

ALASKA LEGISLATURE COMMITTEE FILES 1997-1998 8672  
9674 SENATE RESOURCES

# FISCAL NOTE

STATE OF ALASKA  
1998 LEGISLATIVE SESSION

1 3  
Bill Version: SB252  
(S) Publish Date: 1/22/98

Revision Date (Note if correction) _____	Dept. Affected _____	Administration _____
Title "An Act relating to paternity establishment and child support...."	BRU	Office of Public Advocacy
Sponsor Rules Committee	Component	Office of Public Advocacy
Requester Governor	Component Serial No.	43

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

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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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 (Specify Type)						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY98) cost: \_\_\_\_\_

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

Prepared by Brant McGee  
Division Office of Public Advocacy

Approved by Mark Boyer, Commissioner  
Agency Department of Administration

Phone 269-3500  
Date \_\_\_\_\_  
Date 11/28/97

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# FISCAL NOTE

N 22  
 Bill Version: SB752  
 (S) Publish Date: 1/22/98

**STATE OF ALASKA**  
**1998 LEGISLATIVE SESSION**

Revision Date (Note if correction) \_\_\_\_\_ Dept. Affected \_\_\_\_\_ Administration \_\_\_\_\_  
 Title \_\_\_\_\_ BRU \_\_\_\_\_ Legal and Advocacy Services \_\_\_\_\_  
 "An Act relating to paternity establishment and child support..." Component \_\_\_\_\_ Public Defender Agency \_\_\_\_\_  
 Sponsor \_\_\_\_\_ Rules Committee \_\_\_\_\_  
 Requester \_\_\_\_\_ Governor \_\_\_\_\_ Component Serial No. \_\_\_\_\_ 1631 \_\_\_\_\_

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

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services	***	***	***	***	***	***
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	***	***	***	***	***	***
<b>CAPITAL EXPENDITURES</b>	***	***	***	***	***	***
<b>CHANGE IN REVENUES ( )</b>	***	***	***	***	***	***

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	***	***	***	***	***	***
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	***	***	***	***	***	***

Estimate of any current year (FY98) cost: 0.0

**POSITIONS**

Full-time	***	***	***	***	***	***
Part-time						
Temporary						

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

The main concern the Public Defender Agency has with this bill is the effect it will have on people who need "sport" fishing and hunting licenses for subsistence. Although it is obviously important to comply with federal law, there should be an exception or temporary licensing provision for subsistence hunting and fishing.

This bill may result in a slight increase to the Public Defender Agency caseload. Adding loss of sport fishing and hunting licenses to the already existing criminal laws on non-support probably would not have an effect, although given the importance of sport fishing and hunting licenses in Alaska, more cases may go to trial. The main effect would most likely be in contempt of court cases. Indigent putative fathers who do not complete genetic testing would have a right to a court-appointed attorney in contempt of court

Prepared by Barbara K. Brink, Director Phone 7-254-4414  
 Division Public Defender Agency Date \_\_\_\_\_  
 Approved by Commissioner Mark Boyer Date 11/28/97  
 Agency Department of Administration

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# FISCAL NOTE

STATE OF ALASKA  
1998 LEGISLATIVE SESSION

No. 1  
Bill Ver. n: SB 252  
(S) Publish Date: 1/22/98

Revision Date: \_\_\_\_\_ Dept. Affected: Revenue  
Title: Federal Welfare Reform BRU: Child Support Enforcement Division  
Component: Child Support Enforcement Division  
Sponsor: Rules  
Requestor: Governor COMPONENT SERIAL NO. 111

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

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
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 ( )	0.0	0.0	0.0	0.0	0.0	0.0
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
1016 Federal Incentive Payments						
<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 (FY98) cost: \$ 0.0

**POSITIONS**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

This legislation was developed so that Alaska will be in compliance with the mandates of 1996 federal welfare reform and subsequent technical amendments. This legislation is required to avoid fiscal sanctions that the federal government will impose if the state does not comply with federal law. Failure to satisfy the mandates could mean a drastic reduction in federal funding of Alaska's Child Support Enforcement and Public Assistance Divisions.

The legislation requires employers to report all new hires or rehires within 20 days; gives courts the authority to revoke sport fishing and hunting licenses if the license holder fails to honor a child support or paternity subpoena or is substantially in arrears on child support; mandates that social security numbers be provided on applications for drivers' licenses and hunting and sport fishing licenses and that the information will be shared with child support enforcement agencies; and gives support liens from other states the same standing as Alaskan liens and provides for

(Continued on Page 2)

Prepared by: Barbara Miklos, Director Phone: 259-6800  
Division: Child Support Enforcement Division Date: 11/26/97  
Approved by: [Signature] Date: 11/24/97  
Commissioner: Wilson Condon  
Agency: Dept. of Revenue

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DEPARTMENT OF REVENUE  
CHILD SUPPORT ENFORCEMENT DIVISION

Federal Welfare Reform  
November 26, 1997  
Work Draft #0007  
Page 2 of 2

Fiscal Note Analysis, continued

liens to arise as a matter of law. This legislation also makes changes in statutes to assure that the Alaskan child support program is able to operate under federal requirements.

Child support enforcement is a cornerstone of federal welfare reform. Congress has recognized that it is very difficult for families with low incomes to adequately support their children without the assistance of both parents. Therefore, the federal legislation increases requirements for CSED to meet various deadlines and improve processes for obtaining child support.

CSED does not associate increased costs directly with this legislation. Therefore, the fiscal note is zero. However, it must be recognized that changes mandated by welfare reform not addressed in this legislation require additional resources in order for CSED to meet federal requirements.

0-GS2007H  
Lauterbach  
4/28/98

**CS FOR SENATE BILL NO. 252(RES)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTIETH LEGISLATURE - SECOND SESSION**

**BY THE SENATE RESOURCES COMMITTEE**

**Offered:  
Referred:**

**Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to paternity establishment and support orders; relating to social  
2 security numbers gathered under federal requirements relating to child support  
3 enforcement; relating to the crime of criminal nonsupport; requiring a court to  
4 order parties involved in child custody or visitation matters to attend an  
5 educational presentation about mediation; relating to divorces, dissolutions, and  
6 actions to declare a marriage void; and providing for an effective date."

7 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

8 \* **Section 1. PURPOSE.** The primary purpose of this Act is to amend the Alaska Statutes  
9 to comply with the mandates of the federal Personal Responsibility and Work Opportunity  
10 Reconciliation Act of 1996 and other federal law to ensure continued federal financial  
11 participation for Alaska's child support enforcement, public assistance, and unemployment  
12 programs.

13 \* **Sec. 2.** AS 09.50.020 is amended by adding new subsections to read:

1 (b) In addition to the penalty specified in (a) of this section, the court may  
2 suspend, restrict, or revoke, for a period not to exceed six months, a driver's license  
3 as defined in AS 28.40.100, a license as defined in AS 25.27.244(s), or a recreational  
4 license, or any combination of these licenses, or the person's ability to obtain the  
5 licenses, if

6 (1) the person is a natural person;

7 (2) the contempt is one under AS 09.50.010(4) - (10); and

8 (3) the court, sitting without a jury, finds by a preponderance of  
9 evidence that the contempt related to failure to pay money in connection with a child  
10 support action or proceeding or failure to comply with a subpoena or warrant relating  
11 to a paternity or child support proceeding.

12 (c) In this section, "recreational license" means a recreational fishing license  
13 or recreational hunting license. In this subsection,

14 (1) "recreational fishing license" means a sport fishing license under  
15 AS 16.05.340 unless that license is required for participation in personal use fishing,  
16 as defined in AS 16.05.940, or subsistence fishing, as defined in AS 16.05.940 and  
17 modified by decisions of the Alaska Supreme Court;

18 (2) "recreational hunting license" means a hunting license under  
19 AS 16.05.340 unless that license is required for participation in subsistence hunting,  
20 as defined in AS 16.05.940 and modified by decisions of the Alaska Supreme Court.

21 \* Sec. 3. AS 11.51.120(c) is amended to read:

22 (c) Criminal nonsupport is a class A misdemeanor and is also punishable by  
23 loss of hunting and sport fishing licenses as provided in AS 12.55.139.

24 \* Sec. 4. AS 11.56 is amended by adding a new section to article 6 to read:

25 **Sec. 11.56.870. Misconduct regarding social security numbers.** (a) A  
26 public servant commits the crime of misconduct regarding social security numbers if  
27 the public servant knowingly sells a list compiled by a state agency that identifies one  
28 or more persons by their social security numbers and the social security numbers were  
29 obtained by the state under the requirements of P.L. 104-193 (Personal Responsibility  
30 and Work Opportunity Act).

31 (b) Misconduct regarding social security numbers is a class A misdemeanor.

1 \* **Sec. 5.** AS 12.55 is amended by adding a new section to read:

2       **Sec. 12.55.139. Penalties for criminal nonsupport.** In addition to other  
3 penalties imposed for the offense of criminal nonsupport under AS 11.51.120, the court  
4 may suspend or revoke, for a period not to exceed one year, a hunting license, sport  
5 fishing license, or both, issued under AS 16.05, if the defendant is a natural person.

6 \* **Sec. 6.** AS 16.05 is amended by adding a new section to read:

7       **Sec. 16.05.052. Notification to agents concerning social security numbers.**

8 The commissioner shall, upon appointment of a person as an agent to receive  
9 applications, issue licenses, and collect license fees with respect to hunting licenses,  
10 sport fishing licenses, and crewmember fishing licenses, notify the person in writing  
11 about the penalties that are applicable under federal law for improper disclosure of the  
12 social security numbers collected with respect to the agent's licensing duties.

13 \* **Sec. 7.** AS 16.05.330 is amended by adding a new subsection to read:

14       (e) A natural person applying for a license or tag for hunting or sport fishing  
15 shall provide the person's social security number on the license application. Upon  
16 request, the department shall provide the social security number to the child support  
17 enforcement agency created in AS 25.27.010, or the child support agency of another  
18 state, for child support purposes authorized by law.

19 \* **Sec. 8.** AS 16.05.346 is amended by adding a new subsection to read:

20       (d) A person applying for a permit under this section shall provide the person's  
21 social security number on the permit application. Upon request, the department shall  
22 provide the social security number to the child support enforcement agency created in  
23 AS 25.27.010, or the child support agency of another state, for child support purposes  
24 authorized by law.

25 \* **Sec. 9.** AS 16.05.360 is amended to read:

26       **Sec. 16.05.360. Commissioner charged with license issuance.** The  
27 commissioner or an authorized deputy shall issue each license and tag to a qualified  
28 person under written application containing such reasonable information as required  
29 by the commissioner. The commissioner shall designate the license and tag form or  
30 type. The form or type must be sufficient to identify and locate the applicant, [AND]  
31 establish the applicant's status as to residency and citizenship, and supply the

1 person's social security number if required by this chapter. Each application shall  
2 be subscribed and sworn to by the applicant before an officer authorized to administer  
3 oaths in the state.

4 \* Sec. 10. AS 16.05.360 is amended by adding a new subsection to read:

5 (b) Upon request, the department shall provide a social security number  
6 provided by an applicant under (a) of this section to the child support enforcement  
7 agency created in AS 25.27.010, or the child support agency of another state, for child  
8 support purposes authorized by law.

9 \* Sec. 11. AS 22.35 is amended by adding a new section to read:

10 **Sec. 22.35.020. Copies of records for child support purposes.** If a copy of  
11 a court record is requested by the child support enforcement agency created in  
12 AS 25.27.010 or a child support agency of another state, the official custodian of the  
13 record shall provide the requesting agency with a copy of the record, including any  
14 social security numbers that the record might contain. If the requested record is  
15 maintained by the court system in an electronic data base, the record may be supplied  
16 by providing the requesting agency with a copy of the electronic record and a  
17 statement certifying its contents. A requesting agency receiving otherwise confidential  
18 information under this section may use it only for child support purposes authorized  
19 by law.

20 \* Sec. 12. AS 25.20.050(n) is amended to read:

21 (n) Each [ON AND AFTER JULY 1, 1997, A] paternity order or [AN]  
22 acknowledgment made under this section must include in the records relating to the  
23 matter the social security numbers, if ascertainable, of the following persons:

- 24 (1) the father;  
25 (2) the mother;  
26 (3) the child.

27 \* Sec. 13. AS 25.20 is amended by adding a new section to read:

28 **Sec. 25.20.075. Mandatory attendance at education course relating to**  
29 **mediation.** (a) After a petition for child custody is filed under AS 25.20.060, a  
30 petition to modify an award of custody or visitation is filed under AS 25.20.110, or  
31 an action for damages for failure to permit visitation is filed under AS 25.20.140, the

1 court shall order the parties to attend an educational presentation approved by the court  
2 that explains the concept of mediation.

3 (b) When implementing (a) of this section, the court may not require that the  
4 parties attend the educational presentation at the same time.

5 (c) An educational presentation approved by the court under this section must  
6 be a video cassette, audio cassette, or vocal presentation that includes an explanation  
7 that

8 (1) mediation is a conflict resolution process, usually engaged in  
9 voluntarily, in which a trained impartial third party assists the parties to negotiate a  
10 consensual and informed settlement;

11 (2) mediation is based on principles of problem solving that focus on  
12 the needs and interests of the participants, fairness, safety, confidentiality, self-  
13 determination, and the best interests of all parties and other persons who the parties  
14 agree are affected; and

15 (3) the role of a mediator is not to make decisions for the parties or to  
16 report to a court about the mediation process but includes reducing the obstacles to  
17 communication, maximizing the exploration of alternatives, and addressing the needs  
18 of the persons who the parties agree are affected.

19 \* Sec. 14. AS 25.24.160(d) is amended to read:

20 (d) For each [IN A] judgment issued under this section, the court shall include  
21 in the records relating to the matter the social security numbers, if ascertainable, of  
22 the following persons:

23 (1) each party to the action;

24 (2) each child whose rights are addressed in the judgment.

25 \* Sec. 15. AS 25.24.210(e) is amended to read:

26 (e) If the petition is filed by both spouses under AS 25.24.200(a), the petition  
27 must state in detail the terms of the agreement between the spouses concerning the  
28 custody of children, child support, visitation, spousal maintenance and tax  
29 consequences, if any, and fair and just division of property, including retirement  
30 benefits. Agreements on spousal maintenance and property division must fairly allocate  
31 the economic effect of dissolution and take into consideration the factors listed in

1 AS 25.24.160(a)(2) and (4). In addition, the petition must state

2 (1) the respective occupations of the petitioners;

3 (2) the income, assets, and liabilities of the respective petitioners at the  
4 time of filing the petition;

5 (3) the date and place of the marriage;

6 (4) the name, date of birth, and current marital, educational, and  
7 custodial status of each child born of the marriage or adopted by the petitioners who  
8 is under the age of 19;

9 (5) whether the wife is pregnant;

10 (6) whether either petitioner requires medical care or treatment;

11 (7) whether any of the following has been issued or filed during the  
12 marriage by or regarding either spouse as defendant, participant, or respondent:

13 (A) a criminal charge of a crime involving domestic violence;

14 (B) a protective order under AS 18.66.100 - 18.66.180;

15 (C) injunctive relief under former AS 25.35.010 or 25.35.020;

16 or

17 (D) a protective order issued in another jurisdiction and filed  
18 with the court in this state under AS 18.66.140;

19 (8) whether either petitioner has received the advice of legal counsel  
20 regarding a divorce or dissolution;

21 (9) other facts and circumstances that the petitioners believe should be  
22 considered;

23 (10) that the petition constitutes the entire agreement between the  
24 petitioners; and

25 (11) any other relief sought by the petitioners [;

26 (12) THE SOCIAL SECURITY NUMBERS, IF ASCERTAINABLE,  
27 OF THE FOLLOWING PERSONS:

28 (A) BOTH SPOUSES TO THE MARRIAGE BEING  
29 DISSOLVED;

30 (B) EACH CHILD WHOSE RIGHTS ARE BEING  
31 ADDRESSED IN THE PETITION FOR DISSOLUTION].

1 \* **Sec. 16.** AS 25.24.210 is amended by adding a new subsection to read:

2 (f) A petition filed under this section must include or be accompanied by a  
3 record of the social security numbers, if ascertainable, of the following persons:

4 (1) both spouses to the marriage being dissolved;

5 (2) each child whose rights are being addressed in the petition for  
6 dissolution.

7 \* **Sec. 17.** AS 25.24.230(i) is amended to read:

8 (i) For each [IN A] judgment issued under this section, the court shall include  
9 in the records relating to the matter the social security numbers, if ascertainable, of  
10 the following persons:

11 (1) each party to the dissolution of marriage;

12 (2) each child whose rights are addressed in the judgment.

13 \* **Sec. 18.** AS 25.25.602(a) is amended to read:

14 (a) A support order or income withholding order of another state may be  
15 registered in this state by sending the following documents and information to a  
16 tribunal of this state:

17 (1) a letter of transmittal to the tribunal requesting registration and  
18 enforcement;

19 (2) two copies, including one certified copy, of all orders to be  
20 registered, including any modification of an order;

21 (3) a sworn statement by the party seeking registration or a certified  
22 statement by the custodian of the records showing the amount of any arrearage;

23 (4) the name of the obligor and, if known,

24 (A) the obligor's address and social security number;

25 (B) the name and address of the obligor's employer and any  
26 other source of income of the obligor; and

27 (C) a description and the location of property in this state of the  
28 obligor not exempt from execution; and

29 [(D) THE NAMES AND ADDRESSES OF ALL POTENTIAL  
30 THIRD-PARTY RESOURCES, INCLUDING A HEALTH INSURER, THAT  
31 MIGHT BE AVAILABLE TO MEET THE REQUIREMENTS OF A

1 MEDICAL SUPPORT ORDER; AND]

2 (5) the name and address of the obligee and, if applicable, the agency  
3 or person to whom support payments are to be remitted.

4 \* Sec. 19. AS 25.25.611(a) is amended to read:

5 (a) After a child support order issued in another state has been registered in  
6 this state, unless the provisions of AS 25.25.613 apply, the responding tribunal of this  
7 state may modify that order only if, after notice and an opportunity for hearing, it finds  
8 that

9 (1) the following requirements are met:

10 (A) the child, the individual obligee, and the obligor do not  
11 reside in the issuing state;

12 (B) a petitioner who is not a resident of this state seeks  
13 modification; and

14 (C) the respondent is subject to the personal jurisdiction of the  
15 tribunal of this state; or

16 (2) [AN INDIVIDUAL PARTY OR] the child, or a party who is an  
17 individual, is subject to the personal jurisdiction of the tribunal and all of the  
18 [INDIVIDUAL] parties who are individuals have filed a written consent in the issuing  
19 tribunal providing that a tribunal of this state may modify the support order and  
20 assume continuing, exclusive jurisdiction over the order; however, if the issuing state  
21 is a foreign jurisdiction that has not enacted a law or procedure substantially similar  
22 to this chapter, the written consent of an [THE] individual [PARTY] residing in this  
23 state is not required for the tribunal to assume jurisdiction to modify the child support  
24 order.

25 \* Sec. 20. AS 25.27.022(b) is amended to read:

26 (b) Except for requests for assistance made under (c) of this section or  
27 AS 25.25.501, requests [REQUESTS] from child support enforcement agencies in  
28 other states shall be made by application containing the information that this state's  
29 agency requires and including written authorization from the requesting state agency  
30 and the obligee for this state's agency to initiate necessary action.

31 \* Sec. 21. AS 25.27.022 is amended by adding new subsections to read:

1 (c) Requests from a child support agency of another state for assistance in  
2 enforcing support orders through high-volume automated administrative enforcement  
3 may be made by electronic or other means and must include the information required  
4 by 42 U.S.C. 666(a)(14).

5 (d) An employer receiving an income withholding order from a child support  
6 agency of another state shall comply with the choice of law provisions of  
7 AS 25.25.502(d), 25.25.503, and 42 U.S.C. 666(b)(6)(A)(i)(V).

8 \* Sec. 22. AS 25.27.062(e) is amended to read:

9 (e) The agency or the person who obtains an income withholding order under  
10 this chapter shall immediately send a copy of the income withholding order, a copy  
11 of the relevant provisions of AS 25.27.260 and this section, and an explanation of the  
12 effect of the statutes to persons who may owe money to an obligor. These items may  
13 be served [SENT] by [FIRST CLASS MAIL OR] certified mail, return receipt  
14 requested, or they may be served personally by a process server, except that the agency  
15 alternatively may send the items by electronic means. An income withholding order  
16 made under this chapter is binding upon a person, employer, political subdivision, or  
17 department of the state immediately upon receipt of a copy of the income withholding  
18 order. A person receiving an income withholding order [AN EMPLOYER] shall  
19 immediately begin withholding the specified amount from the obligor's earnings  
20 [EMPLOYEE'S WAGES]. The amount withheld shall be sent to the agency within  
21 seven business days after the date the amount would otherwise have been paid or  
22 credited to the obligor [EMPLOYEE]. An employer may, for each payment made  
23 under an order, deduct \$5 from other wages or salary owed to the obligor.

24 \* Sec. 23. AS 25.27.063(b) is amended to read:

25 (b) If an obligor who is required to provide health care coverage under a  
26 medical support order is eligible for family health coverage through an employer  
27 [DOING BUSINESS IN THE STATE], the court or agency issuing the medical  
28 support order shall send a copy of the medical support order to the employer. If the  
29 agency has notice that the obligor has changed or will be changing employment  
30 and is or will be eligible for family health coverage through the new employer, the  
31 agency shall send a copy of the medical support order to the new employer.

1 \* **Sec. 24.** AS 25.27.075 is repealed and reenacted to read:

2 **Sec. 25.27.075. Employment information.** (a) Except as provided in (g) of  
3 this section, an employer doing business in the state shall report to the agency the  
4 hiring, rehiring, or return to work of each employee. The report shall be made within  
5 the time limits set out in (b) of this section. The report must contain the name,  
6 address, and social security number of the newly hired employee, the name and  
7 address of the employer, and the identifying number assigned to the employer by the  
8 United States Department of the Treasury, Internal Revenue Service.

9 (b) An employer required to report under (a) of this section shall use the  
10 following procedures to make the report:

11 (1) if the report is submitted magnetically or electronically, the report  
12 shall be made in a format mutually agreed upon by the employer and the agency; an  
13 employer reporting under this paragraph shall make two transmissions a month, not  
14 less than 12 days nor more than 16 days apart; or

15 (2) if the report is not submitted magnetically or electronically, the  
16 report shall be made on a United States Department of the Treasury, Internal Revenue  
17 Service, W-4 form or, at the option of the employer, on an equivalent form; an  
18 employer reporting under this paragraph shall make the report to the agency not later  
19 than 20 days after the date of the hiring, rehiring, or return to work of the employee;  
20 the report shall be transmitted by the employer by first class mail.

21 (c) An employer that does business in this state and that has employees in at  
22 least one other state is not required to comply with (a) of this section if, in compliance  
23 with the laws of that state, the employer

24 (1) submits timely magnetic or electronic reports of hires, rehires, or  
25 returns to work to the state directory of new hires of another state in which the  
26 employer has employees; and

27 (2) has provided written notification of its election under this subsection  
28 to the United States Secretary of Health and Human Services.

29 (d) In addition to reporting under (a) of this section, a labor organization of  
30 which an obligor is a member or another employer of the obligor shall promptly  
31 provide to the agency, or the child support enforcement agency of another state,

1 information requested regarding the obligor's compensation, employment, wages or  
2 salary, and occupation.

3 (e) An employer may charge \$1 to each employee who is reported to the  
4 agency under this section to cover the cost of the reporting.

5 (f) In addition to other sanctions available under the law, a labor organization  
6 or another employer that violates this section is liable for a civil penalty for each  
7 failure to meet the requirements of this section of not more than

8 (1) \$10 for each employee who is newly hired, rehired, or newly  
9 returned to work; and

10 (2) \$100 if the failure is the result of a conspiracy between the  
11 employee and the employer not to supply the required report or to supply a false or  
12 incomplete report concerning an employee.

13 (g) This section does not apply to an employer if the otherwise reportable  
14 event occurs during a month when the employer has fewer than five employees.

15 (h) In this section,

16 (1) "employee" has the meaning given in 26 U.S.C. 3401(c);  
17 "employee" does not include an employee of a federal or state agency performing  
18 intelligence or counterintelligence functions if the head of that agency has determined  
19 that reporting under this section on the employee could endanger the safety of the  
20 employee or compromise an ongoing investigation or intelligence mission;

21 (2) "employer" has the meaning given in 26 U.S.C. 3401(d);  
22 "employer" includes a governmental entity and a labor organization;

23 (3) "labor organization" has the meaning given in 29 U.S.C. 152; "labor  
24 organization" includes an entity that is used by the labor organization and another  
25 employer to carry out hiring or other requirements described in 29 U.S.C. 158(f)(3) in  
26 accordance with an agreement between the labor organization and the other employer.

27 \* Sec. 25. AS 25.27.085 is amended by adding a new subsection to read:

28 (g) If a person fails to comply with a subpoena issued under this section, the  
29 agency may apply to the court for an order to compel obedience by proceedings for  
30 contempt as if the subpoena had been issued by a court.

31 \* Sec. 26. AS 25.27.165(b) is amended to read:

1 (b) In order to initiate a paternity proceeding administratively, the agency shall  
2 serve a mother and putative father, as appropriate, with a notice of paternity and  
3 financial responsibility. The notice shall be served personally as set out in Rule 4(d),  
4 Alaska Rules of Civil Procedure, or by registered, certified, or insured mail, return  
5 receipt requested, for restricted delivery only to the person to whom the notice is  
6 directed or to the person authorized under federal law to receive that person's restricted  
7 delivery mail. The notice must be accompanied by

8 (1) an administrative order requiring that the mother, child, and putative  
9 father submit to genetic testing to be arranged by the agency and stating that a party  
10 may provide information to show good cause not to order the testing;

11 (2) an administrative order requiring the putative father to provide  
12 financial information, as defined by the agency in regulation, within 30 [20] days after  
13 service of the notice; all financial information provided to the agency under an order  
14 under this paragraph shall be held confidential by the agency, according to any  
15 applicable regulations; and

16 (3) a notice of right to informal conference, to be held within 20 days  
17 after receipt of an admission of paternity or service upon the parties of genetic test  
18 results.

19 \* Sec. 27. AS 25.27.165(c) is amended to read:

20 (c) A person served with a notice of paternity and financial responsibility and  
21 accompanying orders under (b) of this section shall file a response, admitting or  
22 denying paternity and providing the required financial information, within 30 [20] days  
23 after the date of service of the notice of paternity and financial responsibility. If the  
24 putative father admits paternity, the agency shall issue, within 20 days after the  
25 admission of paternity, a decision establishing paternity. If the putative father denies  
26 paternity, the putative father shall submit to genetic testing, as provided in (b) of this  
27 section, within 45 [30] days after the date of service of the notice of paternity and  
28 financial responsibility. If the putative father fails to file a response or fails to  
29 comply with an accompanying order within the time and in the manner required  
30 in this subsection, the agency may issue a decision by default establishing  
31 paternity and financial responsibility, except that, if the proceeding was instituted

1 at the request of the putative father, the agency shall dismiss the proceeding  
2 without prejudice.

3 \* Sec. 28. AS 25.27 is amended by adding a new section to read:

4 Sec. 25.27.167. **Contempt of order for genetic testing.** (a) If a person who  
5 is located in this state fails to comply with an order for genetic testing issued by the  
6 agency in this state, or the tribunal of another state, the agency in this state may certify  
7 the facts to the superior court of this state.

8 (b) Upon certification under (a) of this section, the court shall issue an order  
9 directing the person to appear and show cause why the person should not be punished  
10 for contempt. The order and a copy of the certified statement shall be served on the  
11 person in the manner required for service of court orders to show cause.

12 (c) After service under (b) of this section, the court has jurisdiction of the  
13 matter brought under this section.

14 (d) The law of this state applicable to contempt of a court order applies to a  
15 proceeding for contempt of order for genetic testing brought under this section.

16 \* Sec. 29. AS 25.27.230(a) is repealed and reenacted to read:

17 (a) The agency shall assert a lien upon the real or personal property of the  
18 obligor in the amount of the obligor's liability if an arrearage occurs under a support  
19 order being enforced by the agency.

20 \* Sec. 30. AS 25.27.230 is amended by adding new subsections to read:

21 (e) A lien arising in another state under the child support laws of that state  
22 shall be given full faith and credit in this state. The lien may be asserted in this state  
23 upon the real or personal property of the obligor in the amount of the obligor's liability  
24 by complying with the requirements of this section.

25 (f) A lien recorded under this section is a judgment lien and may be enforced  
26 by execution under AS 09.35 in the full amount of the obligor's liability at the time  
27 of execution.

28 \* Sec. 31. AS 25.27.240(a) is amended to read:

29 (a) The agency of this state or another state, or a party or other entity  
30 seeking to enforce a child support obligation, may, at any time after recording of a  
31 lien recorded under AS 25.27.230, serve a copy of the lien upon any person, political

1 subdivision, or department of the state possessing earnings, or deposits or balances  
2 held in any bank account of any nature that are due, owing, or belonging to the  
3 obligor.

4 \* **Sec. 32.** AS 25.27.244(a) is amended to read:

5 (a) The agency shall compile and maintain a list of obligors who are not in  
6 substantial compliance with a support order or payment schedule negotiated under  
7 (g)(1) of this section [AND OF OTHER PERSONS WHO, AFTER RECEIVING  
8 APPROPRIATE NOTICE, HAVE FAILED TO COMPLY WITH A SUBPOENA OR  
9 WARRANT RELATING TO PATERNITY OR A CHILD SUPPORT PROCEEDING].

10 The agency may not include an obligor on the list unless the agency has sent to the  
11 obligor, at the obligor's most recent address on file with the agency, written notice of  
12 the arrearages at least 60 days before placement on the list. The list must include the  
13 names, social security numbers, dates of birth, and last known addresses of the  
14 persons. The list shall be updated by the agency on a monthly basis.

15 \* **Sec. 33.** AS 25.27.244(g) is amended to read:

16 (g) If the applicant wishes to challenge being included on the list, the applicant  
17 shall submit to the agency a written request for review within 30 days after receiving  
18 the notice under (c) or (r) of this section by using the form developed under (e) of this  
19 section. Within 30 days after receiving a written request for review, the agency shall  
20 inform the applicant in writing of the agency's findings. The agency shall immediately  
21 send a release to the appropriate licensing entity and the applicant if any of the  
22 following conditions is met:

23 (1) the applicant is found to [HAVE COMPLIED WITH ALL  
24 SUBPOENAS AND WARRANTS DESCRIBED IN (a) OF THIS SECTION, IF  
25 APPLICABLE, AND IS FOUND TO] be in substantial compliance with each support  
26 order applicable to the applicant or has negotiated an agreement with the agency for  
27 a payment schedule on arrearages and is in substantial compliance with the negotiated  
28 agreement; if the applicant fails to be in substantial compliance with an agreement  
29 negotiated under this paragraph, the agency shall send to the appropriate licensing  
30 entity a revocation of any release previously sent to the entity for that applicant;

31 (2) the applicant has submitted a timely request for review to the

1 agency, but the agency will be unable to complete the review and send notice of  
2 findings to the applicant in sufficient time for the applicant to file a timely request for  
3 judicial relief within the 150-day period during which the applicant's temporary license  
4 is valid under (d) of this section; this paragraph applies only if the delay in completing  
5 the review process is not the result of the applicant's failure to act in a reasonable,  
6 timely, and diligent manner upon receiving notice from the licensing entity that the  
7 applicant's name is on the list;

8 (3) the applicant has, within 30 days after receiving the agency's  
9 findings following a request for review under (2) of this subsection, filed and served  
10 a request for judicial relief under this section, but a resolution of that relief will not  
11 be made within the 150-day period of the temporary license under (d) of this section;  
12 this paragraph applies only if the delay in completing the judicial relief process is not  
13 the result of the applicant's failure to act in a reasonable, timely, and diligent manner  
14 upon receiving the agency's notice of findings; or

15 (4) the applicant has obtained a judicial finding of substantial  
16 compliance.

17 \* Sec. 34. AS 25.27.244(i) is amended to read:

18 (i) Except as otherwise provided in this section, the agency may not issue a  
19 release if the applicant is not in substantial compliance with the order for support or  
20 with an agreement negotiated under (g)(1) of this section [OR IS NOT IN  
21 COMPLIANCE WITH A SUBPOENA OR WARRANT DESCRIBED IN (a) OF THIS  
22 SECTION]. The agency shall notify the applicant in writing that the applicant may  
23 request any or all of the following: (1) judicial relief from the agency's decision not  
24 to issue a release or the agency's decision to revoke a release under (g)(1) of this  
25 section; (2) a judicial determination of substantial compliance; (3) a modification of  
26 the support order. The notice must also contain the name and address of the court in  
27 which the applicant may file the request for relief and inform the applicant that the  
28 applicant's name shall remain on the list if the applicant does not request judicial relief  
29 within 30 days after receiving the notice. The applicant shall comply with all statutes  
30 and rules of court implementing this section. This section does not limit an applicant's  
31 authority under other law to request an order to show cause or notice of motion to

1 modify a support order or to fix a payment schedule on arrearages accruing under a  
2 support order or to obtain a court finding of substantial compliance with a support  
3 order or a court finding of compliance with subpoenas and warrants described in (a)  
4 of this section.

5 \* Sec. 35. AS 25.27.244(j) is amended to read:

6 (j) A request for judicial relief from the agency's decision must state the  
7 grounds on which relief is requested, and the judicial action shall be limited to those  
8 stated grounds. Judicial relief under this subsection is not an appeal and shall be  
9 governed by court rules adopted to implement this section. Unless otherwise provided  
10 by court rule, the court shall hold an evidentiary hearing within 20 calendar days after  
11 the filing of service on the opposing party. The court's decision shall be limited to a  
12 determination of each of the following issues, as applicable:

13 (1) whether there is a support order or a payment schedule on  
14 arrearages;

15 (2) whether the petitioner is the obligor covered by the support order;

16 and

17 (3) whether the obligor is in substantial compliance with the support  
18 order or payment schedule [; AND

19 (4) WHETHER THE PERSON REQUESTING RELIEF COMPLIED  
20 WITH ALL SUBPOENAS AND WARRANTS RELATING TO PATERNITY OR A  
21 CHILD SUPPORT PROCEEDING].

22 \* Sec. 36. AS 25.27.244(k) is amended to read:

23 (k) If the court finds that the person requesting relief is in substantial  
24 compliance with the support order or payment schedule, [AND IS IN COMPLIANCE  
25 WITH ALL SUBPOENAS AND WARRANTS DESCRIBED IN (a) OF THIS  
26 SECTION,] the agency shall immediately send a release under (g) of this section to  
27 the appropriate licensing entity and the applicant.

28 \* Sec. 37. AS 25.27.244(l) is amended to read:

29 (l) If an applicant is in substantial compliance with a support order or payment  
30 schedule, [AND IS IN COMPLIANCE WITH SUBPOENAS AND WARRANTS  
31 DESCRIBED IN (a) OF THIS SECTION,] the agency shall mail to the applicant and

1 the appropriate licensing entity a release stating that the applicant is in substantial  
2 compliance [OR IS IN COMPLIANCE WITH THE SUBPOENAS AND  
3 WARRANTS, AS APPLICABLE]. The receipt of a release shall serve to notify the  
4 applicant and the licensing entity that, for the purposes of this section, the applicant  
5 is in substantial compliance with the support order or payment schedule [, OR IS IN  
6 COMPLIANCE WITH THE SUBPOENAS AND WARRANTS,] unless the agency,  
7 under (a) of this section, certifies subsequent to the issuance of a release that the  
8 applicant is once again not in substantial compliance with a support order or payment  
9 schedule [, OR IS NOT IN COMPLIANCE WITH A SUBPOENA OR WARRANT].

10 \* Sec. 38. AS 25.27.246(a) is amended to read:

11 (a) The agency shall compile and maintain a list of obligors who have a  
12 driver's license and are not in substantial compliance with a support order or payment  
13 schedule negotiated under (f)(1) of this section [AND OF OTHER PERSONS WHO,  
14 AFTER RECEIVING APPROPRIATE NOTICE, HAVE FAILED TO COMPLY  
15 WITH A SUBPOENA OR WARRANT RELATING TO PATERNITY OR A CHILD  
16 SUPPORT PROCEEDING]. The agency may not include an obligor on the list unless  
17 the agency has sent to the obligor, at the obligor's most recent address on file with the  
18 agency, written notice of the arrearages at least 60 days before placement on the list.  
19 The list must include the names, social security numbers, dates of birth, and last  
20 known addresses of the persons. The list shall be updated by the agency on a monthly  
21 basis.

22 \* Sec. 39. AS 25.27.246(f) is amended to read:

23 (f) If a licensee wishes to challenge being included on the list, the licensee  
24 shall submit to the agency a written request for review within 30 days after the notice  
25 under (b) of this section was personally delivered or postmarked by using the form  
26 developed under (d) of this section. Within 30 days after receiving a written request  
27 for review, the agency shall inform the licensee in writing of the agency's findings.  
28 The agency shall immediately send a release to the department and the licensee if any  
29 of the following conditions is met:

30 (1) the licensee is found [BY THE AGENCY TO HAVE COMPLIED  
31 WITH ALL SUBPOENAS AND WARRANTS DESCRIBED IN (a) OF THIS

1 SECTION AND IS FOUND] to be in substantial compliance with each support order  
2 applicable to the licensee or has negotiated an agreement with the agency for a  
3 payment schedule on arrearages and is in substantial compliance with the negotiated  
4 agreement; if the licensee fails to be in substantial compliance with an agreement  
5 negotiated under this paragraph, the agency shall send to the department a revocation  
6 of any release previously sent to the entity for that licensee;

7 (2) the licensee has submitted a timely request for review to the  
8 agency, but the agency will be unable to complete the review and send notice of  
9 findings to the licensee in sufficient time for the licensee to file a timely request for  
10 judicial relief within the 150-day period before the licensee's license will be suspended  
11 under (c) of this section; this paragraph applies only if the delay in completing the  
12 review process is not the result of the licensee's failure to act in a reasonable, timely,  
13 and diligent manner upon receiving notice from the agency that the licensee's driver's  
14 license will be suspended in 150 days;

15 (3) the licensee has, within 30 days after receiving the agency's findings  
16 following a request for review under (2) of this subsection, filed and served a request  
17 for judicial relief under this section, but a resolution of that relief will not be made  
18 within the 150-day period before license suspension under (c) of this section; this  
19 paragraph applies only if the delay in completing the judicial relief process is not the  
20 result of the licensee's failure to act in a reasonable, timely, and diligent manner upon  
21 receiving the agency's notice of findings; or

22 (4) the licensee has obtained a judicial finding of substantial  
23 compliance.

24 \* Sec. 40. AS 25.27.246(h) is amended to read:

25 (h) Except as otherwise provided in this section, the agency may not issue a  
26 release if the licensee is not in substantial compliance with the order for support or  
27 with an agreement negotiated under (f)(1) of this section [~~, OR IS NOT IN~~  
28 COMPLIANCE WITH A SUBPOENA OR WARRANT DESCRIBED IN (a) OF THIS  
29 SECTION]. The agency shall notify the licensee in writing that the licensee may  
30 request any or all of the following: (1) judicial relief from the agency's decision not  
31 to issue a release or the agency's decision to revoke a release under (f)(1) of this

1 section; (2) a judicial determination of substantial compliance; (3) a modification of  
2 the support order. The notice must also contain the name and address of the court in  
3 which the licensee may file the request for relief and inform the licensee that the  
4 licensee's name shall remain on the list if the licensee does not request judicial relief  
5 within 30 days after receiving the notice. The licensee shall comply with all statutes  
6 and rules of court implementing this section. This section does not limit a licensee's  
7 authority under other law to request an order to show cause or notice of motion to  
8 modify a support order or to fix a payment schedule on arrearages accruing under a  
9 support order or to obtain a court finding of substantial compliance with a support  
10 order or a court finding of compliance with subpoenas and warrants described in (a)  
11 of this section.

12 \* **Sec. 41.** AS 25.27.246(i) is amended to read:

13 (i) A request for judicial relief from the agency's decision must state the  
14 grounds on which relief is requested, and the judicial action shall be limited to those  
15 stated grounds. Judicial relief under this subsection is not an appeal and shall be  
16 governed by court rules adopted to implement this section. Unless otherwise provided  
17 by court rule, the court shall hold an evidentiary hearing within 20 calendar days after  
18 the filing of service on the opposing party. The court's decision shall be limited to a  
19 determination of each of the following issues, as applicable:

20 (1) whether there is a support order or a payment schedule on  
21 arrearages;

22 (2) whether the petitioner is the obligor covered by the support order;

23 and

24 (3) whether the obligor is in substantial compliance with the support  
25 order or payment schedule [; AND

26 (4) WHETHER THE PERSON REQUESTING RELIEF COMPLIED  
27 WITH ALL SUBPOENAS AND WARRANTS RELATING TO PATERNITY OR A  
28 CHILD SUPPORT PROCEEDING].

29 \* **Sec. 42.** AS 25.27.246(j) is amended to read:

30 (j) If the court finds that the person requesting relief is in substantial  
31 compliance with the support order or payment schedule, [OR IS IN COMPLIANCE

1 WITH SUBPOENAS AND WARRANTS DESCRIBED IN (a) OF THIS SECTION,]  
2 the agency shall immediately send a release under (f) of this section to the department  
3 and the licensee.

4 \* Sec. 43. AS 25.27.246(k) is amended to read:

5 (k) If a licensee is in substantial compliance with a support order or payment  
6 schedule, [AND IS IN COMPLIANCE WITH ALL SUBPOENAS AND WARRANTS  
7 DESCRIBED IN (a) OF THIS SECTION,] the agency shall mail to the licensee and  
8 the department a release stating that the licensee is in substantial compliance [OR IS  
9 IN COMPLIANCE WITH THE SUBPOENAS AND WARRANTS,  
10 AS APPLICABLE]. The receipt of a release shall serve to notify the licensee and the  
11 department that, for the purposes of this section, the licensee is in substantial  
12 compliance with the support order or payment schedule [, OR IS IN COMPLIANCE  
13 WITH THE SUBPOENAS AND WARRANTS,] unless the agency, under (a) of this  
14 section, certifies subsequent to the issuance of a release that the licensee is once again  
15 not in substantial compliance with a support order or payment schedule [, OR IS NOT  
16 IN COMPLIANCE WITH A SUBPOENA OR WARRANT].

17 \* Sec. 44. AS 25.27.246(n)(5) is amended to read:

18 (5) "substantial compliance" regarding a support order or payment  
19 schedule means that, with respect to a support order or a negotiated payment schedule  
20 under (f) of this section, whichever is applicable, the obligor [EITHER] has

21 (A) no arrearage;

22 (B) [OR HAS] an arrearage in an amount that is not more than  
23 four times the monthly obligation under the support order or payment schedule;  
24 or

25 (C) been determined by a court to be making the best  
26 efforts possible under the obligor's circumstances to have no arrearages  
27 under any support order or negotiated payment schedule relating to child  
28 support.

29 \* Sec. 45. AS 25.27.250(a) is repealed and reenacted to read:

30 (a) Without prior notice to the obligor, the agency may issue to any person,  
31 including an entity, political subdivision, or state agency, an order to withhold and

1 deliver property under this section; the order may be issued

2 (1) immediately upon issuance of an income withholding order that  
3 provides for immediate income withholding under AS 25.27.062(a);

4 (2) immediately after an arrearage occurs under a support order  
5 described in AS 25.27.150(a);

6 (3) at the expiration of 30 days after the date of service of a notice and  
7 finding of financial responsibility under AS 25.27.160; or

8 (4) at the expiration of 30 days after service of a decision establishing  
9 paternity and financial responsibility under AS 25.27.165.

10 \* Sec. 46. AS 25.27.900(9) is amended to read:

11 (9) "support order" means any judgment, decree, or order that is issued  
12 by a tribunal for the support and maintenance of a child or of [A CHILD AND] a  
13 parent with whom the child is living; "support order" includes a judgment, decree, or  
14 order

15 (A) on behalf of a child who has reached the age of majority  
16 if the judgment, decree, or order was lawfully issued; and

17 (B) for

18 (i) monetary support, including arrearages;

19 (ii) payment of health care costs or maintenance of  
20 health insurance;

21 (iii) reimbursement of related costs;

22 (iv) payment of attorney fees and legal costs and other  
23 fees; and

24 (v) penalty, interest, and other relief as required by a  
25 tribunal; [.]

26 \* Sec. 47. AS 25.27.900 is amended by adding new paragraphs to read:

27 (11) "arrearage" means a debt for support that is past due and equal to  
28 at least one monthly obligation under the support order;

29 (12) "high-volume automated administrative enforcement" means the  
30 use of automatic data processing to search various state data bases, including license  
31 records, employment service data, and state new-hire registries, to determine whether

1 information is available regarding a parent who owes a child support obligation.

2 \* Sec. 48. AS 28.15.061(b) is amended to read:

3 (b) An application under (a) of this section must

4 (1) contain the applicant's full name, social security number, date and  
5 place of birth, sex, and mailing and residence addresses;

6 (2) state whether the applicant has been previously licensed as a driver  
7 and, if so, when and by what jurisdiction;

8 (3) state whether any previous driver's license issued to the applicant  
9 has ever been suspended or revoked or whether an application for a driver's license has  
10 ever been refused and, if so, the date of and reason for the suspension, revocation, or  
11 refusal; and

12 (4) contain other information that the department may reasonably  
13 require to determine the applicant's identity, competency, and eligibility.

14 \* Sec. 49. AS 28.15.061 is amended by adding a new subsection to read:

15 (g) Upon request, the department shall provide a social security number  
16 provided under this section to the child support enforcement agency created in  
17 AS 25.27.010, or the child support agency of another state, for child support purposes  
18 authorized by law.

19 \* Sec. 50. Section 148(c), ch. 87, SLA 1997, is repealed.

20 \* Sec. 51. APPLICABILITY. The report required under AS 25.27.075(a), enacted by  
21 sec. 24 of this Act, applies to the hiring, rehiring, or return to work of an employee that  
22 occurs on or after the effective date of this Act.

23 \* Sec. 52. NONSEVERABILITY OF ACT. Notwithstanding AS 25.27.280, if a provision  
24 enacted by this Act, or the application of a provision enacted by this Act to any person or  
25 circumstance, is held to be unconstitutional, that provision and the remainder of the provisions  
26 enacted by this Act shall be considered to be invalid, and, to this end, the provisions of this  
27 Act are declared to be nonseverable.

28 \* Sec. 53. This Act takes effect immediately under AS 01.10.070(c).

MEMORANDUM

TO: Terri Lauterbach  
Legal Services

FROM: Juli Lucky  
Staff for Senator Rick Halford

DATE: April 30, 1998

SUBJECT: Amendments to SB 252, draft v. "H"

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Terri, attached and following are the amendments to SB 252 that were adopted last night. It was moved out of committee, so we'd like to get a final to be read across today.

Fix spelling error on pg. 17; line 17: maximixing = maximizing

adopted 4/29/98

AMENDMENT # 1

OFFERED IN THE SENATE:  
TO: CSSB 252 (RES), Draft Version "H"

BY SENATOR HALFORD

Page 2, line 23:

Delete "loss of hunting and sport fishing licenses"

Replace with "loss or restriction of a recreational license"

Page 3, line 4:

Following: "suspend"

Insert ", restrict"

Page 3, lines 4-5:

Delete "one year, a hunting license, sport fishing license, or both, issued under AS 16.05"

Replace with "six months, a recreational license, as defined in AS 09.50.020 (c)"

AMENDMENT #2

*adopted 4/29/98*

OFFERED IN THE SENATE:  
TO: CSSB 252 (RES), Draft Version "H"

BY SENATOR HALFORD

Page 10, lines 29-30:

Delete "a labor organization of which an obligor is a member or another"

Replace with "an"

Page 10, line 30:

Replace "employer of the obligor"

With "employer of an obligor"

Page 11, lines 5-6:

Delete "a labor organization or another"

Replace with "an"

<sup>#3</sup>  
AMENDMENT to "H"

OFFERED IN THE SENATE

BY Sen. Lincoln

TO: CSSB 252 (HES)

- 1 Page 5, line 6:
- 2 Following "chapter":
- 3 Delete "shall immediately send"
- 4 Insert "may enforce the order by sending"

*Failed Stal*

**CS FOR SENATE BILL NO. 252(RES)**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTIETH LEGISLATURE - SECOND SESSION**

**BY THE SENATE RESOURCES COMMITTEE**

**Offered:**  
**Referred:**

**Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to paternity establishment and support orders; relating to the  
2 crime of criminal nonsupport; relating to divorces, dissolutions, and actions to  
3 declare a marriage void; and providing for an effective date."

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

5 \* **Section 1. PURPOSE.** The primary purpose of this Act is to amend the Alaska Statutes  
6 to comply with the mandates of the federal Personal Responsibility and Work Opportunity  
7 Reconciliation Act of 1996 and other federal law to ensure continued federal financial  
8 participation for Alaska's child support enforcement, public assistance, and unemployment  
9 programs.

10 \* **Sec. 2.** AS 09.50.020 is amended by adding a new subsection to read:

11 (b) In addition to the penalty specified in (a) of this section, the court may  
12 suspend or revoke, for a period not to exceed one year, a driver's license, as defined  
13 in AS 28.40.100, or a license, as defined in AS 25.27.244(s), or both, or the person's  
14 ability to obtain the licenses, if

- 1 (1) the person is a natural person;
- 2 (2) the contempt is one under AS 09.50.010(4) - (10); and
- 3 (3) the court, sitting without a jury, finds by a preponderance of
- 4 evidence that the contempt related to failure to pay money in connection with a child
- 5 support action or proceeding or failure to comply with a subpoena or warrant relating
- 6 to a paternity or child support proceeding.

7 \* Sec. 3. AS 25.20.050(n) is amended to read:

8 (n) Each [ON AND AFTER JULY 1, 1997, A] paternity order or [AN]

9 acknowledgment made under this section must include in the records relating to the

10 matter the social security numbers, if ascertainable, of the following persons:

- 11 (1) the father;
- 12 (2) the mother;
- 13 (3) the child.

14 \* Sec. 4. AS 25.24.160(d) is amended to read:

15 (d) For each [IN A] judgment issued under this section, the court shall include

16 in the records relating to the matter the social security numbers, if ascertainable, of

17 the following persons:

- 18 (1) each party to the action;
- 19 (2) each child whose rights are addressed in the judgment.

20 \* Sec. 5. AS 25.24.210(e) is amended to read:

21 (e) If the petition is filed by both spouses under AS 25.24.200(a), the petition

22 must state in detail the terms of the agreement between the spouses concerning the

23 custody of children, child support, visitation, spousal maintenance and tax

24 consequences, if any, and fair and just division of property, including retirement

25 benefits. Agreements on spousal maintenance and property division must fairly allocate

26 the economic effect of dissolution and take into consideration the factors listed in

27 AS 25.24.160(a)(2) and (4). In addition, the petition must state

- 28 (1) the respective occupations of the petitioners;
- 29 (2) the income, assets, and liabilities of the respective petitioners at the
- 30 time of filing the petition;
- 31 (3) the date and place of the marriage;

1 (4) the name, date of birth, and current marital, educational, and  
2 custodial status of each child born of the marriage or adopted by the petitioners who  
3 is under the age of 19;

4 (5) whether the wife is pregnant;

5 (6) whether either petitioner requires medical care or treatment;

6 (7) whether any of the following has been issued or filed during the  
7 marriage by or regarding either spouse as defendant, participant, or respondent:

8 (A) a criminal charge of a crime involving domestic violence;

9 (B) a protective order under AS 18.66.100 - 18.66.180;

10 (C) injunctive relief under former AS 25.35.010 or 25.35.020;

11 or

12 (D) a protective order issued in another jurisdiction and filed  
13 with the court in this state under AS 18.66.140;

14 (8) whether either petitioner has received the advice of legal counsel  
15 regarding a divorce or dissolution;

16 (9) other facts and circumstances that the petitioners believe should be  
17 considered;

18 (10) that the petition constitutes the entire agreement between the  
19 petitioners; and

20 (11) any other relief sought by the petitioners [;

21 (12) THE SOCIAL SECURITY NUMBERS, IF ASCERTAINABLE,  
22 OF THE FOLLOWING PERSONS:

23 (A) BOTH SPOUSES TO THE MARRIAGE BEING  
24 DISSOLVED;

25 (B) EACH CHILD WHOSE RIGHTS ARE BEING  
26 ADDRESSED IN THE PETITION FOR DISSOLUTION].

27 \* Sec. 6. AS 25.24.210 is amended by adding a new subsection to read:

28 (f) A petition filed under this section must include or be accompanied by a  
29 record of the social security numbers, if ascertainable, of the following persons:

30 (1) both spouses to the marriage being dissolved;

31 (2) each child whose rights are being addressed in the petition for

1 dissolution.

2 \* Sec. 7. AS 25.24.230(i) is amended to read:

3 (i) For each [IN A] judgment issued under this section, the court shall include  
4 in the records relating to the matter the social security numbers, if ascertainable, of  
5 the following persons:

6 (1) each party to the dissolution of marriage;

7 (2) each child whose rights are addressed in the judgment.

8 \* Sec. 8. AS 25.25.602(a) is amended to read:

9 (a) A support order or income withholding order of another state may be  
10 registered in this state by sending the following documents and information to a  
11 tribunal of this state:

12 (1) a letter of transmittal to the tribunal requesting registration and  
13 enforcement;

14 (2) two copies, including one certified copy, of all orders to be  
15 registered, including any modification of an order;

16 (3) a sworn statement by the party seeking registration or a certified  
17 statement by the custodian of the records showing the amount of any arrearage;

18 (4) the name of the obligor and, if known,

19 (A) the obligor's address and social security number;

20 (B) the name and address of the obligor's employer and any  
21 other source of income of the obligor; and

22 (C) a description and the location of property in this state of the  
23 obligor not exempt from execution; and

24 [(D) THE NAMES AND ADDRESSES OF ALL POTENTIAL  
25 THIRD-PARTY RESOURCES, INCLUDING A HEALTH INSURER, THAT  
26 MIGHT BE AVAILABLE TO MEET THE REQUIREMENTS OF A  
27 MEDICAL SUPPORT ORDER; AND]

28 (5) the name and address of the obligee and, if applicable, the agency  
29 or person to whom support payments are to be remitted.

30 \* Sec. 9. AS 25.25.611(a) is amended to read:

31 (a) After a child support order issued in another state has been registered in

1 this state, unless the provisions of AS 25.25.613 apply, the responding tribunal of this  
2 state may modify that order only if, after notice and an opportunity for hearing, it finds  
3 that

4 (1) the following requirements are met:

5 (A) the child, the individual obligee, and the obligor do not  
6 reside in the issuing state;

7 (B) a petitioner who is not a resident of this state seeks  
8 modification; and

9 (C) the respondent is subject to the personal jurisdiction of the  
10 tribunal of this state; or

11 (2) [AN INDIVIDUAL PARTY OR] the child, or a party who is an  
12 individual, is subject to the personal jurisdiction of the tribunal and all of the  
13 [INDIVIDUAL] parties who are individuals have filed a written consent in the issuing  
14 tribunal providing that a tribunal of this state may modify the support order and  
15 assume continuing, exclusive jurisdiction over the order; however, if the issuing state  
16 is a foreign jurisdiction that has not enacted a law or procedure substantially similar  
17 to this chapter, the written consent of an [THE] individual [PARTY] residing in this  
18 state is not required for the tribunal to assume jurisdiction to modify the child support  
19 order.

20 \* Sec. 10. AS 25.27.022(b) is amended to read:

21 (b) Except for requests for assistance made under (c) of this section or  
22 AS 25.25.501, requests [REQUESTS] from child support enforcement agencies in  
23 other states shall be made by application containing the information that this state's  
24 agency requires and including written authorization from the requesting state agency  
25 and the obligee for this state's agency to initiate necessary action.

26 \* Sec. 11. AS 25.27.022 is amended by adding new subsections to read:

27 (c) Requests from a child support agency of another state for assistance in  
28 enforcing support orders through high-volume automated administrative enforcement  
29 may be made by electronic or other means and must include the information required  
30 by 42 U.S.C. 666(a)(14).

31 (d) An employer receiving an income withholding order from a child support

1 agency of another state shall comply with the choice of law provisions of  
2 AS 25.25.502(d), 25.25.503, and 42 U.S.C. 666(b)(6)(A)(i)(V).

3 \* Sec. 12. AS 25.27.062(e) is amended to read:

4 (e) The agency or the person who obtains an income withholding order under  
5 this chapter shall immediately send a copy of the income withholding order, a copy  
6 of the relevant provisions of AS 25.27.260 and this section, and an explanation of the  
7 effect of the statutes to persons who may owe money to an obligor. These items may  
8 be sent by first class mail or certified mail, return receipt requested, or they may be  
9 served personally by a process server, except that the agency alternatively may send  
10 the items by electronic means. An income withholding order made under this chapter  
11 is binding upon a person, employer, political subdivision, or department of the state  
12 immediately upon receipt of a copy of the income withholding order. A person  
13 receiving an income withholding order [AN EMPLOYER] shall immediately begin  
14 withholding the specified amount from the obligor's earnings [EMPLOYEE'S  
15 WAGES]. The amount withheld shall be sent to the agency within seven business  
16 days after the date the amount would otherwise have been paid or credited to the  
17 obligor [EMPLOYEE]. An employer may, for each payment made under an order,  
18 deduct \$5 from other wages or salary owed to the obligor.

19 \* Sec. 13. AS 25.27.063(b) is amended to read:

20 (b) If an obligor who is required to provide health care coverage under a  
21 medical support order is eligible for family health coverage through an employer  
22 [DOING BUSINESS IN THE STATE], the court or agency issuing the medical  
23 support order shall send a copy of the medical support order to the employer. If the  
24 agency has notice that the obligor has changed or will be changing employment  
25 and is or will be eligible for family health coverage through the new employer, the  
26 agency shall send a copy of the medical support order to the new employer.

27 \* Sec. 14. AS 25.27.075 is repealed and reenacted to read:

28 **Sec. 25.27.075. Employment information.** (a) Except as provided in (g) of  
29 this section, an employer doing business in the state shall report to the agency the  
30 hiring, rehiring, or return to work of each employee. The report shall be made within  
31 the time limits set out in (b) of this section. The report must contain the name,

1 address, and social security number of the newly hired employee, the name and  
2 address of the employer, and the identifying number assigned to the employer by the  
3 United States Department of the Treasury, Internal Revenue Service.

4 (b) An employer required to report under (a) of this section shall use the  
5 following procedures to make the report:

6 (1) if the report is submitted magnetically or electronically, the report  
7 shall be made in a format mutually agreed upon by the employer and the agency; an  
8 employer reporting under this paragraph shall make two transmissions a month, not  
9 less than 12 days nor more than 16 days apart; or

10 (2) if the report is not submitted magnetically or electronically, the  
11 report shall be made on a United States Department of the Treasury, Internal Revenue  
12 Service, W-4 form or, at the option of the employer, on an equivalent form; an  
13 employer reporting under this paragraph shall make the report to the agency not later  
14 than 20 days after the date of the hiring, rehiring, or return to work of the employee;  
15 the report shall be transmitted by the employer by first class mail.

16 (c) An employer that does business in this state and that has employees in at  
17 least one other state is not required to comply with (a) of this section if, in compliance  
18 with the laws of that state, the employer

19 (1) submits timely magnetic or electronic reports of hires, rehires, or  
20 returns to work to the state directory of new hires of another state in which the  
21 employer has employees; and

22 (2) has provided written notification of its election under this subsection  
23 to the United States Secretary of Health and Human Services.

24 (d) In addition to reporting under (a) of this section, a labor organization of  
25 which an obligor is a member or another employer of the obligor shall promptly  
26 provide to the agency, or the child support enforcement agency of another state,  
27 information requested regarding the obligor's compensation, employment, wages or  
28 salary, and occupation.

29 (e) An employer may charge \$1 to each employee who is reported to the  
30 agency under this section to cover the cost of the reporting.

31 (f) In addition to other sanctions available under the law, a labor organization

1 or another employer that violates this section is liable for a civil penalty for each  
2 failure to meet the requirements of this section of not more than

3 (1) \$25 for each employee who is newly hired, rehired, or newly  
4 returned to work; and

5 (2) \$500 if the failure is the result of a conspiracy between the  
6 employee and either a labor organization or another employer not to supply the  
7 required report or to supply a false or incomplete report concerning an employee.

8 (g) This section does not apply to an employer if the otherwise reportable  
9 event occurs during a month when the employer has fewer than five employees.

10 (h) In this section,

11 (1) "employee" has the meaning given in 26 U.S.C. 3401(c);  
12 "employee" does not include an employee of a federal or state agency performing  
13 intelligence or counterintelligence functions if the head of that agency has determined  
14 that reporting under this section on the employee could endanger the safety of the  
15 employee or compromise an ongoing investigation or intelligence mission;

16 (2) "employer" has the meaning given in 26 U.S.C. 3401(d);  
17 "employer" includes a governmental entity and a labor organization;

18 (3) "labor organization" has the meaning given in 29 U.S.C. 152; "labor  
19 organization" includes an entity that is used by the labor organization and another  
20 employer to carry out hiring or other requirements described in 29 U.S.C. 158(f)(3) in  
21 accordance with an agreement between the labor organization and the other employer.

22 \* Sec. 15. AS 25.27.085 is amended by adding a new subsection to read:

23 (g) If a person fails to comply with a subpoena issued under this section, the  
24 agency may apply to the court for an order to compel obedience by proceedings for  
25 contempt as in the case of disobedience of the requirements of a subpoena issued by  
26 a court.

27 \* Sec. 16. AS 25.27.165(c) is amended to read:

28 (c) A person served with a notice of paternity and financial responsibility and  
29 accompaning orders under (b) of this section shall file a response, admitting or  
30 denying paternity and providing the required financial information, within 20 days after  
31 the date of service of the notice of paternity and financial responsibility. If the

1 putative father admits paternity, the agency shall issue, within 20 days after the  
2 admission of paternity, a decision establishing paternity. If the putative father denies  
3 paternity, the putative father shall submit to genetic testing, as provided in (b) of this  
4 section, within 30 days after the date of service of the notice of paternity and financial  
5 responsibility. If the putative father fails to file a response or fails to comply with  
6 an accompanying order within the time and in the manner required in this  
7 subsection, the agency may issue a decision by default establishing paternity and  
8 financial responsibility, except that, if the proceeding was instituted at the request  
9 of the putative father, the agency shall dismiss the proceeding without prejudice.

10 \* Sec. 17. AS 25.27 is amended by adding a new section to read:

11 Sec. 25.27.167. Contempt of order for genetic testing. (a) If a person who  
12 is located in this state fails to comply with an order for genetic testing issued by the  
13 agency in this state, or the tribunal of another state, the agency in this state may certify  
14 the facts to the superior court of this state.

15 (b) Upon certification under (a) of this section, the court shall issue an order  
16 directing the person to appear and show cause why the person should not be punished  
17 for contempt. The order and a copy of the certified statement shall be served on the  
18 person in the manner required for service of court orders to show cause.

19 (c) After service under (b) of this section, the court has jurisdiction of the  
20 matter brought under this section.

21 (d) The law of this state applicable to contempt of a court order applies to a  
22 proceeding for contempt of order for genetic testing brought under this section.

23 \* Sec. 18. AS 25.27.230(a) is repealed and reenacted to read:

24 (a) The agency shall assert a lien upon the real or personal property of the  
25 obligor in the amount of the obligor's liability if an arrearage occurs under a support  
26 order being enforced by the agency.

27 \* Sec. 19. AS 25.27.230 is amended by adding new subsections to read:

28 (e) A lien arising in another state under the child support laws of that state  
29 shall be given full faith and credit in this state. The lien may be asserted in this state  
30 upon the real or personal property of the obligor in the amount of the obligor's liability  
31 by complying with the requirements of this section.

1 (f) A lien recorded under this section is a judgment lien and may be enforced  
2 by execution under AS 09.35 in the full amount of the obligor's liability at the time  
3 of execution.

4 \* Sec. 20. AS 25.27.240(a) is amended to read:

5 (a) The agency of this state or another state, or a party or other entity  
6 seeking to enforce a child support obligation, may, at any time after recording of a  
7 lien recorded under AS 25.27.230, serve a copy of the lien upon any person, political  
8 subdivision, or department of the state possessing earnings, or deposits or balances  
9 held in any bank account of any nature that are due, owing, or belonging to the  
10 obligor.

11 \* Sec. 21. AS 25.27.244(a) is amended to read:

12 (a) The agency shall compile and maintain a list of obligors who are not in  
13 substantial compliance with a support order or payment schedule negotiated under  
14 (g)(1) of this section [AND OF OTHER PERSONS WHO, AFTER RECEIVING  
15 APPROPRIATE NOTICE, HAVE FAILED TO COMPLY WITH A SUBPOENA OR  
16 WARRANT RELATING TO PATERNITY OR A CHILD SUPPORT PROCEEDING].  
17 The agency may not include an obligor on the list unless the agency has sent to the  
18 obligor, at the obligor's most recent address on file with the agency, written notice of  
19 the arrearages at least 60 days before placement on the list. The list must include the  
20 names, social security numbers, dates of birth, and last known addresses of the  
21 persons. The list shall be updated by the agency on a monthly basis.

22 \* Sec. 22. AS 25.27.244(g) is amended to read:

23 (g) If the applicant wishes to challenge being included on the list, the applicant  
24 shall submit to the agency a written request for review within 30 days after receiving  
25 the notice under (c) or (r) of this section by using the form developed under (e) of this  
26 section. Within 30 days after receiving a written request for review, the agency shall  
27 inform the applicant in writing of the agency's findings. The agency shall immediately  
28 send a release to the appropriate licensing entity and the applicant if any of the  
29 following conditions is met:

30 (1) the applicant is found to [HAVE COMPLIED WITH ALL  
31 SUBPOENAS AND WARRANTS DESCRIBED IN (a) OF THIS SECTION, IF

1 APPLICABLE, AND IS FOUND TO] be in substantial compliance with each support  
2 order applicable to the applicant or has negotiated an agreement with the agency for  
3 a payment schedule on arrearages and is in substantial compliance with the negotiated  
4 agreement; if the applicant fails to be in substantial compliance with an agreement  
5 negotiated under this paragraph, the agency shall send to the appropriate licensing  
6 entity a revocation of any release previously sent to the entity for that applicant;

7 (2) the applicant has submitted a timely request for review to the  
8 agency, but the agency will be unable to complete the review and send notice of  
9 findings to the applicant in sufficient time for the applicant to file a timely request for  
10 judicial relief within the 150-day period during which the applicant's temporary license  
11 is valid under (d) of this section; this paragraph applies only if the delay in completing  
12 the review process is not the result of the applicant's failure to act in a reasonable,  
13 timely, and diligent manner upon receiving notice from the licensing entity that the  
14 applicant's name is on the list;

15 (3) the applicant has, within 30 days after receiving the agency's  
16 findings following a request for review under (2) of this subsection, filed and served  
17 a request for judicial relief under this section, but a resolution of that relief will not  
18 be made within the 150-day period of the temporary license under (d) of this section;  
19 this paragraph applies only if the delay in completing the judicial relief process is not  
20 the result of the applicant's failure to act in a reasonable, timely, and diligent manner  
21 upon receiving the agency's notice of findings; or

22 (4) the applicant has obtained a judicial finding of substantial  
23 compliance.

24 \* Sec. 23. AS 25.27.244(i) is amended to read:

25 (i) Except as otherwise provided in this section, the agency may not issue a  
26 release if the applicant is not in substantial compliance with the order for support or  
27 with an agreement negotiated under (g)(1) of this section [~~, OR IS NOT IN~~  
28 COMPLIANCE WITH A SUBPOENA OR WARRANT DESCRIBED IN (a) OF THIS  
29 SECTION]. The agency shall notify the applicant in writing that the applicant may  
30 request any or all of the following: (1) judicial relief from the agency's decision not  
31 to issue a release or the agency's decision to revoke a release under (g)(1) of this

1 section; (2) a judicial determination of substantial compliance; (3) a modification of  
2 the support order. The notice must also contain the name and address of the court in  
3 which the applicant may file the request for relief and inform the applicant that the  
4 applicant's name shall remain on the list if the applicant does not request judicial relief  
5 within 30 days after receiving the notice. The applicant shall comply with all statutes  
6 and rules of court implementing this section. This section does not limit an applicant's  
7 authority under other law to request an order to show cause or notice of motion to  
8 modify a support order or to fix a payment schedule on arrearages accruing under a  
9 support order or to obtain a court finding of substantial compliance with a support  
10 order or a court finding of compliance with subpoenas and warrants described in (a)  
11 of this section.

12 \* Sec. 24. AS 25.27.244(j) is amended to read:

13 (j) A request for judicial relief from the agency's decision must state the  
14 grounds on which relief is requested, and the judicial action shall be limited to those  
15 stated grounds. Judicial relief under this subsection is not an appeal and shall be  
16 governed by court rules adopted to implement this section. Unless otherwise provided  
17 by court rule, the court shall hold an evidentiary hearing within 20 calendar days after  
18 the filing of service on the opposing party. The court's decision shall be limited to a  
19 determination of each of the following issues, as applicable:

20 (1) whether there is a support order or a payment schedule on  
21 arrearages;

22 (2) whether the petitioner is the obligor covered by the support order;

23 and

24 (3) whether the obligor is in substantial compliance with the support  
25 order or payment schedule [; AND

26 (4) WHETHER THE PERSON REQUESTING RELIEF COMPLIED  
27 WITH ALL SUBPOENAS AND WARRANTS RELATING TO PATERNITY OR A  
28 CHILD SUPPORT PROCEEDING].

29 \* Sec. 25. AS 25.27.244(k) is amended to read:

30 (k) If the court finds that the person requesting relief is in substantial  
31 compliance with the support order or payment schedule, [AND IS IN COMPLIANCE

1 WITH ALL SUBPOENAS AND WARRANTS DESCRIBED IN (a) OF THIS  
2 SECTION,] the agency shall immediately send a release under (g) of this section to  
3 the appropriate licensing entity and the applicant.

4 \* Sec. 26. AS 25.27.244(l) is amended to read:

5 (l) If an applicant is in substantial compliance with a support order or payment  
6 schedule, [AND IS IN COMPLIANCE WITH SUBPOENAS AND WARRANTS  
7 DESCRIBED IN (a) OF THIS SECTION,] the agency shall mail to the applicant and  
8 the appropriate licensing entity a release stating that the applicant is in substantial  
9 compliance [OR IS IN COMPLIANCE WITH THE SUBPOENAS AND  
10 WARRANTS, AS APPLICABLE]. The receipt of a release shall serve to notify the  
11 applicant and the licensing entity that, for the purposes of this section, the applicant  
12 is in substantial compliance with the support order or payment schedule [, OR IS IN  
13 COMPLIANCE WITH THE SUBPOENAS AND WARRANTS,] unless the agency,  
14 under (a) of this section, certifies subsequent to the issuance of a release that the  
15 applicant is once again not in substantial compliance with a support order or payment  
16 schedule [, OR IS NOT IN COMPLIANCE WITH A SUBPOENA OR WARRANT].

17 \* Sec. 27. AS 25.27.246(a) is amended to read:

18 (a) The agency shall compile and maintain a list of obligors who have a  
19 driver's license and are not in substantial compliance with a support order or payment  
20 schedule negotiated under (f)(1) of this section [AND OF OTHER PERSONS WHO,  
21 AFTER RECEIVING APPROPRIATE NOTICE, HAVE FAILED TO COMPLY  
22 WITH A SUBPOENA OR WARRANT RELATING TO PATERNITY OR A CHILD  
23 SUPPORT PROCEEDING]. The agency may not include an obligor on the list unless  
24 the agency has sent to the obligor, at the obligor's most recent address on file with the  
25 agency, written notice of the arrearages at least 60 days before placement on the list.  
26 The list must include the names, social security numbers, dates of birth, and last  
27 known addresses of the persons. The list shall be updated by the agency on a monthly  
28 basis.

29 \* Sec. 28. AS 25.27.246(f) is amended to read:

30 (f) If a licensee wishes to challenge being included on the list, the licensee  
31 shall submit to the agency a written request for review within 30 days after the notice

1 under (b) of this section was personally delivered or postmarked by using the form  
2 developed under (d) of this section. Within 30 days after receiving a written request  
3 for review, the agency shall inform the licensee in writing of the agency's findings.  
4 The agency shall immediately send a release to the department and the licensee if any  
5 of the following conditions is met:

6 (1) the licensee is found [BY THE AGENCY TO HAVE COMPLIED  
7 WITH ALL SUBPOENAS AND WARRANTS DESCRIBED IN (a) OF THIS  
8 SECTION AND IS FOUND] to be in substantial compliance with each support order  
9 applicable to the licensee or has negotiated an agreement with the agency for a  
10 payment schedule on arrearages and is in substantial compliance with the negotiated  
11 agreement; if the licensee fails to be in substantial compliance with an agreement  
12 negotiated under this paragraph, the agency shall send to the department a revocation  
13 of any release previously sent to the entity for that licensee;

14 (2) the licensee has submitted a timely request for review to the  
15 agency, but the agency will be unable to complete the review and send notice of  
16 findings to the licensee in sufficient time for the licensee to file a timely request for  
17 judicial relief within the 150-day period before the licensee's license will be suspended  
18 under (c) of this section; this paragraph applies only if the delay in completing the  
19 review process is not the result of the licensee's failure to act in a reasonable, timely,  
20 and diligent manner upon receiving notice from the agency that the licensee's driver's  
21 license will be suspended in 150 days;

22 (3) the licensee has, within 30 days after receiving the agency's findings  
23 following a request for review under (2) of this subsection, filed and served a request  
24 for judicial relief under this section, but a resolution of that relief will not be made  
25 within the 150-day period before license suspension under (c) of this section; this  
26 paragraph applies only if the delay in completing the judicial relief process is not the  
27 result of the licensee's failure to act in a reasonable, timely, and diligent manner upon  
28 receiving the agency's notice of findings; or

29 (4) the licensee has obtained a judicial finding of substantial  
30 compliance.

31 \* Sec. 29. AS 25.27.246(h) is amended to read:

1 (h) Except as otherwise provided in this section, the agency may not issue a  
2 release if the licensee is not in substantial compliance with the order for support or  
3 with an agreement negotiated under (f)(1) of this section [, OR IS NOT IN  
4 COMPLIANCE WITH A SUBPOENA OR WARRANT DESCRIBED IN (a) OF THIS  
5 SECTION]. The agency shall notify the licensee in writing that the licensee may  
6 request any or all of the following: (1) judicial relief from the agency's decision not  
7 to issue a release or the agency's decision to revoke a release under (f)(1) of this  
8 section; (2) a judicial determination of substantial compliance; (3) a modification of  
9 the support order. The notice must also contain the name and address of the court in  
10 which the licensee may file the request for relief and inform the licensee that the  
11 licensee's name shall remain on the list if the licensee does not request judicial relief  
12 within 30 days after receiving the notice. The licensee shall comply with all statutes  
13 and rules of court implementing this section. This section does not limit a licensee's  
14 authority under other law to request an order to show cause or notice of motion to  
15 modify a support order or to fix a payment schedule on arrearages accruing under a  
16 support order or to obtain a court finding of substantial compliance with a support  
17 order or a court finding of compliance with subpoenas and warrants described in (a)  
18 of this section.

19 \* Sec. 30. AS 25.27.246(i) is amended to read:

20 (i) A request for judicial relief from the agency's decision must state the  
21 grounds on which relief is requested, and the judicial action shall be limited to those  
22 stated grounds. Judicial relief under this subsection is not an appeal and shall be  
23 governed by court rules adopted to implement this section. Unless otherwise provided  
24 by court rule, the court shall hold an evidentiary hearing within 20 calendar days after  
25 the filing of service on the opposing party. The court's decision shall be limited to a  
26 determination of each of the following issues, as applicable:

27 (1) whether there is a support order or a payment schedule on  
28 arrearages;

29 (2) whether the petitioner is the obligor covered by the support order;

30 and

31 (3) whether the obligor is in substantial compliance with the support

1 order or payment schedule [; AND

2 (4) WHETHER THE PERSON REQUESTING RELIEF COMPLIED  
3 WITH ALL SUBPOENAS AND WARRANTS RELATING TO PATERNITY OR A  
4 CHILD SUPPORT PROCEEDING].

5 \* Sec. 31. AS 25.27.246(j) is amended to read:

6 (j) If the court finds that the person requesting relief is in substantial  
7 compliance with the support order or payment schedule, [OR IS IN COMPLIANCE  
8 WITH SUBPOENAS AND WARRANTS DESCRIBED IN (a) OF THIS SECTION,]  
9 the agency shall immediately send a release under (f) of this section to the department  
10 and the licensee.

11 \* Sec. 32. AS 25.27.246(k) is amended to read:

12 (k) If a licensee is in substantial compliance with a support order or payment  
13 schedule, [AND IS IN COMPLIANCE WITH ALL SUBPOENAS AND WARRANTS  
14 DESCRIBED IN (a) OF THIS SECTION,] the agency shall mail to the licensee and  
15 the department a release stating that the licensee is in substantial compliance [OR IS  
16 IN COMPLIANCE WITH THE SUBPOENAS AND WARRANTS,  
17 AS APPLICABLE]. The receipt of a release shall serve to notify the licensee and the  
18 department that, for the purposes of this section, the licensee is in substantial  
19 compliance with the support order or payment schedule [, OR IS IN COMPLIANCE  
20 WITH THE SUBPOENAS AND WARRANTS,] unless the agency, under (a) of this  
21 section, certifies subsequent to the issuance of a release that the licensee is once again  
22 not in substantial compliance with a support order or payment schedule [, OR IS NOT  
23 IN COMPLIANCE WITH A SUBPOENA OR WARRANT].

24 \* Sec. 33. AS 25.27.246(n)(5) is amended to read:

25 (5) "substantial compliance" regarding a support order or payment  
26 schedule means that, with respect to a support order or a negotiated payment schedule  
27 under (f) of this section, whichever is applicable, the obligor [EITHER] has

28 (A) no arrearage;

29 (B) [OR HAS] an arrearage in an amount that is not more than  
30 four times the monthly obligation under the support order or payment schedule;

31 or



1 tribunal; [.]

2 \* Sec. 36. AS 25.27.900 is amended by adding new paragraphs to read:

3 (11) "arrearage" means a debt for support that is past due and equal to  
4 at least one monthly obligation under the support order;

5 (12) "high-volume automated administrative enforcement" means the  
6 use of automatic data processing to search various state data bases, including license  
7 records, employment service data, and state new-hire registries, to determine whether  
8 information is available regarding a parent who owes a child support obligation.

9 \* Sec. 37. AS 28.15.061(b) is amended to read:

10 (b) An application under (a) of this section must

11 (1) contain the applicant's full name, social security number, date and  
12 place of birth, sex, and mailing and residence addresses;

13 (2) state whether the applicant has been previously licensed as a driver  
14 and, if so, when and by what jurisdiction;

15 (3) state whether any previous driver's license issued to the applicant  
16 has ever been suspended or revoked or whether an application for a driver's license has  
17 ever been refused and, if so, the date of and reason for the suspension, revocation, or  
18 refusal; and

19 (4) contain other information that the department may reasonably  
20 require to determine the applicant's identity, competency, and eligibility.

21 \* Sec. 38. AS 28.15.061 is amended by adding a new subsection to read:

22 (g) Upon request, the department shall provide a social security number  
23 provided under this section to the child support enforcement agency created in  
24 AS 25.27.010, or the child support agency of another state, for child support purposes  
25 authorized by law.

26 \* Sec. 39. Section 148(c), ch. 87, SLA 1997, is repealed.

27 \* Sec. 40. APPLICABILITY. The report required under AS 25.27.075(a), enacted by  
28 sec. 14 of this Act, applies to the hiring, rehiring, or return to work of an employee that  
29 occurs on or after the effective date of this Act.

30 \* Sec. 41. This Act takes effect immediately under AS 01.10.070(c).

## MEMORANDUM

TO: Terri Lauterbach  
Legal Services

FROM: Juli Lucky  
Staff for Senator Rick Halford

DATE: April 27, 1998

SUBJECT: SB 252 - amendments to work draft "F"

---

Terri, please draft a new CS to SB 252, incorporating the following changes:

1. Adopt amendments

- Mediation amendment (#1, attached)
- Pg. 1; line 12; Sec. 2: Insert ", restrict," between "suspend" and "or revoke"
- Pg. 1; line 13; Sec. 2: Replace "one year" with "six months"
- Recreational license amendment (#2, attached)
- Reinstate sections dealing with SSNs on fishing & hunting lic., & the requirement of F&G to provide (I think Sec. 5 - 8 of HES version)
- Court amendment requiring Courts to provide CSED w/records (#3, attached)
- Penalty notification for vendors of crewmember licenses (#4, attached) and also draft same language for sport fishing & hunting licenses
- Relating to default paternity orders - notice & genetic test deadlines (#5 & #6, attached)
- Relating to first class mail (#7, attached)
- Relating to selling of lists -- see changes to this one, please give me a call about what we're trying to do here (#9, attached)
- Changes to penalties for employer reporting (#10, attached)

AMENDMENT TO CS SB 252 (HES)

TITLE CHANGE:

PAGE 1, LINE 2:

After "nonsupport;" add:

requiring a court to order parties involved in child custody or visitation matters to attend an educational presentation about mediation;

ADD A NEW SECTION:

AS 25.20 is amended by adding a new section to read:

**Mandatory attendance at education course relating to mediation.** (a) After a petition for child custody is filed under AS 25.20.060, a petition to modify an award of custody or visitation is filed under AS 25.20.110, or an action for damages for failure to permit visitation is filed under AS 25.20.140, the court shall order the parties to attend an educational presentation approved by the court that explains the concept of mediation.

(b) When implementing (a) of this section, the court may not require that the parties attend the educational presentation at the same time.

(c) An educational presentation approved by the court under this section must be a video cassette, audio cassette, or vocal presentation that includes an explanation that

(1) mediation is a conflict resolution process, usually engaged in voluntarily, in which a trained impartial third party assists the parties to negotiate a consensual and informed settlement;

(2) mediation is based on principles of problem solving that focus on the needs and interests of the participants, fairness, safety, confidentiality, self-determination, and the best interests of all parties and other persons who the parties agree are affected; and

(3) the role of a mediator is not to make decisions for the parties or to report to a court about the mediation process but does include reducing the obstacles to communication, maximizing the exploration of alternatives, and addressing the needs of the persons who the parties agree are affected.

#2

AMENDMENT

OFFERED IN THE SENATE:  
TO: CSSB 252 (RES), Draft Version "F"

BY SENATOR HALFORD

Page 1, line 13:

Delete "or a license, as defined in AS 25.27.244 (s), or both,"

Replace with "a license, as defined in AS 25.27.244 (s), or a recreational license as defined in this section, or any combination of the licenses,"

Page 2, following line 6:

"(c) In this section, "recreational licenses" means a recreational fishing license or recreational hunting license. For purposes of this subsection,

(1) "recreational fishing license" means a sport fishing license under AS 16.05.340, unless that license is required for participation in personal use fishing as that term is defined in AS 16.05.940 or subsistence fishing, as that term is defined in AS 16.05.940 and modified by decisions of the Alaska Supreme Court.

(2) "recreational hunting license" means a hunting license under AS 16.05.340, unless that license is required for participation in subsistence hunting, as that term is defined in AS 16.05.940 and modified by decisions of the Alaska Supreme Court.

A M E N D M E N T

OFFERED IN THE SENATE

BY SENATOR HALFORD

TO: CSSB 252(RES), Draft Version "F"

1 Page 2, following line 6:

2 Insert a new bill section to read:

3 **\*\* Sec. 3.** AS 22.35 is amended by adding a new section to read:

4 **Sec. 22.35.020. Copies of records for child support purposes.** If a copy of  
5 a court record is requested by the child support enforcement agency created in  
6 AS 25.27.010 or a child support agency of another state, the official custodian of the  
7 record shall provide the requesting agency with a copy of the record, including any  
8 social security numbers that the record might contain. If the requested record is  
9 maintained by the court system in an electronic data base, the record may be supplied  
10 by providing the requesting agency with a copy of the electronic record and a  
11 statement certifying its contents. A requesting agency receiving otherwise confidential  
12 information under this section may use it only for child support purposes authorized  
13 by law."

14 Renumber the following bill sections accordingly.

15 Page 18, line 28:

16 Delete "sec. 14"

17 Insert "sec. 15"

#4

A M E N D M E N T

OFFERED IN THE SENATE

BY SENATOR HALFORD

TO: CSSB 252(RES), Draft Version "F"

1 Page 1, line 1, following " ; ":

2 Insert "relating to social security numbers collected by agents who issue  
3 crewmember fishing licenses;"

4 Page 2, following line 6:

5 Insert a new bill section to read:

6 **\*\* Sec. 3.** AS 16.05.460 is amended to read:

7 **Sec. 16.05.460. Commissioner may appoint agents.** The commissioner may  
8 appoint qualified persons as agents to receive applications, issue licenses, and collect  
9 license fees under AS 16.05.440 - 16.05.480. The commissioner shall, upon  
10 appointment of a person as an agent to receive applications, issue licenses, and  
11 collect license fees with respect to crewmember fishing licenses under  
12 AS 16.05.450(a) and 16.05.480, notify the person in writing about the penalties  
13 that are applicable under federal law for improper disclosure of the social  
14 security numbers collected with respect to the agent's licensing duties."

15 Renumber the following bill sections accordingly.

16 Page 18, line 28:

17 Delete "sec. 14"

18 Insert "sec. 15"

#5

0-GS2007AF.5  
Lauterbach  
4/27/98

A M E N D M E N T

OFFERED IN THE SENATE

BY SENATOR HALFORD

TO: CSSB 252(RES), Draft Version "F"

1 Page 8, following line 26:

2 Insert a new bill section to read:

3 **\*\* Sec. 16.** AS 25.27.165(b) is amended to read:

4 (b) In order to initiate a paternity proceeding administratively, the agency  
5 shall serve a mother and putative father, as appropriate, with a notice of paternity and  
6 financial responsibility. The notice shall be served personally as set out in Rule 4(d),  
7 Alaska Rules of Civil Procedure, or by registered, certified, or insured mail, return  
8 receipt requested, for restricted delivery only to the person to whom the notice is  
9 directed or to the person authorized under federal law to receive that person's  
10 restricted delivery mail. The notice must be accompanied by

11 (1) an administrative order requiring that the mother, child, and  
12 putative father submit to genetic testing to be arranged by the agency and stating that  
13 a party may provide information to show good cause not to order the testing;

14 (2) an administrative order requiring the putative father to provide  
15 financial information, as defined by the agency in regulation, within 30 [20] days after  
16 service of the notice; all financial information provided to the agency under an order  
17 under this paragraph shall be held confidential by the agency, according to any  
18 applicable regulations; and

19 (3) a notice of right to informal conference, to be held within 20 days  
20 after receipt of an admission of paternity or service upon the parties of genetic test  
21 results."

22 Renumber the following bill sections accordingly.

23 Page 8, line 30:

0-GS2007\F.5

- 1 Delete "20"
- 2 Insert "30 [20]"

#6

O-GS2007\F.6  
Lauterbach  
4/27/98

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR HALFORD

TO: CSSB 252(RES), Draft Version "F"

- 1 Page 9, line 4:
- 2 Delete "30"
- 3 Insert "45 [30]"

#7

O-GS2007\F.3  
Lauterbach  
4/27/98

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR HALFORD

TO: CSSB 252(RES), Draft Version "F"

- 1 Page 6, line 8:
- 2 Delete "sent by first class mail or"
- 3 Insert "served [SENT] by [FIRST CLASS MAIL OR]"

#8

0-GS2007/P.4  
Lauterbach  
4/27/98

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR HALFORD

TO: CSSB 252(RES), Draft Version "F"

- 1 Page 8, line 25:
- 2 Delete "in the case of disobedience of the requirements of a subpoena"
- 3 Insert "if the subpoena had been"

A M E N D M E N T

OFFERED IN THE SENATE

BY SENATOR HALFORD

TO: CSSB 252(RES), Draft Version "F"

1 Page 1, line 1, following ";": *personal information ?*  
 2 Insert "relating to ~~social security numbers~~ gathered under federal requirements  
 3 relating to child support enforcement;"

4 Page 2, following line 6:  
 5 Insert a new bill section to read:  
 6 **\*\* Sec. 3.** AS 11.56 is amended by adding a new section to article 6 to read:  
 7 **Sec. 11.56.870. Misconduct regarding social security numbers.** (a) A  
 8 public servant commits the crime of misconduct regarding social security numbers if  
 9 the public servant knowingly sells a list compiled by a state agency ~~that identifies one~~  
 10 ~~or more persons by their social security numbers and the social security numbers were~~  
 11 ~~obtained by the state~~ under the requirements of P.L. 104-193 (Personal Responsibility  
 12 and Work Opportunity Act).  
 13 (b) Misconduct regarding social security numbers is a class A misdemeanor."

14 Renumber the following bill sections accordingly.

15 Page 18, line 28:  
 16 Delete "sec. 14"  
 17 Insert "sec. 15"

#16

AMENDMENT

OFFERED IN THE SENATE:

BY SENATOR HALFORD

TO: CSSB 252 (RES), Draft Version "F"

Page 8, line 3:

Delete "\$25"

Replace with "\$10"

Page 8, line 5:

Delete "\$500"

Replace with "\$100"

Page 8, line 6:

Delete "either a labor organization or another"

Replace with "the"

# FISCAL NOTE

No. 4

STATE OF ALASKA  
1998 LEGISLATIVE SESSION

Bill Version: SB252

(S) Publish Date: 1/22/98

Revision Date (Note if correction) _____	Dept. Affected <u>Administration</u>	_____
Title <u>"An Act relating to paternity establishment and child support"</u>	BRU <u>Division of Motor Vehicles</u>	_____
Sponsor <u>Rules Committee</u>	Component <u>Field Services</u>	_____
Requester <u>Governor</u>	Component Serial No. <u>2150</u>	_____

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

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0

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

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

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY98) cost: 0.0

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

No fiscal impact anticipated.

Prepared by Juanita Hensley  
Division Motor Vehicles

Phone 465-5648  
Date 12/17/97

Approved by Mark Boyer, Commissioner  
Agency Department of Administration

Date 12/17/97

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# FISCAL NOTE

STATE OF ALASKA  
1998 LEGISLATIVE SESSION

Bill Version: SP752  
(S) Publish Date: 1/22/98

Revision Date (Note if correction)	Dept. Affected	Administration
Title "An Act relating to paternity establishment and child support..."	BRU	Office of Public Advocacy
Sponsor Rules Committee	Component	Office of Public Advocacy
Requester Governor	Component Serial No.	43

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

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0

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

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

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY98) cost: \_\_\_\_\_

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

Prepared by Brant McGee  
Division Office of Public Advocacy

Phone 269-3500  
Date \_\_\_\_\_

Approved by Mark Boyer, Commissioner  
Agency Department of Administration

Date 11/28/97

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# FISCAL NOTE

N 22  
 Bill Version: SB752  
 (S) Publish Date: 1/22/98

**STATE OF ALASKA  
 1998 LEGISLATIVE SESSION**

Revision Date (Note if correction) _____	Dept. Affected <u>Administration</u>
Title _____	BRU <u>Legal and Advocacy Services</u>
"An Act relating to paternity establishment and child support..."	Component <u>Public Defender Agency</u>
Sponsor <u>Rules Committee</u>	
Requester <u>Governor</u>	Component Serial No. <u>1631</u>

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

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services	***	***	***	***	***	***
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	***	***	***	***	***	***
<b>CAPITAL EXPENDITURES</b>	***	***	***	***	***	***
<b>CHANGE IN REVENUES ( )</b>	***	***	***	***	***	***

**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF	***	***	***	***	***	***
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	***	***	***	***	***	***

Estimate of any current year (FY98) cost: 0.0

**POSITIONS**

Full-time	***	***	***	***	***	***
Part-time						
Temporary						

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

The main concern the Public Defender Agency has with this bill is the effect it will have on people who need "sport" fishing and hunting licenses for subsistence. Although it is obviously important to comply with federal law, there should be an exception or temporary licensing provision for subsistence hunting and fishing.

This bill may result in a slight increase to the Public Defender Agency caseload. Adding loss of sport fishing and hunting licenses to the already existing criminal laws on non-support probably would not have an effect, although given the importance of sport fishing and hunting licenses in Alaska, more cases may go to trial. The main effect would most likely be in contempt of court cases. Indigent putative fathers who do not complete genetic testing would have a right to a court-appointed attorney in contempt of court

Prepared by <u>Barbara K. Brink, Director</u>	Phone <u>7-264-4414</u>
Division <u>Public Defender Agency</u>	Date _____
Approved by <u>Commissioner Mark Boyer</u>	Date <u>11/28/97</u>
Agency <u>Department of Administration</u>	

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# FISCAL NOTE

STATE OF ALASKA  
1998 LEGISLATIVE SESSION

No. 1  
Bill Ver. No.: SB 252  
(S) Publish Date: 1/22/98

Revision Date: \_\_\_\_\_ Dept. Affected: Revenue  
Title: Federal Welfare Reform BRU: Child Support Enforcement Division  
Component: Child Support Enforcement Division  
Sponsor: Rules  
Requestor: Governor COMPONENT SERIAL NO. 111

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

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISC'LANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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

CHANGE IN REVENUES ( )	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						
1005 GF/Program Receipts						
1006 GFMHTIA						
1016 Federal Incentive Payments						
<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 (FY98) cost: \$ 0.0

**POSITIONS**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

This legislation was developed so that Alaska will be in compliance with the mandates of 1996 federal welfare reform and subsequent technical amendments. This legislation is required to avoid fiscal sanctions that the federal government will impose if the state does not comply with federal law. Failure to satisfy the mandates could mean a drastic reduction in federal funding of Alaska's Child Support Enforcement and Public Assistance Divisions.

The legislation requires employers to report all new hires or rehires within 20 days; gives courts the authority to revoke sport fishing and hunting licenses if the license holder fails to honor a child support or paternity subpoena or is substantially in arrears on child support; mandates that social security numbers be provided on applications for drivers' licenses and hunting and sport fishing licenses and that the information will be shared with child support enforcement agencies; and gives support liens from other states the same standing as Alaskan liens and provides for

(Continued on Page 2)

Prepared by: Barbara Miklos, Director Phone: 269-6800  
Division: Child Support Enforcement Division Date: 11/26/97  
Approved by: [Signature] Date: 11/24/97  
Commissioner: Wilson Condon  
Agency: Dept. of Revenue

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# FISCAL NOTE

STATE OF ALASKA  
1998 LEGISLATIVE SESSION

No. 4  
Bill Version: SB 252  
(S) Publish Date: 1/22/98

Revision Date: \_\_\_\_\_ Dept. Affected: Revenue  
Title: Federal Welfare Reform BRU: Child Support Enforcement Division  
Component: Child Support Enforcement Division  
Sponsor: Rules  
Requestor: Governor COMPONENT SERIAL NO. 111

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

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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

CHANGE IN REVENUES ( )	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						
1005 GF/Program Receipts						
1006 GF/MHTIA						
1016 Federal Incentive Payments						
<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 (FY98) cost: \$ 0.0

**POSITIONS**

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This legislation was developed so that Alaska will be in compliance with the mandates of 1996 federal welfare reform and subsequent technical amendments. This legislation is required to avoid fiscal sanctions that the federal government will impose if the state does not comply with federal law. Failure to satisfy the mandates could mean a drastic reduction in federal funding of Alaska's Child Support Enforcement and Public Assistance Divisions.

The legislation requires employers to report all new hires or rehires within 20 days; gives courts the authority to revoke sport fishing and hunting licenses if the license holder fails to honor a child support or paternity subpoena or is substantially in arrears on child support; mandates that social security numbers be provided on applications for drivers' licenses and hunting and sport fishing licenses and that the information will be shared with child support enforcement agencies; and gives support liens from other states the same standing as Alaskan liens and provides for

(Continued on Page 2)

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

Phone: 269-6800  
Date: 11/26/97  
Date: 11/24/97

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Official Business

# ALASKA STATE LEGISLATURE

## SENATE RESOURCES COMMITTEE

State Capitol  
Juneau, AK 99801

Chairman: Senator Rick Halford  
Vice Chair: Senator Lyda Green  
Senator Loren Leman  
Senator Bert Sharp  
Senator Robin Taylor  
Senator John Torgerson  
Senator Georgianna Lincoln

### AGENDA

3:30 to 5:00 p.m

Monday, April 27, 1998

SB 252 - Paternity / child support / nonsupport crimes  
Rules by request of the Governor, sponsor

HB 204 - Moratoria on commercial fisheries entry  
Representative Austerman, sponsor

### NEXT MEETING

Wednesday, April 29, 1998

ADJOURN



04/22/98  
15:50:01

LEGISLATIVE TELECONFERENCE NETWORK SYSTEM  
PARTICIPANT LIST (ALL PARTICIPANTS)  
TCN:80745 SCHEDULED FOR:04/22/98 15:30 TO 17:00  
PUBLIC HEARING SENATE RESOURCES

LTN1150  
BY:MAT  
FOR:MAT

LOCATION:MATSU  
SB 252

MS

MARCI

SCHMIDT

TESTIFY

04/22/98 15:30:36 LEGISLATIVE TELECONFERENCE NETWORK SYSTEM  
MESSAGE FROM: LIOCJEN IN ANCHORAGE

LTN1120  
JNU

RE TCN: 80745 SCHEDULED FOR:04/22/98 15:30 TO 17:00  
SPONSOR: SENATE RESOURCES PURPOSE: PUBLIC HEARING

MESSAGE TEXT: DARRELL WATSON, CSED, IS STANDING BY IF  
NEEDED.

*SB 252*

# STATE OF ALASKA

APR 27 1998 KNOWLES, GOVERNOR

## DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

April 27, 1998

PLEASE REPLY TO:

- 1031 WEST 4TH AVENUE, SUITE 200  
ANCHORAGE, ALASKA 99501-1994  
PHONE: (907)269-5100  
FAX: (907)276-3697
- KEY BANK BUILDING  
100 CUSHMAN ST., SUITE 400  
FAIRBANKS, ALASKA 99701-4679  
PHONE: (907)451-2811  
FAX: (907)451-2846
- P.O. BOX 110300-DIMOND COURT HOUSE  
JUNEAU, ALASKA 99811-0300  
PHONE: (907)465-3600  
FAX: (907)465-6735

The Honorable Rick Halford  
Alaska State Senate  
Capitol, Room 121  
Juneau, AK 99801-1182

Re: Requested information concerning  
CSSB 252(HES) and the  
Indian Child Welfare Act

Dear Senator Halford:

During a recent hearing in the Senate Resources Committee concerning CSSB 252(HES), you requested written analysis concerning the impact on CSSB 252(HES) of the Indian Child Welfare Act, 25 U.S.C. §§ 1901 - 1923, 1951 (ICWA).

ICWA, by its terms, does not apply to a domestic relations case where custody is awarded to one of the parents. 25 U.S.C. § 1903(1)(iv). Although the issue has not been addressed by courts in Alaska, a court of appeal in California found that there is nothing in ICWA which limits the collection of child support payments by the states. In Re Marriage of Purnel, 60 Cal. Rptr. 2d 667, 527, 535 (Cal. App. 4 Dist. 1997).

Another California court decision found that the Indian Child Welfare Act does not preclude a state court from ordering a member of a federally recognized tribe to reimburse a county for public assistance paid to support an Indian child in the custody of another. County of Inyo v. Jeff, 277 Cal. Rptr. 841 (Cal. App. 4 Dist. 1991). This conclusion was also reached by the court in Becker County Welfare Dep't v. Bellcourt, 453 N.W.2d 543, 544 (Minn.App. 1990).

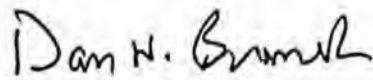
The Honorable Rick Halford  
Re: Requested information concerning CSSB 252(HES)  
and the Indian Child Welfare Act

April 27, 1998  
Page 2

These legal authorities suggest that ICWA will have little influence on the application of collection of child support in Alaska or on CSSB 252(HES).

Sincerely,

BRUCE M. BOTELHO  
ATTORNEY GENERAL

By:   
Dan N. Branch  
Assistant Attorney General

/DNB:ame

cc: Deborah Vogt, Deputy Commissioner  
Department of Revenue

Barbara Miklos, Director  
Department of Revenue  
Child Support Enforcement Division

Deborah Behr, Assistant Attorney General  
Legislation, Regulations Section

Chrystal Smith, Legal Administrator  
Office of the Attorney General



## DEPARTMENT OF HEALTH &amp; HUMAN SERVICES

Administration for  
Children and Families2201 Sixth Avenue, Suite 600  
Seattle, WA 98121-1827

APR 24 1998

Barbara Miklos, Director  
Child Support Enforcement Division  
550 West 7th, 4th Floor  
Anchorage, Alaska 99501-3556

Dear Ms. Miklos:

Thank you for providing us a copy of substitute bill SB 252 (RES), drafted by the Senate Resources Committee, dated April 22, 1998. In response to your request for a preliminary review prior to further legislative deliberation, we have found several changes from earlier versions of the legislation. The bill in its current form would not bring the state into compliance with Federal requirements.

I: In an earlier draft of SB 252 dated March 11, 1998, Sections 2, 3 and 4 addressed suspension or revocation of hunting and sport fishing licenses, and loss or revocation of such licenses for criminal non-support. These provisions were required in order to comply with 42 USC section 666(a)(16), which requires a state to have:

"Procedures under which the State has (and uses in appropriate cases) authority to withhold or suspend, or to restrict the use of . . . recreational and sporting licenses of individual owing overdue support . . ."

These provisions have been deleted in the April 22, 1998 substitute bill.

II: Also in the March 11 version of SB 252, Sections 5, 6 and 7 addressed the collection of an individual's Social Security Number (SSN) on license and permit applications, and requiring the Department of Fish and Game to provide SSNs to the Child Support Enforcement Division. These provisions are required by 42 USC section 666(a)(13), and (c)(1)(D)(I), respectively. These provisions have also been deleted in the April 22, 1998 substitute bill.

III: Section 14 of the April 22, 1998 substitute bill, which repeals and reenacts AS 25.27.075, covers new hire reporting by employers. Subsection (g) has been added, and states that:

"This section does not apply to an employer if the otherwise reportable event occurs during a month when the employer has fewer than five employees."

Page 2 - Barbara Miklos


Limiting employer new hire reporting to only those employers with five or more employees is not allowed. Section 653A(b) of the Social Security Act (the Act) requires each employer to report new hires to the State. Subsection (B)(a) defines an employer according to the definition in section 3401(d) of the Internal Revenue Code of 1986. We clarified in AT 97-04 that all employers required to provide an employee with a W2 form, are required to participate in New Hire reporting.

Each of these changes would, if enacted, leave the state of Alaska out of compliance with Federal mandates, and your state plan would therefore be out of compliance. Although the state has been out of compliance with numerous provisions required under Welfare Reform, we have delayed issuing a Notice of Intent to Disapprove your State Plan because of assurances that the legislature was working in good faith to bring the state into compliance in its 1998 Legislative session.

In our letter to you on January 15, 1998 we clarified that a determination that your plan is out of compliance and therefore disapproved would result in immediate suspension of Federal payments for your Child Support program, and also the suspension of Federal payments for your TANF program. The payments in FY 1997 were \$15.6 million for Child Support, and \$63 million for TANF. We also attached to that letter, at your request, a copy of the Notice of Intent letter sent on December 18, 1997 to Idaho. A similar letter will be sent to Alaska if legislation is not passed in FY 1998 bringing the state into compliance.

I urge you to take the necessary steps to enact the legislation required under Welfare Reform and confirm your compliance with the Regional Office. Please contact Michael Furtado at (206) 615-2550 x 3045 if you have further questions or require technical assistance.

Sincerely,

  
for Stephen S. Henigson  
Regional Administrator

TONY KNOWLES  
GOVERNOR



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

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 21, 1998

*SB 252*

The Honorable Mike Miller  
President of the Senate  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

Dear President Miller:

While federal welfare reform law gave our state greater flexibility for providing public assistance, it also required Alaska and other states to make extensive changes to their state child support laws. The attached bill is needed to satisfy mandates placed on Alaska by the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

Failure to comply with the federal child support mandates may result in a significant reduction in federal financial participation to the state for public assistance, unemployment, and child support enforcement programs.

The state's enactment of Senate Bill 154 last year met most, but not all, of the federal child support mandates of federal welfare reform. More needs to be done to finish the job. This bill will do that by making additional changes to Alaska's statutes.

Under this bill, all employers in the state would be required to report each new hire to the state child support enforcement agency within 20 days. The state will share this information with the federal child support agency and the child support agencies of other states. Timely access to this information may help avoid significant delays in support payments for some children.

The bill would also fine-tune state procedures for establishing paternity and for enforcing child support orders. The bill would also make state law conform to new federal requirements regarding reporting of social security numbers for certain licensees not already required to report under state law. The social security numbers provide an invaluable means of ensuring that support payments are timely received and accurately recorded.

The Honorable Mike Miller  
January 21, 1998  
Page 2

The bill also amends the Uniform Interstate Family Support Act (UIFSA), which Alaska enacted in 1995, to reflect subsequent changes to the uniform Act adopted by the National Conference of Commissioners on Uniform State Laws. Congress requires that our state child support laws be consistent with the uniform Act.

Finally, this bill will give state courts the power to suspend or revoke, in appropriate circumstances, the recreational hunting and fishing licenses and certain permits of obligors who are out of compliance with child support laws.

I urge your prompt attention to this important matter. Alaska's children are our most precious resource and they deserve timely access to child support necessary for their care.

Sincerely,

A handwritten signature in cursive script, appearing to read "Tony Knowles".

Tony Knowles  
Governor

**S B**

**256**

# Alaska State Legislature



*During Interim: (June - Dec)*  
716 West 4th Avenue, Suite 500  
Anchorage, AK 99501-2133  
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Fax (907) 258-0226

*During Session: (Jan - May)*  
State Capitol  
Juneau, AK 99801-1182  
(907) 465-4993  
Fax (907) 465-3872

**Drue Pearce**

## **SPONSOR STATEMENT** **SB 256**

Sponsored by Senator Drue Pearce  
Co-chair Senate Finance Committee

Senate Bill 256 is intended to encourage the expedited production of oil and gas from known, but undeveloped or shut-in fields within the Cook Inlet sedimentary basin. A principal goal of the legislation is to develop new sources of natural gas to help offset potential supply shortages which have been forecasted by some to occur within the next 10-11 years. New gas reserves developed as a result of the proposed legislation not only would defer those shortages, but could be instrumental in maintaining reliable and economically priced gas supplies for Southcentral consumers, including residential and commercial users.

In addition to possibly stimulating the development of several known undeveloped fields, many of which were discovered more than 30 years ago, Senate Bill 256 has the potential to leverage additional exploration and development in the vicinity of new infrastructure, including pipelines and associated facilities, required to develop those known fields. Any new oil and gas production resulting from the development of these fields will in turn reduce the average cost of producing existing reserves, and extend the economic life of both existing and new Cook Inlet production and transportation infrastructure.

Senate Bill 256 provides the legislature a simple, effective means of responding to several disturbing trends associated with Cook Inlet oil and gas production, including:

- the approaching depletion of many of Cook Inlet's producing gas fields, including the Kenai Field, the area's largest and oldest producing gas field, which is more than 88 percent depleted, and
- the resulting potential for near term gas shortages which would lead to rapid price increases for all consumers and threaten the continued viability of important industrial projects such as UNOCAL's fertilizer manufacturing plant and the Phillips/Marathon LNG Export facilities at Nikiski, both of which provide substantial employment opportunities and vital revenues for Southcentral Alaska communities,

- continued decline of oil production, from a historical high of more than 82 million barrels per year in 1970 to less than 14.6 million barrels per year in 1996,
- the associated declines in employment related to the oil and gas industry, as well as state and local taxes and royalties from Cook Inlet production,
- the advanced depletion of Cook Inlet's principal producing oil fields, most of which now are more than 90 percent depleted.

Under the terms of the proposed legislation, lessees owning leases overlying previously discovered oil or gas fields in the Cook Inlet basin which have remained undeveloped or shut-in from at least January 1, 1988 through December 31, 1997, would have an incentive to develop those fields as rapidly as possible. The legislation would provide that, for oil and gas produced from undeveloped or shut-in fields brought into production before January 1, 2004, lessees would pay a reduced royalty of five percent, instead of the 12 1/2 percent specified in the lease, for a period of 10 years following the date on which oil or gas production begins.

By establishing a short period of eligibility—ending on December 31, 2003—Senate Bill 256 ensures that lessees diligently pursue development or forfeit the opportunity to pay reduced royalties. By limiting the period of reduced royalty payments from qualifying fields to 10 years following the beginning of production, the legislation provides a reasonable and measurable limit to the state's foregone royalties in exchange for oil and gas production that may otherwise not occur. The state's royalties from currently producing Cook Inlet oil and gas fields are not effected by Senate Bill 256.

# FISCAL NOTE

**STATE OF ALASKA**  
**1998 LEGISLATIVE SESSION**

**BILL NO. SB256**

Revision Date: \_\_\_\_\_ Dept Affected: Natural Resources  
 Title: An Act relating to a temporary reduction of BRU: Resource Development  
royalty on oil and gas produced ... from ... Cook Inlet ... Component: Oil & Gas Development  
 Sponsor: Senator Pearce  
 Requestor: Senate Resources Component Serial No. #439

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

OPERATING EXPENDITURES	FY99	FY00	FY01	FY02	FY03	FY04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES (fund code)</b>	<b>0.0</b>	<b>?</b>	<b>?</b>	<b>?</b>	<b>?</b>	<b>?</b>
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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 (Specify Type)						
<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 (FY98) cost: \$ none

**POSITIONS**

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

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

It is impossible to quantify the fiscal effect of this bill since some critical terms are not defined and no economic analysis has been provided.

Following on page 2 is an example of what we believe would be the fiscal impact of this bill on one particular project.

Prepared by: Ken Boyd, Director *Ken Boyd for* Phone: 269-8800  
 Division: Oil & Gas Date: 13-Feb-98  
 Approved by Commissioner: *Ken Boyd for John King* Date: 2-16-98  
 Agency: Natural Resources

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SB256 Fiscal Analysis continued...

The State and an oil company have recently negotiated the creation of the Redoubt Unit in Cook Inlet. This Unit includes several abandoned wells and contains "undeveloped" oil and thus clearly, in our view, meets the criteria of the bill. This unit was created with the understanding that royalties would be 12.5%. There was never any discussion of reducing royalties as a condition of forming the Unit (although the company could APPLY for royalty reduction under HB-207). The company never indicated that royalty relief would be necessary to develop the Unit. The fiscal consequence of SB-256 on the Redoubt Unit is:

1) If we assume 500 bbl/day production per well, \$10/bbl oil price:

$500 \text{ bbl/day} \times \$10/\text{bbl} \times 12.5\% = \$625/\text{day} \times 365 \text{ days} \times 10 \text{ years} = \$2.28 \text{ million/well}$   
 $500 \text{ bbl/day} \times \$10/\text{bbl} \times 5\% = \$250/\text{day} \times 365 \text{ days} \times 10 \text{ years} = \$910 \text{ thousand/well}$

The State will receive \$1.37 million fewer royalty dollars at 500 bbl/day per well.

2) If we assume 1,000 bbl/day production per well, \$10/bbl oil price:

$1,000 \text{ bbl/day} \times \$10/\text{bbl} \times 12.5\% = \$1,250/\text{day} \times 365 \text{ days} \times 10 \text{ years} = \$4.56 \text{ million/well}$   
 $1,000 \text{ bbl/day} \times \$10/\text{bbl} \times 5\% = \$500/\text{day} \times 365 \text{ days} \times 10 \text{ years} = \$1.8 \text{ million/well}$

The State will receive \$2.7 million fewer royalty dollars at 1,000 bbl/day per well.

Production per well will likely be somewhere between these two numbers, so the State will forfeit between \$1.37 million and \$2.7 million per well for just the Redoubt Unit.

Assuming (conservatively) that 10 wells are in production the State will "contribute" between \$14 and \$27 million to this project in the form of an unrequested royalty reduction.

Similar examples could be prepared for other fields. Estimates for reductions of royalty payments for gas are more difficult to prepare. But unless and until there are new markets for gas (and assuming the markets are not over-supplied) the 5% royalty gas will merely displace 12.5% royalty gas

In general, for all production to which this bill applies, the State will receive  $(12.5\% - 5\%) = 7.5\%$  fewer royalty dollars. This is a 60% royalty reduction given without any economic analysis or justification.

# STATE OF ALASKA

TONY KNOWLES, GOVERNOR

FEB 25 1998

## DEPARTMENT OF NATURAL RESOURCES

DIVISION OF OIL AND GAS

3601 "C" STREET, SUITE 1380  
ANCHORAGE, ALASKA 99503-5948  
PHONE: (907) 269-8800

February 20, 1998

Senator Rick Halford  
Chairman, Senate Resources Committee  
Alaska State Legislature  
State Capitol, Rm. 121  
Juneau, AK 99801-1182

Dear Senator Halford:

The division has reviewed SB256 in preparation for a hearing in the Senate Resources Committee this afternoon. At this point we are not prepared to take a position on the bill. To help us develop our position, we have several questions about certain aspects of the bill.

The bill has no provision to account for changing economic (or other) conditions. For instance, if the price of oil were to increase, the relief would remain the same. In many committee hearings over the years we have discussed protecting the State's "upside" interests—in other words not giving more relief than necessary to make a project economic. This bill only provides for a reduction in royalty. There is no mechanism for the state to protect its interest should economic (or other) factors change.

There does not appear to be any economic analysis that leads to the terms of the royalty reduction described in the bill. Why have these particular terms (5%, 10 years etc.) been selected? Are the economic requirements of all companies so similar that the same level of relief is needed for each of them?

Under the provisions of HB207 (the royalty adjustment bill passed in 1995) any shut-in field is eligible for royalty relief upon a showing of economic need. If these fields need royalty relief to become economic, why not use HB207? After the ten-year term of SB206 is completed, can the company then apply under HB207?

Senator Rick Halford  
February 20, 1998  
Page 2 of 2

It is not clear to us which fields will qualify for the royalty reduction. I'm sure there will be some discussion about this in the committee hearings. The State has recently negotiated the Redoubt Unit Agreement with Forcenergy. The Agreement provides for the creation of the Unit based on a series of work commitments. At no time during our negotiations with Forcenergy was the issue of royalty reduction raised. This field appears to qualify for royalty reduction under the bill as it is currently drafted. Is a royalty reduction of 60% for 10 years needed to bring this field into production?

I hope that these questions will prove useful to the discussion. Once we have a clearer idea of the intent and rationale behind the bill, we may have some additional questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ken + Boyd", written in dark ink.

Kenneth A. Boyd  
Director

cc: Senator Drue Pearce  
Representative Mark Hodgins  
Commissioner John Shively

**ALASKA SENATE RESOURCES COMMITTEE  
PUBLIC COMMENT ON SB256  
MARATHON OIL COMPANY  
February 20, 1998**

Good afternoon Chairman Halford and members of the Senate Resources Committee. My name is John Miesse and I am here today representing Marathon Oil Company. As most of you know, Marathon has been an operator in the Cook Inlet Area for over 30 years. We appreciate your interest and support of the oil and gas industry in the Cook Inlet area. I'd like to take a few moments to comment on Senate Bill 256, which is intended to provide an incentive for oil and gas development in Cook Inlet from fields that have previously been undeveloped or shut-in.

Marathon supports Senate Bill 256 and believes that in the long term, this incentive will have a positive economic impact on the State of Alaska and the local communities. I would like to point out however, that we believe this Bill would have a more immediate impact on undeveloped or shut-in oil fields because of the readily available market for this product. The ultimate incentive for adding additional reserve capacity, whether it be oil or natural gas, is the availability of ready and stable markets. While such a market is certainly available for new oil reserves in the Cook Inlet area, the same cannot be said for natural gas. New markets for uncommitted

natural gas reserves are not available for the next several years, making it difficult to economically justify near term drilling expenditures. Although this Bill will provide some economic benefit to the industry, we don't believe by itself, will be enough to stimulate significant activity for natural gas development in the near future.

I would now like to ask the committee to consider points of clarification that we believe are needed in Senate Bill 256. It is our understanding that the intent of this legislation is to provide the temporary relief to fields that have been undeveloped "or" shut-in. We would like clarification on the definition of undeveloped. Specifically we would like to know if a field that has produced periodically over the last few years, but requires additional drilling to fully develop the field, would be eligible for the temporary royalty relief. Also we would like to clarify that royalty relief would apply to either a re-entry of an existing well or a new well needed to recover undeveloped reserves. Again, we understand the intent of the proposed legislation is to address these scenarios, but we would appreciate the Department's review to make sure the language is explicit.

In closing, many of the oil and gas producing states enacted similar incentives for oil and gas development in the early 1990's. These states have found the programs to be beneficial to all stakeholders involved and have maintained those programs. We believe incentive programs such as Senate Bill 256 will also lead to economic gain for our communities and the State, but we recognize