

ALASKA LEGISLATURE COMMITTEE FILES 1995-1996 8672

8685 HOUSE LABOR & COMMERCE

**HB**

**434**

(7)

HOUSE COMMITTEE REPORT

Date Referred to Committee: March 6, 1996

FURTHER REFERRALS:

Judiciary

Date of Committee Action: 2-21-96

The LABOR AND COMMERCE Committee considered:

HB 434

HOUSE BILL NO. 434

UNCLAIMED PROPERTY

"An Act relating to unclaimed property; and providing for an effective date."

recommends it be replaced with the following committee substitute CS HB 434 (L&C)  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) REV 1-12-96

SIGNING WITH RECOMMENDATIONS	DP	DMP	NR	AM
<i>Norman A. Rokley</i>	✓			
<i>John P. ...</i>	✓			
<i>Gene ...</i>	✓			
<i>Thomas D. Porter</i>	✓			
<i>Beverly Masek</i>			✓	
<i>John Sanders</i>	✓			
<i>Pete ...</i>	✓			

CHAIR'S SIGNATURE *Pete ...*

DEPARTMENT OF REVENUE  
INCOME & EXCISE AUDIT DIVISION

CSHB 434(STA)  
Unclaimed Property Act Amendments  
9-GH2025\C  
March 12, 1996  
Page 1 of 2

*Amendments in this bill reflect changes to statutes recommended in an OMB audit completed last fall. The changes are intended to streamline administration of the unclaimed property program for both businesses and the state. The bill will also facilitate holders (i.e. banks, insurance companies, utility companies, etc.) in complying with unclaimed property reporting and remittance requirements.*

**Section 1** amends AS 34.45.200 to clarify that mutual funds and automatic reinvestment accounts are included in the scope of unclaimed property. Property would be deemed unclaimed after seven years from the date of last communication from an owner or from the date that mail addressed to an owner was returned as undeliverable.

**Section 2** amends AS 34.45.280 by increasing aggregate reporting to \$100 for all holders (from \$50 to \$100 for life insurance companies and from \$25 to \$100 for all other companies). Holders may report property items valued under the reporting limit in the aggregate and are not required to report individual detail.

**Section 3** amends AS 34.45.280(d) to provide for a universal filing due date of November 1 for reporting all unclaimed property. This section would change the filing due date for insurance companies (currently May 1) to conform with the due date for all other companies (November 1).

**Section 4** amends AS 34.45.280(e) by increasing the minimum property value for which holders are required to send written notice to owners prior to reporting with the state. The minimum value would increase from \$50 to \$100, consistent with the increased aggregate amount in section 2 and 7.

**Section 5** amends AS 34.45.310(a) to establish a universal date of June 30 for publication of unclaimed property owners reported to the state during the previous year. Current statutes require that the state publish owner names and information from insurance company reports by September 1 and from all other holder reports by March 1. The National Conference of Commissioners on Uniform State Laws have adopted a similar change.

CSHB 434(STA)  
Unclaimed Property Act Amendments  
9-GH2025\C  
March 12, 1996  
Page 2 of 2

**Section 6** amends AS 34.45.310(b) by repealing requirements to publish owner's last known address. In accord with the amendment in section 8, which requires that holders report and remit property simultaneously (report/remit), this section repeals provisions for the owner to petition holders for unclaimed property. Report/remit eliminates the necessity for owners to correspond with both the department and holder to claim property.

**Section 7** amends AS 34.45.310(c) by increasing the value of items for which the department is required to publish an owner's name. The value would increase from \$50 to \$100, consistent with aggregate reporting in section 2 and 4.

**Section 8** amends AS 34.45.320(a) by requiring holders to report and remit property simultaneously (report/remit). Under report/remit, property is immediately available to owners from the state, thereby eliminating correspondence with the holder to claim property.

**Section 9** repeals and reenacts AS 34.45.700 to clearly define an owner's rights when entering into an agreement with fee finders (persons who locate unclaimed property owners and assist them in claiming property). This section provides that an agreement would be unenforceable if made prior to the date payment or delivery is made to the state or within 24 months after the payment or delivery is made to the state. Agreements would be enforceable only if in writing and the fee or compensation is not more than 10% of the value of property. This sections requires that pertinent information relating to the agreement be disclosed in the agreement.

**Section 10** amends AS 34.45.760(3) to define "business association" in conformity with the National Uniform Unclaimed Property Act.

**Section 11** repeals AS 34.45.310(d) which requires that a notice be mailed by the department to the owner's last known address. This would eliminate a duplicate notice as holders are required to contact owners prior to reporting to the department under AS 34.45.280(e). This section repeals AS 34.45.310(e) which specifies items to be included in the notice. This section repeals AS 34.45.320(c) which requires that accounts reported in the aggregate (\$50 for life insurance and \$25 for others) be delivered when the report is filed. Requirements under this subsection would be replaced by amendments in section 8.

**Section 12** provides that the act take effect July 1, 1996.

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

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

March 12, 1996

Honorable Pete Kott  
Alaska State Legislature  
State Capitol  
Juneau, Alaska 99801

RE: CSHB 434, Unclaimed Property

Dear Representative Kott:

HB 434, would update the statutes for Unclaimed Property Program (UCP). This bill has been referred to your committee after passing out of State Affairs with five "do pass" recommendations. I am writing to ask that you schedule this legislation for a hearing.

Under this program the state acts as a perpetual custodian of abandoned personal property. Examples of abandoned property include money left in bank savings accounts or deposits left with utility companies and the business cannot locate the owner. Thus property becomes abandoned or unclaimed. The purpose of the act is to protect, safeguard and account for property until it is claimed by the owner. When an owner or heir comes forward, the state must surrender either the property in its original form or the proceeds from its sale. The proposed changes would streamline the process for both businesses and the state.

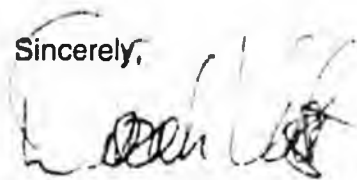
I am forwarding the following information to support the legislation:

- Updated fiscal note.
- Issue paper explaining the program and merit for changes.
- Updated sectional analysis.
- 4 letters from various business organizations supporting the legislation.

HB 434 is the product of extensive work by employees of our department, auditors from the Office of Management and Budget and the National Conference of Commissioners on Uniform State Laws. I look forward to working with you and request that you and your committee give this your prompt attention.

Thank you for your consideration.

Sincerely,

  
Wilson L. Condon  
Commissioner

96-026



February 23, 1995

KeyBank  
Post Office Box 100420  
Anchorage, AK., 99510-0420

(907) 562-6100

Rachel Marshall  
State of Alaska  
Unclaimed Property Section  
P.O. Box 110420  
Juneau, AK 99811-0420

Via FAX

Dear Rachel:

Key Bank of Alaska has reviewed the proposed changes to the Unclaimed Property Act AS 34.45.

- \*Aggregating accounts with balances less than \$100 will streamline the paperwork.
- \*Key Bank currently pays and delivers all property shown on the report by November 1st each year. This eliminates having to go through the process again for May. It also eliminates the confusion of determining who has the property when the names are published in the paper.
- \*Key Bank agrees that there needs to be rules for heirfinders. Customers are harassed at times by these people and then realize very little gain. It also causes problems when the Bank is trying to locate the customer to return the property at the same time the heirfinder is trying to engage them in a contract.

The proposed changes appear to reduce paperwork and streamline the process of escheating abandoned property. Key Bank supports these recommendations.

Sincerely,

Jennifer Ferguson  
Assistant Vice President  
Bank Operations



# CHUGACH ELECTRIC

ASSOCIATION, INC.

February 28, 1996

Ms. Rachael E. Marshall  
Administrator  
State of Alaska  
Department of Revenue  
Unclaimed Property Section  
P.O. Box 110420  
Juneau, AK 99811-0420

Via fax 907-465-2375

Dear Rachael:

I have reviewed the proposed unclaimed property statute changes as you requested. I apologize for the tardiness of my reply - Chugach is in the processing of closing its books for the year and also in the middle of its annual audit.

Overall, I found that the proposed changes simplify reporting requirements for entities such as ours. Raising the value of the property to be reported from \$25 to \$100 will significantly reduce our paperwork, and thus make the filing easier.

Section 8 (a) requires payment of unclaimed property at the time of filing the report which I believe is what Chugach Electric has historically done anyway, so I am in agreement with that change as well.

Thank you for the opportunity to review these proposed changes.

Sincerely,

Jody Wolfe  
Accounting Manager

JW/r  
Jody/UNCLPROP

## State Farm Insurance Companies



One State Farm Plaza  
Bloomington, IL 61710-0001

Thomas M. Deighan  
Counsel  
(309) 766-2850  
Telecopy (309) 768-5594 or  
766-1919

February 23, 1996

Ms. Rachel E. Marshall  
Department of Revenue  
Unclaimed Property Division  
P.O. Box 110420  
Juneau, AK 99811-0420

Re: Alaska Unclaimed Property Act

Dear Ms. Rachel:

This letter is to confirm that State Farm Mutual Automobile Insurance Company supports the proposed amendments to the Alaska Unclaimed Property Law.

Raising the aggregate limit, raising the property value limit for mail notice, and requiring all holders to report and pay on November 1 would significantly reduce the burden of complying with the terms of the Act.

Sincerely,

*Thomas M. Deighan*  
Thomas M. Deighan



### Trial Courts

State of Alaska

THIRD JUDICIAL DISTRICT  
303 K STREET  
ANCHORAGE, ALASKA  
99501

February 26, 1996

OFFICE OF THE CLERK

Rachael E. Marshall, Administrator  
Unclaimed Property Section  
P O Box 110420  
Juneau, AK 99811

Dear Ms. Marshall:

In a recent letter received from you, I was asked to give my thoughts on the proposed changes in legislation for unclaimed property. For the past two years, the court system has submitted reports and funds to the Unclaimed Property Section by November 1st. Previously, the process was completed in three steps; reports submitted by November 1st, research and issuance of checks to customer after publication, and any unclaimed funds submitted by May 1st.

Using the previous process, customers were directed by the publication to contact the Unclaimed Property Section for instructions. The customer was then referred to the appropriate court for disbursement of funds. The court issued checks only after research and proper verification. This process confused customers, thus conveying the appearance of poor customer service.

Transferring funds to the Unclaimed Property Section with the reports has decreased clerical workload, increased efficiency and promoted good customer service. I support the proposed changes in legislation.

If anything further is needed, please contact me at 907-264-0465.

Sincerely,

Cathy Franklin,  
Supervisor, Trial Court Accounting

**ALASKA DEPARTMENT OF REVENUE  
INCOME AND EXCISE AUDIT DIVISION  
March 12, 1996**

**Issue Paper for CSHB 434, Unclaimed Property Act**

**MERITS FOR AMENDING UNCLAIMED PROPERTY Program ACT (UCP,) AS 34.45.**

**OVERVIEW**

Under this program the state acts as a perpetual custodian of abandoned personal property. Examples of abandoned property include money left in bank savings accounts or deposits left with utility companies and the business cannot locate the owner. Thus property becomes abandoned or unclaimed. The purpose of the act is to protect, safeguard and account for property until it is claimed by the owner. When an owner or heir comes forward, the state must surrender either the property in its original form or the proceeds from its sale.

Financially the program costs approximately \$185,000 annually (3 full time employees) and deposits into the general fund range between \$1.5 and \$2.0 million. Over the past three years over three thousand people have been located by UCP staff and had their property returned.

**NEED FOR CHANGE**

Changes are needed so we can reduce the administrative paper work required to operate the program and increase the efforts to locate owners and additional unclaimed property. In relation to this the Office of Management and Budget (OMB) completed an audit in October 1995 and working together with UCP staff developed the following recommended changes in UCP statutes.

- Income & Excise Audit Division require holders to report once annually and to remit the abandoned property to the state at the same time. Current law requires remittance subsequent to reporting.
- Require all holders to report unclaimed property to the state on the same date. Two different time periods are used now and one date would be more efficient.
- Raise the level of property value below which aggregate holder reporting is allowed. Also increase the property value required for individual notification. All values would be set consistently at \$100 throughout the UCP statutes. This would reduce paperwork for businesses and the state and prevent us from paying more to return property than it is worth.
- Adopt the draft language proposed by the National Conference of Commissioners of Uniform State Laws as it relates to the reporting requirements of mutual fund companies.
- Changes notification requirements to eliminate duplicate mail notices.
- Require the publishing of property owners' names only after the property in the state's custody.

**Need for Change, continued**

Income and Excise Audit also recommends the following change:

- Require heirfinders to identify in writing the nature and value of property and fees charged for information leading to the location of the property. Also allows a contract to be valid for six months and compensation percentages to have a maximum value.

**RECOMMENDATION**

These statutory changes are needed in order to more efficiently and effectively administer the program. Statutory dual reporting by the holder and dual processing by the state will be eliminated. Funds will be received at the time of reporting eliminating duplicate posting and reconciling. More efforts can be applied to locating owners as well as holder education and compliance. These changes will benefit firms and entities (i.e. banks, insurance companies and utilities) reporting unclaimed property, the State of Alaska and Alaska's unclaimed property owners. Efforts to locate the rightful owners can be increased.

**HB**

**435**

# FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO. HB 435

Revision Date: \_\_\_\_\_ Dept. Affected: Office of the Governor  
 Title: "An Act relating to employment contributions and BRU: Commissions/Special Offices  
to making the state training and employment program a permanent..." Component: Human Resource Investment  
 Sponsor: Rules Committee Council  
 Requester: Governor COMPONENT SERIAL NO. 2055

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

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 100	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
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)

No fiscal impact.

Prepared by: Mike Andrews, Exec. Director Phone: 269-7490  
 Division: Human Resource Investment Council Date: 2/2/96  
 Approved by Commissioner: Jim Avers, Chief of Staff Date: 2/2/96  
 Agency: Office of the Governor

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# FISCAL NOTE

No. 3  
 Bill Version: HB 435  
 (H) Publish Date: 1/19/96

STATE OF ALASKA  
 1996 LEGISLATIVE SESSION

BILL NO.

Revision Date: \_\_\_\_\_  
 Title: "An Act relating to employment  
 contributions and the state training program..."  
 Sponsor: Rules Committee  
 Requestor: Governor

Department Affected: Labor  
 BRU: Employment Security  
 Component: State Training &  
 Employment Program  
 COMPONENT SERIAL NO. 1184

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	3,946.2 *	3,946.2 *	3,946.2 *	3,946.2 *	3,946.2 *	3,946.2 *
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>3,946.2 *</b>	<b>3,946.2 *</b>	<b>3,946.2 *</b>	<b>3,946.2 *</b>	<b>3,946.2 *</b>	<b>3,946.2 *</b>
<b>CAPITAL</b>						
<b>CHANGE IN REVENUE FUND SOURCE #</b>						

**FUNDING:** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipt						
1006 GF/MHTIA						
1054 St Empl & Trng Pgrm	3,946.2 *	3,946.2 *	3,946.2 *	3,946.2 *	3,946.2 *	3,946.2 *
<b>TOTAL</b>	<b>3,946.2 *</b>	<b>3,946.2 *</b>	<b>3,946.2 *</b>	<b>3,946.2 *</b>	<b>3,946.2 *</b>	<b>3,946.2 *</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

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

This bill makes the State Training and Employment Program permanent. The program is funded by a worker contribution of one-tenth of one percent of covered wages collected by the Department of Labor. This is done at no additional cost to the worker by diverting a portion of the employee contribution currently provided for in AS 23.20.290.

- \* Per instruction from the Office of Management & Budget, to avoid disruption to other budgets which rely on this funding, existing expenditure authorization has not been deleted from the department's operating budget. The amounts shown above are for informational purposes only.

Prepared by: Rebecca Nance, Director Phone: 465-2712  
 Division: Employment Security Division Date: 12/12/95  
 Approved by Commissioner: Tom Cashen, Commissioner  
 Agency: Department of Labor Date: 12/12/95

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**COMMITTEE COPY**

Rev 10/94

# FISCAL NOTE

Revision Date: \_\_\_\_\_ Dept. Affected: Community & Regional Affairs  
 Title: An Act relating to employment contributions and the state training program BRU: Employment/Training/Rural Dev.  
 Component: Statewide Service Delivery  
 Sponsor: Rules Committee  
 Requestor: Governor COMPONENT SERIAL NO. 1178

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	-63.6	-63.6	-63.6	-63.6	-63.6	-63.6
TRAVEL	-18.3	-18.3	-18.3	-18.3	-18.3	-18.3
CONTRACTUAL	-43.0	-43.0	-43.0	-43.0	-43.0	-43.0
SUPPLIES	-4.0	-4.0	-4.0	-4.0	-4.0	-4.0
EQUIPMENT	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5
LAND & STRUCTURES						
GRANTS, CLAIMS	-1,328.2	-1,328.2	-1,328.2	-1,328.2	-1,328.2	-1,328.2
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>-1,458.6</b>	<b>-1,458.6</b>	<b>-1,458.6</b>	<b>-1,458.6</b>	<b>-1,458.6</b>	<b>-1,458.6</b>

CAPITAL EXPENDITURES						
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REVENUE FUND SOURCE:						
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other 1007 I/A	-1,458.6	-1,458.6	-1,458.6	-1,458.6	-1,458.6	-1,458.6
<b>TOTAL</b>	<b>-1,458.6</b>	<b>-1,458.6</b>	<b>-1,458.6</b>	<b>-1,458.6</b>	<b>-1,458.6</b>	<b>-1,458.6</b>

Estimate of current year (FY96) costs:  
POSITIONS:

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

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

This bill makes the state training and employment program permanent. The program is funded by a worker contribution on one-tenth of one percent of covered wages collected by the Department of Labor. This is done at no additional cost to the worker by giving a credit of this amount for the employee contribution currently provided for in AS 23.20.290. Budget numbers for information only; this shows impact if legislation does not pass.

Prepared by: Remond Henderson, Director *Remond Henderson* Phone: 465-4708  
 Division: Division of Administrative Services Date: 01/04/96  
 Approved by Commissioner: *Mike Austin* Date: 01/04/96  
 Agency: Community & Regional Affairs

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# FISCAL NOTE

Revision Date: \_\_\_\_\_ Dept. Affected: Community & Regional Affairs  
 Title: An Act relating to employment contributions BRU: Employment/Training/Rural Dev.  
and the state training program Component State Training & Employment Pgm.  
 Sponsor: Rules Committee  
 Requestor: Governor COMPONENT SERIAL NO. 1012

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	-11.0	-11.0	-11.0	-11.0	-11.0	-11.0
CONTRACTUAL	-87.1	-87.1	-87.1	-87.1	-87.1	-87.1
SUPPLIES	-2.2	-2.2	-2.2	-2.2	-2.2	-2.2
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	-2,065.1	-2,065.1	-2,065.1	-2,065.1	-2,065.1	-2,065.1
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>-2,165.4</b>	<b>-2,165.4</b>	<b>-2,165.4</b>	<b>-2,165.4</b>	<b>-2,165.4</b>	<b>-2,165.4</b>

CAPITAL EXPENDITURES						
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REVENUE FUND SOURCE:						
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other 1007 I/A	-2,165.4	-2,165.4	-2,165.4	-2,165.4	-2,165.4	-2,165.4
<b>TOTAL</b>	<b>-2,165.4</b>	<b>-2,165.4</b>	<b>-2,165.4</b>	<b>-2,165.4</b>	<b>-2,165.4</b>	<b>-2,165.4</b>

Estimate of current year (FY96) costs: \$ 2,165.4

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

This bill makes the state training and employment program permanent. The program is funded by a worker contribution on one-tenth of one percent of covered wages collected by the Department of Labor. This is done at no additional cost to the worker by giving a credit of this amount for the employee contribution currently provided for in AS 23.20.290. Budget numbers for information only; this shows impact if legislation does not pass.

Prepared by: Remond Henderson, Director *Remond Henderson* Phone: 465-4708

Division: Division of Administrative Services Date: 01/04/96

Approved by Commissioner: *Mike Austin* Date: 01/04/96

Agency: Community & Regional Affairs

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(7)

HOUSE COMMITTEE REPORT

Date Referred to Committee: January 19, 1996

FURTHER REFERRALS:

HESS  
State Affairs  
Finance

Date of Committee Action: \_\_\_\_\_

The LABOR AND COMMERCE Committee considered:

HB 435

HOUSE BILL NO. 435

STATE TRAINING & EMPLOYMENT PROGRAM

"An Act relating to employment contributions and to making the state training and employment program a permanent state program; 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) Labor; CRA (Emp/ Training) #1178; CRA (Employment) #1102 [ ] fiscal note(s) \_\_\_\_\_

zero fiscal note(s) Office of Gov. [ ] zero fiscal note(s) \_\_\_\_\_

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

CHAIR'S SIGNATURE *[Signature]*

## SECTION BY SECTION ANALYSIS House Bill No. 435

Section 1 of the bill describes the labor market conditions which support a finding that a state training program is needed to provide a trained Alaskan work force. The goals of the program are to reduce claims for unemployment benefits, foster new jobs, and provide opportunities for economically displaced workers.

Section 2 of the bill amends AS 23 by adding a new chapter 23 to establish the temporary state employment and training program (STEP) as a permanent state program. This new eight-section chapter (AS 23.23.010-23.23.900) closely follows the original language in the 1989 temporary program legislation, with some technical changes. The new sections are as follows:

AS 23.23.010 creates the STEP program as a permanent program in the Department of Labor to finance and award grants to employment assistance and training entities. It also requires these entities to make accounting records available for inspection by appropriate state agencies.

AS 23.23.020 establishes an employment assistance and training account in the general fund and provides for separate accounting of the money. The Legislature may appropriate these funds to the department to implement the program, and may appropriate lapsing funds back to the unemployment compensation trust fund.

AS 23.23.030 provides the funding mechanism for the program. It is funded entirely by a small employee contribution of one-tenth of one percent of wages subject to unemployment insurance contributions. The employee is given a credit against the unemployment tax equal to the STEP contribution, so this provision in effect diverts part of the employee unemployment insurance contribution to fund STEP. The STEP programs would thus be closely tied to unemployment insurance outlays that would otherwise occur.

AS 23.23.040 targets the primary population eligible for the program. The intended target group consists of Alaska residents who are current, past or future unemployment insurance claimants. The first targeted subgroup includes current unemployment insurance recipients and those who have exhausted benefits in the previous three years. The

second subgroup includes workers who are employed but likely to be displaced by job-elimination or other industrial changes. The third subgroup includes people who have worked in covered employment during the last three years but are not eligible for unemployment benefits because they are working in seasonal, marginal, temporary or part-time jobs, or are underemployed. This makes training available to a number of Alaskan workers currently not eligible for federal job training programs.

AS 23.23.050 defines the services that must be provided by a grantee under the program. Services include industry-specific training; on-the-job training; classroom training; support services; relocation assistance; and tools, work-related clothing and safety gear.

AS 23.23.060 defines the duties of the department in awarding grants to the Alaska Human Resource Investment Council. The council may use the grants to administer employment and training programs or to award pilot project grants to other qualified entities. The section also directs the department to annually provide to the council a priority list of targeted projects or services, if a grant is awarded to the council. In making the list, the department must solicit and consider comments from the Department of Community and Regional Affairs, Department of Education, Department of Commerce and Economic Development, University of Alaska, organized labor, the council, and the service delivery areas established for the council. Finally, this section gives the department authority to adopt regulations implementing the chapter.

AS 23.23.070 sets out the duties of the Alaska Human Resource Investment Council in awarding STEP grants to qualified employment assistance and training entities. It provides controls to insure the integrity of the training entities, and insures the program will not compete with or displace other training programs or training money.

AS 23.23.900 defines terms used in the chapter.

Section 3 of the bill provides an effective date of July 1, 1996, for the program.

BILL NO: HB 435

DATE: February 6, 1996

TITLE: State Training and Employment Program CONTACT: Dwight Perkins  
465-2700


For the past six years, the State Training and Employment Program (STEP) has temporarily existed as a contingent training and employment program for Alaska's workers. The original 1989 legislation allowed the state to collect from each worker in Alaska one-tenth of one percent of their employee tax contribution to fund an alternative, flexible training program designed with a threefold purpose:

- 1) to reduce future claims against unemployment benefits;
- 2) to foster new jobs for Alaskans by encouraging businesses to locate in Alaska due to the availability of a skilled workforce; and
- 3) to increase training opportunities to Alaskans severely affected by economic and technological fluctuations.

Alaska's private sector employers, organized labor, and the now defunct Alaska Job Training Council are in accord that STEP is a proven and valid approach to advancing Alaskan residents opportunities for viable employment. In the six years since its inception as a temporary measure, STEP has demonstrated its efficacy. We know that STEP works for Alaskans.

The legislation before you will enable STEP to take its rightful place as an established, permanent program to keep Alaskans employment skills up to date and competitive in the rapidly changing world of work.

APPROVED:

  
Tom Cashen, Commissioner

DATE: 06 Feb 1996

## Alaska's State Training and Employment Program (STEP)

### A Brief Overview

**Purpose:** The Alaska State Training and Employment Program (STEP) was established to:

- Help reduce future claims against unemployment benefits
- Foster new jobs by encouraging businesses to locate in Alaska due to the availability of a skilled labor force and minimized unemployment costs
- Increase training opportunities to those workers severely affected by fluctuations in the state economy or technological changes in the workplace.

### History:

- STEP was established in 1989 as a two-year pilot under Chapter 95, SLA 1989.
- The program was extended in 1991 as a two-year pilot under Chapter 17, SLA 1991. In 1993, STEP was reauthorized through June 30, 1996.
- As of June 30, 1994, nearly 4,700 participants have received STEP training.

### Program Operation:

- Funding:* The program is funded by employee contributions to Unemployment Insurance (UI). One-tenth of one percent of each worker's wages subject to regular UI contributions is collected by the Alaska Department of Labor (DOL) and put into a special "Employment Assistance and Training Program Account." The money is then appropriated by the state legislature to fund STEP.
- Who needs training:* DOL establishes eligibility priorities as required by Chapter 95, SLA 1989 and targets projects and services based upon labor market information and input from the Alaska Department of Community and Regional Affairs, Education, and Commerce and Economic Development, as well as the University of Alaska, organized labor, Alaska Native organizations, the Alaska Job Training Council (AJTC), and the private industry councils (PICs).
- How the funds are allocated:* DOL may award a grant to the AJTC to implement the program. The AJTC, through the Job Training Partnership Office, allocates funds to the three Service Delivery Areas (SDAs) using a formula that reflects target population characteristics. An SDA may contract with training organizations in the communities it serves to deliver such services as classroom training, on-the-job training, etc. SDAs may also directly provide training and services to clients in their respective areas.
- How funds are matched with those who need training:* Contractors actively recruit clients for their projects and the SDAs market their programs through mailings, a referral network with partner social service agencies, and presentations to other organizations. Participants must meet one of eight employment-related criteria specified in the legislation (such as unemployed and receiving UI benefits, unemployed and exhausted UI benefits within the last three years, etc.).

# STEP Program Statistics

From start of program through June 30, 1994

## Demographic Characteristics

	Count	Pct.
<i>Sex:</i>		
Male	3,081	63.3
Female	1,788	36.7
<i>Ethnicity:</i>		
White	3,276	67.3
AK Native/ Amer. Ind.	1,136	23.3
Black	212	4.4
Hispanic	139	2.9
Asian/Pacif. Is.	104	2.1
<i>Age group:</i>		
Age 16-21	99	2.0
Age 22-29	871	17.9
Age 30-54	3,508	72.0
Age 55+	380	7.8

Prepared by the Alaska  
Department of Labor,  
Research & Analysis,  
February 27, 1995

Source: Job Training  
Partnership Office.

## STEP Program Eligibility

Receiving UI* Benefits	2,993	61.5
Exhausted UI Benefits	507	10.4
<i>Employed but displacement liable to occur due to:</i>		
Reduced employment w/in a business	137	2.8
Elimination of worker's current job	87	1.8
Changes which require new skills	500	10.3
<i>Have worked in a UI-covered job in last 3 years, but not eligible for UI because:</i>		
Seasonal/temporary/part-time/marginal	412	8.5
Wages too low due to limited opportunity	132	2.7
Underemployed: eligible for training	100	2.1

## Program Services Provided

Classroom training	2,104
Employment assistance	1,815
Industry-specific training	1,530
Support services	1,041
On-the-job training	117
Provisions	106
Relocation assistance	7

Note: Participants may receive more than one type of service.

## STEP Participants Outcomes

### *Positive outcomes:*

Completed training to prepare for economic and technological changes	2,552	60.8
Entered a newly created job	625	14.9
Entered a vacant job opening	415	9.9
Improved skills to reduce UI claims	217	5.2
<i>Total positive outcomes:</i>	<b>3,809</b>	<b>90.7</b>

*Non-positive outcomes* 391 9.3

\*Unemployment Insurance

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## Alaska's State Training and Employment Program (STEP) A Brief Overview

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**Purpose:** The Alaska State Training and Employment Program (STEP) was established to:

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## APPENDIX II

### STATE TRAINING AND EMPLOYMENT PROGRAM (STEP) ELIGIBILITY CRITERIA

Alaskan residents who

1. Are **UNEMPLOYED** and;
  - (a) receiving unemployment insurance benefits; or
  - (b) have exhausted the right to unemployment insurance benefits within the past three years;

OR
2. Are **EMPLOYED** but liable to be displaced within the next six months because of;
  - (a) reduction in overall employment within a business;
  - (b) elimination of the worker's current job; or
  - (c) a change in conditions of employment requiring the employee to learn substantially different skills than they currently possess in order to remain employed;

OR
3. Worked in a position covered by AS 23.20 within the past three years, but are **INELIGIBLE FOR UNEMPLOYMENT BENEFITS** because;
  - (a) employment has been seasonal, temporary, part-time, or marginal;
  - (b) qualifying wages are insufficient because of limited job opportunity;  
or
  - (c) they are underemployed and in need of employment assistance and training to obtain full employment.

### PRIORITY FOR SERVICES

Participants should meet one or more of the following criteria to be considered for priority service:

- 1.) Individuals currently on Unemployment;
- 2.) Women, minorities, and/or rural Alaskans;
- 3.) Persons enrolled in the Unemployed Parent Program under AFDC;
- 4.) Persons responsible for court-ordered child support payments;
- 5.) Persons lacking skills or whose skills have been outdated by technological change;
- 6.) Individuals whose annual earned income is less than the Alaska Annual Average Wage as determined by the Alaska Department of Labor (\$31,892).

**OVERVIEW  
ALASKA  
STATE TRAINING & EMPLOYMENT PROGRAM (STEP)  
REVENUE  
SFY 1996**

Estimated STEP Revenue Collections (0.1% employee UI contribution)      \$3.6M

*LESS: SFY 96 Expenditures:*

\$239.9	DOL Program Evaluation (Alaska Occupational Database)
308.6	US DOL Required Reimbursement of UI Revenue Collection Cost (19% of Total Revenue Collection costs)
110.0	Alaska Human Resource Investment Council

Amount transferred to the Alaska Job Training Council for training and employment services (Reimbursable Services Agreement with the Department of Community and Regional Affairs, Job Training Partnership Office as the fiscal agent for the AJTC)

\$2,941.5 M

Prepared by the Alaska Department of Labor  
September 1995



**State Training and Employment Program  
1995 Program Review  
Executive Summary**

*Prepared By*  
Paul Engelman  
Jeff Hadland  
Todd Mosher

Alaska Department of Labor,  
Research and Analysis and  
Alaska Employment Service  
In Cooperation with The Alaska  
Department of Community and Regional Affairs,  
Job Training Partnership Office  
and Service Delivery Areas

## Program Overview

Between Program inception in the second half of 1989(Fiscal Year 90) and July of 1994 (Fiscal Year 94) the State Training and Employment Program spent \$9.79 million to provide training and services to 4,890 individuals at an average rate of \$2,002 per participant.

The program has provided support to a wide variety of workers. During the five year period, the average age of participants was 37. Sixty-three percent of the participants were men and 37% women. Nearly half of the participants (48%) had some post secondary, 92% had a high school diploma or GED.

In fiscal year 1994 over 60% of all STEP participants were employed for at least one quarter of the year. These individuals earned in excess of \$68 million during this same period.

Part of the first year of the program (FY 90) was used to establish operational guidelines based on the authorizing legislation and develop the rules and contracts under which the administering agencies would operate. A result of this "set up" time was low enrollment for fiscal year 1990.

In the first years of the program the administering agencies (The Department of Community and Regional Affairs and the Service Delivery Areas ) targeted several specific projects such as the Over the Horizon /Backscatter project in order to accomplish the legislative intent of the program. In more recent years, using information and suggestions from legislators, unions, employers, and educational and training institutions, the process has evolved into a program that uses a combination of subcontracting agencies and provider developed programs to employ, maintain, and retain program participants in the Alaska marketplace while keeping them off of Unemployment Insurance rolls.

In the annual assessment of the program, the Alaska labor market is analyzed to determine those areas in which the employers must "import" laborers to work in their businesses. These occupations are then "targeted" by training programs in order to minimize the number of jobs in the state that use nonresident hire. The three administering Service Delivery Areas (SDAs) contracted with over 100 individual subcontractors to provide services to the 4,890 applicants. The contractors and the SDAs provided training that ranged from construction related training (often tied to union certification) to computer education and seafood processing. Highlights from the first years of the program follow.

**STEP Overall Funding and Expenditures**

The Alaska State Training and Employment Program (STEP) was originally enacted by the Alaska Legislature in 1989 as a two year pilot program. The program was subsequently extended through 1995, retaining its pilot status. Overall funding and expenditures for the program are shown in Table 1. Data are shown for each fiscal year, however, the expenditure data for fiscal year 1994 may not be complete due to open vendor contracts.

Actual program revenues for the fiscal years 1990, 1991, 1992, 1993, and 1994 were \$2.18 million, \$3.09 million, \$3.20 million, \$3.17 million and \$3.47 million, respectively. The variation in the allocated amounts between years 1991 - 1994 reflects year-to-year changes in the UI Trust Fund collections. (i.e., UI Trust fund collections declined in 1993 compared to 1992). Some funds are allocated for program evaluation. The amounts shown in Table 1 reflect total STEP program expenditures.

Table 1			
Alaska State Training and Employment Program			
Funding Allocations and Expenditures			
Fiscal Year	Program Revenues (millions)	Total Expenditures* (millions)	Number of New Participants
1990	\$2.18	\$0.31	138
1991	3.09	1.82	1,256
1992	3.20	2.09	824
1993	3.17	2.66	1,239
1994	3.47	2.91	1,433
Source: Alaska Department of Labor, Research and Analysis and The Alaska Department of Community and Regional Affairs, JTPO. * The data for 1994 is preliminary and includes an assessment of \$283,445 to cover the cost of funding collection (A requirement stipulated by the US Department of Labor).			

Expenditures increased at an average rate of slightly over 20% per year. The initial program year expenditures (FY 1990) were quite low due to a late start in the program caused by the

development of programs, criteria, and the general logistic requirements of starting a new program. Much of the 20% annual increase is results from the low initial year expenditures.

### Program Analysis

STEP funds have been distributed through three different agencies<sup>1</sup>, the Fairbanks SDA, Anchorage/MatSu SDA, and the Alaska Statewide SDA. The Statewide SDA is made up of five regional offices: Juneau Statewide, Fairbanks Statewide, Nome Statewide, Bethel Statewide, and Anchorage Statewide. The analysis of the program is based on these project breakdowns. For the most part, the Statewide SDA is treated as a single entity in order to show multi-period data in a simpler format, however, its components are shown if relevant to the analysis.

The Alaska State Training and Employment Program (STEP) was enacted by the Alaska Legislature in 1989 to "reduce current and future claims against unemployment benefits, foster new jobs due to the availability of a skilled labor force, and increase training opportunities to the state's workers to protect against fluctuations in the economy and to prepare for technological changes in the workplace" (8ACC 87.020). Overall, the program

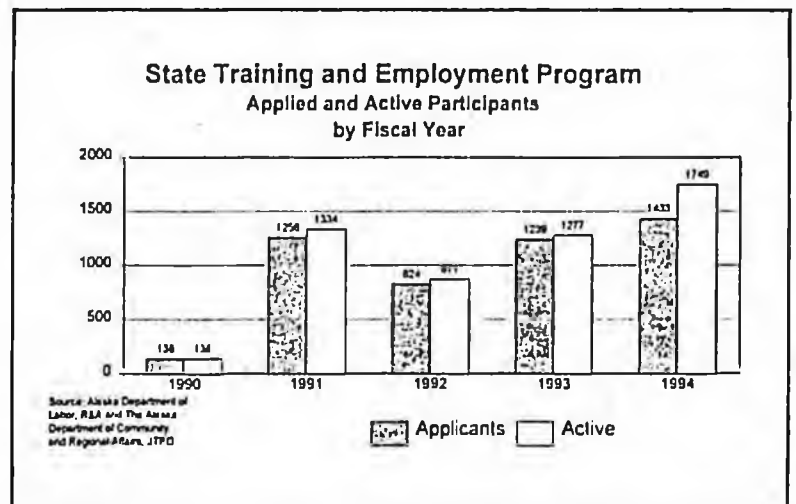


Figure 1

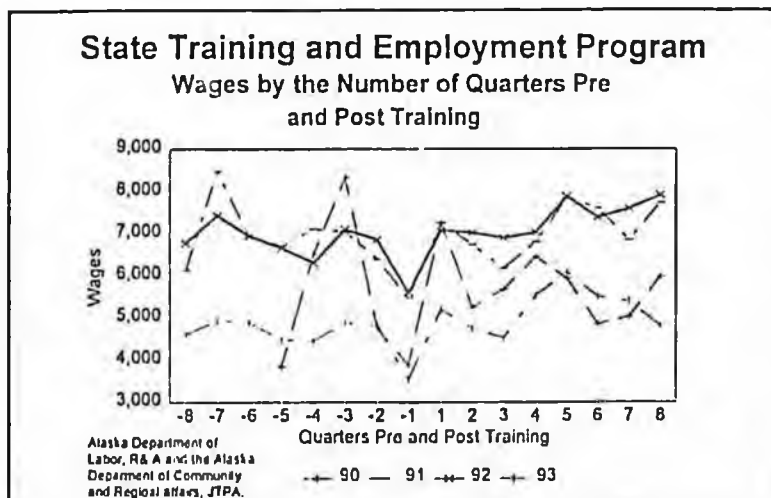


Figure 2

has been successful in meeting the goals established by the Alaska Legislature.

The number of participants who applied and were accepted into the STEP program together with the number of individuals active each fiscal year is shown in Figure 1. The number active exceeds or equals the number who applied because some of the those who applied in the previous fiscal year remained active the following year. In the four years of the program, 4,863 individuals participated in STEP activities.

<sup>1</sup> A onetime grant was awarded to the Fairbanks Native Association in fiscal year 1993

Because of implementation delays, only 138 participants received STEP services in the fiscal year 1990.

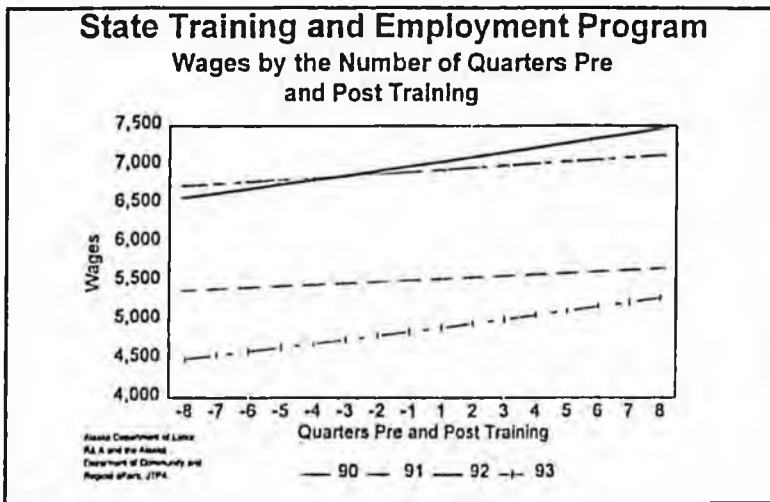


Figure 3

very low immediately prior to training and relatively high immediately after training indicating a definite improvement in wage immediately before and after training. It is very difficult to identify the longer term effects from this graph because of the large number of fluctuations between quarters.

Figure 3 shows the average quarterly wage trend for participants using the pre and post training wages shown in figure 2. The trend lines indicate an average wage growth rates of about 3% per year. The trend implies that the wage levels improve as the time after training progresses.

The employment data is not as positive. While employment the first quarter after training is very strong (see figure 4), the level of employment drops thereafter. Figure 5 shows that the trend in employment is down after termination from the program. Several factors can

An analysis of the participants wage and employment information, pre and post training, yields mixed results. Wages are showing a definite improvement. Figure 2 shows the wages by the number of quarters before and after training for each of the fiscal years of the program. The graph is quite busy, but an examination of the quarters immediately before and after entry (-1, 1, respectively) into the program show that the average quarterly wage is

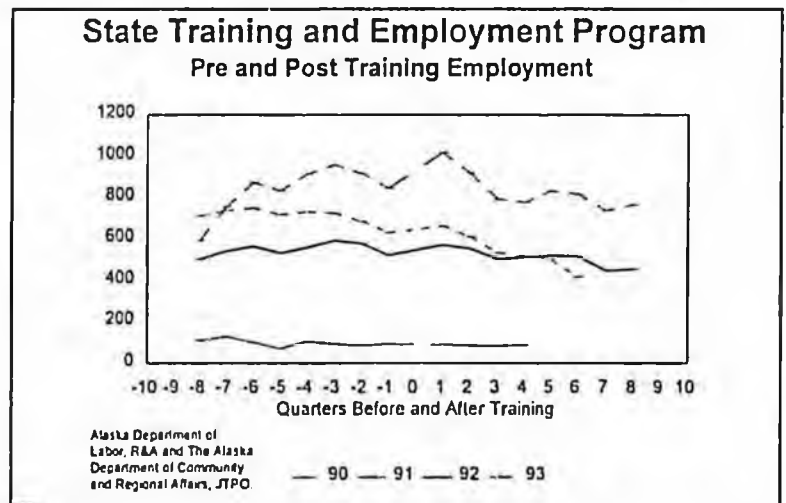


Figure 4

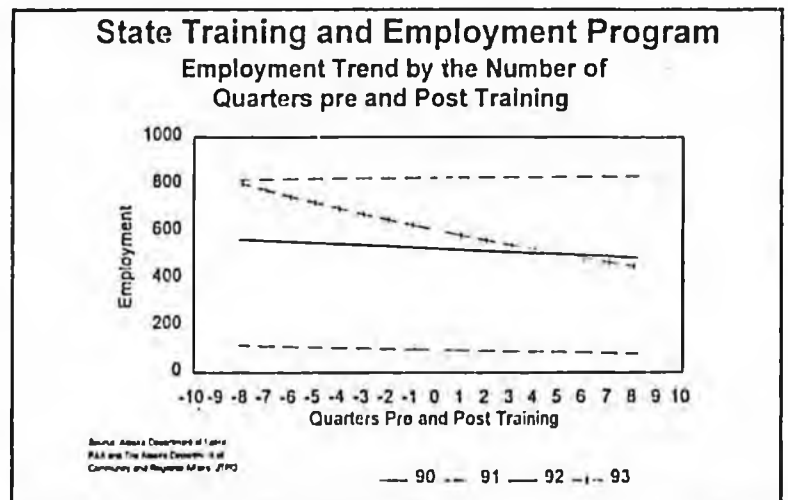


Figure 5

explain part of the loss in employment. An analysis of the Permanent Fund Dividend file indicates that participants leave Alaska at the rate of 1 to 2 percent per year (some may return in later years but the data does not show this trend to be significant at this time). The out-migration means that the pool of participants available for employment in Alaska decreases as time progresses accounting for part of the decrease in employment.

In addition to the out-migration, an analysis of the Alaska Business License File indicates that a surprisingly high 8% of the participants were holders of Alaska business licenses in 1994. The majority of these licenses were in industries with traditionally low startup costs (50.4% were in service related industries, see figure 6). This would imply that many of these licenses are associated with active businesses. Since these individuals are self employed, they would not show up in the wage file data and should be eliminated from the potential measurable wage and salary employment pool.

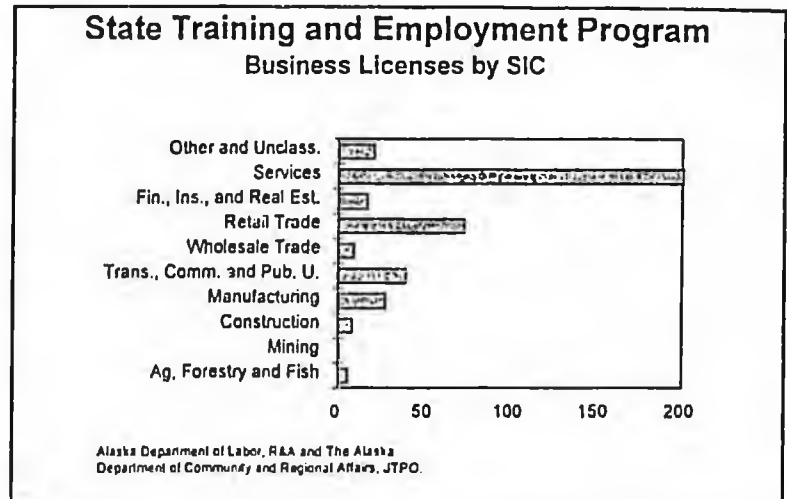


Figure 6

Due to the combined effects of out-migration and self-employment it appears that the employment pool could decline by as much as 10% in each year. Since the self employed and out-migrants are likely to be the most aggressive in searching for a new source of income by either leaving the state to search for a job or by starting their own business it is likely that the impact on employment will be proportionately large and play a significant role in the decrease in measurable Alaska wage and salary employment.

Further, it is not surprising that an individual would have difficulty getting re-employed after layoff, or experiencing some other form of economic dislocation.

An analysis of the jobs being filled by the STEP participants indicates that in 1994 nearly 300 of the positions filled were in new businesses. This means that the program is providing trained personnel for new business in the state. A more detailed analysis of the second quarter of 1994 indicates that for the total "new hires," 8.5% were hired by start-up or new firms. Looking at the STEP participants that were "new hires" 12.2% were hired by start-up firms. An analysis of the terminations from STEP indicates that 590 participants or over 12% of all terminations from the program are to accept a job that did not exist previously. This would tend to confirm that STEP participants are filling the intended role of providing trained personnel to new firms in the state. Table 2 shows training occupations, the number of applicants working in Alaska after training and the percent working in jobs related to employment. Participants are trained in occupations ranging from crafts to technical and service occupations. In total, of the number with identifiable training

occupational codes, 60% are working in occupations for which they were trained.

For 1991 STEP participants, claims increased for each quarter before training and remained "relatively" level for the quarters following training (see figure 7). For 1992 participants, the number of claims increased before training and decreased or held steady in post training quarters. For 1993 participants the number of claims

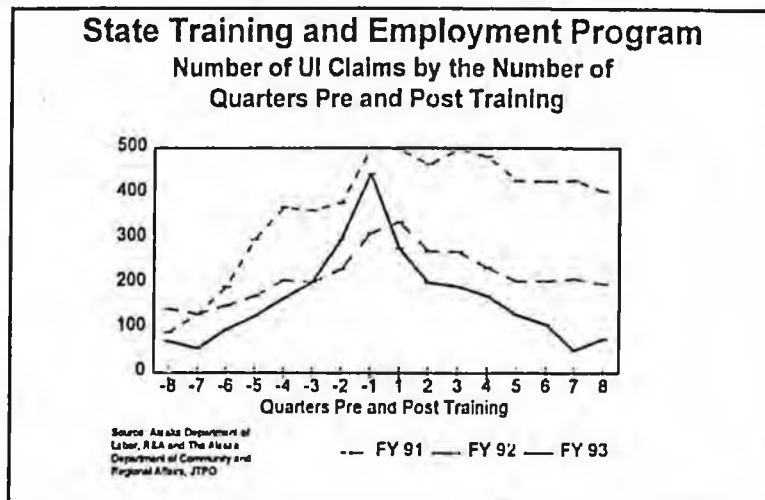


Figure 7

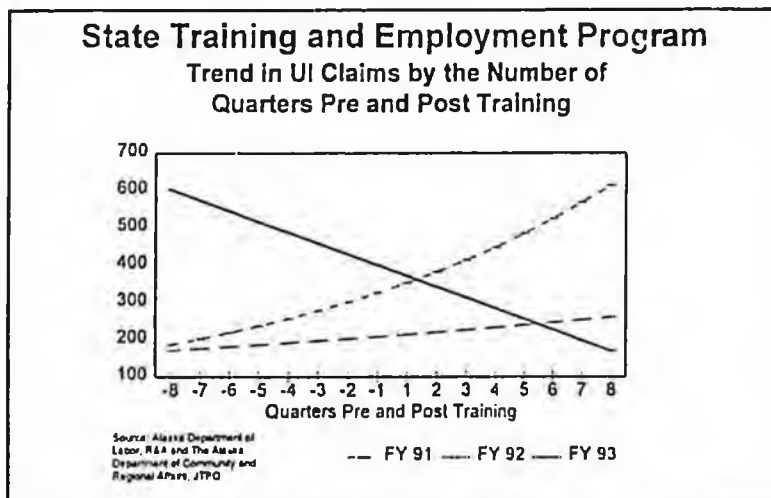


Figure 8

increased in each quarter before training and decreased in each quarter subsequent to training. The overall trends shown in figure 8 demonstrate that while the trend in the number of claims per quarter overall would be up, that in 1992 the trend is nearly flat and in 1993 the trend is down. The program appears to be improving in each successive year as the program is refined to better meet legislative mandates. This change parallels the trend in statewide unemployment in that unemployment

increased in 1991 and 1992 but decreased in 1993.

More importantly the pre and post training total UI payments to participants is improving dramatically as can be seen in figure 9. The level of pre training payments starts out very close in each of the program years (between \$80,000 and \$120,000 per quarter). In each program year the maximum attained is between \$600,000 and \$700,000 per quarter. However, in 1991 the level remains at

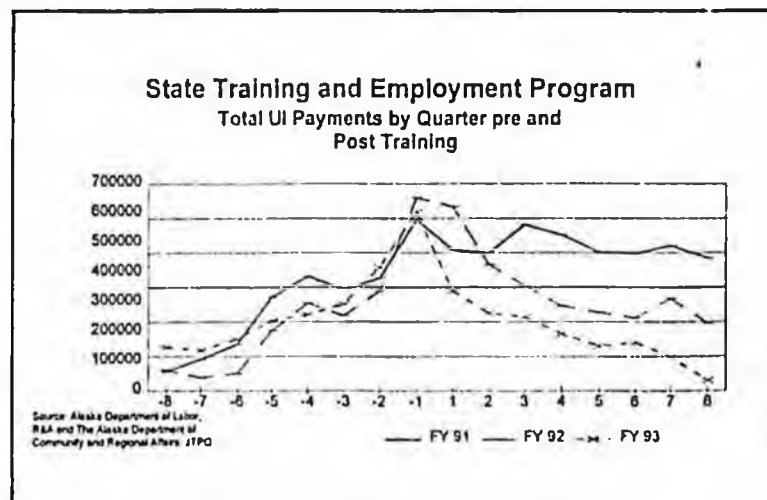


Figure 9

nearly \$500,000, in 1992 it decreases to around \$200,000 and in 1993 it decreases to less than \$50,000 per quarter after 8 quarters. Clearly, in 1993 the program has successfully reduced the amount of Unemployment Insurance payments paid over what would otherwise be expected.

Table 2			
State Training and Employment Program			
Applicants by Training-Related Employment			
Largest occupational Categories			
FY 91 Through FY 94			
		Total	Percent
		Working	with
		in Alaska	Training
	Total	After	Related
Occupational Title	Trainees	Training	Work
Computer Operator	355	253	50.0%
Manual Occ., NEC	256	219	76.0%
Construction Trades NEC	215	188	61.0%
Painter (Constr. & Maint.)	162	145	76.0%
Welfare Svc. Aide	131	98	68.0%
Hand Packer/Packager	125	101	46.0%
Freight/Stock Mover, NEC	105	85	50.0%
Electrician	102	79	96.0%
Nursing Aide, Attendant	100	78	47.0%
Plumber, Pipe/Steamfitter	93	86	83.0%
Carpenter	77	67	78.0%
Health Aide, not nursing	68	48	42.0%
Supv.: Handlers, Laborers	62	50	71.0%
Janitor, Cleaner	57	29	44.0%
Bookkeeper, Account Clerk	56	34	51.0%
Roofer	56	30	57.0%
Truck Driver, Heavy	54	34	16.0%
Secretary	50	39	72.0%
Admin. Support, Clerical	49	18	59.0%
Sheet Metal Worker	43	37	85.0%
Crossing Guards	42	40	23.0%
Supv.: Other Constr. Trades	42	29	64.0%

<b>Table 2</b>			
<b>State Training and Employment Program</b>			
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<b>Largest occupational Categories</b>			
<b>FY 91 Through FY 94</b>			
		Total	Percent
		Working	with
		in Alaska	Training
	Total	After	Related
Occupational Title	Trainees	Training	Work
Mechanic, Repairer, NEC	40	30	42.0%
Police/Detective, Public Svc.	36	34	67.0%
Social Worker	31	13	35.0%
General Office Occ.	29	23	57.0%
Power Plant/Systems Oprs.	29	21	56.0%
Welder, Cutter	27	12	27.0%
Hand Painter/Coater	25	22	45.0%
Auto Mechanic	24	9	25.0%
Misc. Material Moving Opr.	23	11	53.0%
Accountant, Auditor	22	15	23.0%
Stock/Inventory Clerk	21	15	24.0%

Source: Alaska Department of Labor, R&A and The Alaska Department of Community and Regional Affairs, JTPO

## Methodology

The Alaska Department of Labor wage file includes information on all employees covered by Alaska unemployment insurance. Information on self employed individuals is limited to those who held an Alaska Business License at any time during the fiscal year 1994. Whether the individual actually pursued the business as a form of livelihood or whether the business was successful cannot be determined from the file. Wage and employment information for federal government employees or those who work outside of Alaska was not available for this publication. Therefore, the data presented does not include all the earnings activity of the participants, but does provide a good view of the majority of those employed or collecting unemployment insurance benefits. In some cases data was unavailable to those collecting or entering the data. As much data as possible is presented with an annotation if the data is very sparse. Data are aggregated to protect the confidentiality of individuals. No employment or earnings information is released when there are fewer than six individuals in a particular group. To avoid double counting of applicants who are in the program for more than one fiscal year, report findings are based on the original date of application unless otherwise identified.

The primary sources of data are:

1. **The Department of Community and Regional Affairs.** All of the basic data and social security numbers used to identify program participants were supplied by DCRA. The data included project codes, education level, gender, ethnic group, program eligibility data, activities, beginning and ending dates, termination data, and vendor or agency.
2. **Alaska Department of Labor.** Provides industry or firm data, wages, unemployment compensation, duration of UI benefits, occupational codes, and area of employment.
3. **Permanent Fund Dividend file.** Provides gender and place of residence.
4. **Alaska Business License file.** Provides Business License Data and the industry for which license was purchased.

## Testimony on HB 435

Thank you Mr. Chairman for the opportunity to speak on HB 435. For the record my name is David Stone, I am the President of The Council of Alaska Producers. The Council is a non profit corporation whose members are essentially all of the major mining companies that are actively exploring, developing and operating in Alaska. Examples are Cominco and the Red Dog project, Kennecott and the Greens Creek Mine, Nevada Gold Fields and Nixon Forks mine.

On behalf of the Council I would like to express the mining industry support for the permanent Reauthorization of State Training & Employment Program (STEP).

This program is and has been Business friendly and business accessible. The program encourages business to invest in the skills of Alaskans and not look outside for trained and qualified workers.

The program helps the Alaskan work force keep up to date with new technologies and techniques keeping it competitive in the world economy. The program is more flexible and has less restrictions than most federal job training programs. The primary reason for that is due to the fact that the program is designed by and administered by Alaskans.

The program has been well integrated with the other employment and training programs through the delivery of the already established and proven private Industry Councils, and compliments these efforts.

STEP has already trained Alaskans and resulted in jobs in the mining industry such as the Nixon Forks mine near McGrath and the Greens Creek mine near Juneau. STEP has also helped workers who lost their jobs with the shut down of the Cambior Valdez Creek mine.

As the mining industry grows and creates new high paying jobs in Alaska, STEP can help ensure that Alaskans will be trained and qualified to fill these jobs.

The Council of Alaska Producers views STEP as a true partnership between the State of Alaska and Industry that results in jobs being filled by Alaskans. We urge you to pass HB 435 and make STEP permanent.

**HB**

**436**

1996 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Dept. Affected: Public Safety  
 Title: Mobile Home Dealers and Titles DPS Statewide Support  
 Component: Commissioner's Office  
 Sponsor: Representative Martin  
 Requestor: H. TRA COMPONENT SERIAL NO. 0523

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

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

FUNDING: (Thousands of Dollars)

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

Estimate of current year (FY 96) impact: \$ \_\_\_\_\_

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary )  
 No fiscal impact is anticipated to the Department of Public Safety

Prepared By: Sandy Perry-Provost, Special Assistant to the Commissioner Phone: 465-4322  
 Division: Commissioner's Office Date: 3/28/96  
 Approved by Commissioner: *Ronald L. Otte* Date: 3/28/96  
 Agency: Ronald L. Otte, Dept. of Public Safety

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# FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO. CSHB 436(TRA)

Revision Date: \_\_\_\_\_  
 Title: An Act relating to purchase and sale of mobile homes  
 by mobile home dealers;....  
 Sponsor: Representative Martin  
 Requestor: House Transportation

Department: Commerce and Economic Development  
 BRU: Occupational Licensing  
 Component: Operations

COMPONENT SERIAL NO. 1844

**Expenditures/Revenues**

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	20.2	20.2	20.2	20.2	20.2	20.2
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	3.0	3.0	3.0	3.0	3.0	3.0
SUPPLIES	1.0	1.0	1.0	1.0	1.0	1.0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>24.2</b>	<b>24.2</b>	<b>24.2</b>	<b>24.2</b>	<b>24.2</b>	<b>24.2</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES	48.4	0.0	48.4	0.0	48.4	0.0
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**FUND SOURCE**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other 1091 Designated PR	24.2	24.2	24.2	24.2	24.2	24.2
<b>TOTAL</b>	<b>24.2</b>	<b>24.2</b>	<b>24.2</b>	<b>24.2</b>	<b>24.2</b>	<b>24.2</b>

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

**POSITIONS**

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

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

CSHB 436(TRA) creates registration for mobile home dealers. Information obtained from the business license database indicates there may be as many as 124 individuals who may seek registration under this bill. The costs identified above assume that a part-time position would be needed to administer this registration program resulting primarily from the work involved with tracking and maintaining the bonding requirements. The costs are explained further on the attached page.

Prepared by: Jennifer Strickler, Administrative Officer  
 Division: Occupational Licensing  
 Approved by Commissioner: William L. Hensley  
 Agency: Commerce and Economic Development

Phone: 465-2144  
 Date: March 28, 1996  
 Date: 3-28-96

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# FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO.: CSHB 436(TRA)

ANALYSIS: (Continued)

## DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT FISCAL NOTE CALCULATIONS

### PERSONAL SERVICES \$20.2

This funding will provide a part-time Occupational Licensing Examiner I position, Range 12.

The position will be responsible to support the registration program by responding to inquiries, processing applications, track and maintain bonding information, evaluate surety bonds and investigate the actual financial responsibility of individual sureties. Tracking canceled bonds and activity placed against the bond prior to its cancellation.

### CONTRACTUAL SERVICES \$3.0

This funding will cover communication costs, printing of applications and statute/regulation booklets, public notice costs, and costs involved with regulation projects.

### SUPPLIES \$1.0

This funding will provide for daily operating desk top supplies.

**TOTAL:** **\$24.2**

### REVENUE

All programs within centralized licensing are required to pay its regulatory costs through fees generated. Like other regulated programs, the registration of mobile home dealers and agents will be responsible to pay Direct program costs in the first year of operation, and pay Direct program costs and Administrative Indirect costs starting in the second year forward.

Continuation of CSHB 436(TRA) Fiscal Note

The expenses identified in this fiscal note represent the Direct program costs. However, to estimate the amount of the registration fee, we have assumed there are 124 individuals who would seek registration under this bill. To calculate the Administrative Indirect costs, 124 mobile home dealers are added to the division's 32,355 total licensees for a total of 32,479 licensees. The 124 is then divided by the 32,479 licensees to determine the percentage of administrative indirect costs mobile home dealers can be held responsible for. ( $124 \text{ divided by } 32,479 = 0.01$ ). Based on FY 95's Administrative Indirect costs of \$1,291,316.69, the mobile home dealers can expect to be pay \$12,913.17.

Again, this fiscal note assumes that mobile home dealers will cover only the direct regulatory costs for the start-up year, FY 97, and both direct and indirect costs for FY 98 and beyond. Administrative indirect costs charged to other programs will be reduced to offset the mobile home dealers and agents contribution.

Total Program Costs are estimated at:

\$ 48.4 Direct Costs for FY 97 & FY 98  
\$ 12.9 Administrative Indirect Costs for FY 98  
\$ 61.3 Total Program Costs to be covered by 124 registrants

Therefore, the mobile home dealers fee in FY 97 is projected to be:

\$494.36 biennial registration fee (\$61,300 Biennial Program Costs divided by 124 licensees)

REPRESENTATIVE  
TERRY MARTIN  
CHAIRMAN  
BUDGET & AUDIT COMMITTEE  
MEMBER  
HOUSE FINANCE COMMITTEE

# Alaska State Legislature



MAY 15 - JAN 15 238-8169  
716 W. 4TH. SUITE 650  
ANCHORAGE, AK 99504

JAN 15 - MAY 15 465-3783  
STATE CAPITOL  
JUNEAU, AK 99801-1132

HOME 333-6990  
355 DONNA DRIVE, #11  
ANCHORAGE, AK 99504

## SPONSOR STATEMENT CSHB436 (TRA)

### Licensed purchases and sales of mobile homes by dealers; Mandatory DMV titling of mobile homes

CSHB436 (TRA) is in response to a recommendation by the Alaska Manufactured Housing Association.

There is a desperate need for consumer protection regulating the sale of mobile homes. Even though mobile homes may be valued up to \$100,000, they are still considered personal property and do not have protection under Alaska real estate laws unless located on a private lot. While mobile home dealers are unlicensed, unbonded and unregulated, real estate agents are strictly regulated and the public is protected by a surety fund, licensing requirements and the Real Estate Commission.

In addition, the State does not require the Division of Motor Vehicles (DMV) to issue title certificates for mobile homes. DMV is authorized, but not required, to title mobile homes. The problem is that banks and other lending institutions normally insist on a certificate of title, but seller-financed sales and cash sales offer no protection for the buyer or seller. The end result is that long after a sale is complete, a buyer's unit and/or seller's collateral can be claimed by an unknown title or lien holder.

CSHB436 (TRA) provides a degree of professionalism to dealers who sell and broker mobile homes by establishing mandatory titling and requiring licensed dealership and bonding so that unknowledgable buyers and sellers will be protected from risk.



REPRESENTATIVE  
**TERRY MARTIN**  
CHAIRMAN  
BUDGET & AUDIT COMMITTEE  
MEMBER  
HOUSE FINANCE COMMITTEE

# Alaska State Legislature



MAY 15 - JAN 15 258-8169  
716 W. 4TH, SUITE 650  
ANCHORAGE, AK 99504

JAN 15 - MAY 15 465-3783  
STATE CAPITOL  
JUNEAU, AK 99801-1182

HOME 333-6990  
355 DONNA DRIVE, #11  
ANCHORAGE, AK 99504

## SECTIONAL ANALYSIS CSHB436 (TRA)

Licensed purchases and sales of mobile homes by dealers;  
Mandatory DMV titling of mobile homes

### Section 1.

Adds mobile home dealers to the list of licensed and regulated entities under Occupational Licensing at the beginning of Title 8 (Business/Professional Licensing).

### Section 2.

Adds a new chapter (67) under Title 8 relating to mobile home dealers. Requires registration and an application to be submitted with accompanying fees to the Division of Occupational Licensing and defines what specific information must be recorded by the dealer. Requires department approval of the application, a two year renewal policy and instructs applicant to maintain a \$50,000 bond in favor of the State and executed by an authorized corporate surety. Describes how action on the bond is taken; the penalties imposed if fraud occurs; and defines "dealer", "department" and "mobile home" in reference to the statute.

### Section 2.

Requires the Division of Motor Vehicles to issue a certificate of title to the owner of a mobile home upon application. Requires the display of the title as evidence of ownership satisfactory to the department.

### Section 3.

Establishes an effective date of July 1, 1997.





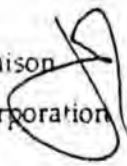
520 East 34th Avenue  
Anchorage, AK 99503-4199  
(907) 561-1900

P.O. Box 101020  
Anchorage, AK 99510-1020

MEMORANDUM

March 19, 1996

TO: Representative Terry Martin  
Alaska House of Representatives

FROM: John Bitney, Legislative Liaison  
Alaska Housing Finance Corporation 

SUBJECT: HB 436, an Act relating to mobile homes

Per your request, the following is information from the Alaska Housing Finance Corporation (AHFC) regarding HB 436, an Act relating to purchase of mobile homes by mobile home dealers or agents; to mobile home titles; and providing for an effective date:

Regarding the registration and bonding requirements for mobile home agents, AHFC acknowledges the consumer protection aspects of Section 1. Under HB 436, "a person who is engaged in the business of buying, selling, or dealing in new or used mobile homes and maintains an inventory of mobile homes for sale" must register with the Department of Commerce and Economic Development. The registration and bonding requirements will provide a better guarantee for mobile home purchasers of the integrity of the unit and the sale.

The state title requirement in Section 2 will provide for the availability of a deed of ownership on mobile homes. With AHFC's mobile home financing program (see below), a deed of ownership will offer better security for the corporation. Under current practice, a bill of sale is usually the only proof of ownership for a mobile home.

Under AHFC's current mobile home program, eligible properties are mobile home units located on rented or leased land or older mobile home units situated on fee simple properties. Certain mobile homes permanently affixed to real estate are financeable under any of the standard loan programs offered through AHFC, such as taxable, tax-exempt, or veterans.

*"Housing For All Alaskans"*

*ALASKA MANUFACTURED HOUSING ASSOCIATION*

November 1, 1995

Rep. Terry Martin  
355 Donna Drive  
Anchorage, AK 99504

Dear Rep. Martin:

I have been asked by the Board of Directors of Alaska Manufactured Housing Association to write to you about the need for a consumer protection bill regulating the sale of mobile homes.

Even though mobile homes may be valued up to \$100,000.00, they are personal property and do not fall under the protection of real estate laws unless located on a private lot. Mobile home dealers are unlicensed, unbonded and unregulated. Real estate agents, of course, are strictly regulated and the public is protected by a surety fund, licensing requirements, the Real Estate Commission, etc.

In addition, the state does not require DMV to issue title certificates for mobile homes. DMV is authorized, but not required, to title mobile homes. Banks and other lending institutions normally insist on a certificate of title, but seller-financed sales and cash sales offer no protection for buyers or sellers. Long after a sale is completed a buyer's unit and seller's collateral can be claimed by an unknown title holder or lien holder.

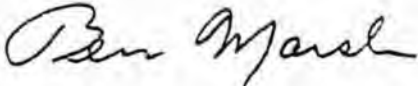
There is a need for some degree of professionalism in agents who broker sales of units, so that unknowledgable buyers and sellers may be protected from risk.

We recommend that you sponsor and introduce a bill that would:

1. Make it mandatory for DMV to issue certificates of title for mobile homes. There is already a \$100 fee for title certification.
2. That *dealers* in new or used mobile homes be required to be licensed by the Division of Occupational Licensing as a separate category.
3. That *agents* handling transfers of ownership also be licensed by the Division.
4. That licensees be required to furnish a bond in the amount of \$50,000 in order to do business in mobile home sales.

We hope you can arrange to have such a bill drafted, if you think it should be, also introduced in the Senate. We will cooperate with you fully in this effort.

Sincerely,



Bernard L. Marsh  
Executive Secretary

BLM:ckf

cc: Dave Carey, President  
Leonard Gross, V.P.  
Ira Walker, B.O.D.

# CAREY HOMES, INC.

SERVES ALASKA

3317 Mt. View Drive — Anchorage, Alaska 99501

272-5414

3-19-96

Representative Terry Martin

Dear Representative Martin, I'm writing to you today in favor of the Alaska Manufactured Housing Associations proposed changes to House Bill No. 436. We would like to be among the first to take proper steps to increase the protection for our customers and others which believe in the inherent benefits that our industry provides.

In reading HB 436 two positive issues come to mind. First, is a stronger bond which better reflects today's factory built housing. When my father first started in the early 50's, a home would sell off our lot for approximately \$3,500. As our industry has evolved since the 50's so has the prices. Today, our Factory Built Homes compete more and more with the more traditional sick built house. What makes us competitive is our Quality Controlled Construction and of course our price. With this in mind, our office would support the bond increase to \$50,000.. The increase would provide better protection for those who purchase either a new home our a used home from any party who conducts business in our industry.

The second issue of importance is that of titling. Public record of liens and ownership via Department of Motor Vehicles is our only true way to convey clear title to a new owner.

Again I would like to reaffirm our support of the Alaska Manufactured Housing Association revised editions to the House Bill No. 436.

Sincerely,



Mac A. Carey



20 March 1996

**GLENCAREN**  
Fine Mobile Home Living  
Location: 2221 Muldoon Road  
ANCHORAGE, ALASKA 99504

FAX: 1-907-337-2515

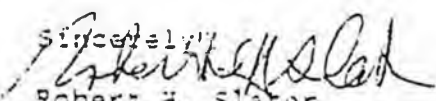
Phone: 1-907-337-9464

TO: REPRESENTATIVE TERRY MARTIN

RE: HOUSE BILL NO. 436

We fully support and urge passage of above referenced bill in its entirety. This is in the best interests of the Alaska public and the manufactured housing industry.

Sincerely,

  
Robert H. Slater

# SOUTHWOOD MANOR

9489 BRAYTON DR #68  
ANCHORAGE, ALASKA 99507  
190713440111

March 20, 1996

The Honorable Terry Martin  
Alaska State Representative  
Juneau, Alaska

Dear Representative Martin:

As a dealer in new and used manufactured homes (Mobile Homes), I am in concurrence with House Bill #436 as relates to having dealers and or agents bonded and that the titling of homes should be mandatory.

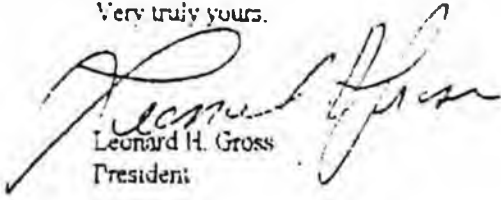
The bonding should apply to the dealers or persons who act in an agency sphere with either the buyer or seller or for his or her own account, but not to the employees (Sales Persons), who are employed by the individual or entity.

My personal feelings are that the bond should be somewhere between the \$10,000.00 require by the DMV as was prior to July 1994 or \$25,000.00 based on present values.

Without titling the homes, there is no central registration on which a buyer can feel 100% safe as to ownership. The present system opens the door to fraud upon the uninformed public.

Thank you for your time and energy in trying to improve and correct the present situation.

Very truly yours,

  
Leonard H. Gross  
President

THUNDER MOUNTAIN MOBILE PARK AND SALES  
8179 THUNDER MOUNTAIN ROAD  
JUNEAU, AK 99801  
(907)789-7555

3/26/96

Representative Gary Davis  
Transportation Commissioner Chairman  
State Capitol Building  
Juneau, Ak 99801

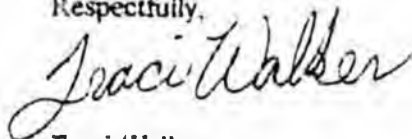
Re: House Bill No. 436

Dear Chairman

As an active Licensed Mobile Home Dealership in Alaska, I would like to express my support for House Bill No. 436. I urge you to pass this bill. Not only does this bill clarify licensing and bonding requirements for Home Dealers, it will protect the consumers of Manufactured and Mobile Homes. There are currently homes being shipped to Alaska that do not meet H.U.D.'s "Alaska Package" requirements and homes that are not being warranted because of this.

It is with regrets, I will not be in town to attend the committee meeting in person, but would be happy to speak with you and/or the committee upon my return the first of April. Again, I request that you pass House Bill No. 436, it is in the public's best interest. Thank you for your time.

Respectfully,



Traci Walker

TW/lm

cc: Representative Terry Martin

**HB**

**439**

FAX 101

FRED PASCOE@ 22914

DRAFT

FISCAL NOTE

BILL NO. HB439(L&C)

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

Revision Date: 18-Mar-96  
Title: An Act relating to minerals, including coal, to the statewide bonding pool for reclamation activities ...  
Sponsor: Representative(s) Brice, Kelly  
Requestor: House L&C  
Dept Affected: Natural Resources  
BRU: Resource Development  
Component: Mining Development  
Component Serial No. 442

Table with columns: Expenditures/Revenues, FY97, FY98, FY99, FY00, FY01, FY02. Rows include OPERATING EXPENDITURES (PERSONAL SERVICES, TRAVEL, CONTRACTUAL SUPPLIES, EQUIPMENT, LAND & STRUCTURES, GRANTS, CLAIMS, MISCELLANEOUS, TOTAL OPERATING), CAPITAL EXPENDITURES, and CHANGE IN REVENUES.

Table with columns: FUND SOURCE, (Thousands of Dollars), 1002 Federal Receipts, 1003 GF Match, 1004 GF, 1005 GF/Program Receipts, 1006 GF/MHTIA, Other, TOTAL.

Estimate of any current year (FY96) cost: \$ none

Table with columns: POSITIONS, FULL-TIME, PART-TIME, TEMPORARY, and columns for years FY97-FY02.

ANALYSIS: (Attach a separate page if necessary)  
This estimate of costs to the state are premised on two amendments to HB 439, as outlined in the working draft version of the bill (0LS1510/K):  
1. Representation on the Advisory Board covers all travel and perdiem costs, and excludes State Officials, but that staff time will be required to support the board.  
2. The advisory board sunsets in two years.

DRAFT

Prepared by: Jules Tileston, Director  
Division: Mining and Water Mgmt.  
Approved by Commissioner:  
Agency: Natural Resources  
Phone: 286-8625  
Date: 18-Mar-96  
Date: 18-Mar-96

9-LS1516K  
Chenoweth  
2/22/96

CS FOR HOUSE BILL NO. 439( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY

Offered:  
Referred:

Sponsor(s): REPRESENTATIVES  BRICE, Kelly

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing the Alaska Surface Coal Mining Advisory Commission as a  
2 temporary commission."

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

4 \* Section 1. ALASKA SURFACE COAL MINING ADVISORY COMMISSION. (a) The  
5 Alaska Surface Coal Mining Advisory Commission is established in the Department of Natural  
6 Resources.

7 (b) The commission is composed of nine members. The commission shall be composed  
8 of individuals not employed by government at any level who have experience in the various  
9 aspects of the surface coal mining industry in the state and experience working with the  
10 representatives of agencies having responsibility for surface coal mining enforcement and  
11 restoration activities. The governor shall appoint the members of the commission. Each member  
12 serves at the pleasure of the governor.

13 (c) The commission shall make recommendations to the governor and to the legislature  
14 on ways to amend AS 27.21 to conform to amendments in applicable federal law, changing  
15 conditions in the coal industry in the state, and changing appropriate technologies.

- 1 (d) The commission shall
- 2 (1) report its recommendations each year to the governor during the first 10 days
- 3 of the regular session of the legislature; and
- 4 (2) notify the legislature that the report prepared and submitted under (1) of this
- 5 subsection is available.
- 6 \* Sec. 2. Section 1 of this Act is repealed July 1, 1999.

# FISCAL NOTE

STATE OF ALASKA

BILL NO. HB439

1996 LEGISLATIVE SESSION

Revision Date: Original Dept Affected Natural Resources  
 Title: Mining bonding pool & coal advisory BRU: Resource Development  
 commission \_\_\_\_\_ Component: Mining Development  
 Sponsor: Brice, Kelly  
 Requestor: H-RES Component Serial No. 442

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES	50.0	50.0	50.0	50.0	50.0	50.0
TRAVEL	17.0	17.0	17.0	17.0	17.0	17.0
CONTRACTUAL	8.0	8.0	8.0	8.0	8.0	8.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	75.0	75.0	75.0	75.0	75.0	75.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ( )	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	75.0	75.0	75.0	75.0	75.0	75.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	75.0	75.0	75.0	75.0	75.0	75.0

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

POSITIONS

FULL-TIME	0.7	0.7	0.7	0.7	0.7	0.7
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Commission's travel	\$ 17.0
Salaries professional and administrative staff support of Commission	\$ 50.0
Contractual includes the cost of printing and publishing the annual report	\$ 8.0

Prepared by: Jules Tileston, Director Phone: 269-8625  
 Division: Mining & Water Management Date: 2-Feb-98  
 Approved by Commissioner: [Signature] Date: 2-2-98  
 Agency: Natural Resources

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Charlie Boddy

Vice President Of Governmental Relations

January 31, 1996

Representative Tom Brice  
Alaska State Legislature  
Capitol Building - Room 3466  
Juneau, Alaska 99801-1182

Subject: HB 439 State Bonding Pool Amendments

Dear Representative Brice:

Usibelli Coal Mine Incorporated (UCM) wishes to thank you and your staff for the attentive effort which resulted in the introduction of HB 439. Allowing surface coal mining owners and operators guaranteed access to the State's bonding pool, secures a new source of bonding for the reclamation programs required by certain regulatory agencies.

The Alaska Surface Coal Mining Control and Reclamation Act (ASCMCRA) of 1982 allows successful permit applicants various types of reclamation bonding as an option to insure successful reclamation of mined properties. Collateral, surety and self bonding mechanisms are provided for under the ASCMCRA statute (AS 27.21). Unfortunately, more than a decade after the passage of ASCMCRA, the self bonding regulations are not yet approved or available for use by coal mine permit applicants. Additionally, surety bonding companies have been disinclined to make bonding available in a state where only one coal mine is in production. The limitations forced upon our fledgling industry are quickly apparent, and other avenues for bonding are needed and appreciated.

HB 439 also addresses an earlier recommendation of the Mineral Commission to create a surface coal mining advisory commission. The commission will act as a liaison between the state legislature, administration, the federal Office of Surface Mining Reclamation and Enforcement (OSMRE), and the regulated community. The regulated community in this instance are those individuals or mining companies with a vested interest in state leases, private lands, or native lands.

USIBELLI COAL MINE, INC ♦ 121 First Avenue - Suite 302 ♦ Fairbanks, Alaska 99701  
Telephone 907-452-2625 ♦ Facsimile 907-451-6545

Although the current legislation directs the governor to make all nine of the appointments, the legislature may want to consider making a select number of appointments themselves. The legislature may also want to consider making the chairperson of the Senate and House Resource Committees ex-officio members of the proposed commission.

After comparing opinions with Bob Stiles, president of the Alaska Coal Association, we believe a two year life for the newly formed commission would be adequate. At the national level, Wyoming Representative Barbara Cubin has introduced special legislation (H.R. 2372) that will allow states such as Alaska, who have primacy to regulate surface coal mining, the ability to manage their state tailored program with diminished interference from the OSMRE.

One of the tasks the commission could work on clarifying would be the relationship of the state and federal agencies in applying the regulations developed for use in the coterminous United States, to the unique environment we experience here in Alaska. A documented study performed by the National Research Council pursuant to section 708 of PL 95-87 (the federal Surface Coal Mining Control and Reclamation Act of 1977) could also be reviewed and utilized to identify necessary changes to render the ASCMCRA more effective and workable on a regional basis. This 328 page investigation was authored by members selected from the National Academy of Sciences and the National Academy of Engineering. The undertaking was chaired by a distinguished Alaskan, Dr. Earl H. Beistline.

Arctic mining will always present numerous challenges and opportunities for those with the intestinal fortitude to participate in this segment of the Alaska economy. Your responsible efforts to assist our industry have always been appreciated. Thank you for preparing such forward thinking legislation. With best regards, I remain,  
Sincerely,



Charlie Boddy

cc: The Honorable Loren Leman, Alaska State Senate  
Steve Borell, AMA  
Bob Stiles, ACA  
Becky Gay, RDC

President: R. B. Stiles  
711 H Street, Suite 600  
Anchorage, Alaska 99501  
Tel. (907) 276-6868  
Fax. (907) 276-2395

Secretary: Charles P. Boddy  
122 First Avenue, Suite 302  
Fairbanks, Alaska 99701  
Tel. (907) 452-2625  
Fax. (907) 451-6543



## ALASKA COAL ASSOCIATION

Representative Tom Brice  
Alaska State Legislature  
Capitol Building - Room 3466  
Juneau, AK 99801-1182

Subject: HB 439 State Bonding Pool Amendments

Dear Representative Brice:

The Alaska Coal Association is in full support of HB 439.

As I am sure you are aware surface coal mining was never excluded from the state bonding pool and it was always intended that, after the state bonding pool had been in place for sometime, surface coal mining would be specifically included. Your bill clearly implements this intent.

The following is a summary listing of why we believe that passage of this bill would represent a win-win situation all-around:

- No western coal producer has ever defaulted on a reclamation bond. Thus, sureties would be consider low risk and as such may reduce the overall risk profile of the state pool.
- HB 439 would have no effect on the level of bonding required for surface coal mine reclamation. Surface coal mining related statutes and regulations require that the bond value's be directly related to the estimated cost of reclamation, as a result typical surface coal mine reclamation bonds are usually in the \$1,000's/acre
- Because of the typically higher reclamation bond values associated with surface coal mining the overall asset value of and income to the state pool would increase substantially with no increase in the risk profile.
- Finally as you are aware obtaining bonding for mine developments in Alaska is a difficult, costly and sometimes impossible proposition. This is as true for surface coal mining as for any other type mining. HB 439, by explicitly including surface coal mining, assures that reclamation bonding would be available for Alaska developments and operations.

The Alaska Coal Association appreciates you and your staffs efforts to introduce this legislation which implements recommendations of the Minerals Commission. We believe the addition of surface coal mining to the state pool will benefit the mining industry as a whole and thereby be a benefit to the state.

Respectfully

R.B. Stiles  
President

cc: The Honorable Loren Leman, Alaska State Senate  
Steve Borell, AMA  
Charles Boddy, Usibelli Coal Mine, Inc.  
Becky Gay, RDC

## COAL ISSUES

**FINDING:** In 1990 the Alaska State Legislature passed into law a new statute to ensure reclamation occurred during and after mining on state, federal, municipal, and private land and water. In 1982 the Legislature passed a similar law regarding surface coal mining operations in Alaska. These two programs offer various reclamation bonding mechanisms to companies and individuals engaged in mining activities. A primary difference exists, however, in that coal mining operations are currently not able to participate in the State's bonding pool. A change in statute is advocated to allow for participation, if desired, of all mining companies and individuals in the State's bonding pool.

— THE COMMISSION RECOMMENDS THAT: —

9. *The Governor should direct the Commissioner of Natural Resources to prepare necessary changes to AS 27.19.010(c) and AS 27.19.040(b) to allow for the inclusion of all mining companies and individuals in the State of Alaska's reclamation bonding pool.*

David S. Manzer  
President  
5381 Tudor Top Circle  
Anchorage, Alaska 99507-1631  
(907) 563-8882  
FAX 563-8883

## Alaska Land Status, Inc.



February 1, 1996

Representative Tom Brice  
State Capitol  
Juneau, AK 99801-1182  
Fax: 465-2294

Via Telefax

Re: HB 438 & HB 439

Dear Representative Brice:

I am Co-Chairman of the State Oversight Committee of the Alaska Miner's Association. Our committee met today and discussed HB 438 and HB 439 which you sponsor. We support both bills as currently drafted.

Thank you for your support of the mining industry. If you have any questions regarding our discussion of these bills please call me or Steve Borell, our Executive Director.

Sincerely,

A handwritten signature in cursive script that reads "David S. Manzer". The signature is written in black ink and is positioned below the word "Sincerely,".

David S. Manzer

cc: Steve Borell  
Rich Hughes  
Bob Stiles



President: R. B. Stiles  
711 H Street, Suite 600  
Anchorage, Alaska 99501  
Tel. (907) 276-6868  
Fax. (907) 276-2395



Secretary: Charles P. Boddy  
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## ALASKA COAL ASSOCIATION

### ALASKA PRIMACY OF THE SURFACE COAL MINING REGULATORY PROGRAM

- Both the State and the Private Sector face a unique set of challenges and opportunities with regard to exploration, development, marketing, production and transportation of Alaska's Coal Resources.
- The federal Surface Coal Mining Control and Reclamation Act (SCMCRA) and the associated regulatory program is a "one size fits all" program and cannot take into account any unique challenges associated with exploration, development and production of Alaska coal or the reclamation of surface coal mined lands.
- The Alaska Surface Coal Mining Control and Reclamation Act (ASCMCRA) and associated regulatory program, as currently constituted, does not, to any significant degree, reflect the unique challenges and opportunities associated with exploration, development and production of Alaska coal or the reclamation of surface coal mined lands.
- Developments at the national level make this exactly the wrong time to relinquish primacy to OSM:
  - OSM's direct involvement in states with approved programs (primacy) is likely to be reduced in the near future as a result of enactment of proposed legislation currently in Congress.
  - Proposed appropriations currently in Congress for OSM would result in a RIF of 38% and a 9% cut in overall budget. The proposed staff cuts should absorb practically all of the budget cut.
- Relinquishing primacy of the surface coal mining regulatory program is inconsistent with the current policy of the State to obtain primacy over other federal environmental regulatory programs.
- While the total (direct & indirect) budget for the ASCMCRA program was on the order of \$1,852,650, only \$123,500 was funded by the State. The actual cost to the State is trivial.
- Relinquishing primacy could, and most likely would, have very negative effects on both the only active mine (Usibelli) and all projects currently under exploration and/or development.

Numerous projects being undertaken by the permitting/enforcement program should be suspended since these projects could not be completed by July 1, 1996. These include:

Permitting/Enforcement Options:

A) *Suspend all permit work and focus on getting files, equipment, and pending applications ready for transfer to OSM on July 1, 1996. The Division's recommends selecting this option.*

1) *Program amendments to revise regulations that would become "preempted and superseded" by federal regulations would be suspended.*

2) *New permits including Usibelli's Two-Bull Ridge mine and Alaska Power & Telephone's Jarvis Creek mine would not be processed. Neither of these mine permit applications could be reviewed and completed by July 1, 1996.*

3) *Regulations for self bonding for the Alaska coal industry would not be needed. Any further revisions required by OSM to the proposed regulations will not be made.*

4) *Continue work only on mine permit amendments that can be completed and approved by July 1, 1996. This includes changes to exploration permits and revisions now under review at the Usibelli Coal Mine. A new mine permit for Nerox is currently planned to be completed during this period, if we get a complete application soon.*

5) *Continue the work on the revegetation workshop for the reason that it establishes a position good for the state and the coal industry after federal take-over. It formalizes by the efforts of the Alaska Coal Association, other contributors, and the Alaska Coal Program that Alaska conditions are different from those found in the Lower 48 states.*

6) *Continue implementing the Usibelli Coal Mine stability plan for the Poker Flats outslope.*

B) *Conduct the work of the Coal Program in a "business as usual" mode through June 30, 1996.*

The coal industry should expect that OSM will re-open mine permits to insure that they comply with federal regulations. Permit reviews, and the processing of amendments are reviewed on a "first-come" basis along with the federal Washington program and Indian tribes.

Effects of program termination on the Division and the Department

Total indirect cost monies received in FY96 are \$61,100. Of this, \$26,200 supports the Director's Office and \$25,900 supports Administrative Services.

The \$26,200 in the director's office was used to cover the vacancy factor, which amounted to

# CORRECTION

THE FOLLOWING DOCUMENT(S)  
HAVE BEEN REFILMED TO  
ASSURE LEGIBILITY OR PAGINATION



Rev. 6/98

Central Microfilm Services  
Department of Education  
State of Alaska

President: R. B. Stiles  
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Fax. (907) 276-2395



Secretary: Charles P. Boddy  
122 First Avenue, Suite 302  
Fairbanks, Alaska 99701  
Tel. (907) 452-2625  
Fax. (907) 451-6513

## ALASKA COAL ASSOCIATION

### ALASKA PRIMACY OF THE SURFACE COAL MINING REGULATORY PROGRAM

- Both the State and the Private Sector face a unique set of challenges and opportunities with regard to exploration, development, marketing, production and transportation of Alaska's Coal Resources.
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- The Alaska Surface Coal Mining Control and Reclamation Act (ASCMCRA) and associated regulatory program, as currently constituted, does not, to any significant degree, reflect the unique challenges and opportunities associated with exploration, development and production of Alaska coal or the reclamation of surface coal mined lands.
- Developments at the national level make this exactly the wrong time to relinquish primacy to OSM:
  - OSM's direct involvement in states with approved programs (primacy) is likely to be reduced in the near future as a result of enactment of proposed legislation currently in Congress.
  - Proposed appropriations currently in Congress for OSM would result in a RIF of 38% and a 9% cut in overall budget. The proposed staff cuts should absorb practically all of the budget cut.
- Relinquishing primacy of the surface coal mining regulatory program is inconsistent with the current policy of the State to obtain primacy over other federal environmental regulatory programs.
- While the total (direct & indirect) budget for the ASCMCRA program was on the order of \$1,852,650, only \$123,500 was funded by the State. The actual cost to the State is trivial.
- Relinquishing primacy could, and most likely would, have very negative effects on both the only active mine (Usibelli) and all projects currently under exploration and/or development.

The Alaska Surface Coal Mining Program consists of two parts; a) the permitting/enforcement function and b) the Abandoned Mined Land reclamation function. The latter, AML, is the carrot that gives states the added incentives to adopt their own permitting/enforcement programs.

In FY 1995, Alaska funded as "state share" \$123,500 toward the permitting/enforcement function. The Office of Surface Mining matched this sum but allowed an additional amount for indirect costs of conducting the program. The total federal funds for this function were \$155,050, giving a total function cost of \$278,550.

The AML function is 100% federal receipts. Funds are generated from a 35 cent per ton charge on coal production nationally. Alaska's share based on Usibelli Coal Mine, Inc.'s production for last year and federal distribution formula is \$156,504 (OSM has collected \$3,507,481 through FY94 and collects approximately \$525,000 annually). Since the Alaska program attained "minimum" program status, we are eligible for \$2 million per year. Congress has authorized funding "minimum" program states at \$1.5 million for FY 94 and FY95. To bring our funding level up to this amount, we received \$1,343,496 in federal share distributions, and an additional \$13,000 for emergency reclamation.

In summary, by having the Alaska Coal Program, we received \$1,668,050 federal funds for \$123,500 state matching funds and about \$156,500 in Usibelli reclamation fees. Of this amount, \$1,077,000 will go into on-the-ground construction.

#### Consequences of terminating the Alaska Coal Program:

##### AML Options:

A) *Federal AML funds received amounting to approximately \$4.2 million will be returned to OSM, since the state will no longer control or have the ability to supervise contracts after July 1, 1996. Limited work will be done in the spring of 1996. The Division recommends this option.*

1) *A construction contract for reclamation at Wishbone Hill amounting to \$1.5 million will be put on hold and not advertized in January 1996 as planned. This will push reclamation into 1997 if the Coal Program continues past July 1, 1996.*

2) *Stop Treadwell Mine hazard reduction and do not initiate selection of another hardrock reclamation project.*

3) *Complete the Old Suntrana Tipple PCB cleanup project which was begun in 1995 by July 1, 1996.*

B) *Award the contract for \$1.5 million for reclamation work at Wishbone Hill but delay implementation until OSM provides construction supervision. Continue with the Upper Knob Creek reclamation under a new equipment rental contract through June 30, 1996 with a provision for continuation under OSM supervision. Complete 3) above.*

Numerous projects being undertaken by the permitting/enforcement program should be suspended since these projects could not be completed by July 1, 1996. These include:

Permitting/Enforcement Options:

A) *Suspend all permit work and focus on getting files, equipment, and pending applications ready for transfer to OSM on July 1, 1996. The Division's recommends selecting this option.*

1) *Program amendments to revise regulations that would become "preempted and superseded" by federal regulations would be suspended.*

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4) *Continue work only on mine permit amendments that can be completed and approved by July 1, 1996. This includes changes to exploration permits and revisions now under review at the Usibelli Coal Mine. A new mine permit for Nerox is currently planned to be completed during this period, if we get a complete application soon.*

5) *Continue the work on the revegetation workshop for the reason that it establishes a position good for the state and the coal industry after federal take-over. It formalizes by the efforts of the Alaska Coal Association, other contributors, and the Alaska Coal Program that Alaska conditions are different from those found in the Lower 48 states.*

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B) *Conduct the work of the Coal Program in a "business as usual" mode through June 30, 1996.*

The coal industry should expect that OSM will re-open mine permits to insure that they comply with federal regulations. Permit reviews, and the processing of amendments are reviewed on a "first-come" basis along with the federal Washington program and Indian tribes.

Effects of program termination on the Division and the Department

Total indirect cost monies received in FY96 are \$61,100. Of this, \$26,200 supports the Director's Office and \$25,900 supports Administrative Services.

The \$26,200 in the director's office was used to cover the vacancy factor, which amounted to

\$20,200 this year. Without the federal indirect money, the director's office must cover the vacancy factor in FY97 by requiring some employees to take leave without pay. This could be equal to 18 weeks of layoff, or one week per employee, depending upon pay grade and unforeseen position vacancies.

The loss of \$25,900 in indirect monies to Administrative Services and the loss of other federal indirect monies will result in the elimination of one full time employee and the redistribution of their workload to other staff.



**Representative Tom Brice**  
**ALASKA STATE LEGISLATURE**

119 N. Cushman, Ste. 205  
Fairbanks, AK 99701  
907-456-7423 / Fax: 451-9293  
*While in Juneau*  
State Capitol  
Juneau, AK 99801-1182  
907-465-3466

**M E M O R A N D U M**

To: Representative Pete Kott, Chair  
House Labor and Commerce Committee

From: Representative Tom Brice 

Date: February 5, 1996

Re: HB 439: An Act relating to minerals, including coal, to the statewide bonding pool for the reclamation activities imposed on mining operations, and to the statewide bonding pool's use for surface coal mining projects.

I would appreciate your scheduling HB 439 for a hearing before the Labor and Commerce Committee at your earliest convenience.

Different mining interests in Alaska are required to provide performance bonding under two different sections of AS Title 29. AS 29.19.040 requires the commissioner to establish a bonding pool as an alternative to individual performance bonds, describes deposits and fees the commissioner shall collect, and gives the commissioner the option of utilizing the pool in the Alaska Surface Coal Mining Control and Reclamation Act (ASCMCRA), AS 29.21.160, bonding requirements. Although this option exists, and its exercise would serve to strengthen the solvency and viability of the bonding pool with the addition of a large contributor to the pool, the commissioner has not exercised the option to date.

HB 439 more firmly establishes the link between sections 19 and 21 in Title 29 by requiring the commissioner to allow of the reclamation bonding pool to meet the requirements of the ASCMCRA. The net result of enacting HB 439 will be a stronger reclamation bonding pool for mining interests as a whole in Alaska, achieved by more strongly linking reclamation program bonding provisions established in Title 29.

Thank you for your consideration.



# Representative Tom Brice

## ALASKA STATE LEGISLATURE

119 N. Cushman, Ste. 205  
Fairbanks, AK 99701  
907-456-7423 Fax: 451-9292  
*While in Juneau*  
State Capitol  
Juneau, AK 99801-1182  
907-465-3466

Representative Tom Brice  
HB 439 Sponsor Statement

Currently, mining interests in Alaska are required to provide performance bonding under two different sections of AS Title 29. AS 29.19.040 requires the commissioner to establish a bonding pool as an alternative to individual performance bonds, describes deposits and fees the commissioner shall collect, and gives the commissioner the option of utilizing the pool in the Alaska Surface Coal Mining Control and Reclamation Act (ASCMCRA), AS 29.21.160, bonding requirements. Although this option exists, and its exercise would serve to strengthen the solvency and viability of the bonding pool with the addition of a large contributor to the pool, it has not been exercised to date.

HB 439 more firmly establishes the link between sections 19 and 21 in Title 29 by requiring the commissioner to allow of the reclamation bonding pool to meet the requirements of the ASCMCRA, and providing for that use in the ASCMCRA. The net result of enacting HB 439 will be a stronger reclamation bonding pool for mining interests as a whole in Alaska, achieved by more strongly linking reclamation program bonding provisions established in Title 29.

The bill directs the Governor to create an advisory board charged with the review of, and revision as needed to, the Alaska Surface Coal mining Control and Reclamation program. This will help ensure the Alaska Coal Program's constructive implementation of the federal Surface Coal Mining Control and Reclamation Act through ASCMCRA. This in turn maintains state regulation of these activities, rather than federal regulation.





# Representative Tom Brice

## ALASKA STATE LEGISLATURE

119 N. Cushman, Ste. 205  
Fairbanks, AK 99701  
907-456-7423 / Fax: 451-9293

*While in Juneau*  
State Capitol  
Juneau, AK 99801-1182  
907-465-3466

Representative Tom Brice  
CSHB 439( ) Sponsor Statement

The Alaska Minerals Commission recommended in its 1993 report to the Legislature that an advisory board be created in order to periodically review the Alaska Surface Coal Mining Control and Reclamation Act (ASCMCRA), found in AS 27.21. The act serves to maintain state primacy in the oversight and regulation of coal mining in Alaska, through implementation by the State of the Federal Surface Coal Mining Control and Reclamation Act (FSCMCRA), and through the Office of Surface Mining. The board was never established.

Since that time the Division of Mining has made known its intent to return oversight of coal mining in Alaska to the Federal Office of Surface Mining. There are several compelling reasons to revisit the rationale behind relinquishing state primacy. First, FSCMCRA is an "umbrella" law, and does not reflect the unique parameters associated with exploration, development, and production of Alaska coal, and the reclamation of surface coal mined lands. Second, by relinquishing primacy, the division will save state expenditures, but lose control of the federal matching funds. Historically this has amounted to control of approximately \$1,668,050 in federal funds for state matching funds of \$123,500. Third, the transition to federal oversight can create disturbances in the permitting process, and will remove the state from the oversight loop.

This bill directs the Governor to create a temporary advisory commission charged with the review of the Alaska Surface Coal Mining Control and Reclamation Act, recommend revisions. The Alaska Coal Association and the Division of Mining have held preliminary discussion regarding the composition of the commission and have established a protocol for meeting its expenses.

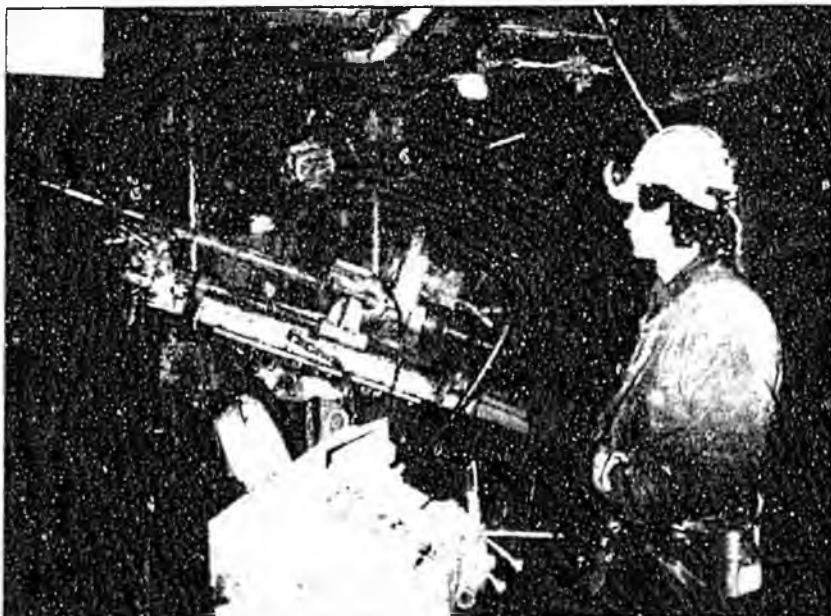




Report of the  
**ALASKA  
MINERALS  
COMMISSION**



**JANUARY 1993**



made by state agencies. Council implementation of AS 46.40.060, which requires screening of local district plans for arbitrary or unreasonable restriction or exclusion of "uses of state concern," has been inconsistently implemented, particularly with respect to large-scale industrial and commercial developments identified in AS 46.40.210 (6) (c). The role of the coastal resource service area boards is unclear, and the boards and district are not required to modernize district plans.

**THE COMMISSION RECOMMENDS THAT:**

- 18a. The Legislature should amend AS 46.40.100 (b) to allow coastal zone applicants to petition for hearings.*
- b. The Governor should set up a task force to evaluate all district plans to ensure that the "uses of state concern" have been incorporated in district plans, recognizing resource development as an acceptable land use option.*
- c. The Governor should identify the roles and scope of authority of the coastal resource management boards and determine if periodic reviews of existing district plans should be legislatively mandated.*

## COAL ISSUES

**FINDING:** The Alaska Surface Coal Mining Control and Reclamation program is constantly being reviewed for possible change in response to changes in the federal program. To ensure that these oversight reviews and any resulting changes to the State's program reflect Alaska's diverse conditions, there needs to be close communication and cooperation between Alaska's coal industry and State and federal agencies involved in program administration.

**THE COMMISSION RECOMMENDS THAT:**

- 19. The Governor should direct the Department of Natural Resources to create an advisory board consisting of coal industry representatives, Division of Mining personnel involved in permitting coal mining activities, and representatives of the office of Surface Mining-Reclamation and Enforcement group. This board shall meet periodically to review the Alaska Surface Coal Mining Control and Reclamation program and make changes needed to account for Alaska's diverse conditions and for changing technologies.*

## EDUCATION AND RESEARCH

**FINDING:** The "Alaska Resource Kit: Minerals," which is being used in the statewide public school system, is an excellent program for educating Alaska's students in the issues and fundamentals of resource development. The program is a cooperative effort between the Department of Education, which developed the curriculum and is responsible for its implementation, and the Alaska Mineral and Energy Resource Education Fund (AMEREF). AMEREF is an industry-supported organization which annually funds the production and replacement of the teaching materials, and which partially funds the salary of a Mineral Specialist in the Department of Education who is responsible for providing teacher training and for implementing the program into the school system. This program has proven to be a success and reflects the cooperation that has existed during the 10 years of the program's existence.

**THE COMMISSION RECOMMENDS THAT:**

- 20. The Governor and the Legislature should continue to support the Department of Education for its partial funding of a Minerals Specialist at the present or an increased level, commensurate with increased contributions from the industry-supported Alaskan Mineral and Energy Resource Education Fund (AMEREF).*

**HB**

**448**

# FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO. HB 448

Revision Date: \_\_\_\_\_  
 Title: Eligibility for Unemployment  
Compensation Benefits  
 Sponsor: House Labor & Commerce  
 Requestor: House Labor & Commerce

Department Affected: Labor  
 BRU: Employment Security  
 Component: Employment/Unemployment Svcs.  
 COMPONENT SERIAL NO. 1807

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

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

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

<b>CHANGE IN REVENUE</b>						
<b>FUND SOURCE #</b>						

**FUNDING:** (Thousands of Dollars)

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

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

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

See attached.

Prepared by: Rebecca Nance, Director Phone: 465-2712  
 Division: Employment Security Division Date: 3/5/96  
 Approved by Commissioner: Tom Cashen, Commissioner  
 Agency: Department of Labor Date: 3/5/96

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

HB 448 Attachment

The bill would impose a uniform work search requirement for unemployment insurance claimants. The department would consequently be required to process and verify these work contacts in some manner. The general fund impact would be zero, because unemployment insurance administrative costs are federally funded. However, the department will not receive additional federal funds for any increased workload costs. Assuming an average of 30 seconds per claim to process and conduct spot verifications, the increased workload equates to four additional full-time positions per year, plus a small one-time programming charge. The total personal services cost impact would be \$250,000 annually. The department would be required to absorb this additional staff cost by reducing other activities which more efficiently monitor and enforce the labor market attachment of unemployment insurance claimants.

9-LS1487F✓  
Cramer  
3/4/96

CS FOR HOUSE BILL NO. 448(L&C)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
NINETEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered:  
Referred:

Sponsor(s): HOUSE LABOR AND COMMERCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to calculation of and eligibility for unemployment compensation  
2 benefits."

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

4 \* Section 1. AS 23.20.350(d) is repealed and reenacted to read:

5 (d) An individual who is eligible under (a) of this section is entitled to receive  
6 a weekly benefit amount of \$44 plus \$2 for each \$250 above \$1,000 paid in base  
7 period wages as computed under (c) of this section. The amount of base period wages  
8 used in computing the weekly benefit amount under this subsection may not exceed  
9 the base of contributions as determined under AS 23.20.175 for the calendar year in  
10 which the individual's benefit year begins.

11 \* Sec. 2. AS 23.20.378(a) is amended to read:

12 (a) An insured worker is entitled to receive waiting-week credit or benefits for  
13 a week of unemployment if for that week the insured worker is able to work and  
14 actively seeking and available for suitable work. An insured worker is not considered

1 available for work unless registered for work in accordance with regulations adopted  
2 by the department. An insured worker may not be disqualified for failure to comply  
3 with this subsection if

4 (1) the insured worker is not actively seeking or available for work  
5 because

6 (A) the insured worker is ill or disabled;

7 (B) the insured worker is traveling to obtain medical services  
8 that are not available in the area in which the insured worker resides, or, if a  
9 physician determines it is necessary, the insured worker is accompanying a  
10 spouse or dependent who is traveling to obtain medical services;

11 (C) the insured worker resides in the state and is  
12 noncommercially hunting or fishing for personal survival or the survival of  
13 dependents; or

14 (D) the insured worker is serving as a prospective or impaneled  
15 juror in a court; and

16 (2) a condition described in (1)(A) - (C) of this subsection occurs  
17 during an uninterrupted period of unemployment immediately following a week for  
18 which the insured worker has filed a compensable claim, and work has not been  
19 offered that would have been suitable for the insured worker before the illness,  
20 disability, hunting, fishing, or medical travel.

21 \* Sec. 3. AS 23.20.378 is amended by adding a new subsection to read:

22 (d) For purposes of this section, an insured worker is not considered to be  
23 actively seeking work for a week unless the worker submits a signed statement on a  
24 form provided by the department that the worker made at least five contacts seeking  
25 work during the previous week or unless the worker establishes to the satisfaction of  
26 the department that fewer contacts are reasonable given the nature of the worker's  
27 prior training, experience, and earnings, and the availability of employment in the area.  
28 The form must advise the worker of the legal consequences under AS 11.56.210 and  
29 AS 23.20.387 of submitting a false statement.

30 \* Sec. 4. APPLICABILITY. Section 1 of this Act applies to benefit years for  
31 unemployment insurance beginning on or after January 1, 1997.

# House Labor & Commerce Committee

State Capitol  
Juneau, Alaska 99801-1182  
907-465-4954

## HB 448 SPONSOR STATEMENT

Unemployment compensation benefits are intended to be a financial bridge for workers between jobs. These benefits are not intended to be a source of income for those who are not trying to obtain replacement employment. Notwithstanding this fact, Alaska's basic unemployment compensation program does not require recipients to actively seek work. All they need to do is be "available" for work.

HB 448 would correct this deficiency by requiring recipients to actively seek work. Recipients would not be considered to be actively seeking work for a given week unless they submit signed statements that they made at least five contacts with potential employers, unless they convince the Department that it is reasonable to make fewer contacts.

Your support is urged.

# LEGAL SERVICES

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## MEMORANDUM

January 30, 1996

**SUBJECT:** Sectional Summary of HB 448. (Eligibility for unemployment compensation benefits)

**TO:** Representative Pete Kott  
Attn: George Dozier

**FROM:** Teresa B. Cramer *TBC*  
Legislative Counsel

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

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

Section 1 adds a requirement that an insured worker be actively seeking suitable work in order to receive waiting week credit or unemployment benefits for that week.

Sec. 2 sets out the requirements that an insured worker must meet to be considered to be actively seeking work. The worker must have made at least five contacts seeking work during the previous week or must establish to the satisfaction of the department that fewer contacts are reasonable given the circumstances. The form must also advise the worker of the criminal and civil consequences of submitting a false statement.<sup>1</sup>

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<sup>1</sup> Criminal consequences (AS 11.56.210)

Sec. 11.56.210. UNSWORN FALSIFICATION. (a) A person commits the crime of unsworn falsification if, with the intent to mislead a public servant in the performance of a duty, the person submits a false written or recorded statement which the person does not believe to be true

(1) in an application for a benefit; or

(continued...)

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(2) on a form bearing notice, authorized by law, that false statements made in it are punishable.

(b) Unsworn falsification is a class A misdemeanor.

**Civil consequences (AS 23.20.387)**

Sec. 23.20.387. DISQUALIFICATION FOR MISREPRESENTATION. (a) An insured worker is disqualified for benefits for the week with respect to which the false statement or misrepresentation was made and for an additional period of not less than six weeks or more than 52 weeks if the department determines that the insured worker has knowingly made a false statement or misrepresentation of a material fact or knowingly failed to report a material fact with intent to obtain or increase benefits under this chapter. The length of the additional disqualification and the beginning date of that disqualification shall be determined by the department according to the circumstances in each case.

(b) A person may not be disqualified from receiving benefits under this section unless there is documented evidence that the person has made a false statement or a misrepresentation as to a material fact or has failed to disclose a material fact. Before a determination of fraudulent misrepresentation or nondisclosure may be made, there must be a preponderance of evidence of an intention to defraud, and the false statement or misrepresentation must be shown to be knowing and to involve a material fact.

(c) The insured worker shall be notified of the department's determination under this section as provided in AS 23.20.340(f) and may appeal the determination as provided in AS 23.20.415.