<b>20.8</b>	<b>17.8</b>	<b>17.8</b>	<b>17.8</b>	<b>17.8</b>	<b>17.8</b>

Estimate of current year (FY96) cost: \$ 0

**POSITIONS:**

FULL-TIME						
PART-TIME	1					
TEMPORARY						

**ANALYSIS:** (Attach a separate page if necessary) The Teacher Certification Office is transferred to the Division of Teaching & Learning Support in the FY97 budget. The proposed legislation will require the Department of Education, Teacher Certification Office, to compare each initial and renewal certificate applicant received daily against a consolidated list of persons in noncompliance provided by the Department of Revenue. The department will need a new part-time Administrative Clerk II position to assist with the additional processing required in this legislation. The legislation will also require the State Board of Education to adopt regulations and there will be related travel and advertising costs. Teacher Certification staff will be involved in developing department regulations. Funding will come through the Department of Revenue, Child Support Enforcement Agency (CSED), contingent upon approval of the fiscal note for a RSA with CSED.

Prepared by: Kimberly Homme, Special Assistant Phone: 465-2803  
 Division: Commissioner's Office Date: January 5, 1996  
 Approved by Commissioner: Shirley J. Holloway, Ph.D. Date: January 5, 1996  
 Agency: Department of Education

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# FISCAL NOTE

No. 4  
 Bill Version: HB 400  
 (H) Publish Date: 1-8-96

**STATE OF ALASKA**  
**1996 LEGISLATIVE SESSION**

Revision Date: \_\_\_\_\_ Department: Commerce and Economic Development  
 Title: An Act relating to certain licenses.... for persons BRU: Occupational Licensing  
who are not in substantial compliance...with child support... Component: Operations  
 Sponsor: Rules Committee  
 Requestor: Governor COMPONENT SERIAL #: 1844

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	41.5	41.5	41.5	41.5	41.5	41.5
TRAVEL	5.0	5.0	5.0	5.0	5.0	5.0
CONTRACTUAL	29.7	29.7	29.7	29.7	29.7	29.7
SUPPLIES	1.0	1.0	1.0	1.0	1.0	1.0
EQUIPMENT	6.3					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>83.5</b>	<b>77.2</b>	<b>77.2</b>	<b>77.2</b>	<b>77.2</b>	<b>77.2</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES	83.5	77.2	77.2	77.2	77.2	77.2
--------------------	------	------	------	------	------	------

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other (Inter Agency Receipts)	83.5	77.2	77.2	77.2	77.2	77.2
<b>TOTAL</b>	<b>83.5</b>	<b>77.2</b>	<b>77.2</b>	<b>77.2</b>	<b>77.2</b>	<b>77.2</b>

Estimate of any current year (FY 96) cost: \$ 0.0

**POSITIONS**

FULL-TIME	1	1	1	1	1	1
PART-TIME						
TEMPORARY						

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

The bill prohibits the division of occupational licensing from issuing or renewing a license for a person who is not in compliance with orders, judgments, or payment schedules for child support. To comply with this bill, the division will be responsible for adapting the division's computerized licensing records to compare with the records provided by the child support enforcement division, coordinating the notification of applicants who are not in compliance, issuing the temporary licenses provided for in the bill, and responding to inquiries and complaints made to the division for refusing to issue or renew a license. (Continued on attached pages.)

Prepared by: Jennifer Strickler, Admin. Officer Phone: 465-2144  
 Division: Occupational Licensing Date: January 4, 1996  
 Approved by Commissioner: William L. Hensley Date: 1-5-96  
 Agency: Commerce and Economic Development

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# FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

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

ANALYSIS: (Continued)

## DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT FISCAL NOTE CALCULATIONS

Two years ago, the child support enforcement division estimated the number of licensees not in compliance with child support requirements to be between 1,350 and 5,000. A preliminary match of occupational licensees against the child support database reported a 5,200 match in names although not all of these individuals may be in violation of child support requirements. Therefore, this fiscal note is based on the lower estimate of 1,350.

The estimated costs to the division of occupational licensing to implement the bill are as follows:

### PERSONAL SERVICES:

\$ 41.5

*The request of one position identified below assumes that an existing Paralegal position, PCN 08-2086 authorized to implement the student loan default program (a program with similar responsibilities to those established in this bill) to be utilized to support the child enforcement program as well. The one position shown below is needed in addition to fully implement the provisions of this bill. The division is unable to absorb further responsibilities without additional staff resources.*

1 - Occupational Licensing Examiner I, Range 12, PFT, Juneau

This position will analyze the 1,350 applicants matched by computer with the child support enforcement data and provide further manual analysis to determine which applicants are not in compliance with child enforcement requirements; send notices to the applicants; communicate with child support enforcement for release information; coordinate with other licensing staff for the issuance of a temporary license; coordinate withholding of licenses with enforcement staff, etc.

### TRAVEL:

\$ 5.0

The travel will allow staff to check on licensees who continue to practice without a license after expiration of the 150 day temporary permit. The cost identified is based on four two-day trips between Anchorage and Juneau, three two-day trips between Anchorage and Fairbanks; and trips to other areas of the state as necessary.

**CONTRACTUAL:**

\$ 29.7

Costs for contractual services covers:

Printing of temporary permits and licenses, \$1.0

Telephone and fax costs, \$3.5

Certified mail and other postage costs, \$4.5

Computer programming costs, \$20.7 (this funding is based on one-third of a programmer position of which full costs are anticipated to be shared with two other divisions)

**SUPPLIES:**

\$1.0

The cost of supplies is estimated to be \$1.0 for the new position.

**EQUIPMENT: (One-time costs)**

\$ 6.3

This is a one-time cost for equipment and office set-up for the new position.

**TOTAL:**

\$83.5

**REVENUE:** Inter-Agency Receipts to cover program costs.

**FUND SOURCE:** The division anticipates funding to be provided by inter-agency receipts from the Department of Revenue, which may include federal funding received by that department.

Fees collected by licensees affected by this bill can be used to offset the amount of inter-agency receipts from the Department of Revenue. Unlike the general fund program receipts from other licensing programs, the requirements of this bill do not relate to "regulation of the profession", therefore, licensing fees of an occupation will *not* be increased to pay for compliance with the requirements of this bill.

## FISCAL NOTE

**STATE OF ALASKA**  
**1996 LEGISLATIVE SESSION**

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

Revision Date: \_\_\_\_\_ Department: Commerce and Economic Development  
 Title: Wellfare Reform BRU: Insurance  
 Component: Operations  
 Sponsor: Rules Committee by request of the Governor  
 Requestor: Governor COMPONENT SERIAL NO. #354

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	26.0	21.2	21.2	21.2	21.2	21.2
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>26.0</b>	<b>21.2</b>	<b>21.2</b>	<b>21.2</b>	<b>21.2</b>	<b>21.2</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES	26.0	21.2	21.2	21.2	21.2	21.2
--------------------	------	------	------	------	------	------

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other 1007 Interagency Receipts	26.0	21.2	21.2	21.2	21.2	21.2
<b>TOTAL</b>	<b>26.0</b>	<b>21.2</b>	<b>21.2</b>	<b>21.2</b>	<b>21.2</b>	<b>21.2</b>

Estimate of any current year (FY 96) cost: \$ 0.0

POSITIONS						
FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS:** (Attach a separate page if necessary)  
 There are three divisions impacted by this legislation within the Department of Commerce & Economic Development: Insurance; Banking, Securities, & Corp.; and Occupational Licensing. Each division is preparing a fiscal note which reflects one-third of the cost of an Analyst/Programmer IV, R-19 since each of our licensing programs will have to be modified and maintained for the new licensing and notice requirements to be implemented by this legislation. It is the intent of each division to RSA these funds to DCED's Division of Administrative Services since the data processing unit for the department is within that division. The change in revenue reflects the interagency receipts to be received from the Dept. of Revenue, which will then be RSAed to DCED's Division of Administrative Services.

Prepared by: Joan Brown, Administrative Officer Phone: 465-2597  
 Division: Insurance Date: 1/4/96  
 Approved by Commissioner: William L. Hensley Date: 1-4-96  
 Agency: Commerce and Economic Development

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# FISCAL NOTE

Version: 2 HB 400

(H) Publish Date: 1-8-96

**STATE OF ALASKA  
1996 LEGISLATIVE SESSION**

Revision Date: \_\_\_\_\_  
 Title: Welfare Reform  
 Sponsor: Rules Committee  
 Requestor: Governor

Department: Commerce and Economic Development  
 BRU: Banking, Securities and Corporations  
 Component: Banking, Securities and Corporations

COMPONENT SERIAL NO. 1233

**Expenditures/Revenues**

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	29.1	24.3	24.3	24.3	24.3	24.3
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>29.1</b>	<b>24.3</b>	<b>24.3</b>	<b>24.3</b>	<b>24.3</b>	<b>24.3</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES	29.1	24.3	24.3	24.3	24.3	24.3
--------------------	------	------	------	------	------	------

**FUND SOURCE**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
1007 Interagency Receipts	29.1	24.3	24.3	24.3	24.3	24.3
<b>TOTAL</b>	<b>29.1</b>	<b>24.3</b>	<b>24.3</b>	<b>24.3</b>	<b>24.3</b>	<b>24.3</b>

Estimate of any current year (FY 96) cost: \$ 0.0

**POSITIONS**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS:** (Attach a separate page if necessary)  
 \$26.0 for FY 96 and \$21.2 for the remaining years will be used to fund one-third of an analyst/programmer for the Department of Commerce and Economic Development. This person will be shared by the Division of Banking, Securities and Corporations, Division of Insurance, and the Division of Occupational Licensing. This position is necessary to program and maintain the programs for matching records. \$3.1 is the cost of receiving a 9-track ASCII tape, bimonthly, from the Central Registration Depository (CRD). The CRD is the central national agency for licensing security agents and broker dealers. The cost is \$510 per tape x 6 tapes per year. REVENUE - Inter-Agency Receipts to cover program costs.

Prepared by: Willis F. Kirkpatrick, Director Phone: 465-2521  
 Division: Banking, Securities and Corporations Date: 1-3-96  
 Approved by Commissioner: William L. Hensley Date: 1-4-96  
 Agency: Commerce and Economic Development

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FISCAL NOTE

No. 1

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

Version: HB 400

(1) Publish Date: 1-8-96

Revision Date: \_\_\_\_\_  
Title: An Act to accomplish welfare reform by  
establishing the Alaska Family Independence Program  
Sponsor: Rules Committee  
Requestor: Governor Knowles

Dept. Affected: Health and Social Services  
BRU: Public Assistance  
Component: PFD Hold Harmless  
COMPONENT SERIAL NO. 225  
See also (SN#): \_\_\_\_\_

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING EXPENDITURES	FY97	FY98	FY99	FY00	FY01	FY02
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	(119.9)	(632.3)	(893.3)	(902.4)	(894.2)	(894.2)
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	(119.9)	(632.3)	(893.3)	(902.4)	(894.2)	(894.2)

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGES 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
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
Other 1050 PFD Funds	(119.9)	(632.3)	(893.3)	(902.4)	(894.2)	(894.2)
TOTAL	(119.9)	(632.3)	(893.3)	(902.4)	(894.2)	(894.2)

Estimate of any current year (FY96) cost: \$0.0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

PFD Hold Harmless payments replace AFDC benefits when receiving the dividend causes individuals to lose eligibility or to have benefits reduced. Some of the savings to the AFDC program provided for in this bill reduce costs in the PFD Hold Harmless BRU.

Prepared by: Jim Nordlund, Director  
Division: Public Assistance

Phone: 465-2680  
Date: 01/05/96

Approved by Com: Karen Perdue, Commissioner  
Agency: Department of Health & Social Services

Date: 1/5/96

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# FISCAL NOTE

21

**STATE OF ALASKA**  
**1996 LEGISLATIVE SESSION**

Bill Version: HB 400  
 (H) Publish Date: 1-8-96

Revision Date: January 5, 1996 Dept. Affected: Public Safety  
 Title: Welfare Reform BRU: Alaska State Troopers  
 Component: Detachments  
 Sponsor: Rules Committee  
 Requestor: Governor COMPONENT SERIAL NO. \_\_\_\_\_

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

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>CAPITAL</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>CHANGE IN REVENUES ( )</b>	-0-	-0-	-0-	-0-	-0-	-0-
Revenue Code						

**FUNDING: (Thousands of Dollars)**

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

Estimate of current year (FY 95) impact: \$ \_\_\_\_\_

**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.)**

The yearly fiscal impact of this bill on the Division of Alaska State Troopers is less than \$500.

Prepared By: Lt. Dan Lowden Phone: 465-5505  
 Division: Alaska State Troopers Date: January 5, 1996  
 Approved by Commissioner: Ronald L. Otte Date: 1/1/96  
 Agency: Ronald L. Otte, Department of Public Safety

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# FISCAL NOTE

No. 20  
 Bill Version: HB 400  
 (H) Publish Date: 1-8-96

**STATE OF ALASKA  
 1996 LEGISLATIVE SESSION**

Revision Date: \_\_\_\_\_ Dept. Affected: Department of Law  
 Title: "...relating to certain licenses and applications for BRU: Civil Division  
licenses...establishing the Alaska Family Independence Program..." Component: General Legal Services  
 Sponsor: Rules by Request of the Governor  
 Requester: Governor's Office/OMB COMPONENT SERIAL NO. 2087

**Expenditures/Revenues**

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0

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

(Thousands of Dollars)

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

Estimate of any current year (FY95 cost: \$ 0.0)

**POSITIONS**

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

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

This bill will establish the Alaska Family Independence Program, repeal the former Aid to Families with Dependent Children and Basic Skills programs, and authorize the Department of Health and Social Services to initiate new program changes under federally approved waivers if federal welfare reform legislation is not in place by the next federal fiscal year. In addition, this bill will also strengthen the ability of the Child Support Enforcement Division to collect child support by limiting professional and driver license renewals of parents who are not current in their support obligations, and provides for a change in court rules to establish a support obligation for grandparents when a minor child has a child.

This new proposal differs dramatically from previous bills, including the demonstration bill vetoed last year. It assumes the passage of federal welfare reform which will allow the state to move beyond the limits of demonstration projects that can only operate with a portion of the caseload, to comprehensive welfare reform. Thus, the entire program caseload will come under the provisions of the bill.

Prepared by: Richard I. Peques, Director Phone: 465-3672  
 Division: Administrative Services Division Date: 1/3/96  
 Approved by Commissioner: Bruce M. Botelho, Attorney General Date: 1/3/96  
 Agency: Department of Law

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ANALYSIS CONTINUATION:

Even though the federal welfare reform bill has not yet been enacted, this bill fits well within the parameters of the likely federal reform scenarios. Should federal legislation pass during the legislative session, the Administration will promptly inform the legislature of any conforming amendments that may be necessary. Should federal legislation not be enacted this year, the bill also includes a provision which allows the Department of Health and Social Services to initiate the bill's program changes, though on a more limited basis, through demonstration projects under federal waivers.

This bill contains four major parts: 1) a section that establishes a new family independence program that is designed to move families from dependency to self-sufficiency by providing temporary assistance and job-related services to families; 2) a section that establishes a grandparent support obligation when a minor child has a child; 3) a section establishing restrictions on professional licenses and drivers' licenses if a parent is not providing support in accordance with an established support order; and, 4) sections that will allow the Department of Health and Social Services to initiate the new program upon approval of the federal program authorities under waivers until federal welfare reform is accomplished.

The Department of Law's primary role in the implementation of this bill will be to advise the Department of Health and Social Services of the legal requirements of the federal legislation when it is finally approved, and to review new regulations that will be required to implement the bill. For example, the Department of Health and Social Services will need a comprehensive set of regulations for the Alaska Family Independence Program, to replace regulations now in place for the Aid to Families with Department Children and Basic Skills programs. The Division of Occupational Licensing will need regulations allowing 32 occupational boards to charge for and issue temporary licenses. Likewise, the Division of Motor Vehicles will need new regulations allowing the division to issue temporary drivers' licenses. Finally, some new regulations will be needed by the Division of Child Support Enforcement to handle appeals based on the bill's license revocation provisions.

In all cases, except for the Department of Health and Social Services, the new regulations that will be required are relatively minor in nature, requiring between 40 and 140 hours of attorney time per agency to put the regulations in place. This work will be handled by existing staff. In the case of Health and Social Services, up to 250 hours of attorney time may be needed because of the comprehensive scope of the regulations that will be required. Although this represents a substantial body of work it is not sufficient to warrant fiscal note costs, and will be handled by existing staff by deferring lower priority work until the regulations are completed. Because this is a new program, legal challenges may be brought against the program, resulting in a need for some attorney time. Also, if federal reform legislation is not enacted, some attorney time will be needed to assist the Department of Health and Social Services negotiate federal waivers for demonstration projects. In either event, the work involved will not be substantial and will be handled by existing staff without additional cost.

# FISCAL NOTE

**STATE OF ALASKA**  
**1996 LEGISLATIVE SESSION**

19

Version: HB 400  
 (H) Publish Date: 1-8-96

Revision Date: \_\_\_\_\_  
 Title: Welfare Reform  
 \_\_\_\_\_  
 Sponsor: Rules Committee  
 Requestor: Governor

Department Affected: Labor  
 BRU: Labor Standards & Safety  
 Component: Wage and Hour Administration  
 \_\_\_\_\_  
**COMPONENT SERIAL NO. 345**

**EXPENDITURES/REVENUES:**

(Thousands of Dollars)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL						
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CHANGE IN REVENUE						
FUND SOURCE #						

**FUNDING:**

(Thousands of Dollars)

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

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY96) impact: \$ None

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

Because there are only five employment agencies in the state and new applications are extremely rare, this bill would have minimal impact on the Wage and Hour Administration component's workload.

Prepared by: Alan W. Dwyer, Director *Alan W. Dwyer* Phone: 269-4914  
 Division: Labor Standards and Safety Date: 1/4/96  
 Approved by Commissioner: Tom Cashen, Commissioner *Tom Cashen*  
 Agency: Department of Labor Date: 1/4/96

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FISCAL NOTE

No. 18

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

Bill Version: HB 400

(H) Publish Date: 1-8-96

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
 Title: An Act to Accomplish Welfare Reform by BRU: Medical Assistance  
Establishing the Alaska Family Independence Program Component: Medicaid Services  
 Sponsor: Rules Committee COMPONENT SERIAL NO. 2077  
 Requestor: Governor Knowles See also (SN#): \_\_\_\_\_

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING EXPENDITURES	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES ( )						
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FUND SOURCE

(Thousands of Dollars)

FUND SOURCE	FY97	FY98	FY99	FY00	FY01	FY02
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (please specify)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY96) cost: \$0.0

POSITIONS:

POSITIONS	FY97	FY98	FY99	FY00	FY01	FY02
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

The Division of Medical Assistance cannot determine this bill's impact on Medicaid and the related hold harmless programs at this time. Therefore, the Division has not estimated the fiscal impact of this bill.

Congress is currently considering both welfare reform and Medicaid reform legislation that will fundamentally alter the relationship between Medicaid and cash assistance programs. The proposed changes to this relationship have varied widely among the different versions of federal welfare and Medicaid reform legislation. As a result, the Division cannot determine whether or how the Alaska Medicaid program will be affected by this bill.

Prepared by: Jon Sherwood  
 Division: Medical Assistance

Phone: 465-3355  
 Date: 01/05/96

Approved by Com: Karen Perdue  
 Agency: Department of Health & Social Services

Date: 1/15/95

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# FISCAL NOTE

No. 17  
 Bill Number: HB 400  
 (H) Publish Date: 1-8-96

STATE OF ALASKA  
 1996 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Dept. Affected: Fish and Game  
 Title: Welfare Reform BRU: Administration and Support  
 Component: Administrative Services  
 Sponsor: Rules at Request of Governor  
 Requester: Governor COMPONENT SERIAL NO. 479

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
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
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES	0	0	0	0	0	0
----------------------	---	---	---	---	---	---

CHANGE IN REVENUES ( )	0	0	0	0	0	0
------------------------	---	---	---	---	---	---

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
<b>TOTAL</b>						

Estimate of any current year (FY96) 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: Geron Bruce Phone: 485-8143  
 Division: Commissioner's Office Date: 12/28/95  
 Approved by Commissioner: Frank Rue Date: 12/28/95  
 Agency: Fish and Game

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FISCAL NOTE

Bill Number: HB 400  
 (H) Publish Date: 1-8-96

STATE OF ALASKA  
 1995 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
 Title: Welfare Reform  
 Sponsor: Rules Committee  
 Requestor: Governor Tony Knowles

Department Affected: Environmental Conservation  
 BRU: All DEC BRUs  
 Component: All DEC components

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

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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

FUND SOURCE

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

Estimate of any current year (FY95) cost: \$ 0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

No fiscal impact on DEC.

Prepared by: Larry Jones  
 Division: Director, Division of Administrative Services

Phone: 465-5010  
 Date: 1/5/96

Approved by Commissioner: Larry Jones  
 Agency: Department of Environmental Conservation

Date: 1/5/96

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# FISCAL NOTE

No. 15  
 Bill Version: HB 400  
 Publish Date: 1-8-96

STATE OF ALASKA  
 1996 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Title: An Act Relating to Welfare Reform BRU: Community & Regional Affairs  
 Sponsor: Rules Committee Component: \_\_\_\_\_  
 Requestor: Governor COMPONENT SERIAL NO. \_\_\_\_\_

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

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0

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

CHANGE IN REVENUES ( ) Revenue Code						
--	--	--	--	--	--	--

**FUNDING: (Thousands of Dollars)**

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

Estimate of current year (FY 95) impact: \$ None

**POSITIONS:**

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

ANALYSIS: (Attach a separate page if necessary.)

In its present form, the welfare reform bill lacks adequate detail for the department to determine "fiscal impact". While we offer a zero fiscal note, we do so with reservations. There may well be fiscal implications to the department which we are currently unable to determine. However, until there is additional detail on how the job training and child care systems are going to be expected to perform in meeting the intent of welfare reform, we will remain neutral in our assessment of fiscal impact.

Prepared By: Remond Henderson, Director *Remond Henderson* Phone: 465-4708  
 Division: Administrative Services Date: 1/4/96  
 Approved by Commissioner: Mike Irwin *Mike Irwin* Date: 1/4/96  
 Agency: Mike Irwin, Dept. of Community & Reg. Affairs

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FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

14  
Bill Version: HB 400  
(H) Publish Date: 1-8-96

Revision Date: \_\_\_\_\_  
Title: "An Act relating to welfare reform..."  
Sponsor: Rules Committee  
Requestor: Governor

Dept. Affected: Administration  
BRU: Personnel  
Component: Personnel  
COMPONENT SERIAL NO. 56

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
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
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CHANGE IN REVENUES ( )	0	0	0	0	0	0
------------------------	---	---	---	---	---	---

FUND SOURCE: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 96) cost: \$ -0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

There is no fiscal impact to the Division of Personnel.

Prepared by: Beverly Reaume, Director  
Division: Personnel

Phone: 465-4429  
Date: \_\_\_\_\_

Approved by Commissioner: Mark Boyer  
Agency: Department of Administration

Date: 1/2/96

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# FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

No. 13  
Bill Version: HB 400  
(H) P~~ro~~h Date: 1-8-96

Revision Date: _____	Dept. Affected: <u>Revenue</u>
Title: <u>Welfare Reform</u>	BRU: <u>Child Support Enforcement Division</u>
Sponsor: <u>Rules Committee</u>	Component: <u>Child Support Enforcement Division</u>
Requestor: <u>Governor</u>	COMPONENT SERIAL NO. <u>111</u>

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	345.6	359.4	373.8	388.7	404.3	420.4
TRAVEL						
CONTRACTUAL	645.8	521.9	535.3	549.4	564.0	579.4
SUPPLIES	6.4	6.4	6.4	6.4	6.4	6.4
EQUIPMENT	75.5					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>1,073.3</b>	<b>887.7</b>	<b>915.5</b>	<b>944.5</b>	<b>974.7</b>	<b>1,006.2</b>

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

CHANGE IN REVENUES ( )	1,363.5	2,571.3	2,828.4	3,111.2	3,422.3	3,764.6
------------------------	---------	---------	---------	---------	---------	---------

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts	708.4	585.9	604.2	623.4	643.3	664.1
1003 GF Match	144.9	119.8	123.6	127.5	131.6	135.8
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
1016 Federal Incentive Payments	220.0	182.0	187.7	193.6	199.8	206.3
<b>TOTAL</b>	<b>1,073.3</b>	<b>887.7</b>	<b>915.5</b>	<b>944.5</b>	<b>974.7</b>	<b>1,006.2</b>

Estimate of any current year (FY96) cost: \$ 0.0

**POSITIONS**

FULL-TIME	8	8	8	8	8	8
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This legislation is expected to increase collections by approximately 25%. In the first year these increased collections will generate \$2,727,000 in AFDC reimbursements, one half of which will be retained by the State. National statistics reveal that about 45% of the population is employed in non-traditional occupations and their wages are not reported to states' Departments of Labor. Self-employed obligors have a very low child support payment compliance rate. Currently 54% of Alaskans with child support orders pay nothing. More than half of these individuals have the ability to pay, but work in a cash or self-employed position. This legislation will insure that self-employed obligors establish a payment plan or pay their arrears to obtain or retain their occupational and/or driver's licenses. Similar legislation has been successfully enacted in at least seventeen states and is pending in Congress. (Continued on additional page)

Prepared by: Glenda Straube, Director  
 Division: Child Support Enforcement Division  
 Approved by: [Signature]  
 Commissioner: Wilson Condon  
 Agency: Dept. of Revenue

Phone: 269-6301  
 Date: 1/5/96  
 Date: 1/5/96

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Fiscal Note - Welfare Reform

1/5/96

Page 2 of 2

Analysis, Continued:

This analysis assumes an effective date of 7/1/96. Implementation is expected to require 8 Child Support Enforcement Officer I's which will ensure prompt review of proposed license denials and expedient processing of the additional program receipts. Approximately one third of total costs include estimated interdepartmental expenditures as obtained from various affected agencies. These departments will be incurring new costs due to required changes in their programs, necessary to implement the requirements of this legislation. Internal operating expenditures are based on estimates used in CSED FY 96 operating budget. (See attached worksheets.) Equipment costs are reflected in FY 97 only. State General Fund contribution rate used in funding estimates is consistent with that used in CSED FY 97 operating budget. Revenue projections are based on results of comparable programs implemented in other states.

**FISCAL NOTE  
WELFARE REFORM  
COST PROJECTIONS**

	<b>FY 97</b> Projected Cost \$	<b>FY 98</b> Projected Cost \$	<b>FY 99</b> Projected Cost \$	<b>FY 00</b> Projected Cost \$	<b>FY 01</b> Projected Cost \$	<b>FY 02</b> Projected Cost \$
<i>Personnel Services</i>	345,573	359,396	373,772	388,723	404,271	420,442
<i>Supplies</i>	6,400	6,400	6,400	6,400	6,400	6,400
<i>Equipment</i>	75,480					
<i>Contractual</i>	645,795	521,903	535,288	549,371	563,070	579,337
<b>Total</b>	<b>1,073,248</b>	<b>887,699</b>	<b>915,459</b>	<b>944,494</b>	<b>974,650</b>	<b>1,006,179</b>
<i>Projected Funding Sources</i>						
<i>Federal Match (60%)</i>	708,343	585,882	604,203	623,366	643,269	664,078
<i>Federal Incentives (20.5%)</i>	220,016	181,978	187,869	193,621	199,803	206,267
<i>State General Fund (13.5%)</i>	144,888	119,839	123,587	127,507	131,578	135,834
<b>Total</b>	<b>1,073,248</b>	<b>887,699</b>	<b>915,459</b>	<b>944,494</b>	<b>974,650</b>	<b>1,006,179</b>

Attachment  
Page 1 of 5

**FISCAL NOTE -- WELFARE REFORM**

PERSONAL SERVICES COSTS

No. of Pos.	Position Title	Range	Salary	Benefits	FY 97 Total Costs	FY 98 Total Costs	FY 99 Total Costs	FY 00 Total Costs	FY 01 Total Costs	FY 02 Total Costs
8	CSEO I	13	30,651	12,546	345,573	359,388	373,772	388,723	404,271	420,442

Personnel Services are estimated using Steps "A" and "B" at 6 mos each; FY 97 PACS rates assuming 4% annual increases in all periods beyond FY 97.

SENT BY: 1- 5-96 ; 9:16AM :CSED DIRECTOR OFFICE- 9074652375:# 6/ 9  
 POSITION INFORMATION HAS BEEN UPDATED AND FUNDING HAS BEEN UPDATED.  
 01/04/96 Position Information Inquiry/Update 10:54:01

Position: 04-047100 Project: 0 Salary Costs: 30,650.97  
 Component: 04-44-04-05-01-00 Region: Benefits Costs: 12,545.65  
 Scenario: 3 FY: 97 COLA %= 1.500 Total Costs: 43,196.62

-----  
 Actuals from Payroll (Status: FILLED ) Retirement Code: A  
 -----

C Step: A for \_6.0 months & Step: B for \_6.0 months (total: 12.00 )  
 96/01/16 Merit Date; use merit defaults? N ( 6.5 @ D & 5.5 @ E )  
 2 Class/Sched Prefix: 2 Schedule: 2A (actual: 2A )  
 GG Bargaining Unit: GG Range: 13 (actual: 13 )  
 EBA Location Code: EBA Place: ANCHORAGE  
 P4149 Job Class Code: P4149 Title: CHILD SPT ENF OFF I  
 F Seasonal Indic.: F Type: FACL - FULL TIME / OMB AUTH

Optional Override Salary Rates:

Monthly Rate: 0.00 for \_0.0 months & rate of 0.00 for \_0.0 months  
 Hourly Rate: 0.00 for \_0.0 months Frozen at this rate? (Y/N): N

Press ENTER to update record; enter # or use PF key to go to another screen:  
 1=Premium pay info 2=Funding info 4=Code Translations 6=Calculations  
 8=Detail Report 12=Exit w/o update Selection: 0\_

Attachment  
 Page 2 of 5

Welfare Reform

COST PROJECTIONS -- CONTRACTUAL

		FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
		Contractual	Contractual	Contractual	Contractual	Contractual	Contractual
		Est \$ Cost	Est \$ Cost	Est \$ Cost	Est \$ Cost	Est \$ Cost	Est \$ Cost
# of	Positions	Per Pos.	Per Pos.	Per Pos.	Per Pos.	Per Pos.	Per Pos.
CSED (Intra-agency Contractual)	8	206,495	216,003	225,988	236,471	247,479	259,037
INTERAGENCY COSTS *	n/a	439,300	305,900	309,300	312,900	316,500	320,300
<b>TOTAL CONTRACTUAL COSTS</b>		<b>645,795</b>	<b>521,903</b>	<b>535,288</b>	<b>549,371</b>	<b>563,979</b>	<b>579,337</b>

Estimated long distance exps were calculated by taking FY 95 budgeted contractual (AC 73000 - \$4,897,000) and dividing by average number of employees (206).  
 FY 97 thru 02 were projected at 5% increases each year.  
 Includes Occupancy Costs

COST PROJECTIONS -- SPACE RENTAL

		FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
		Contractual	Contractual	Contractual	Contractual	Contractual	Contractual
		Est \$ Cost	Est \$ Cost	Est \$ Cost	Est \$ Cost	Est \$ Cost	Est \$ Cost
# of	Positions	(Space)	(Space)	(Space)	(Space)	(Space)	(Space)
	8	16,320	16,320	16,320	16,320	16,320	16,320

Rent exp projections are based on current space costs of \$1.36 sq. ft. for 12 months at 125 square feet per employee. No increases are anticipated in fiscal years projected above.

Attachment  
Page 3 of 5

**WELFARE REFORM - (OCCUPATIONAL LICENSING)  
COST PROJECTIONS -- CONTRACTUAL (INTERAGENCY EXPS)**

DEPT/ BRU	**					
	FY 97- Contractual Est \$ Total I/A Cost	FY 98- Contractual Est \$ Total I/A Cost	FY 99- Contractual Est \$ Total I/A Cost	FY 00- Contractual Est \$ Total I/A Cost	FY 01- Contractu Est \$ Total I/A Cost	FY 02- Contractual Est \$ Total I/A Cost
DCED -- Banking Securities & Corps	29,100	24,300	24,300	24,300	24,300	24,300
DCED -- Occupational Licensing	83,500	77,200	77,200	77,200	77,200	77,200
DCED -- Insurance	26,000	21,200	21,200	21,200	21,200	21,200
EDUCATION -- Executive Administra	20,800	17,800	17,800	17,800	17,800	17,800
DHSS -- State Health Svc (Licensing)	11,400	1,400	1,400	1,400	1,400	1,400
DEC -- Facility Construction & Oper	0	0	0	0	0	0
DEC -- Environmental Health	0	0	0	0	0	0
LABOR -- Stds & Sfty(Mech Inspec)	58,800	45,400	47,400	49,500	51,600	53,800
LABOR -- Stds & Sfty(Wage & Hour)	0	0	0	0	0	0
LABOR -- Stds & Sfty(Occ Sfty/Hlth)	50,000	32,700	34,100	35,600	37,100	38,700
PUBLIC SAFETY -- Dept of Motor Ve	159,700	85,900	85,900	85,900	85,900	85,900
<b>TOTAL INTERAGENCY EXPS</b>	<b>439,300</b>	<b>305,900</b>	<b>309,300</b>	<b>312,900</b>	<b>316,500</b>	<b>320,300</b>

These costs were obtained from Fiscal Notes provided by the named agency.

Attachment  
Page 4 of 5

Welfare Reform

COST PROJECTIONS -- SUPPLIES

# of Positions	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
	Est. Supply \$ Cost Per Pos.	Est. Supply \$ Cost Per Pos.	Est. Supply \$ Cost Per Pos.	Est. Supply \$ Cost Per Pos.	Est. Supply \$ Cost Per Pos.	Est. Supply \$ Cost Per Pos.
8	800	800	800	800	800	800
<b>TOTAL SUPPLY COSTS</b>	<b>6,400</b>	<b>6,400</b>	<b>6,400</b>	<b>6,400</b>	<b>6,400</b>	<b>6,400</b>

Supply costs were estimated at 800 per year per employee. This number is based on FY 96 operating costs.

COST PROJECTIONS -- EQUIPMENT

# of Positions	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
	Workstation Est \$ Cost Per Pos.	Workstation Est \$ Cost Per Pos.	Workstation Est \$ Cost Per Pos.	Workstation Est \$ Cost Per Pos.	Workstation Est \$ Cost Per Pos.	Workstation Est \$ Cost Per Pos.
<b>TOTAL EQUIPMENT COSTS</b>	8	75,480	-	-	-	-

Workstation costs are based on estimates used in FY 95 operating budget and include \$2,500 for technical workstation/installation, \$500 for chairs and \$435 for file cabinets.

3,435

Computer costs are based on estimates used in FY 95 operating budget and include all installation costs. (see attachment)

6,000

9,435

Attachment  
Page 5 of 5

# FISCAL NOTE

**STATE OF ALASKA**  
**1996 LEGISLATIVE SESSION**

N° 12  
 Version: HB 400  
 (H) Publish Date: 1-8-96

Revision Date: \_\_\_\_\_ Dept. Affected: Public Safety  
 Title: Welfare Reform BRU: Motor Vehicles  
 Component: Driver Services/Field Services  
 Sponsor: Rules Committee  
 Requestor: Governor COMPONENT SERIAL NO. 0500 & 0502

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

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	156.2	83.4	83.4	83.4	83.4	83.4
TRAVEL	1.5	1.5	1.5	1.5	1.5	1.5
CONTRACTUAL						
SUPPLIES	2.0	1.0	1.0	1.0	1.0	1.0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>159.7</b>	<b>85.9</b>	<b>85.9</b>	<b>85.9</b>	<b>85.9</b>	<b>85.9</b>

CAPITAL EXPENDITURES	-0-	-0-	-0-	-0-	-0-	-0-
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CHANGE IN REVENUES (1004 Revenue Code)	582.8	183.2	183.2	183.2	183.2	183.2
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**FUNDING: (Thousands of Dollars)**

1002 Federal Receipts						
1003 GE Match						
1004 GE						
1005 GE/Program Receipts						
1006 GE/MHTIA						
Inter-agency receipts CSED	159.7	85.9	85.9	85.9	85.9	85.9
<b>TOTAL</b>	<b>159.7</b>	<b>85.9</b>	<b>85.9</b>	<b>85.9</b>	<b>85.9</b>	<b>85.9</b>

Estimate of current year (FY 95) impact: \$ \_\_\_\_\_

**POSITIONS:**

FULL-TIME	4	2	2	2	2	2
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary.)

SEE ATTACHED

Prepared By: Juanita Hensley Phone: 465-2650  
 Division: Motor Vehicles Date: 1/4/96  
 Approved by Commissioner: Ronald L. Otte Date: 1/5/96  
 Agency: Ronald L. Otte, Dept. of Public Safety

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This bill impacts the Division of Motor Vehicles by requiring the suspension of a driver's license of any person who is not in substantial compliance with a child support order. Under the provisions of this bill, the Division of Child Support Enforcement will be required to send the notice of driver license suspension to a person who is found to be in non-compliance with a child support order. The notice will give the person 150 days to comply with the order. If after the 150 days the person is not in compliance, the Division of Child Support Enforcement will notify DMV to suspend the driver's license. Once notice is received, from CSED, DMV will take action to suspend the driver's license.

The impact to DMV will be the actual suspending of the driver's license and the process of re-issuing of the license once the person is in compliance with the child support order.

In March 1995, CSED notified DMV there are approximately 10,702 obligors who are in excess of \$2500.00 or more in arrears. DMV verified through a computer verification that approximately 35% of the obligors driver's licenses are currently suspended, revoked or have warrants for their arrest for some reason. Because of this, it is estimated 3,500 driver's license suspensions will be generated the first year. It is further estimated after the first year's initial suspension action, the number of driver license suspensions will be reduced. It is estimated in the future years, 1,000 driver's licenses will be suspended for non-support.

The impacts from this bill will result in 7,000 updates to the driving record of the persons whose license is being suspended. One computer entry to add the suspension to the driving record; and another entry to end the suspension once the person has complied. Reinstating the driver's license will also impact the DMV field offices. The Motor Vehicle Representative will be required to see proof from CSED that the person is in compliance with their child support order before reinstating the driver's license. It is estimated 90 percent of all persons whose license is suspended will reinstate their driver's license. A \$100.00 reinstatement fee is charged anytime a person has had their license suspended or revoked within a 10 year period preceding application for a driver's license. It is estimated 1,575 individual's will pay the \$100. If the license is suspended or revoked more than one time within a 10 year period preceding application, a \$250 restatement fee is required. It is estimated 1,575 individual's will be required to pay the \$250. It is estimated the amount of additional new general fund program receipt revenue generated by this bill is approximately \$582.8 for FY 97 and \$183.2 the following years.

Total number of suspension notices received from CSED by DMV	3,500
Total number of suspension notices being ended when a person complies	3,150
Total number of license reinstatements	3,150

<u>OPERATING</u>	<u>FY 97</u>	<u>FY 98</u>
<u>Personal Services</u>	<u>Salary and Benefits</u>	
1 Driver Services Supervisor R14 (Juneau)	\$ 47.0	\$ 47.0
1 Motor Vehicle Representative II (Juneau)	\$ 36.4	
2 Motor Vehicle Representative II(Anch) (2 FY 97 @\$36.4)	<u>\$ 72.8</u>	<u>\$ 36.4</u>
TOTAL PERSONAL SERVICES	<u>\$156.2</u>	<u>\$ 83.4</u>
<u>Travel</u>		
Administrative Travel for mainline supervisor	\$ 1.5	\$ 1.5
<u>Supplies</u>		
Routine office supplies	\$ 2.0	\$ 1.0
TOTAL OPERATING	<u>\$159.7</u>	<u>\$ 85.9</u>

<u>REVENUE</u>	<u>FY 97</u>	<u>FY 98</u>
3,150 Reinstatements 1,575 @100, 1,575 @ \$250	\$551.3	
3,150 Duplicate license fees @\$10	\$ 31.5	
990 Reinstatements 495 @100, 495 @250		\$173.3
990 Duplicate license fees @10		\$ 9.9
TOTAL REVENUE	<u>\$582.8</u>	<u>\$183.2</u>

\*\*Contractual and Equipment costs were not included in this fiscal note. FY 97 Operating Budget submission eliminates positions, therefore, the existing equipment will be utilized for the requested positions associated with this bill.

# FISCAL NOTE

No. 11

**STATE OF ALASKA**  
**1996 LEGISLATIVE SESSION**

Version: HB 400

(H) Publish Date: 1-8-96

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

Department Affected: Labor

Title: Welfare Reform

BRU: Labor Standards & Safety

Sponsor: Rules Committee

Component: Occupational Safety & Health

Requestor: Governor

COMPONENT SERIAL NO. 970

**EXPENDITURES/REVENUES:**

(Thousands of Dollars)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	24.3	25.4	26.5	27.7	28.9	30.2
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	25.2	6.8	7.1	7.4	7.7	8.0
SUPPLIES	0.5	0.5	0.5	0.5	0.5	0.5
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>50.0</b>	<b>32.7</b>	<b>34.1</b>	<b>35.6</b>	<b>37.1</b>	<b>38.7</b>

CAPITAL						
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CHANGE IN REVENUE FUND SOURCE #						
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**FUNDING:**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipt						
1006 GF/MHTIA						
1007 I/A Receipts	50.0	32.7	34.1	35.6	37.1	38.7
<b>TOTAL</b>	<b>50.0</b>	<b>32.7</b>	<b>34.1</b>	<b>35.6</b>	<b>37.1</b>	<b>38.7</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY96) impact: \$ None

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

This fiscal analysis assumes inflation at 4.38% and an effective date of 7/1/96. Lead time for complete program implementation is six months. (While the effective date is 7/1/96, full implementation will not be possible until 1/1/97.) Interagency Receipts: RSA with Department of Revenue, Child Support Enforcement Division. Please see additional analysis attached.

Prepared by: Alan W. Dwyer, Director *Alan W. Dwyer* Phone: 269-4914

Division: Labor Standards and Safety Date: 1/4/96

Approved by Commissioner: Tom Cashen, Commissioner *Tom Cashen*

Agency: Department of Labor Date: 1/4/96

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**Analysis:**

This legislation will require additional administrative and clerical time and costs for the Occupational Safety and Health component as follows:

- (1) When individuals apply in person for new or renewal certificates of fitness at any of five offices (Anchorage, Juneau, Fairbanks, Ketchikan, and Kenai) or at approved asbestos abatement worker training courses state-wide, the estimated increase in processing time will be 15 minutes per individual who is in substantial non-compliance with a support order. This does not include testing, proctoring, scoring or discussion of tests. Additional time will be required of program managers, when needed to assist applicants who have special concerns.
- (2) New programming, different procedures, forms, and additional mailing and reporting costs will be incurred to provide the "temporary license" renewal letters and to answer phone calls regarding the change.
- (3) Additional time will be required to process the releases and the permanent certificates, as individuals submit those to our office.
- (4) Three months programming time will be required to convert to the automated system used by Mechanical Inspection and to modify it to respond to the bill's requirements.

We have approximately 2,350 renewal or new licenses requested per year by asbestos workers, explosives handlers, and painters using hazardous materials. Of these, we are estimating that approximately 10% may be in arrears on their child support, due to the seasonal nature of many of these positions in Alaska.

In the interest of efficiency, the division is adding only one new PFT position, which will be established in the Mechanical Inspection Section where photo ID equipment is located. However, some additional time will be required of the program staff in OSH, and it will be necessary to increase the range of the administrative clerk who works with these applicants, from a range 08 to a range 10, because of the complexity of issues.

Line 100 - Personal Services	FY97	FY98
Annual overtime for 1 PFT Admin Clerk III (10F) at 5 hrs per week		
Reclass Admin Clerk II (08) to Admin Clerk III (10)		
Salary	8.8	9.2
Benefits	2.4	2.5
Annual overtime for 1 PFT OSH IH Consultant (19E/F) at 5 hours per week		
Salary	10.4	10.9
Benefits	2.7	2.8
TOTAL	24.3	25.4
 Line 200 - Travel	 0.0	 0.0
 Line 300 - Contractual Services		
Professional Services-DP Programming (FY97 one-time)	18.0	0.0
Postage @ 2.52 x 2 x 2,350 x 10% (6 months in FY97)	0.6	1.1
Long Distance, including additional incoming toll free calls	1.0	2.0
Printing - Card Stock, Forms, Notices, and Letterhead	2.5	0.5
DP Operations Overhead	1.2	1.2
Indirect Costs @ 10% of Salaries	1.9	2.0
	25.2	6.8
 Line 400 - Commodities		
Office and DP Supplies	0.5	0.5
	0.5	0.5
 Line 500 - Equipment	 0.0	 0.0
<b>TOTAL</b>	<b>50.0</b>	<b>32.7</b>

# FISCAL NOTE

No. 10

Bill Version: HB 400

(Publish Date: 1-8-96)

**STATE OF ALASKA**  
**1996 LEGISLATIVE SESSION**

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

Department Affected: Labor

Title: Welfare Reform

BRU: Labor Standards & Safety

Component: Mechanical Inspection

Sponsor: Rules Committee

Requestor: Governor

COMPONENT SERIAL NO. 346

**EXPENDITURES/REVENUES:**

(Thousands of Dollars)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	37.1	38.7	40.4	42.2	44.0	45.9
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	14.5	6.2	6.5	6.8	7.1	7.4
SUPPLIES	0.7	0.5	0.5	0.5	0.5	0.5
EQUIPMENT	6.5	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>58.8</b>	<b>45.4</b>	<b>47.4</b>	<b>49.5</b>	<b>51.6</b>	<b>53.8</b>

CAPITAL						
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CHANGE IN REVENUE FUND SOURCE						
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**FUNDING:**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipt						
1006 GF/MHTIA						
1007 I/A	58.8	45.4	47.4	49.5	51.6	53.8
<b>TOTAL</b>	<b>58.8</b>	<b>45.4</b>	<b>47.4</b>	<b>49.5</b>	<b>51.6</b>	<b>53.8</b>

**POSITIONS:**

FULL-TIME	1.0	1.0	1.0	1.0	1.0	1.0
PART-TIME						
TEMPORARY						

Estimate of current year (FY96) impact: \$ None

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

This fiscal analysis assumes inflation at 4.38% and an effective date of 7/1/96. Lead time for complete program implementation is six months. (While the effective date is 7/1/96, full implementation will not be possible until 1/1/97.)  
 Interagency Receipts: RSA with Department of Revenue, Child Support Enforcement Division. (See attached.)

Prepared by: Alan W. Dwyer, Director *Alan W. Dwyer* Phone: 269-4914  
 Division: Labor Standards and Safety Date: 1/4/96

Approved by Commissioner: Tom Cashen, Commissioner *Tom Cashen*  
 Agency: Department of Labor Date: 1/4/96

Analysis:

This legislation will require additional administrative and clerical time and costs for the Mechanical Inspection component as follows:

(1) When individuals apply in person for new or renewal certificates of fitness at any of four offices (Anchorage, Juneau, Fairbanks, and Sitka): the estimated increase in processing time will be 15 minutes per individual who is in substantial non-compliance with a support order. This does not include testing, proctoring, scoring or discussion of tests.

(2) Renewal letters are mailed out monthly. New programming, different procedures, forms, and additional mailing and reporting costs will be incurred to provide the "temporary" renewal letters and to answer phones calls regarding the change.

(3) Additional time will be required to process the releases and the permanent certificates, as individuals submit those to our office.

(4) Six weeks programming time will be required to respond to the bill's requirements.

We have approximately 2,600 renewal or new licenses requested per year by electricians and plumbers, and approximately 700 boiler operator renewals per year. Of these, we are estimating that 10% may be in arrears on their child support, due to the seasonal nature of many of these positions in Alaska.

Costs for this section to implement this legislation include:

	FY97	FY98
<b>Line 100 - Personal Services</b>		
1 PFT Admin Clerk III (10 A/B) Anchorage		
Salary	25.5	26.6
Benefits	11.6	12.1
TOTAL	37.1	38.7
<b>Line 200 - Travel</b>	0.0	0.0
<b>Line 300 - Contractual Services</b>		
Professional Services-DP Programming (FY97 one-time)	0.0	0.0
Postage @ 2.52 x 2 x 3,300 x 10% (6 months FY97)	0.3	1.7
Printing - Forms, Notices, and Letterhead	0.3	0.3
DP Operations Overhead	1.2	1.2
Telephone Installation (FY97 one-time)	0.3	0.0
Telephone Base Cost	0.3	0.3
Indirect Costs @ 10% of Salaries	2.6	2.7
	14.5	6.2
<b>Line 400 - Commodities</b>		
Office and DP Supplies	0.7	0.5
<b>Line 500 - Equipment</b>		
Workstation, chair, and computer with software (FY97 one-time)	6.5	0.0
	58.8	45.4
<b>TOTAL</b>		