

ALASKA LEGISLATURE COMMITTEE FILES 1995-1996 8672

8677 HOUSE LABOR & COMMERCE

bank or federal agency or regional institution of the federal farm credit system, or in any way impair the rights and remedies of the lender to the bank or federal agency or regional institution of the federal farm credit system. The bank is authorized to include this pledge and agreement of the state, insofar as it refers to a lender to the bank in a contract with the maker of a loan, and insofar as it relates to a federal agency or regional institution of the federal farm credit system, in a contract with a federal agency or regional institution of the federal farm credit system. (§ 3 ch 169 SLA 1978; am § 4 ch 109 SLA 1981)

Reviser's notes. — Formerly AS 44.64.160. Renumbered in 1980.

NOTES TO DECISIONS

Cited in Alaska Com. Fishing & Agric. Bank v. O/S Alaska Coast, 715 P.2d 707 (Alaska 1986).

Secs. 44.81.170 — 44.81.180. Exemption from taxation; bonds legal investments for fiduciaries. [Repealed, § 10 ch 109 SLA 1981.]

10  
27  
Sec. 44.81.190. Conflicts of interest. A member of the board of directors may not vote on a transaction of the bank under this chapter if the member is a party to the transaction. (§ 3 ch 169 SLA 1978)

Reviser's notes. — Formerly AS 44.64.190. Renumbered in 1980.

16  
Sec. 44.81.200. Reports and publications. The board of directors shall publish an annual report to the bank's members. The report shall be made available to the public and must include financial statements audited by independent outside auditors, a statement of the bank's investments, a description of the bank's loan activity during the period covered by the report, an analysis of economic and other effects of loan decisions on the state's commercial fishing and agriculture industries, and any other information that the board believes would be of interest to the governor, the legislature, and the public, or that the legislature requests the board to include. The board may also publish other reports if it considers desirable to carry out its purposes. (§ 3 ch 169 SLA 1978; am § 6 ch 109 SLA 1981)

Reviser's notes. — Formerly AS 44.64.200. Renumbered in 1980.

NOTES TO DECISIONS

Cited in Alaska Com. Fishing & Agric. Bank v. O/S Alaska Coast, 715 P.2d 707 (Alaska 1986).

Sec. 44.81.210. Powers of the bank. (a) The bank may

- 18 (1) make variable rate or fixed rate loans to individuals who are residents and who are engaged in commercial agriculture or fishing, including harvesters, processors, suppliers, and marketers, or to corporations, partnerships or joint ventures engaged in commercial agriculture or fishing, the majority interest of which is beneficially owned by residents of the state and a majority of the owners of which are residents of the state, if the recipient of the loan is a member of the bank; however, the bank may make a loan under this paragraph to corporation, partnership, or joint venture for the purchase of a new existing fishing vessel or for the repair or renovation of an existing fishing vessel, the primary purpose of which is to commercially harvest fishery resources, only if the corporation, partnership, or joint venture is wholly owned and controlled by residents of the state and if the recipient of the loan is a member of the bank;
- 13 (2) make and alter bylaws necessary or desirable to carry out its corporate functions;
- 17 (3) establish amortization plans for repayment of loans, which may include extensions for poor fishing or farming seasons, or for adverse market conditions for Alaskan products;
- 17 (4) enter into agreements with regional institutions of the federal farm credit system, private lending institutions, and other state agencies or agencies of the federal government, to carry out the purposes of this chapter;
- 17 (5) adopt, alter, and use a corporate seal;
- 17 (6) sue and be sued in the name of the bank;
- 17 (7) issue bonds to carry out any of its corporate purposes and powers;
- 17 (8) sell, lease as lessor or lessee, exchange, donate, convey, or encumber in any manner by mortgage or by creation of any other security interest, real or personal property owned by it, or in which it has an interest, when, in the judgment of the board of directors, the action is in furtherance of its corporate purposes;
- 17 (9) incur secondary liability by guaranty or endorsement of the obligations of another corporation or legal entity when, in the judgment of the board of directors, the action is in furtherance of its corporate purposes;
- 18 (10) make loans as provided in (1) of this subsection in participation with financial institutions, and establish and regulate the terms of the loans;

- 17 (11) make contracts and execute instruments necessary or convenient in the exercise of its corporate powers;
- 17 (12) acquire by purchase, lease, bequest, devise, gift, the satisfaction of debts, or the foreclosure of mortgages, and hold, maintain, use, operate, and convey real or personal property;
- 17 (13) borrow money and issue secured and unsecured evidence of indebtedness for a corporate purpose or to fund, refund, pay, or discharge outstanding obligations, and enter agreements and contracts concerning these obligations;
- 17 (14) secure the payment of its obligations by pledge or mortgage or other lien on its contracts, revenues, income, or property;
- 17 (15) appoint officers, employees, trustees for certificate holders, and agents, and prescribe their powers and duties;
- 17 (16) provide technical services to members of the bank; for the purpose of this paragraph, "technical services" includes services that will enhance the ability of the member to obtain financial assistance from the bank;
- 18 (17) make loans, as provided in (1) of this subsection, secured by liens subordinate to valid first liens and security agreements granted to a private lending institution;
- 17 (18) participate with state departments and agencies in formulating policy and in planning for the development of commercial fishing and agriculture in the state;
- 17 (19) do what is necessary or desirable to carry out the corporate purposes and powers expressed or implied in this chapter;
- 18 (20) make loans to individual commercial fishermen for limited entry permits; a loan under this paragraph may be made only to an individual commercial fisherman who has been a state resident for a continuous period of two years immediately preceding the date of application for the loan; loans made under this paragraph are subject to AS 44.81.230;
- 14 (21) indemnify directors, officers, or employees of the bank and their heirs, executors, and administrators against all liabilities and related expenses including, but not limited to, court costs and attorney fees, judgments, and the cost of reasonable settlements, incurred by them in connection with or arising out of an action or proceeding brought against them because of an act or omission in the performance of their official duties as directors, officers, or employees of the bank regardless of whether they were directors, officers, or employees at the time the expenses or liabilities are incurred;
- 18 (22) accept the pledge of a limited entry permit as security for a loan made under this chapter subject to the conditions set out in AS 44.81.230 — 44.81.250 on pledges of limited entry permits;
- 18 (23) make a loan to a person, regardless of residency, if the board of directors of the bank determines that the loan is necessary to preserve

the value of property held by the bank as security for a loan that was made under (1) of this subsection and that is in default;

18 (24) issue certificates of loan participation to members and to other individuals, corporations, partnerships, and joint ventures, but the bank may not issue a certificate of loan participation if the certificate would allow participation by the member, individual, corporation, partnership, or joint venture in loans that individually or cumulatively involve more than 20 percent of the commercial fishery entry permits issued for one type of gear in a specific fishery resource administrative area.

14 (b) The provisions of (a)(21) of this section do not authorize the bank to indemnify a director, officer, or employee of the bank who is adjudged liable for negligence or misconduct in the performance of official duties.

18 (c) Notwithstanding (a)(1) of this section, the bank may make variable or fixed rate loan to a shore-based fish processor, a timber processor, or an agricultural processor or harvester that does not meet the resident ownership requirements of (a)(1) of this section for capital investment or operating capital if a facility of the processor or harvester is located in the state and the majority interest in the processor or harvester is beneficially owned by residents of the United States. (§ 3 ch 169 SLA 1978; am § 4 ch 63 SLA 1979; am §§ 7 — 10 ch 61 SLA 1980; am § 6 ch 109 SLA 1981; am § 62 ch 113 SLA 1982; am § 17 ch 67 SLA 1983; am § 20 ch 70 SLA 1985; am §§ 4, 6 ch 40 SLA 1987; am § 2 ch 62 SLA 1987; am § 2 ch 70 SLA 1989)

Revisor's notes. — Formerly AS 44.64.210. Renumbered in 1980.

Cross references. — For legislative findings in connection with the enactment of (c) of this section, see § 1, ch. 62, SLA 1987 in the Temporary and Special Acts; for legislative purpose in connection with

the enactment of (a)(24) of this section, see § 1, ch. 70, SLA 1989 in the Temporary and Special Acts.

Effect of amendments. — The 1989 amendment, effective May 31, 1989, added paragraph (24) in subsection (a).

NOTES TO DECISIONS

Cited in Alaska Com. Fishing & Agric. Bank v. O/S Alaska Coast, 715 P.2d 707 (Alaska 1986).

27 Sec. 44.81.220. Transition. Notwithstanding the provisions of AS 10.16.006, upon the repurchase of all the nonvoting, preferred shares initially issued by the bank and purchased by agencies of the state, the provisions of this chapter lapse and the bank may proceed to operate solely as a private cooperative corporation under the terms of its bylaws and the provisions of AS 10.16.010 — 10.16.600. (§ 3 ch 169 SLA 1978; am § 7 ch 109 SLA 1981)

Revisor's notes. — Formerly AS 44.64.220. Renumbered in 1980.

NOTES TO DECISIONS

Cited in Alaska Com. Fishing & Agric. Bank v. O/S Alaska Coast, 716 P.2d 707 (Alaska 1986).

Sec. 44.81.225. Small loans to nonmembers. (a) To facilitate the development of commercial fisheries in geographic areas in which factors such as geographic considerations, uncertainties of communication, or limited demands do not encourage normal lending activities, the bank may make small loans to qualified borrowers who are not members of the bank.

(b) The provisions of this chapter apply to loans authorized by this section except that

- (1) the borrower is not required to be a member of the bank at the time the loan is approved; and
- (2) the principal amount of the portion of the loan made by the bank may not exceed \$25,000.

(c) The total amount of money that may be loaned under this section may not exceed eight percent of the total capital of the bank.

(d) To service loans made under this section, the bank may contract or make other arrangements with a public agency or with a legal entity that the bank determines to be responsible and competent to administer the loan. (§ 2 ch 39 SLA 1991)

Sec. 44.81.230. Loans for purchase of Alaska limited entry permits. (a) A loan under AS 44.81.210(a)(20) or 44.81.225 for the purchase of a limited entry permit may be made only upon certification by the commission that the fisherman is a person who qualifies as a transferee for the permit under AS 16.43 and the regulations adopted by the commission.

(b) Upon approval by the bank, a permit may be pledged as security for a loan made under (a) of this section, AS 44.81.225, or 44.81.235 if

- (1) the certificate for the pledged permit lists the bank as the legal owner of the permit;
- (2) the certificate for the pledged permit lists the debtor as the equitable owner of the permit;
- (3) all annual permit cards issued under the pledged permit list the name of the debtor;
- (4) all obligations and responsibilities of a permit owner are assumed by the debtor;
- (5) co-signers or other sureties for performance under the note are not vested with any rights in the pledged permit and their obligation is limited to satisfaction of the note and payment of costs directly incurred by the bank in administering the loan.

UNCHANGED

19  
§  
27

(c) Upon satisfaction of the note by the debtor, the bank shall certify to the commission that the note has been satisfied.

(d) Upon certification as provided in (c) of this section, the commission shall amend the permit certificate to list the debtor as the legal owner.

(e) In addition to the permit of the debtor pledged as security for a loan under (a) of this section, the debtor may pledge another limited entry permit as security for that loan if the bank approves and the permit to be pledged meets the requirements of (b) of this section.

(f) In anticipation of possible foreclosure on an entry permit under AS 44.81.250, the debtor may nominate a person to assume a note for a loan made under AS 44.81.210(a)(20), 44.81.225, or 44.81.235. If the person nominated qualifies under (a) of this section at the time of the foreclosure, the person may assume all rights and liabilities of the debtor in the event the bank forecloses on the entry permit. (§ 5 ch SLA 1979; am §§ 11 — 13 ch 51 SLA 1980; am § 3 ch 70 SLA 1989; am §§ 3 — 5 ch 39 SLA 1991)

Revisor's notes. — Formerly AS 44.64.230. Renumbered in 1980.

Cross references. — For reassignment or sale of entry permits pledged as security after revocation of the permit by the commission, see AS 16.43.900(i); for legislative purpose in connection with the enactment of (e) and (f) of this section, see § 1, ch. 70, SLA 1989 in the Temporary and Special Acts.

Effect of amendments. — The 1989 amendment, effective May 31, 1989, added subsections (e) and (f).

The 1991 amendment, effective June 13, 1991, in subsection (a), inserted "or 44.81.225"; in subsection (b), substituted "a permit may be pledged" for "the permit to be purchased may be pledged," inserted "made" and "AS 44.81.225, or 44.81.235," and made a punctuation change; and, in subsection (f), substituted "a note for a loan made" for "a note given" and added "44.81.225, or 44.81.235" to the end of the first sentence.

NOTES TO DECISIONS

Cited in Anderson v. Anderson, 738 P.2d 320 (Alaska 1987).

Sec. 44.81.235. Limitations on pledge of permits. (a) The bank may issue a loan secured by a limited entry permit for

- (1) purchase, repair, restoration, or improvement of a commercial fishing vessel or commercial fishing gear;
- (2) construction of a commercial fishing vessel;
- (3) working capital, including insurance premiums, fuel, bait, and boat storage and launching expenses; or
- (4) purchase and improvement of net net sites and associated equipment.

(b) A limited entry permit may be used as security for more than one loan if each loan meets the requirements of AS 44.81.210(a)(20) or (a) of this section.

19  
§  
27

20  
§  
27

(c) A limited entry permit may be used as security for a loan to refinance existing debts if the proceeds of each original loan were used in accordance with AS 44.81.210(a)(20) or (a) of this section. (§ 6 ch 49 SLA 1987; am §§ 4, 5 ch 70 SLA 1989)

**Cross references.** — For legislative purpose in connection with the 1989 amendments to (b) and (c) of this section, see § 1, ch. 70, SLA 1989 in the Temporary and Special Acts.

**Effect of amendments.** — The 1989 amendment, effective May 31, 1989, inserted "AS 44.81.210(a)(20) or" in subsections (b) and (c).

**Sec. 44.81.240. Default and foreclosure of certain loans secured by limited entry permits.** (a) If the debtor defaults upon a note for which a limited entry permit has been pledged as security under AS 44.81.230, the bank shall provide the debtor, by registered or certified mail sent to the debtor's last known address on file with the bank, with a notice of default that includes

(1) a description of the security given for the note including the number assigned to the pledged permit by the commission;

(2) the date upon which the default occurred;

(3) the amount of arrearages as of the date of the notice, the total amount remaining on the note less unearned interest, and the amount of daily interest;

(4) a statement that the debtor may, within 15 days of the postmark date of the notice, request a hearing at which the debtor may submit evidence showing the debtor has not defaulted;

(5) a statement that the note may be reinstated if brought current within 60 days from the postmark date of the notice;

(6) a statement that the note may be paid in full less unearned interest within 90 days from the postmark date of the notice;

(7) the place where reinstatement or payment in full may be made; and

(8) a notice in at least 10-point bold type stating: "IMPORTANT: YOUR FAILURE TO REINSTATE OR PAY THIS NOTE IN FULL BY THE DATE SPECIFIED WILL RESULT IN A FORFEITURE OF ALL RIGHTS TO THE PERMIT AND THE POSSIBILITY OF LEGAL ACTION BEING INSTITUTED AGAINST YOU."

(b) Upon the debtor's failure to reinstate or satisfy the note within the time specified in (a) of this section, the debtor's equitable interest is terminated by operation of law without further notice. Any entry permit cards issued to the debtor under the permit shall be canceled immediately upon receipt by the commission of a certificate of termination containing a copy of the notice required by (a) of this section issued by the bank. (§ 6 ch 53 SLA 1979; am § 14 ch 51 SLA 1980)

**Revisor's notes.** — Formerly AS 44.64.240. Renumbered in 1980.

**Sec. 44.81.250. Deficiencies and transfer of entry permits after foreclosure.** (a) Upon a foreclosure on an entry permit as provided in AS 44.81.240, the bank shall offer the commission a right of first refusal if the permit is subject to a buy-back program under AS 16.43.290 — 16.43.330 at a price equal to the amount outstanding on the note plus any costs the bank directly incurred in administering the loan.

(b) If the commission does not exercise its right of first refusal within 30 days after it receives the offer, or if the permit is not subject to a buy-back program under AS 16.43.290 — 16.43.330, the bank shall promptly notify the debtor of this fact. If the debtor has not previously nominated a qualified person to assume the note under 44.81.230(f), the debtor has 30 days from the postmark date of the notice to nominate a person qualified to assume the note. The person nominated must qualify under the requirements of AS 44.81.230(a). If qualified, the person nominated may assume all rights and liabilities of the original debtor.

(c) If the debtor is unable to nominate a qualified person to assume the note under (b) of this section, the permit must be made available to a qualified person, chosen as provided in this section, who shall assume the note subject to all rights and liabilities of the original debtor. The commission shall provide the bank with a list of persons chosen by lottery who qualify as transferees of entry permits under AS 16.43 and regulations adopted by the commission and who have met the residency requirements of AS 44.81.210(a)(20). The bank shall then determine, in order of presentation, any remaining qualifications. The bank shall allow the first applicant meeting all qualifications to assume the note.

(d) Nothing in this section affects the right of the bank to institute legal action for a deficiency resulting from a default on a note for a loan made under AS 44.81.210(a)(20), 44.81.225, 44.81.230, 44.81.235. In addition to any deficiency, the debtor is liable for the costs of administering the note and for costs and attorney fees.

(e) If the commission is unable to provide a list of one or more qualified persons as provided in (c) of this section within 15 days, or if no person listed is determined by the bank to be qualified to assume the note, the bank may sell the permit to an individual commercial fisherman who has been a state resident for two years immediately preceding the date of the sale. If the proceeds of the sale of a permit exceed the amount necessary to pay the note in full, plus interest to date of sale, penalties, costs, and attorney fees, the bank shall remit the excess to the original debtor. (§ 6 ch 53 SLA 1979; am §§ 16 — 17

ch 51 SLA 1980; am §§ 6 — 8 ch 70 SLA 1989; am § 6 ch 39 SLA 1991; am § 37 ch 30 SLA 1992)

Reviser's notes. — Formerly AS 44.81.260. Renumbered in 1980.

Cross references. — For legislative purpose in connection with the 1989 amendments to (b) and (l) of this section, and the enactment of (ol, see § 1, ch. 70, SLA 1989 in the Temporary and Special Acts.

Effect of amendments. — The 1989 amendment, effective May 31, 1989, added "If the debtor has not previously nominated a qualified person to assume the note under AS 44.81.230(f) at the beginning of the second sentence in subsec-

tion (b); inserted the reference to "44.81.210(a)(20)" in the first sentence in subsection (d); and added subsection (e).

The 1991 amendment, effective June 13, 1991, in subsection (d), substituted "note for a loan made under" for "note given under" and inserted "44.81.226," and "or 44.81.236," and made a stylistic change.

The 1992 amendment, effective May 16, 1992, deleted "and commercial fishing participation" following "met the residency" in the second sentence of subsection (c).

Sec. 44.81.260. Confidentiality of records. (a) The records of the bank that are identified with, or identifiable as being derived from the records of, a specific borrower, member of the bank, or applicant for a loan are confidential and may not be disclosed by the bank or by its directors, officers, employees, or agents to a person other than the directors, officers, employees, or agents of the bank, except

- (1) when required by a federal or state statute;
- (2) under AS 44.81.270;
- (3) under a search warrant issued under federal law or the law of this state;
- (4) under a subpoena or court order issued in a civil action under federal law or the law of this state;
- (5) under a subpoena or court order issued in connection with a proceeding before a federal grand jury or grand jury of this state;
- (6) under a summons or subpoena issued by an agency or a department of the United States or this state, or an officer, employee, or agent of the agency or department;
- (7) under a request by a financial institution, if the request is solely for the stated written purpose of determining the credit worthiness of a member or borrower as an applicant for credit, and if the information disclosed by the bank pertains only to the payment history of the member or borrower;
- (8) under a request by a lender that has extended or is considering extending credit to the bank if the credit is or may be secured by the pledge of a loan by the bank;
- (9) when disclosed to the attorney general of the United States or to a law enforcement agency of this state if the records may be relevant to a report or investigation of a possible violation of federal law or a law of this state.

(b) The records of the bank that are not subject to (a) of this section may be kept confidential by the bank, subject to the exceptions listed in (a)(1) — (6) of this section.

(c) Notwithstanding (a) — (b) of this section, a borrower, a member of the bank, or an applicant for a loan may authorize the bank in writing to disclose records provided to the bank by the borrower, member, or applicant.

(d) In this section,

(1) "member" includes past and present members;

(2) "records" means financial and other records, including information known to have been derived from the records, in any form, including original documents and copies. (§ 8 ch 109 SLA 1981; am § 1 ch 16 SLA 1991)

Effect of amendments. — The 1991 amendment, effective June 8, 1991, rewrote the section.

Sec. 44.81.270. Audit of bank. (a) At the direction of the Legislative Budget and Audit Committee under AS 24.20.271, the legislative auditor may conduct an audit of the bank. The legislative audit division has free access to all books and papers of the bank that relate to its business and books and papers kept by a director, officer, or employee relating to or upon which a record of its business is kept, and may summon witnesses and administer oaths or affirmations in the examination of the directors, officers, or employees of the bank or any other person in relation to its affairs, transactions, and conditions, and may require and compel the production of records, books, papers, contracts, or other documents by court order if not voluntarily produced.

(b) The bank shall be audited annually by independent outside auditors. The legislative auditor may confer with the outside auditors and review the workpapers of the audit.

(c) The state bank examiners shall perform an annual qualitative examination and evaluation of the bank. The commissioner of commerce and economic development shall assess the bank a fee established under AS 06.01.010(b) for the actual expenses incurred by the Department of Commerce and Economic Development in connection with the examination. The examiners shall report to the board of directors on the examination. The examiners shall prepare a summary report evaluating the bank's loan portfolio quality on a statistical basis and addressing the appropriateness and effectiveness of the bank's policies, practices, and management within the context of the bank's statutory purposes. The examiners shall distribute copies of the summary report to the bank, the legislature, and the governor. (§ 8 ch 109 SLA 1981; am § 7 ch 49 SLA 1987; am §§ 40, 41 ch 86 SLA 1988)

UNCHANGED

23

NOTES TO DECISIONS

Cited in Alaska Com. Fishing & Agric. Bank v. OS Alaska Const, 716 P.2d 707 (Alaska 1986).

23  
E  
27

Sec. 44.81.280. Prohibition on disclosure. The legislative auditor and the auditor's employees may not disclose information acquired by them in the course of an audit of the bank concerning the particulars of the business or affairs of a borrower of the bank or another person, unless the information is required to be disclosed by law or under a court order. (§ 8 ch 109 SLA 1981)

Sec. 44.81.350. Definitions. In this chapter

(1) "bank" means the Alaska Commercial Fishing and Agriculture Bank;

(2) "commission" means the Alaska Commercial Fisheries Entry Commission under AS 16.43.020;

(3) "member of the bank" includes a holder of a share of membership stock of the bank or a patron of the bank with retained patronage earnings of \$2,500 or more to the patron's credit;

(4) "supplier" means a person whose main source of income is from providing goods or services that are directly related to commercial fishing or agriculture to individuals, corporations, partnerships, or joint ventures engaged in commercial fishing or agriculture. (§ 18 ch 51 SLA 1980)

25  
E  
26

Revisor's notes. — Formerly AS 44.64.260. Renumbered in 1980.

**Chapter 82 Alaska Gas Pipeline Financing Authority.**

Section	Section
10. Creation of authority	115. Nomination of a member of the board
20. Membership	120. Trust indentures and trust agreements
30. Officers and quorum	130. Nullability on bonds
40. Compensation	140. Pledge of the state
50. Staff	150. Exemption from taxation
60. Legal counsel	160. Bonds legal investments for fiduciaries
70. Purpose of authority	170. Regulations
80. General powers	180. Annual audit
90. Bonds of the authority	190. Annual report
100. Submission of financial and Alaska impact plan	200. Definitions

~~Cross references. — For legislative findings in connection with the enactment of this chapter, see § 1, ch. 90, SLA 1978, in amended by § 1, ch. 31, SLA 1979, in the Temporary and Special Acts.~~

Sec. 44.82.010. Creation of authority. There is created the Alaska Gas Pipeline Financing Authority. The authority is a public corporation of the state. It is an instrumentality of the state within the Department of Revenue, but has a legal existence independent of and separate from the state. Exercise by the authority of the powers conferred by this chapter is an essential governmental function of the state. (§ 2 ch 90 SLA 1978)

Revisor's notes. — Formerly AS 44.65.010. Renumbered in 1980.

Sec. 44.82.020. Membership. The membership of the authority consists of the commissioner of revenue, the commissioner of commerce and economic development, and the commissioner of natural resources. The commissioner of revenue is chairman of the authority. If a member is unable for any reason to attend a meeting of the authority, the member may, by a written instrument filed with the authority, designate a person within the member's department to act in the member's place at the meeting. For all purposes of this chapter, the designee is a member of the authority at the meeting. (§ 2 ch 90 SLA 1978)

Revisor's notes. — Formerly AS 44.65.020. Renumbered in 1980.

Sec. 44.82.030. Officers and quorum. The members of the authority may elect other officers. Two members constitute a quorum. Action may be taken and motions and resolutions adopted by the authority at a meeting by the affirmative vote of at least two members. (§ 2 ch 90 SLA 1978)

Revisor's notes. — Formerly AS 44.65.030. Renumbered in 1980.

Sec. 44.82.040. Compensation. The members of the authority serve without compensation but are entitled to the same travel pay and per diem as provided by law for board members who are state employees. (§ 2 ch 90 SLA 1978)

~~Revisor's notes. — Formerly AS 44.65.040. Renumbered in 1980. Cross references. — For per diem and travel expenses, see AS 39.20.180.~~



# FISCAL NOTE

**STATE OF ALASKA**  
**1995 LEGISLATIVE SESSION**

**BILL NO.** HB284

Revision Date: \_\_\_\_\_ Dept. Affected: Fish and Game  
 Title: Commercial Fishing and Agriculture Bank BRU: Commercial Fisheries (Limited) Entry Commission  
 Component: Limited Entry Program Administration  
 Sponsor: House Special Committee on Fisheries  
 Requester: House Special Committee on Fisheries COMPONENT SERIAL NO. 0471

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						
----------------------	--	--	--	--	--	--

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1008 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>

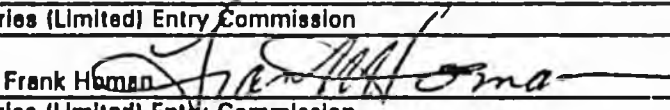
Estimate of any current year (FY96) cost: \$ 0.0

**POSITIONS**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

House Bill 284 is a housekeeping bill and streamlines, clarifies and improves many of the operations of CFAB and is not expected to have a fiscal impact on this agency.

Prepared By: Roger Kolden Phone: 789-6160  
 Agency: Commercial Fisheries (Limited) Entry Commission Date: 4/8/95  
 Approved by Commissioner: Frank Homan   
 Agency: Commercial Fisheries (Limited) Entry Commission Date: 4/8/95

**PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE**

For further distribution information call the Governor's Legislative Office



# Alaska State Legislature

---

House of Representatives  
Special Committee on Fisheries

## SPONSOR STATEMENT

House Bill 284

**"An Act relating to the Alaska Commercial Fishing and Agricultural Bank."**

House Bill 284 enacts changes to AS 44.81 and AS 16.43. These statutes contain the enabling language of the Alaska Commercial Fishing and Agricultural Bank (CFAB) and set forth the operating procedures, structure, and authorities of the bank. Most of the changes contained in HB 284 are for purposes of clarification.

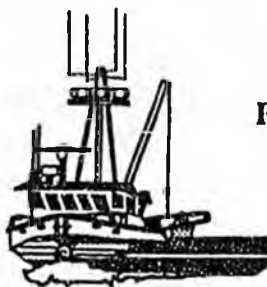
It has become increasingly apparent that the statutes which established CFAB require some adjustment to meet the needs of evolving commercial law and 1990s commercial fishing economies. Since CFAB's inception in 1978, there has been little modification or refitting of the statutes.

Perhaps the most significant change contained in HB 284 is the move to permanent ownership of CFAB by the state. The state's initial investment in CFAB was \$32 million in stock. This stock was to be retired by the year 2000. Section 9 of the bill will require CFAB to repurchase the state's shares in the bank that exceed \$1 million ensuring a permanent investment by the state and reinforcing CFAB's public purpose mandate. At present, CFAB has retired nearly \$22 million of the state's stock, and, at the current rate, will have retired all but \$1 million by mid-1998.

The other most significant changes appear in Section 20. This section broadens the purposes and circumstances under which a fisherman may use a limited entry permit as collateral for securing CFAB loan. CFAB is the only private commercial lender with the authority to accept a consensual lien on a limited entry permit. The changes in Section 20 reflect the needs of new economic pressures on resident fishermen.

Some of these changes include loans for the purchase or lease of quota shares, individual fishing quotas or other licenses; the purchase, construction, maintenance, repair, or improvement of commercial fishing boats, sites, gear or equipment; and, other purposes which will enhance diversification.

House Bill 284 will help the Alaska seafood industry compete more effectively in the world market as it proceeds to the twenty-first century. The state will benefit through more revenue and more jobs through industry diversification. We would respectfully request your support.



F/V SEA DANCER

Carl Kerr, Owner  
P.O. Box 71  
Sitka, Alaska 99835  
(907) 747-8231

LIV  
APR 11 1995  
.....

Note Sent to Alan Austermao -

Dear Sir:

We are CFAB members who  
in 1984 were able to obtain  
a \$1,000,000 loan. This amount  
would have been very hard  
to borrow anywhere else.

We have payed off our  
loan and now own a  
excellent fishing boat.

We truly believe in  
CFAB'S existance & purposes

Please pass AB. 284.

Thank You

Alan & Carl Kerr

Box 71

Sitka Alaska

99835

APRIL 10, 1995

- o HOUSE SPECIAL COMMITTEE ON FISHERIES
- o ALASKA STATE LEGISLATURE

AS A COMMERCIAL FISHERMAN AND 18 YEAR  
RESIDENT OF ALASKA, I URGE YOU TO SUPPORT  
HB 284.

I'VE BEEN A MEMBER / BORROWER OF CFAB  
SINCE 1986. I'VE HAD ONE PERMIT LOAN, ONE GEAR LOAN  
AND THREE SEASONAL OPERATING LOANS. ALL LOANS  
HAVE BEEN PAID IN FULL AND ON TIME.

CFAB HAS BEEN THE ONLY FINANCING OPTION  
OPEN TO ME AT TIMES. CFAB PROVIDES  
FLEXIBILITY THAT OTHER LENDERS WOULD NEVER  
CONSIDER.

WE ARE A RESOURCE STATE, AND NEED LENDERS  
THAT CAN RESPOND TO PEOPLE, THAT EARN THEIR  
LIVING FROM THOSE RESOURCES.

IN ORDER TO HELP KEEP OUR FISHERIES IN  
ALASKAN HANDS, WE NEED LENDING INSTITUTIONS  
SUCH AS CFAB, THAT LOAN ONLY TO ALASKANS.

THANK YOU  
Peter Royal

PETER ROYAL  
205 E. DIAMOND BLVD. #334  
ANCHORAGE, ALASKA 99515

SEWARD SHEA  
PO BOX 1035  
SEWARD, AK 99664-1035

April 1, 1975

Representative Alan Gustafson, Chair  
House Spec Committee on Diseases  
Alaska State Legislature  
Juneau, Alaska 99801-1182

Dear Sir:

I am presently a member of CFHB and  
have borrowed money from them in the past.  
I sincerely hope they will be there for me  
in the future if I have need of their services.  
I urge the passage of H.B. 284.

Sincerely,  
Richard C. Shea

C. C. CFHB

F/V Dolphin

1  
d  
0  
3

Att: Van Berkshire

Ed

April 10, 1995

Representative Alan Austerman, Chair  
House Special Committee on Fisheries  
Alaska State Legislature  
Juneau, Alaska 99801-1182

Dear Mr. Austerman:

In regard to HB284, I feel that CFAB is needed in Alaska - It is important. I borrowed over 1/2 million dollars in late 1983. It was needed very much to enhance and take care of my business needs. I have never missed a monthly payment and will be paid off in 1995. I am very grateful for CFAB's cooperation and help in fulfilling my needs. They have made me feel important and useful.

Please consider the continued need of CFAB!

Sincerely Yours,

*Roland Moody*

Roland Moody

P.S. I have lived in Alaska since 1931. I have been a commercial fisherman since 1932 and have lived at Aleknagik most of the time.

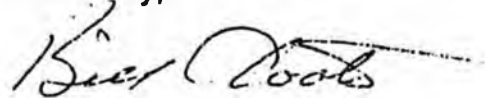
Bill Choate  
Box 493  
Homer, Alaska 99603  
April 6, 1995

Chairman Alan Austerman  
House Special Committee on Fisheries  
Alaska State Legislature  
Juneau, Alaska 99801-1182

Dear Chairman Austerman,

I strongly urge you to support HB 284. As a member of CFAB and three time user of the institution, it is hard for me to imagine my success in the fishing business without them. It is clear to me that CFAB has grown and evolved over the years, and besides, Ed Crane need the kind of job security that most of you legislators enjoy.

Sincerely,



P.S. CFAB---disregard last line. hal hal

APR 07 1995  
A.S.L.

April 6, 1995

Representative Alan Austerman, Chair  
House Special Committee on Fisheries  
Alaska State Legislature  
Juneau, AK 99801-1182

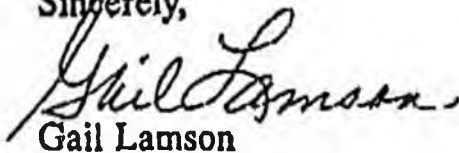
HB 284 is important to the fishing and farming industries. It corrects inconsistent language in AS 44.81 to prevent the unintended dissolution of the Alaska Commercial Fishing and Agriculture Bank (CFAB). HB 284 also clears up several other weaknesses in the statute so CFAB can function more effectively in meeting the increasingly complex financial needs of fishermen and farmers.

My husband and I became CFAB borrowers/shareholders in 1982. Without CFAB's help I doubt we could have started our salmon setnet business. Several other lenders denied our loan requests; the volatility and seasonal nature of fishing were inconsistent with their lending guidelines. Now we borrow from CFAB every spring to get set up for the upcoming season.

CFAB and its borrowers/owners work hard to pay their own way. As provided in the statute, CFAB is repaying the \$32 million initial capital provided by the State of Alaska. Borrowers pay market interest rates; we are not subsidized.

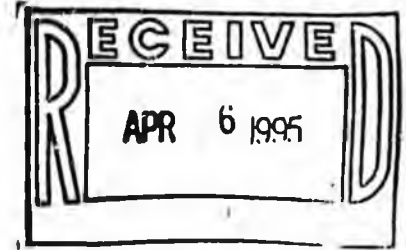
Please pass HB 284. CFAB successfully loaned over \$600 million in the past 15 years. Please help us continue playing a major role in Alaska's economy by filling a gap left by conventional lenders.

Sincerely,



Gail Lamson  
16101 Genevieve  
Anchorage, AK 99516

April 5, 1995



The Honorable Alan Austerman  
Chairman  
House Special Committee on Fisheries  
Alaska State Legislature  
Juneau, Alaska 99801-1182

Dear Mr. Chairman:

As a commercial fisherman and a CFAB member, I am writing to urge the Alaska State Legislature to pass HR 284 to continue the existence of CFAB and to make some changes CFAB needs to continue its operations.

I grew up in the village of Ugashik where my parents, brothers, sister and I all fished commercially, and I still vote in that district as well as spend summers fishing for salmon. When I left to attend college, my permit went to a younger brother. Later when my brother had to sell his permit, I was able to purchase it through a CFAB loan and was able to keep the permit in the family when so many permits are being sold to "outsiders" leaving fewer and fewer permits in the hands of Alaskans who need jobs and money in the rural areas.

I tried to borrow money through the Alaska Department of Commerce and Economic Development, but they said I was ineligible. So I turned to CFAB which helped me, and I think the work that CFAB is doing for Alaskans and the state are very important and should be continued. When CFAB was created, it was a wonderful plan to assist fishermen/women. We do not receive a "free ride" because we pay interest on the money we borrow.

Thank you for your consideration of my comments.

Sincerely,

Marie Matsuno Nash  
P.O. Box 101918  
Anchorage, Alaska 99510-1918

cc: The Honorable Lyman Hoffman  
The Honorable Carl Moses  
bcc: Ed Crane, CFAB



**SEWARD WATERFRONT LODGING**  
550 Railway (On-The-Bay)  
P.O. Box 618  
SEWARD, ALASKA 99664

(907) 224-5563

**MEMO**

DATE	4/3/95
SUBJECT	HB 284

TO Rep. Alan Austerman, chair  
 House Spec. Comm. on Fisheries  
 AK state Legislature  
 Juneau, AK 99801-1132

Please pass **HB 284**. As members of CFAB we support the efforts and the presence of CFAB's existence in purpose. In our lives as fishermen we appreciate and take pride in being part of the CFAB ownership & have benefited by their assistance in years past & we look forward to working with them again in the upcoming season.

Thank you for your support.

Michael & Arlene Wiley  
 P.O. B. 618 - Seward  
 Commercial Setters

Tax E.B. Care

PLEASE REPLY

NO REPLY NECESSARY

60% Pre-Consumer Content  
10% Post-Consumer Content

April 12, 1994

Representative Alan Austerman, Chair  
House Special Committee on Fisheries  
Alaska State Legislature  
Juneau, Alaska 99801-1182

Dear Sir,

We would like to take the opportunity to express our opinion regarding HB 284.

It is of the utmost importance that this Bill pass. If it fails, Alaskans may lose one of it's most successful and necessary institutions.

Interestingly enough, the rationale for the creation of CFAB back in 1980 is even more apparent today. Without a doubt CFAB serves as the lender of last resort to certain members (specifically independent non-Japanese affiliated companies) of the Alaskan seafood industry whom for whatever reason cannot obtain credit from commercial banks in either Alaska or Seattle.

Our company's recent experience serves as a perfect example. ADF was formed in 1985 to operate the existing APA plant in Chignik. For several years ADF operated quite profitably, reinvesting most of it's profit in capital improvements to increase capacity and quality, along with the upgrades necessary to keep up with the ever more stringent health and safety requirements imposed by both the State and Federal governments. We had also become the largest Salmon buyer in Chignik and one of the largest Cod buyers in Alaska.

During those years, the Seattle banks were happy to make credit available as requested. The salmon industry was healthy in general with few clouds on the horizon.

In 1989 however, the Exxon Valdez oil spill became the first of several successive disturbances which proved difficult for ADF to overcome. If the spill was insufficient cause by itself to have done so by impugning the reputation of Alaskan salmon, the meteoric rise and consequent overproduction of farm raised salmon caused the market value of Sockeye salmon to fall by up to 50%, squeezing margins for processors and fishermen.

By 1992, ADF began to suffer losses. By themselves these losses weren't sufficient to cause the loss of bank credit. ADF's fundamentals were strong and had a blemishless credit history.

But when coupled with the difficulty of recovering capital previously loaned to fishermen (due to low grounds prices), and the avalanche of bad press surrounding numerous bankruptcies in the Alaskan groundfish business, ADF's bank lost faith and chose to beat a hasty retreat from the industry in general. In point of fact, virtually the entire Seattle banking community had shunned the industry by that time.

We at ADF had come to know several members of the CFAB staff over the years through interactions regarding their financing of various Chignik fishermen. When our problem surfaced, we approached them.

We found a willingness to listen by a group whose expertise and insight far exceeds any other Bank's seafood department. Despite their best efforts, and due to the almost unreasonable demands made by our existing bank, CFAB was understandably unable to effect a refinancing.

This left ADF with no other choice but to reorganize, which it accomplished quite successfully. Almost one year later, ADF is strong again. We maintained our #1 position in Chignik, are paying dividends to shareholders, and are poised for further growth.

None of this would have been possible without CFAB. Upon reorganization and as promised, ADF received a modest but sufficient Line of Credit from CFAB when there was not another bank in the Northwest who was willing to do so.

Their credit standards are tight (as well they should be), but they are the only financial institution committed to supporting independent members of Alaska's seafood industry despite its cyclical nature, irrespective of whether better short term returns might be had elsewhere at any given moment.

As our industry adjusts to the multitude of changes on the horizon, the continued existence of CFAB is a prerequisite to maintaining a healthy, competitive environment for one of Alaska's largest industries.

We urge you and all members of the Legislature to support HB 284.

Respectfully,

Brad A. Resnick  
President

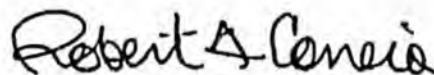
ROBERT A. CORREIA  
P.O. BOX 729  
KASILOF, AK 99610

APRIL 5, 1995

DEAR ALASKA LEGISLATURE,

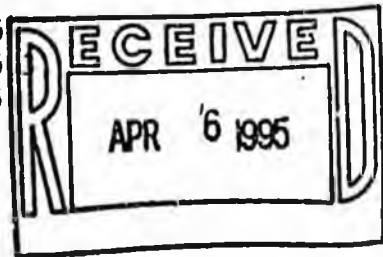
MY NAME IS ROBERT A. CORREIA. I AM A CURRENT MEMBER OF CFAB AND  
HAVE BEEN A MEMBER FOR THE LAST 15 YEARS. I LIVE IN KASILOF, ALASKA  
AND HAVE COMMERCIALY FISHED IN COOK INLET FOR 30 YEARS. RESIDENT  
ALASKA FISHERMEN NEED CFAB AND I URGE YOUR SUPPORT OF HB 284.

SINCERELY



ROBERT A. CORREIA

P.O. Box 4086  
Homer, AK 996  
April 5, 1995



Representative Alan Austerman, Chair  
House Special Committee on Fisheries  
Alaska State Legislature  
Juneau, AK 99801-1182

Representative Austerman,

I am a CFAB member and believe in the significance of their existence and purposes. I would like to see the passage of HB 284 for CFAB's ongoing existence premised on their own success.

I feel it would provide more flexibility in meeting the increasingly complex financial needs of commercial fishers and farmers in the future.

Please pass HB 284.

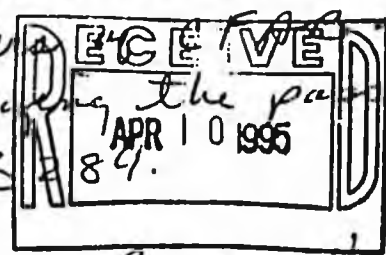
Gratefully,

David Edens  
EDENS FISHERIES, INC.

4-5-95

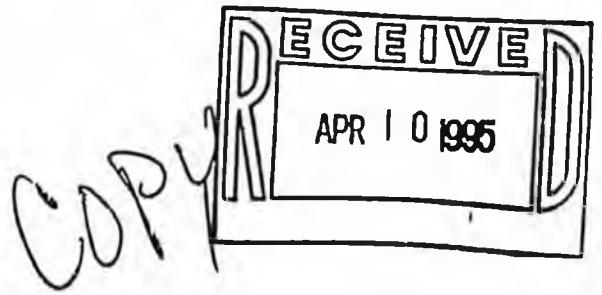
Charles K. Heckman  
Barbara M. Heckman  
P O Box 79  
Pilot Station, AK 99550

My husband and I are  
members of the [REDACTED] and  
are making the passage  
of HR [REDACTED]



Barbara Heckman

11760 Nix Court, Apt. A  
Anchorage, AK 99515  
April 7, 1995



Rep. Alan Austerman, Chair  
House Special Committee on Fisheries  
Alaska State Legislature  
Juneau, AK 99801-1182

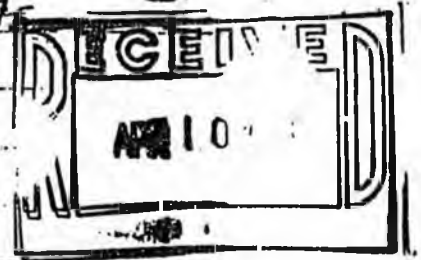
Dear Rep. Austerman:

I urge you to support the passage of HB 284.  
The continued existence of CFAB is essential  
for many fishermen and farmers in their  
quest to build viable businesses. I am a  
CFAB member and can testify that without  
CFAB's help, I probably could not have built  
my fishing business.

Sincerely,

Stephen Kurth

4-5-95



To:

Rep. Alan AUSTERMAN

MR AUSTERMAN I have been a  
PARTICIPATING member of CFAB SINCE  
1990. I feel it is ESSENTIAL THAT  
House Bill 284 Passes.

THANK YOU,

TERRY Mac Donald SR

Box 424

PETERSBURG, AK 99833

Terry Mac Donald SR

Ronald E. & Anne Winters  
M/V BERING  
P.O. Box 178  
Cordova, AK 99574

April 6, 1995



Rep. Alan Austerman, Chair  
House Special Services Comm/Fisheries  
Alaska State Legislature  
Juneau, AK 99801-1182

Dear Rep. Austerman,

As members of CFAB we would like to express our support for the passage of HB284. CFAB has proven to be an asset to the fishing and farming communities of the state and the bank has made significant strides in becoming self-supporting. We support their continued existence and trust that HB284 will clean up some of the language of the original legislation and address other gaps and problems facing the institution today.

Sincerely,

M/V BERING

Ron & Anne Winters

COPY

Bob CLARK;

Hey Bob, glad to see spring  
is the stop by later in  
summer would like to refinance  
my vessel. See you then  
and fishing too later.



BAY TRADERS, INC.

dba THE FISH HOUSE  
P.O. BOX 1209 SEWARD, ALASKA 99684  
(907) 224-3874 1-800-257-7760

Rep. (Chairman)

Alan Austerman, I have been notified  
of HB 284 since I am a CFAB  
owner. This Bill is not written right  
it seems like. Any Bill that provides  
for the dissolution of CFAB is  
unbelievable. CFAB has helped  
hundreds of fishermen like myself.  
CFAB has created thousands of jobs  
in Alaska just in fisheries related  
business. I will be watching as will  
all fishermen as to how this is  
addressed. Do it right, write a  
Bill that will continue business as  
usually for CFAB. Make yourself a lot  
of friends and gain respect from true  
Alaskans (Help CFAB).

Thank You  
Michael A. Cloninger

APR 10 1995

APR 10 1995



P. O. BOX 784 • KEETCHIKAN, ALASKA 99801 • (907) 225-6044 Fax (907) 225-8636

4-5-95

9561 01 1181

REPRESENTATIVE ALAN AUSTERMANN  
CHAIRMAN  
HOUSE SPECIAL COMMITTEE ON  
FISHERIES  
ALASKA STATE LEGISLATURE  
JUNEAU, ALASKA 99801-1182

DEAR SIR:

I URGE YOU TO SUPPORT PASSAGE  
OF HB 284.

QFAS HAS BEEN A TREMENDOUS  
ASSET TO THE COMMERCIAL  
FISHING INDUSTRY IN ALASKA.

THE STATE AND THE INDUSTRY NEED  
THIS INSTITUTION.

Sincerely,



April 4, 1995

To: Edward E. Crane  
From: Bruce Foster Jr.  
P. O. Box 34  
Sand Point, Alaska 99661

A copy of my letter to Juneau in support of H. B. 284 is enclosed.

Sincerely,

Bruce Foster Jr.

*Bruce Foster Jr.*

NO  
ENCLOSURE  
RECEIVED  
?

Thomas Crandall  
Box 210849  
Anchorage, Ak. 99521

April 9, 1995

Representative Alan Austerman, Chair  
House Special Committee on Fisheries  
Alaska State Legislature  
Juneau, Ak. 99801-1182

Sir:

I am and have been for a considerable time a CFAB member, Alaskan,  
and a commercial fisherman.

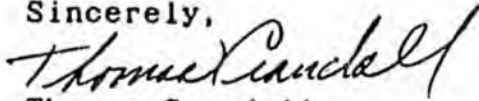
I am writing to you in regards to HB 284. I am in support of this  
legislation and in support of the continued existence of CFAB.

I urge you to do what you can to facilitate the passage of HB 284

CFAB is in a position to provide financing for the benefit of Alaska's  
fishermen in a way that other financial institutions are unable or  
unwilling to do.

Thank you for your consideration.

Sincerely,



Thomas Crandall

cc: CFAB

RECEIVED

APR 12 1995

6:50.....

Hello Mr. Austerman.

My name is Joel Nimmer,  
and I am presently a member  
of CFAB.

CFAB made it possible for  
me to start a career in  
fishing as a younger man.

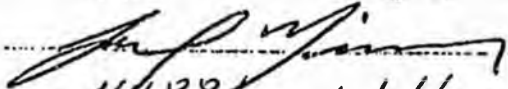
This is an extremely tough  
field to break into these  
days, and young people need  
an institution to look to for  
financial opportunity.

Commercial fishing is part  
of a vibrant economy and  
lends greatly to the "Alaskan Mystique".  
It requires a lending institution  
to keep its future moving ahead  
and help guide new people into  
its fisheries.

I certainly hope HB 284  
ensuring the ongoing existence  
of CFAB will be passed.

Thank you

Joel Nimmer



N4886 Lt/H V

Fond du lac WI

54935

RECEIVED

APR 13 1905

As'd.....

APRIL 12, 1995

REPRESENTATIVE ALAN AUSTERMAN, CHAIR  
HOUSE SPECIAL COMMITTEE ON FISHERIES  
ALASKA STATE LEGISLATURE  
JUNEAU, ALASKA 99801-1182

DEAR REPRESENTATIVE AUSTERMAN:

AS A MEMBER OF CFAB SINCE 1984, I WOULD LIKE TO EXPRESS MY  
SUPPORT FOR PASSAGE OF HB 284.

CFAB HAS BEEN VERY IMPORTANT TO THE ALASKA FISHING INDUSTRY.  
WITHOUT CFAB I'M SURE MORE OF OUR LIMITED ENTRY PERMITS AND  
ALASKA'S FISHING INDUSTRY WOULD GO SOUTH TO SEATTLE AND OTHER  
PARTS OF THE LOWER 48.

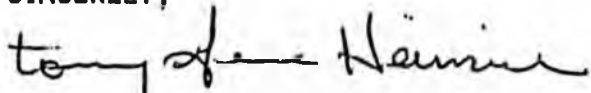
CFAB HAS BEEN PAYING ITS OWN WAY. ALSO, FOR YOUR INFORMATION,  
I HAVE NOT BEEN GIVEN A FREE RIDE. AS AN ACTIVE CFAB MEMBER,  
I HAVE PAID SEVERAL THOUSAND DOLLARS IN INTEREST, AND I HAVE  
ALSO PURCHASED SEVERAL THOUSAND DOLLARS WORTH OF STOCK THAT  
HAS BEEN USED TO PAY OFF THE STATE'S ORIGINAL LOAN TO CFAB.

I RECENTLY TOOK OUT MY THIRD LOAN WITH CFAB TO BUY HALIBUT IFQ.  
AGAIN, WITHOUT CFAB, ALASKA CAN COUNT ON MOST OF THE HALIBUT IFQ  
GOING SOUTH TO THE BETTER FINANCED SEATTLE FLEET.

MY SON AND I HAVE TWO BOATS AND TWO BRISTOL BAY PERMITS THAT  
WERE PURCHASED WITH CFAB LOANS, AND THANKS TO CFAB WE NOW HAVE  
A FEW POUNDS OF HALIBUT IFQ. MORE IMPORTANTLY WE EMPLOY SIX  
ALASKA CREW MEMBERS EVERY YEAR AND BUY MOST OF OUR GEAR AND  
SUPPLIES IN ALASKA. EQUALLY IMPORTANT, WE ALL LIVE IN ALASKA AND  
SPEND OUR FISHING INCOME IN ALASKA. LETS KEEP AS MUCH OF THE  
FISHING INDUSTRY IN ALASKA AS WE CAN. KEEP CFAB A VIABLE ENTITY  
BY PASSING HB 284. FUTURE GENERATIONS OF ALASKA FISHERMAN NEED  
CFAB'S LOAN PROGRAMS.

ALASKA NEEDS TO KEEP IT'S SECOND BIGGEST INDUSTRY HEALTHY!

SINCERELY,



TOMMY GENE HEINRICH

✓ CC: EDWARD E. CRANE, CFAB

**Lock's All Alaskan Seafoods  
F/V Chelsea L  
P.O. Box 1542  
Wrangell , Alaska 99929**

Dear Rep. Austerman ,

April 10 , 1995

This letter is to ask for your support in passing HB 284 . I believe this bill is necessary for the continued operation of CFAB . As a CFAB loan holder and stock holder I know how important it is to have a lending institution that knows and specializes in the fishing industry. I'm at the point in my career and business now , where my local bank and the SBA work very comfortably with me . If CFAB had not been available for me at the beginning I seriously doubt if I could have achieved this level of success . As I said , I'm in a good position now . My son is looking forward to a career in this industry and I would like to see him have at least the options I had when I started . The passage of HB 284 would help insure this . Thank you for your time .

Sincerely ,

  
Michael T Lockabey

# I USE COMMITTEE REPORT

(7)  
 Date Referred: April 20, 1995 FURTHER REFERRALS: Finance

Date of Committee Action: 4-28-95

The LABOR AND COMMERCE Committee considered: HB 284

HOUSE BILL NO. 284 AK COMMERCIAL FISHING & AGRICULTURE BANK

"An Act relating to the Alaska Commercial Fishing and Agriculture Bank."

recommends it be replaced  the same title  
 with the following committee substitute \_\_\_\_\_  a new title

additional referral to \_\_\_\_\_ Committee  
 attached amendment(s)

ADOPTS: \_\_\_\_\_ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) \_\_\_\_\_ APPROVES PREVIOUS: (Dept/Date) \_\_\_\_\_  
 fiscal note(s) \_\_\_\_\_  fiscal note(s) \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_  zero fiscal note(s) Rev. j F#6

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>Beverly Masek</i>			✓	
<i>K. L. ...</i>	✓			
<i>Pete ...</i>			✓	
<i>...</i>	✓			
<i>...</i>	✓			
<i>Gene ...</i>			✓	

CHAIR'S SIGNATURE *[Signature]*

**HB**

**288**

# Alaska State Legislature

REPRESENTATIVE  
**JEANNETTE JAMES**

P.O. Box 56622  
North Pole, Alaska 99705  
(907) 488-1546  
FAX (907) 488-9006



While in Juneau  
State Capitol  
Juneau, Alaska  
99801-1182  
(907) 465-3743  
FAX (907) 465-2381

House of Representatives

House District 34

## HB 288 PROCUREMENT PROCEDURES /DISABLED PERSONS

### SPONSOR STATEMENT

March 31, 1995

This Bill will allow 100% disabled owned corporations and partnerships to be eligible for disabled bidder preferences

Current law allows disabled owned sole proprietorships to take advantage of the disabled bidder preference, the exclusion appears to me to have been a drafting oversight.

Equal protection under the law requires all like situations to be treated fairly and equally. Current law discriminates against disabled owned corporations and partnerships.

The intent of this legislation is to create fairness on this one issue. I understand that there may be other problems with the current legislation, it is not my intent to address other controversial portions of this law and its enforcement.

I wish to keep this bill focused and on this one narrow point.

9-LS0992F  
Bannister  
4/3/95

CS FOR HOUSE BILL NO. 288(L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered:  
Referred:

Sponsor(s): REPRESENTATIVE JAMES

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to procurement preferences."

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

3 \* Section 1. AS 36.30.170(e) is amended to read:

4 (e) If a bidder qualifies under (b) of this section as an Alaska bidder, is a  
5 qualifying entity [SOLE PROPRIETORSHIP OWNED BY AN INDIVIDUAL WHO  
6 IS A PERSON WITH A DISABILITY], and is the lowest responsible and responsive  
7 bidder with a bid that is not more than 10 percent higher than the lowest bid, the  
8 procurement officer shall award the contract to that bidder. This subsection does not  
9 give a bidder who would otherwise qualify for a preference under this subsection a  
10 preference over another bidder who would otherwise qualify for a preference under this  
11 subsection or (f) of this section. In this subsection, "qualifying entity" means a

12 (1) sole proprietorship owned by a person with a disability;

13 (2) partnership if each of the partners is a person with a disability;

14 or

15 (3) corporation that is wholly owned by individuals if each of the

1        individuals is a person with a disability.

2        \* Sec. 2. AS 36.30 is amended by adding a new section to read:

3                Sec. 36.30.855. ASSIGNMENT PROHIBITED. A person who has been  
4        awarded a contract under AS 36.30.170 may not assign the contract to another person  
5        if the person who was awarded the contract received an Alaska bidder preference  
6        under AS 36.30.170(b) or (d) or a preference under AS 36.30.170(c), (e), or (f) when  
7        bidding for the contract. This section does not prohibit subcontracting less than the  
8        entire contract.

9        \* Sec. 3. This Act applies to bids that are submitted on or after the effective date of this  
10       Act.

**DIVISION OF LEGAL SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA**

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

RECEIVED BY  
APR 10 1995  
Rep. Jeannette James  
130 Seward Street, Suite 409  
Juneau, Alaska 99801-2105

**MEMORANDUM**

April 10, 1995

**SUBJECT:** Procurement preference in CSHB 288( ) (Work Order 9-LS0992\G, 4-10-95)

**TO:** Representative Jeannette James  
Attn: Walt  
*JB*

**FROM:** Theresa Bannister  
Legislative Counsel

This memo accompanies a draft of the committee substitute that you requested for HB 288, relating to procurement preferences. In this draft, you amend the Alaska bidder definition to limit it to persons that have maintained and staffed a particular place of business in the state for six months that offers the supplies, services, or construction of the general nature solicited by the agency.

Please note that although a state agency is given some leeway to prefer its own residents, the new language still may raise constitutional issues when it imposes the six months' requirement. It raises a state equal protection issue because it discriminates against other state residents with a shorter residency. Although the federal equal protection test is fairly relaxed in a situation like this, the provision may also raise an equal protection issue under the federal constitution if the basic rationale for the six months' requirement is economic protectionism. The provision may also raise a privileges and immunities issue under the federal constitution if its practical application is too broad and the nature of the right involved is considered a fundamental right. The provision raises a freedom of interstate travel issue under the federal constitution because it discriminates against those persons who have moved to the state less than six months before the date of the bid.

These problems exist with the current language as well. If you would like further research done on this matter, please advise.

If I may be of further assistance, please advise.

TLB:glc  
95-275.glc

Enclosure

9-LS0992\G ✓  
Bannister  
4/10/95

CS FOR HOUSE BILL NO. 288( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY

Offered:  
Referred:

Sponsor(s): REPRESENTATIVE JAMES

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to procurement preferences."

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

3 \* Section 1. AS 36.30.170(b) is amended to read:

4 (b) The procurement officer shall award a contract based on solicited bids to  
5 the lowest responsive and responsible bidder after an Alaska bidder preference of five  
6 percent. an Alaska products preference as described in AS 36.30.322 - 36.30.338, and  
7 a recycled products preference under AS 36.30.339 have been applied. In this  
8 subsection, "Alaska bidder" means a person who

9 (1) holds a current Alaska business license;

10 (2) submits a bid for goods, services, or construction under the name  
11 as appearing on the person's current Alaska business license;

12 (3) has, for a period of six months immediately preceding the date  
13 of the bid, maintained a place of business within the state that offers the supplies,  
14 services, or construction of the general nature solicited by the agency and that is  
15 staffed by the bidder or an employee of the bidder [FOR A PERIOD OF SIX

1 MONTHS IMMEDIATELY PRECEDING THE DATE OF THE BID);

2 (4) is incorporated or qualified to do business under the laws of the  
3 state, is a sole proprietorship and the proprietor is a resident of the state, or is a  
4 partnership and all partners are residents of the state; and

5 (5) if a joint venture, is composed entirely of ventures that qualify  
6 under (1) - (4) of this subsection.

7 \* Sec. 2. AS 36.30.170(e) is amended to read:

8 (e) If a bidder qualifies under (b) of this section as an Alaska bidder, is a  
9 qualifying entity [SOLE PROPRIETORSHIP OWNED BY AN INDIVIDUAL WHO  
10 IS A PERSON WITH A DISABILITY], and is the lowest responsible and responsive  
11 bidder with a bid that is not more than 10 percent higher than the lowest bid, the  
12 procurement officer shall award the contract to that bidder. This subsection does not  
13 give a bidder who would otherwise qualify for a preference under this subsection a  
14 preference over another bidder who would otherwise qualify for a preference under this  
15 subsection or (f) of this section. In this subsection, "qualifying entity" means a

16 (1) sole proprietorship owned by a person with a disability;

17 (2) partnership if each of the partners is a person with a disability;

18 or

19 (3) corporation that is wholly owned by individuals if each of the  
20 individuals is a person with a disability.

21 \* Sec. 3. This Act applies to bids that are submitted on or after the effective date of this  
22 Act.

# FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. HB 288

Revision Date: \_\_\_\_\_ Dept. Affected: Administration  
 Title: "An Act relating to procurement preferences for corporations and partnerships owned by persons with disabilities." BRU: General Services  
 Component: Purchasing  
 Sponsor: Rep. James  
 Requestor: (H) L&C COMPONENT SERIAL NO. 60

**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>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CAPITAL EXPENDITURES</b>	0	0	0	0	0	0
<b>CHANGE IN REVENUES ( )</b>	0	0	0	0	0	0

**FUND SOURCE** (Thousands of Dollars)

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

Estimate of any current year (FY 95) cost: \$ -0-

**POSITIONS**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

Fiscal impacts to a state agency will depend upon the number of bidders who qualify for the preference and if their bids are sufficiently low to win awards after application of the preference. There has been little impact to date from application of the current disabled bidder preference.

This bill will have a negligible fiscal impact to the division's purchasing activities.

Prepared By: Duane Petty, Director Phone: 465-2250  
 Division: General Services Date: \_\_\_\_\_  
 Approved by Commissioner: Mark Boyer Date: 3/31/95  
 Agency: Department of Administration

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE  
 For further distribution information, call the Governor's Legislative Office

# FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. HB 288

Revision Date: \_\_\_\_\_ Dept. Affected: Administration  
 Title: "An Act relating to procurement preferences for corporations and partnerships owned by persons with disabilities." BRU: General Services  
 Component: Purchasing  
 Sponsor: Rep. James  
 Requestor: (H) L&C COMPONENT SERIAL NO. 60

**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>	0.0	0.0	0.0	0.0	0.0	0.0

<b>CAPITAL EXPENDITURES</b>	0	0	0	0	0	0
-----------------------------	---	---	---	---	---	---

<b>CHANGE IN REVENUES ( )</b>	0	0	0	0	0	0
-------------------------------	---	---	---	---	---	---

**FUND SOURCE** (Thousands of Dollars)

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

Estimate of any current year (FY 95) cost: \$ -0-

**POSITIONS**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

Fiscal impacts to a state agency will depend upon the number of bidders who qualify for the preference and if their bids are sufficiently low to win awards after application of the preference. There has been little impact to date from application of the current disabled bidder preference.

This bill will have a negligible fiscal impact to the division's purchasing activities.

Prepared By: Duane Petty, Director Phone: 465-2250  
 Division: General Services Date: \_\_\_\_\_

Approved by Commissioner: Mark Boyer Date: 3/31/95  
 Agency: Department of Administration

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE  
 For further distribution information, call the Governor's Legislative Office

# FISCAL NOTE

STATE OF ALASKA

BILL NO. HB 288

1995 LEGISLATIVE SESSION

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

Department Affected: Education

Title: An act relating to procurement preferences for corporations and partnerships owned by persons with disabilities

BRU: Vocational Rehabilitation

Component: Client Services

Sponsor: Representative James

Requester: Representative James

COMPONENT SERIAL NO. 1828

**Expenditures/Revenues:**

(Thousands of Dollars)

OPERATING	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	18.0	20.0	22.0	24.2	26.6	29.3
TRAVEL						
CONTRACTUAL	5.0	6.0	7.0	7.7	8.5	9.3
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS	23.0	26.0	29.0	31.9	35.1	38.6
<b>TOTAL OPERATING</b>	<b>23.0</b>	<b>26.0</b>	<b>29.0</b>	<b>31.9</b>	<b>35.1</b>	<b>38.6</b>

<b>CAPITAL</b>						
----------------	--	--	--	--	--	--

<b>REVENUE FUND SOURCE:</b>						
-----------------------------	--	--	--	--	--	--

**FUNDING:**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	23.0	26.0	29.0	31.9	35.1	38.6
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>23.0</b>	<b>26.0</b>	<b>29.0</b>	<b>31.9</b>	<b>35.1</b>	<b>38.6</b>

**POSITIONS:**

FULL-TIME						
PART-TIME	.5	.5	.5	.5	.5	.5
TEMPORARY						

Estimate of current year (FY95) impact: \$ 0

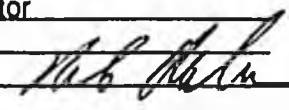
**ANALYSIS:** (Attach a separate page if necessary.)  
Please see attached page

Prepared by: Stan Ridgeway, Deputy Director

Phone: 465-6932

Division: Vocational Rehabilitation

Date: April 18, 1995

Approved by Commissioner: 

Shirley J. Holloway, Ph.D.

Agency: Education

Date: April 18, 1995

**PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE**

For further distribution information call the Governor's Legislative Office

## Fiscal Analysis House Bill 288

House Bill 288, which adds corporations and partnerships owned by persons with disabilities to the State's preference list, would require additional staff.

The current preference law gives businesses operated as sole proprietorships a preference over other businesses. At present there are six businesses which qualify for the preference. During the past few months there have been several instances where business owners have attempted to become brokers or attempted to hire a person with a disability as a commissioned employee so they can bid on state contracts and receive a bidder preference.

Adding corporations and partnerships to the bidder preference will increase the number of business applying for preferences. This will require additional staff time to complete the application process and monitor the business.

# FISCAL NOTE

STATE OF ALASKA

BILL NO. CSHB 288 (L&C)

1995 LEGISLATIVE SESSION

Revision Date: May 3, 1995

Department Affected: Education

Title: An act relating to procurement preferences for corporations and partnerships owned by persons with disabilities

BRU: Vocational Rehabilitation

Sponsor: Representative James

Component: Client Services

Requester: Representative James

COMPONENT SERIAL NO. 1828

**Expenditures/Revenues:**

(Thousands of Dollars)

OPERATING	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>	0	0	0	0	0	0

<b>CAPITAL</b>						
----------------	--	--	--	--	--	--

<b>REVENUE FUND SOURCE:</b>						
-----------------------------	--	--	--	--	--	--

**FUNDING:**

(Thousands of Dollars)

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

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY95) impact: \$ 0

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

CSHB 288 (L&C) amends the definition of an "Alaska bidder" to clarify that the bidder has offered supplies, services, or construction of the general nature solicited by the agency for a period of six months immediately preceding the date of the bid. As written, this legislation will not have a fiscal impact on the department.

Prepared by: Stan Ridgeway, Deputy Director

Phone: 465-6932

Division: Vocational Rehabilitation

Date: May 3, 1995

Approved by Commissioner: \_\_\_\_\_

Shirley J. Holloway, Ph.D.

Agency: Education

Date: May 3, 1995

**PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE**

For further distribution information call the Governor's Legislative Office

CS FOR HOUSE BILL NO. 288(L&C)  
 IN THE LEGISLATURE OF THE STATE OF ALASKA  
 NINETEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered:  
 Referred:

Sponsor(s): REPRESENTATIVE JAMES

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to procurement preferences."

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

3 \* Section 1. AS 36.30.170(b) is amended to read:

4 (b) The procurement officer shall award a contract based on solicited bids to  
 5 the lowest responsive and responsible bidder after an Alaska bidder preference of five  
 6 percent, an Alaska products preference as described in AS 36.30.322 - 36.30.338, and  
 7 a recycled products preference under AS 36.30.339 have been applied. In this  
 8 subsection, "Alaska bidder" means a person who

9 (1) holds a current Alaska business license;

10 (2) submits a bid for goods, services, or construction under the name  
 11 as appearing on the person's current Alaska business license;

12 (3) has for a period of six months immediately preceding the date  
 13 of the bid, maintained a place of business within the state that offers the supplies,  
 14 services, or construction of the general nature solicited by the agency and that is  
 15 staffed by the bidder or an employee of the bidder [FOR A PERIOD OF SIX

1 MONTHS IMMEDIATELY PRECEDING THE DATE OF THE BID];

2 (4) is incorporated or qualified to do business under the laws of the  
3 state, is a sole proprietorship and the proprietor is a resident of the state, or is a  
4 partnership and all partners are residents of the state; and

5 (5) if a joint venture, is composed entirely of ventures that qualify  
6 under (1) - (4) of this subsection.

7 \* Sec. 2. AS 36.30.170(e) is amended to read:

8 (e) If a bidder qualifies under (b) of this section as an Alaska bidder, is a  
9 qualifying entity [SOLE PROPRIETORSHIP OWNED BY AN INDIVIDUAL WHO  
10 IS A PERSON WITH A DISABILITY], and is the lowest responsible and responsive  
11 bidder with a bid that is not more than 10 percent higher than the lowest bid, the  
12 procurement officer shall award the contract to that bidder. This subsection does not  
13 give a bidder who would otherwise qualify for a preference under this subsection a  
14 preference over another bidder who would otherwise qualify for a preference under this  
15 subsection or (f) of this section. In this subsection, "qualifying entity" means a

16 (1) sole proprietorship owned by a person with a disability;

17 (2) partnership if each of the partners is a person with a disability;

18 or

19 (3) corporation that is wholly owned by individuals if each of the  
20 individuals is a person with a disability.

21 \* Sec. 3. This Act applies to bids that are submitted on or after the effective date of this  
22 Act.





**HB**

**298**

# HOUSE COMMITTEE REPORT

(7)

Date Referred: April 5, 1995

FURTHER REFERRALS:

Finance

Date of Committee Action: 4/21/85

The LABOR AND COMMERCE Committee considered:

HB 298

HOUSE BILL NO. 298

APPROP: MONETARY TERM APEA SUPERVISOR CON

"An Act making appropriations for the monetary terms of the collective bargaining agreement with the Alaska Public Employees Association, Supervisory Unit; and providing for an effective date."

recommends it be replaced with the following committee substitute \_\_\_\_\_  the same title  
 a new title

additional referral to \_\_\_\_\_ Committee  
 attached amendment(s)

ADOPTS: \_\_\_\_\_ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) \_\_\_\_\_ APPROVES PREVIOUS: (Dept/Date) \_\_\_\_\_  
 fiscal note(s) \_\_\_\_\_  fiscal note(s) \_\_\_\_\_  
 \_\_\_\_\_  
 zero fiscal note(s) \_\_\_\_\_  zero fiscal note(s) \_\_\_\_\_  
 \_\_\_\_\_

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>Ann Kately</i>				X
<i>Jan Sanders</i>			✓	
<i>Beverly Marsh</i>			✓	
<i>Brenda Foster</i>			✓	
<i>Pete East</i>			✓	

CHAIR'S SIGNATURE *Pete East*

# FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. HB 298

Revision Date: \_\_\_\_\_  
 Title: "An Act making appropriations for the monetary terms .... with Alaska Public Employees Association Supervisory ...."  
 Sponsor: (H) Fin  
 Requestor: (H) L&C

Department Affected: Administration  
 BRU: All  
 Component: All  
 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>	0.0	0.0	0.0	0.0	0.0	0.0

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						
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 95) cost: \$ -0-

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

The appropriations set out in the bill represent all of the costs associated with this measure.

Prepared by: Beverly Reaume, Director  
 Division: Division of Personnel

Phone: 465-4430  
 Date: \_\_\_\_\_

Approved by Commissioner: Mark Boyer  
 Agency: Department of Administration

Date: 4/10/95

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE  
 For further distribution information, call the Governor's Legislative Office

## STATE OF ALASKA

TONY KNOWLES, GOVERNOR

## DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

P.O. BOX 110200  
JUNEAU, ALASKA 99811-0200  
PHONE: (907) 465-2200  
FAX: (907) 465-2135

January 24, 1995

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

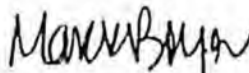
Dear Madam Speaker:

Pursuant to Alaska Statute 23.40.215, I am submitting the monetary terms of the collective bargaining agreement between the State of Alaska and the Supervisory Unit represented by the Alaska Public Employees Association.

The enclosed memorandum from me to Ms. Annalee McConnell identifies the specific monetary terms applicable to this unit. Spreadsheets are enclosed projecting the estimated cost of the monetary terms. Funding for these terms will be formally requested by the Office of Management and Budget. The monetary terms of a collective bargaining agreement are subject to funding by appropriation by the Legislature; if funding is not appropriated, the terms are considered disapproved and the parties to that agreement may resume negotiations or explore other options.

In accordance with AS 23.40.215(b), we respectfully request that the Legislature advise the parties by concurrent resolution of its approval or disapproval of this submission within 60 legislative days of receipt.

Sincerely,



Mark Boyer  
Commissioner

MB/nl

Enclosure

cc: Annalee McConnell  
Director  
Office of Management and Budget

Pat Pourchot  
Legislative Liaison  
Office of the Governor

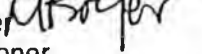
Division of Personnel  
Labor Relations Section

MEMORANDUM

STATE OF ALASKA  
Department of Administration  
Office of the Commissioner

To: Annalee McConnell  
Director  
Office of Management and Budget

Date: January 18, 1994

From: Mark Boyer   
Commissioner  
Department of Administration

Subject: Monetary Terms of the 1995-98  
Supervisory Unit Agreement

The State of Alaska has concluded negotiations with the Alaska Public Employees Association representing the Supervisory Unit for an agreement extending from 7-1-95 through 6-30-98. The membership has ratified that agreement. I will be providing the legislature with the monetary terms, as required by AS 23.40.215(b).

**Monetary Terms**

Monetary terms of an agreement are defined in AS 23.40.250(4) as changes which will require an appropriation for their implementation, that will result in a change in state revenues, or that will result in a change in productive work hours for state employees. These provisions apply to 1,213 positions.

**1. Require appropriation**

**FY96**

- A. Effective July 1, 1995, the standard workweek will increase from 37.5 hours to 40 hours. This will result in an additional two and one-half hours of compensable work time for each overtime eligible employee in the bargaining unit.
- B. Effective July 1, 1995, the salary schedule for overtime exempt employees will be increased by 6.667% across the board.
- C. Effective July 1, 1995, the health insurance contribution will be increased from \$418.80 to \$423.50 per employee per month. Employees will no longer pay the difference between \$418.80 and \$423.50.
- D. Effective July 1, 1995, the State's contribution to the Legal Trust Fund will increase by \$1.50 per employee per month.
- E. Effective July 1, 1995, the standby rate of pay for overtime ineligible employees will increase from .75 hour per day to 1.25 hours per day.

**FY97**

- A. Effective July 1, 1996, the health insurance contribution will be increased from \$423.50 to \$450. The agreement presumes a change effective that date to a flexible benefits plan for this unit. If for any reason a flexible benefits plan is not implemented, the State remains obligated for \$450 per month per employee for health insurance benefits.

**FY98**

- A. Wages will be subject to contract reopener negotiations.
- B. Health insurance rates will be subject to contract reopener negotiations.
- C. Overtime provisions will be subject to contract reopener negotiations.

**2. State revenues**

There are no provisions in the tentative agreement that would change state revenues.

**3. Productive work hours****FY96**

- A. Effective July 1, 1995, the standard workweek will increase from 37.5 to 40 hours for all bargaining unit members.
- B. Effective July 1, 1995, leave accrual rates will be adjusted to reflect the 8 hour day. Leave balances will not be affected, except for a small number of employees covered by a separate letter of agreement negotiated in conjunction with this contract.

**FY97**

- A. Effective 1997, the Lincoln's birthday floating holiday (for which a day of annual leave has been added to personal leave accounts under previous agreements) will be eliminated.

**Other Terms**

There are other terms of the tentative agreement which will not require an appropriation but may have a budgetary impact:

- 1. Sea duty rates will follow any changes in sea duty rates negotiated for members of the General Government Unit.
- 2. Overtime eligibility will be determined strictly according to the FLSA.
- 3. Rates charged for rental of State owned housing will be increased by 6.667% effective July 1, 1995 and will be subject to the contract reopener negotiations.
- 4. Rates paid for travel entitlements modified. Changes are expected to result in overall savings.

**Conclusion**

Funding of certain monetary terms will be required. Please prepare and forward to the legislature the necessary documents. Please feel free to call on the Labor Relations Section for any assistance desired.

cc: Michael P. McMullen  
Acting Director  
Division of Personnel/OEEO

Sharon Barton  
Director  
Division of Administrative Services

SU

Monetary Terms

Monetary terms of an agreement are defined in AS 23.40.250(4) as changes which will require an appropriation for their implementation, that will result in a change in state revenues, or that will result in a change in productive work hours for state employees. These terms apply to 1,213 positions.

1. Require appropriation

FY96

- A. Effective July 1, 1995, the standard workweek will increase from 37.5 hours to 40 hours. This will result in an additional two and one-half hours of compensable work time for each overtime eligible employee in the bargaining unit. <\$31,915.00>
- 10% (@100) of the SU is overtime eligible. In CY94, SU members received \$31,915 in straight time overtime, which can be deducted from the estimated cost increase as it is currently being paid.
- CY 94: \$31,915.00  
CY 93: \$23,478.35  
CY 92: \$17,684.49
- B. Effective July 1, 1995, the salary schedule for overtime exempt employees will be increased by 6.667% across the board. \$5,249,602.00
- 90% (@900) of the SU is overtime ineligible. The change in workweek results in a 6.67% across the board increase. Dollar amount reflects the amount of increase for entire unit.
- C. Effective July 1, 1995, the health insurance contribution will be increased from \$418.80 to \$423.50 per employee per month. Employees will no longer pay the difference between \$418.80 and \$423.50. \$63,432.00
- Contribution will be \$4.70 x 1346 budgeted months
- CY 93 \$3,926,841.15  
CY 94 \$4,976,653.21
- D. Effective July 1, 1995, the State's contribution to the Legal Trust Fund will increase by \$1.50 per employee per month. \$20,239.00
- Contribution will be \$1.50 x 1346 budgeted months
- CY 94 contribution was \$105,706.00
- E. Effective July 1, 1995, the standby rate of pay for overtime ineligible employees will increase from .75 hour per day to 1.25 hours per day. \$30,972.00
- CY 92 OT eligible: \$96,540.50  
CY 92 OT Ineligible: \$112,566.81
- CY 93 OT eligible: \$92,287.61  
CY 93 OT ineligible: \$70,877.35

CY 94 OT Eligible: \$83,016.51  
CY 94 OT Ineligible: \$24,372.31

Estimated cost of this provision: \$30,972.03. (\$1.50 x the number of standby hours worked by OT eligible employees in CY 94 less the amount of standby paid to OT ineligible employees paid in CY 94) Actual increase based solely on the adjust dollar amount is \$55,344.34.

**FY97**

- A. Effective July 1, 1996, the health insurance contribution will be increased from \$423.50 to \$450. The agreement presumes a change effective that date to a flexible benefits plan for this unit. If for any reason a flexible benefits plan is not implemented, the State remains obligated for \$450 per month per employee for health insurance benefits. \$357,573.00

\$26.50 per month x 1346 budgeted months

**FY98**

- A. Wages will be subject to contract reopener negotiations.  
B. Health insurance rates will be subject to contract reopener negotiations.  
C. Overtime provisions will be subject to contract reopener negotiations.

**2. State revenues**

Rates charged for rental of State owned housing will be increased by 6.667% effective July 1, 1995 and will be subject to the contract reopener negotiations.

Negligible; only 3-4 SU members remaining in State housing.

**3. Productive work hours**

**FY96**

- A. Effective July 1, 1995, the standard workweek will increase from 37.5 to 40 hours for all bargaining unit members.  
B. Effective July 1, 1995, leave accrual rates will be adjusted to reflect the 8 hour day. Leave balances will not be affected, except for a small number of employees covered by a separate letter of agreement negotiated in conjunction with this contract.

**FY 97**

- A. Effective 1997, the Lincoln's birthday floating holiday (for which a day of annual leave has been added to personal leave accounts under previous agreements) will be eliminated. \$228,000

## Other Terms

There are other terms of the tentative agreement which will not require an appropriation but may have a budgetary impact:

1. Sea duty rates will follow any changes in sea duty rates negotiated for members of the General Government Unit.  
**Note: No change at this date**
2. Overtime eligibility will be determined strictly according to the FLSA. Theoretically eliminates extra grants of eligibility, f:w if any exist this date.
3. Rates paid for travel entitlements modified. Changes are expected to result in overall savings.  
**Savings associated primarily with 10 hour day trip rule. Savings realized if travel patterns remains the same.**

Supervisory Unit  
FY 96 - 97 Monetary Terms

Summary

Funding Source	① FY95 Authorized	② FY 96 Hickel	③ FY 96 Monetary Terms	Total FY 96	④ FY 97 Monetary Terms
General funds	46,158,507	49,096,738	3,068,762	52,165,500	3,274,551
Other funds	34,012,487	36,208,961	2,264,515	38,473,476	2,416,299
⑤ Adjustments			-943		-943
Total funds	80,170,994	85,305,699	5,332,334	90,638,976	5,689,907

① FY 95 Authorized amounts based on FY 95 Authorized PACS file (scenario 66). Amounts shown are the vacancy adjusted amounts from report of 1-16-95.

② FY 96 Hickel amounts based on FY 96 Hickel PACS file (scenario 67). Amounts shown are the vacancy adjusted amounts from report of 1-16-95.

③ See Schedule A (attached) for FY 96 calculations

④ See Schedule B (attached) for FY 97 calculations

⑤ Adjustments are additional costs and cost savings which have not yet been broken out by funding source.

Supervisory Unit  
FY 96 - 97 Monetary Terms

Schedule A - FY 96 Costs

Funding Sources	① 40 Hr Workweek	② Adjustment for current OT	③ Standby Pay	④ Legal Trust	⑤ Health Insurance	TOTAL
General funds	3,020,612			11,649	36,501	3,068,762
Other funds	2,228,990			8,590	26,935	2,264,515
Adjustments		-31,915	30,972			-943
Total funds	5,249,602	-31,915	30,972	20,239	63,436	5,332,334

- ① Based on FY 96 Hickel PACS (scenario 67). All amounts are adjusted for budgeted vacancy.
- ② This is the amount of straight-time overtime paid employees working 8 hour days in calendar year 1994. Assuming the same amount would be paid in FY 96, this would offset part of the cost of going to a 40 hour workweek. This amount has not yet been broken out by funding source.
- ③ This amount is based on experience in calendar years 1992 - 1994. This amount has not yet been broken out by funding source.
- ④ Based on 13,496 budgeted months.
- ⑤ Based on 13,496 budgeted months.

Supervisory Unit  
FY 96 - 97 Monetary Terms

Schedule B - FY 97 Costs

Funding Sources	① FY 96 Cost	② Health Insurance	TOTAL
General funds	3,068,762	205,789	3,274,551
Other funds	2,264,515	151,784	2,416,299
Adjustments	<u>-943</u>	<u></u>	<u>-943</u>
Total funds	<u>5,332,334</u>	<u>357,573</u>	<u>5,689,907</u>

① See Schedule A (attached) for calculations.

② Health insurance contribution increase effective July 1, 1996.

**HB**

**299**

HOUSE COMMITTEE REPORT

(7)  
 Date Referred: April 5, 1995 FURTHER REFERRALS: Finance

Date of Committee Action: 4/21/95

The LABOR AND COMMERCE Committee considered: HB 299

HOUSE BILL NO. 299 APPROP: MONETARY TERM IBU CONTRACT

"An Act making appropriations for the monetary terms of the collective bargaining agreement with the Inlandboatmen's Union of the Pacific; and providing for an effective date."

recommends it be replaced with the following committee substitute \_\_\_\_\_ [ ] the same title [ ] a new title

[ ] additional referral to \_\_\_\_\_ Committee  
 [ ] attached amendment(s)

ADOPTS: \_\_\_\_\_ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) APPROVES PREVIOUS: (Dept/Date)

[ ] fiscal note(s) \_\_\_\_\_ [ ] fiscal note(s) \_\_\_\_\_

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

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>[Signature]</i>				X
<i>[Signature]</i>			✓	
<i>[Signature]</i>			✓	
<i>[Signature]</i>			✓	
<i>[Signature]</i>			✓	

CHAIR'S SIGNATURE *[Signature]*

# FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. HB 299

Revision Date: \_\_\_\_\_  
 Title: "An Act making appropriations for the monetary terms ... with Inlandboatmen's Union of the Pacific ..."  
 Sponsor: (H) Fin  
 Requestor: (H) L&C

Department Affected: Administration  
 BRU: All  
 Component: All  
 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>

<b>CAPITAL EXPENDITURES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
-----------------------------	----------	----------	----------	----------	----------	----------

<b>CHANGE IN REVENUES ( )</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
-------------------------------	----------	----------	----------	----------	----------	----------

**FUND SOURCE:**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
OTHER						
<b>TOTAL</b>	<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 (FY 95) cost: \$ -0-

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

The appropriations set out in the bill represent all of the costs associated with this measure.

Prepared by: Beverly Reaume, Director  
 Division: Division of Personnel

Phone: 465-4430  
 Date: \_\_\_\_\_

Approved by Commissioner: Mark Boyer  
 Agency: Department of Administration

Date: 4/18/95

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE  
 For further distribution information, call the Governor's Legislative Office



**Rule 12.08 Travel Pay**

Travel pay minimums have been decreased to four (4) hours (current minimum is 8 hours).

FY 96

(\$ 12,000)

The total estimated monetary impact for FY96 is \$764,500 without the cost of Rule 29 should the Union elect that option. The total combined cost with Rule 29 is \$957,784.

An increase to the AMHS budget of this size must be funded with additional General Fund dollars. An appropriation from the AMHS Fund would mean we would either deficit spend into the fund or need to take other measures to off set the additional cost of this increase.

SUMMARY OF CHANGES  
IBU Tentative Agreement  
June 22, 1994

The parties worked off of the March 11, 1994, tentative agreement. If a Rule is not summarized, assume that the provisions of the March TA are those agreed to in the June TA.

RULE	CHANGE
8.06(F)	Language added. "Any work on asbestos containing materials shall be performed by certified asbestos workers.
9.02	Maintenance. Maintenance rate is set at \$45.00 per day beginning July 1, 1994. Negotiated language provides for employees to be paid at the current maintenance rate until July 1, 1995. At that time, a retroactive adjustments must be made so that all IBU employees receiving maintenance payments will receive the full \$45.00 rate beginning July 1, 1994. This will require accurate tracking by AMHS.
12.08	Travel Pay. Travel pay minimum is reduced from 8 hours to 4 hours.
17.01	Effective July 1, 1995, \$1.10 per hour raise for the Junior Engineers and \$0.60 per hour raise for the Oilers.  Effective July 1, 1995, a 3.5% raise for most IBU members. Excluded from this increase are entry level positions in the Stewards department. Figures show that this equals a 2% increase to the total IBU payroll.
17.02	Effective July 1, 1995, probationary employee's salaries are reduced from 90% to 80% of the base wage.
23.07	Union Business Leave. The parties went back to current language.
27.02	Dispatch Review Committee. Recommendation dates have been moved forward from December 1, 1995 to August 1, 1995.
28.03	New Provision allows management to select and appoint individuals to Regularly Assigned and Regularly Assigned Relief positions in the Chief Steward and Chief Purser classifications.

29

Health and Welfare. Language change clarifies the Union's options regarding the Employer provided plan or the Union provided health insurance trust.

Health insurance trust contribution set at \$450.00 per month per eligible employee.

31.04

Language clarifies that employees shall use annual leave or leave without pay to make themselves whole when unfit for less than 84 hours.

34.09

New provision revokes an employee's pass privileges when they are on disciplinary suspension.

35.01

Additional language to strengthen the management's rights clause.

39.01

Term of the agreement. Extends window period by three months allowing the parties to reenter negotiations as early as September 1, 1995. Contract expires March 31, 1996.

Appendix A

Minimum Crewing Levels. Exchanges March 18, 1988, memorandum which no one could find for an October 27, 1988, memorandum.

Appendix C

Allows a language change to Rule 7.05 if similar language is obtained in the MM&P agreement.

TCNY KNOWLES, GOVERNOR

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

P.O. BOX 110200  
JUNEAU, ALASKA 99811-0200  
PHONE: (907) 465-2200  
FAX: (907) 465-2135

January 24, 1995

The Honorable Drue Pearce  
President of the Senate  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1192

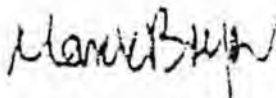
Dear Madam President:

Pursuant to Alaska Statute 23.40.215, I am submitting the monetary terms of the collective bargaining agreement between the State of Alaska and unlicensed employees on the Alaska Marine Highway System represented by the Inlandboatmen's Union.

The enclosed memorandum from me to Ms. Annalae McConnell identifies the specific monetary terms applicable to this unit. Spreadsheets are enclosed projecting the estimated cost of the monetary terms. Funding for these terms will be formally requested by the Office of Management and Budget. The monetary terms of a collective bargaining agreement are subject to funding by appropriation by the Legislature; if funding is not appropriated, the terms are considered disapproved and the parties to that agreement may resume negotiations or explore other options.

In accordance with AS 23.40.215(b), we respectfully request that the Legislature advise the parties by concurrent resolution of its approval or disapproval of this submission within 30 legislative days of receipt.

Sincerely,



Mark Boyer  
Commissioner

MB/ml

Enclosure

cc: Annalae McConnell  
Director  
Office of Management and Budget

Pat Pourchet  
Legislative Liaison  
Office of the Governor

Division of Personnel  
Labor Relations Section

TONY KNOWLES, GOVERNOR

## DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

P.O. BOX 110200  
JUNEAU, ALASKA 99811-0200  
PHONE: (907) 465-2200  
FAX: (907) 465-2135

January 24, 1995

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

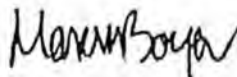
Dear Madam Speaker:

Pursuant to Alaska Statute 23.40.215, I am submitting the monetary terms of the collective bargaining agreement between the State of Alaska and unlicensed employees on the Alaska Marine Highway System represented by the Inlandboatmen's Union.

The enclosed memorandum from me to Ms. Annalee McConnell identifies the specific monetary terms applicable to this unit. Spreadsheets are enclosed projecting the estimated cost of the monetary terms. Funding for these terms will be formally requested by the Office of Management and Budget. The monetary terms of a collective bargaining agreement are subject to funding by appropriation by the Legislature; if funding is not appropriated, the terms are considered disapproved and the parties to that agreement may resume negotiations or explore other options.

In accordance with AS 23.40.215(b), we respectfully request that the Legislature advise the parties by concurrent resolution of its approval or disapproval of this submission within 60 legislative days of receipt.

Sincerely,



Mark Boyer  
Commissioner

MB/nl

Enclosure

cc: Annalee McConnell  
Director  
Office of Management and Budget

Pat Pourchot  
Legislative Liaison  
Office of the Governor

Division of Personnel  
Labor Relations Section


# MEMORANDUM

## STATE OF ALASKA Department of Administration Office of the Commissioner

To: Annalee McConnell  
Director  
Office of Management and Budget  
Office of the Governor

Date: January 18, 1995

Tele: 465-2200

From: Mark Boyer   
Commissioner  
Department of Administration

Re: Monetary Terms of  
Inlandboatmen's  
Union of the Pacific  
Agreement

The State of Alaska has concluded negotiations with the Inlandboatmen's Union of the Pacific. The following monetary terms are provided so that budget amendment requests may be made to the legislature. I will be providing the legislature with the monetary terms as required by AS 23.40.215(b).

### Monetary Terms

Monetary terms of an agreement are defined in AS 23.40.250(4) as changes that will require an appropriation for their implementation, changes that will result in a change in state revenues, or changes that will result in a change in productive work hours for state employees. These terms apply to 625 employees.

#### I. Require Appropriation.

- A. Rule 9.02: Maintenance Rates. Effective July 1, 1994, maintenance rates increased from \$30.00 to \$43.00 per day. Increases in that rate will be paid retroactively on July 1, 1995, subject to legislative approval.
- B. Rule 17.01: Pay Plan. Effective July 1, 1995, all employees, other than those in the Steward classification, shall receive a pay increase equal to 3.5%.
- C. Rule 17.01: Pay Plan. Effective July 1, 1995, employees in the Junior Engineer classification shall have \$1.10 per hour added to their hourly wage. Employees in the Oiler classification shall have \$0.60 per hour added to their hourly wage. These wage rates are reduced by 22.5% for employees residing outside the State of Alaska.
- D. Rule 17.02: Probationary pay rates. Effective, July 1, 1995, probationary employees shall be paid at 80% of the normal hourly rate.

E. Rule 29: Health Insurance. Effective July 1, 1996, IBU may opt for \$450.00 per month per eligible employee contribution in lieu of the state provided health insurance plan. Note: The IBU had the same option for July 1, 1995, and did not elect the health insurance trust.

F. Travel pay minimums have been decreased to four (4) hours. This change is expected to result in an overall savings.

## II. State Revenue.

There are no provisions in the agreement that would change state revenues.

## III. Productive Work Hours.

There are no provisions in the agreement that would change productive work hours.

## Conclusion

Funding of certain monetary terms will be required. Please prepare and forward to the legislature the necessary documents. Please feel free to call on the staff of the Labor Relations Section for any assistance desired.

cc: Michael P. McMullen  
Acting Director  
Division of Personnel/EEO

Sharon Barton  
Director  
Division of Administrative Services

IBU

### Monetary Terms

Monetary terms of an agreement are defined in AS 23.40.250(4) as changes that will require an appropriation for their implementation, changes that will result in a change in state revenues, or changes that will result in a change in productive work hours for state employees. The terms of these provisions apply to 625 employees.

#### 1. Require Appropriation.

- A. Effective July 1, 1994, maintenance rates increased from \$30.00 per day to \$45.00 per day. Increases in that rate will be paid retroactively on July 1, 1995, subject to legislative approval. \$0.00

Rate increase will not increase contract cost as maintenance payments are covered by Risk Management. Increase to maintenance rates may eventually increase premiums but are only one factor in determining premiums.

- B. Effective July 1, 1995, all employees, other than those in the Steward classification, shall receive a pay increase equal to 3.5%. \$718,200.00

Provision will effect approximately 400 employees.

- C. Effective July 1, 1995, employees in the Junior Engineer classification shall have \$1.10 per hour added to their hourly wage. Employees in the Oiler classification shall have \$0.60 per hour added to their hourly wage. These wage rates are reduced by 22.5% for employees residing outside the State of Alaska. \$111,100.00

Provision will provide increases to 48 employees.

- D. Effective, July 1, 1995, probationary employees shall be paid at 80% of the normal hourly rate. <\$52,800.00>

Provision will decrease the wages of approximately 90 employees per year. Probationary period covers 13 34 hr work assignments in the SE system, or 6 months of service in the SW system.

- E. Effective July 1, 1996, IBU may opt for \$450.00 per month per eligible employee contribution in lieu of the state provided health insurance plan. \$192,300.00

Note: The IBU had the same option for July 1, 1995, and did not elect the health insurance trust. This cost is associated solely with FY98.

- F. Travel pay minimums have been decreased from eight (8) hours to four (4) hours. <\$12,000.00>

#### 2. State Revenue.

There are no provisions in the agreement that would change state revenues.

#### 3. Productive Work Hours.

There are no provisions in the agreement that would change productive work hours.

Inlandboatman's Union of the Pacific  
FY 95 - 97 Monetary Terms

Summary

Financing Source	① FY 96 Monetary Terms	② FY 97 Monetary Terms
3 Alaska Marina Highway fund	764,500	957,800
Total	764,500	957,800

FY 95 Authorized amounts as reported by the Department of Transportation and Public Facilities.

FY 96 Actual amounts as reported by the Department of Transportation and Public Facilities.

See inset below for calculation of FY 96 costs.

See inset below. All FY 96 contractual provisions apply to FY 97 so the costs are included in the FY 97 column. The only monetary terms change that might impact FY 97 is that the union may opt to receive \$450.00 per month in lieu of the state provided health insurance plan. This option was available to the union in FY 96 and was not selected. Although the union has not indicated that it is likely to select this option for FY 97, the cost is shown for information purposes.

Financing Sources	FY 96 Cost				TOTAL
	3.5% Wage increase	Jr. Engineer/ Senior increase	Probationary pay change	Travel pay change	
3 Alaska marina highway fund	718,200	111,100	-82,300	-12,000	734,500
Total	718,200	111,100	-82,300	-12,000	734,500

Financing Sources	FY 97 Cost		TOTAL
	FY 96 cost	Potential health insurance change	
3 Alaska marina highway fund	734,500	193,300	957,800
Total	734,500	193,300	957,800

HB 299

TONY KNOWLES, GOVERNOR

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

P.O. BOX 110200  
JUNEAU, ALASKA 99811-0200  
PHONE: (907)465-2200  
FAX: (907)465-2135

January 24, 1995

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

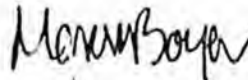
Dear Madam Speaker:

Pursuant to Alaska Statute 23.40.215, I am submitting the monetary terms of the collective bargaining agreement between the State of Alaska and unlicensed employees on the Alaska Marine Highway System represented by the Inlandboatmen's Union.

The enclosed memorandum from me to Ms. Annalee McConnell identifies the specific monetary terms applicable to this unit. Spreadsheets are enclosed projecting the estimated cost of the monetary terms. Funding for these terms will be formally requested by the Office of Management and Budget. The monetary terms of a collective bargaining agreement are subject to funding by appropriation by the Legislature; if funding is not appropriated, the terms are considered disapproved and the parties to that agreement may resume negotiations or explore other options.

In accordance with AS 23.40.215(b), we respectfully request that the Legislature advise the parties by concurrent resolution of its approval or disapproval of this submission within 60 legislative days of receipt.

Sincerely,



Mar: Boyer  
Commissioner

MR/nl

Enclosure

cc: Annalee McConnell  
Director  
Office of Management and Budget

Pat Pourchot  
Legislative Liaison  
Office of the Governor

Division of Personnel  
Labor Relations Section

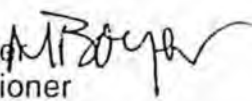
# MEMORANDUM

## STATE OF ALASKA Department of Administration Office of the Commissioner

To: Annalee McConnell  
Director  
Office of Management and Budget  
Office of the Governor

Date: January 18, 1995

Tele: 465-2200

From: Mark Boyer   
Commissioner  
Department of Administration

Re: Monetary Terms of  
Inlandboatmen's  
Union of the Pacific  
Agreement

The State of Alaska has concluded negotiations with the Inlandboatmen's Union of the Pacific. The following monetary terms are provided so that budget amendment requests may be made to the legislature. I will be providing the legislature with the monetary terms as required by AS 23.40.215(b).

### Monetary Terms

Monetary terms of an agreement are defined in AS 23.40.250(4) as changes that will require an appropriation for their implementation, changes that will result in a change in state revenues, or changes that will result in a change in productive work hours for state employees. These terms apply to 625 employees.

#### I. Require Appropriation.

- A. Rule 9.02: Maintenance Rates. Effective July 1, 1994, maintenance rates increased from \$30.00 to \$45.00 per day. Increases in that rate will be paid retroactively on July 1, 1995, subject to legislative approval.
- B. Rule 17.01: Pay Plan. Effective July 1, 1995, all employees, other than those in the Steward classification, shall receive a pay increase equal to 3.5%.
- C. Rule 17.01: Pay Plan. Effective July 1, 1995, employees in the Junior Engineer classification shall have \$1.10 per hour added to their hourly wage. Employees in the Oiler classification shall have \$0.60 per hour added to their hourly wage. These wage rates are reduced by 22.5% for employees residing outside the State of Alaska.
- D. Rule 17.02: Probationary pay rates. Effective, July 1, 1995, probationary employees shall be paid at 80% of the normal hourly rate.

E. Rule 29: Health Insurance. Effective July 1, 1996, IBU may opt for \$450.00 per month per eligible employee contribution in lieu of the state provided health insurance plan. Note: The IBU had the same option for July 1, 1995, and did not elect the health insurance trust.

F. Travel pay minimums have been decreased to four (4) hours. This change is expected to result in an overall savings.

II. State Revenue.

There are no provisions in the agreement that would change state revenues.

III. Productive Work Hours.

There are no provisions in the agreement that would change productive work hours.

**Conclusion**

Funding of certain monetary terms will be required. Please prepare and forward to the legislature the necessary documents. Please feel free to call on the staff of the Labor Relations Section for any assistance desired.

cc: Michael P. McMullen  
Acting Director  
Division of Personnel/EEO

Sharon Barton  
Director  
Division of Administrative Services

## IBU

### Monetary Terms

Monetary terms of an agreement are defined in AS 23.40.250(4) as changes that will require an appropriation for their implementation, changes that will result in a change in state revenues, or changes that will result in a change in productive work hours for state employees. The terms of these provisions apply to 625 employees.

#### 1. Require Appropriation.

- A. Effective July 1, 1994, maintenance rates increased from \$30.00 per day to \$45.00 per day. Increases in that rate will be paid retroactively on July 1, 1995, subject to legislative approval. \$0.00
- Rate increase will not increase contract cost as maintenance payments are covered by Risk Management. Increase to maintenance rates may eventually increase premiums but are only one factor in determining premiums.
- B. Effective July 1, 1995, all employees, other than those in the Steward classification, shall receive a pay increase equal to 3.5%. \$718,200.00
- Provision will effect approximately 400 employees.
- C. Effective July 1, 1995, employees in the Junior Engineer classification shall have \$1.10 per hour added to their hourly wage. Employees in the Oiler classification shall have \$0.60 per hour added to their hourly wage. These wage rates are reduced by 22.5% for employees residing outside the State of Alaska. \$111,100.00
- Provision will provide increases to 48 employees.
- D. Effective, July 1, 1995, probationary employees shall be paid at 80% of the normal hourly rate. <\$52,800.00>
- Provision will decrease the wages of approximately 90 employees per year. Probationary period covers 10 84 hr work assignments in the SE system, or 6 months of service in the SW system.
- E. Effective July 1, 1996, IBU may opt for \$450.00 per month per eligible employee contribution in lieu of the state provided health insurance plan. \$193,300.00
- Note: The IBU had the same option for July 1, 1995, and did not elect the health insurance trust, this cost is associated solely with FY96.
- F. Travel pay minimums have been decreased from eight (8) hours to four (4) hours. <\$12,000.00>

#### 2. State Revenue.

There are no provisions in the agreement that would change state revenues.

#### 3. Productive Work Hours.

There are no provisions in the agreement that would change productive work hours.

Inlandboatmen's Union of the Pacific  
FY 96 - 97 Monetary Terms

Summary

Funding Source	③ FY 96 Monetary Terms	④ FY 97 Monetary Terms
1076 Alaska Marine Highway fund	764,500	957,800
Total	764,500	957,800

- ① FY 95 Authorized amounts as reported by the Department of Transportation and Public Facilities.
- ② FY 96 Hicked amounts s reported by the Department of Transportation and Public Facilities.
- ③ See inset below for calculation of FY 96 costs.
- ④ See inset below. All FY 96 contractual provisions apply to FY 97 so the costs are included in the FY 97 column. The only monetary terms change that might impact FY 97 is that the union may opt to receive \$450.00 per month in lieu of the state provided health insurance plan. This option was available to the union in FY 96 and was not selected. Although the union has not indicated that it is likely to select this option for FY 97, the cost is shown for information purposes.

FY 96 Cost					
Funding Sources	3.5% Wage increase	Jr. Engineer/ Oiler increase	Probationary pay change	Travel pay change	TOTAL
1076 Alaska marine highway fund	718,200	111,100	-52,800	-12,000	764,300
Total	718,200	111,100	-52,800	-12,000	764,500

FY 97 Cost			
Funding Sources	FY 96 cost	Potential health insurance change	TOTAL
1076 Alaska marine highway fund	764,500	193,300	957,800
Total	764,500	193,300	957,800