

ALASKA LEGISLATURE COMMITTEE FILES 1997-1998 8672

9702 SENATE RULES

# FISCAL NOTE

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

NO. \_\_\_\_\_  
BILL VE No. 1  
PUBLIS Bill Verson: CS SB 68 (FIN)  
(S) Publish Date: 3-26-97

Revision Date: \_\_\_\_\_  
Title: "An Act relating to the Task Force on Privatization; and providing for an effective date."  
Sponsor: Senator Ward  
Requestor: Senate Finance Committee

Department Affected: Legislative Affairs Agency  
BRU: All  
Component: All

COMPONENT SERIAL NO:

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	13.1	10.0	0	0	0	0
CONTRACTUAL	4.8	2.4	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>17.9</b>	<b>12.4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	17.9	12.4	0	0	0	0
FEDERAL FUNDS						
OTHER FUND SOURCE						
<b>TOTAL</b>	<b>17.9</b>	<b>12.4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

POSITIONS:

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

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary)

CS SB68(FIN) establishes a 13 member Task Force on Privatization consisting of 3 members appointed by the Governor, 2 of whom are public members, 4 public members appointed by the presiding officers of the Alaska State Legislature and 6 Legislators. This task force will review and report to the Legislature and the Governor regarding the feasibility of privatization of some government functions.

Prepared By: Karla Schofield, Deputy Director *Karla Schofield* Phone: 465-3852  
Division: Administrative Services Date: 3/23/97

Approved By: Pamela A. Varni, Executive Director *Pamela A. Varni*  
Agency: Legislative Affairs Agency Date: 3/23/97

Distribution (by preparer): Leg. Finance, Legislative Sponsor, Requestor, OMB, Gov. , & Impacted Agency(ies).

**Travel**

Travel costs for one Governor's appointee will be paid for by the Office of the Governor. FY 97 travel costs for the two public members appointed by the Governor, Legislators and public members appointed by the presiding officers will be absorbed within existing Legislative budgets. This Fiscal note contains FY98 and FY99 travel amounts for the public members.

If the task force begins work in FY97 it is expected to travel once in FY97, 4 times in FY98, and 3 times in FY99 to hold meetings. Any other meetings of the task force will be conducted by teleconference.

For the purposes of this fiscal note, 2 public members are assumed to be from Fairbanks, 3 from Anchorage, and 1 from Ketchikan. 2 days of per diem are allocated for each meeting.

	Per Diem	Travel	
<u>FY 98</u>			
2 Anchorage Meetings			
3 Anchorage members	0	0	
2 Fairbanks members	1,736	1,328	
1 Ketchikan member	868	1,240	
1 Fairbanks Meeting			
3 Anchorage members	1,026	996	
2 Fairbanks members	0	0	
1 Ketchikan member	342	690	
1 Juneau Meeting			
3 Anchorage members	1,026	1,398	
2 Fairbanks members	684	1,148	
1 Ketchikan member	342	268	
<b>Total FY98 Travel</b>	<b>6,024</b>	<b>7,068</b>	<b>13,092</b>

<u>FY99</u>			
2 Anchorage Meetings			
3 Anchorage members	0	0	
2 Fairbanks members	1,736	1,328	
1 Ketchikan member	868	1,240	
1 Juneau Meeting			
3 Anchorage members	1,026	1,398	
2 Fairbanks members	684	1,148	
1 Ketchikan member	342	268	
<b>Total FY99 Travel</b>	<b>4,656</b>	<b>5,382</b>	<b>10,038</b>

**Contractual**

	Phones \$100/month	Postage \$50/month	Advertizing 750/meeting	TOTAL
FY98	1,200	600	3,000	4,800
FY99	700	350	1,500	2,550

Teleconference charges and expenses for printing the report will be absorbed by the Agency.

**SB**

**70**

# FISCAL NOTE

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

No. 11  
Bill Version: CSB 70 (JUD)  
(S) Publish Date: 4-10-97

Revision Date: \_\_\_\_\_  
Title: "An Act relating to the discharge of firearms at or in the direction of buildings and dwellings"  
Sponsor: Sen. Donley  
Requestor: (S) FIN

Department Affected: Administration  
BRU: Office of Public Advocacy  
Component: Office of Public Advocacy  
COMPONENT SERIAL NO. 43

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

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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

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

Estimate of any current year (FY 97) cost: \$ 0

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

There is no fiscal impact to the Office of Public Advocacy.

Prepared by: Brant McGee, Director  
Division: Office of Public Advocacy

Phone: 274-1684  
Date: \_\_\_\_\_

Approved by Commissioner: Mark Bover  
Agency: Department of Administration

Date: 4/8/97

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# FISCAL NOTE

NO. 10

Bill Version: CSB 70 (Jud)

(S) Publish Date: 4-10-97

**STATE OF ALASKA  
1997 LEGISLATIVE SESSION**

Revision Date: 04/03/97

Dept. Affected: Alaska Court System

Title: Unlawful Discharge of a Firearm

BRU: Trial Courts

Component: \_\_\_\_\_

Sponsor: Sen. Donley

Requestor: \_\_\_\_\_

COMPONENT SERIAL NO. 768

**Expenditures/Revenues**

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS & CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )						
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**Fund Source**

(Thousands of Dollars)

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

Estimate of any current year (FY 97) cost: None

**Positions**

Full-Time						
Part-Time						
Temporary						

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

SB 70 redefines certain conduct that is already a crime, which should not result in a fiscal impact.

Prepared by: C. S. Christensen III, General Counsel

Agency: Alaska Court System

Phone: 264-8228

Date: 04/03/97

Approved by: Stephanie J. Cole, Deputy Director

Agency: Alaska Court System

Date: 04/03/97

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# FISCAL NOTE

No. 9  
 Bill Version: CSSB 70 (JUD)  
 (S) Publish Date: 4-10-97

STATE OF ALASKA  
 1997 LEGISLATIVE SESSION

Revision Date: 3/26/97 Dept. Affected: Corrections  
 Title: Unlawful discharge of a firearm BRU: All  
 Component: All  
 Sponsor: Senator Donley  
 Requester: Senate Judiciary COMPONENT SERIAL NO. #0694

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

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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

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

Estimate of any current year (FY97) cost: \$ 0.0

**POSITIONS**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

Prepared by: Bruce Richards Phone: 465-3307  
 Division: Commissioner's Office Date: 3/26/97  
 Approved by Commissioner: Margaret M. Pugh Date: 3/26/97  
 Agency: Department of Corrections

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SB 70

FISCAL NOTE

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

BILL NO. CSSB 70 #8

ANALYSIS: (continued)

This sponsor substitute makes it a strict liability offense to discharge a firearm at or in the direction of an occupied building, punishable by up to 10 years in jail and a \$50,000 fine. It creates an anomaly in the Alaska Statutes, which normally punish conduct by considering the perpetrator's mental state (intentional crimes are punished more severely than reckless or negligent crimes) as well as the result (the seriousness of the injury or damage).

The Department of Law has estimated an increase in the numbers of serious felony offenses due to this legislative change. Currently such an offense would not be charged or would be charged as a much less serious crime of reckless endangerment (a misdemeanor) and often prosecuted by the local municipality. The Public Defender concurs in this analysis, and predicts a serious increase in these felonies, particularly in Anchorage. Therefore, a part-time felony attorney position is requested for Anchorage.

Of note: It is questionable whether the Due Process clause of the Alaska Constitution, Art. I, Section 7 permits imposing criminal sanctions for an offense in the absence of a minimally adequate level of mens rea. (Beran v. State, 705 P.2d 1280 (Alaska App. 1985)).

# FISCAL NOTE

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

No. 8  
Bill Version: CSSB 70 (JVD)  
(S) Publish Date: 4-10-97

Revision Date: \_\_\_\_\_  
Title: "An Act relating to the discharge of firearms..."  
Sponsor: Senator Donley  
Requestor: S (FIN)

Department Affected: Administration  
BRU: Public Defender Agency  
Component: Public Defender Agency  
COMPONENT SERIAL NO. 1631

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

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES	37.5	37.5	37.5	37.5	37.5	37.5
TRAVEL	1.5	1.5	1.5	1.5	1.5	1.5
CONTRACTUAL	6.0	6.0	6.0	6.0	6.0	6.0
SUPPLIES	0.6	.6	0.6	.6	0.6	.6
EQUIPMENT	2.5	2.5	2.5	2.5	2.5	2.5
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>48.1</b>	<b>48.1</b>	<b>48.1</b>	<b>48.1</b>	<b>48.1</b>	<b>48.1</b>

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

1002 Federal Receipts						
1003 GF Match						
1004 GF	48.1	48.1	48.1	48.1	48.1	48.1
1005 GF/Program Receipts						
1037 GF/Mental Health						
OTHER						
<b>TOTAL</b>	<b>48.1</b>	<b>48.1</b>	<b>48.1</b>	<b>48.1</b>	<b>48.1</b>	<b>48.1</b>

Estimate of any current year (FY 97) cost: \$ -0-

**POSITIONS:**

FULL-TIME	0.5	0.5	0.5	0.5	0.5	0.5
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

See attached sheet.

Prepared by: Barbara K. Brink, Director  
Division: Public Defender Agency

Phone: (907) 264-4414  
Date: \_\_\_\_\_

Approved by Commissioner: Mark Bover  
Agency: Department of Administration

Date: 4/9/97

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# FISCAL NOTE

No. 7  
 Bill Version: CSSB 70 (JUD)  
 (S) Publish Date: 4-9-97

STATE OF ALASKA  
 1997 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Dept. Affected: Department of Law  
 Title: "An Act relating to the discharge of firearms  
at or in the direction of buildings and dwellings." BRU: Criminal Division  
 Component: Criminal Division  
 Sponsor: Senator Donley  
 Requester: Senate Judiciary Committee COMPONENT SERIAL NO. 2085

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

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES	53.8	53.8	53.8	53.8	53.8	53.8
TRAVEL	0.7	0.7	0.7	0.7	0.7	0.7
CONTRACTUAL	8.0	8.0	8.0	8.0	8.0	8.0
SUPPLIES	1.1	1.1	1.1	1.1	1.1	1.1
EQUIPMENT	6.5					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>70.0</b>	<b>63.5</b>	<b>63.5</b>	<b>63.5</b>	<b>63.5</b>	<b>63.5</b>

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

1002 Federal Receipts						
1003 GF Match						
1004 GF	70.0	63.5	63.5	63.5	63.5	63.5
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>70.0</b>	<b>63.5</b>	<b>63.5</b>	<b>63.5</b>	<b>63.5</b>	<b>63.5</b>

Estimate of any current year (FY97) cost: \$ 0.0

**POSITIONS**

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME	1.0	1.0	1.0	1.0	1.0	1.0
TEMPORARY						

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

CSSB 70 (JUD) elevates the crime of discharging a firearm at or in the direction of a building, or a dwelling, from misdemeanor conduct to a class B felony. The Department of Law anticipates the greatest impact from the proposed committee substitute would be in the Anchorage area as many of these misdemeanor weapons and property crimes are most likely handed as municipal offenses under current law. CSSB 70 (JUD) would make these offenses felonies under state jurisdiction.

The department anticipates the need for one-half an attorney position in the Anchorage District Attorney's Office to respond to the increased caseload from this bill. Using the Civil Division's standard attorney cost schedule (\$127,000 per year), the fiscal impact would be \$63,500, including clerical support, communications, space, supplies, data processing and other normal overhead expenses. The standard cost does not include one-time new equipment purchases, and \$6,500 is added for this purpose in FY 98. (Proportionate support position funding is included in the standard attorney cost schedule to reduce clerical support vacancy so that the new attorney's clerical burden can be handled.)

Prepared by: Joan M. Kasson *Joan M. Kasson*  
 Division: Administrative Services Division  
 Approved by Commissioner: Bruce M. Botelho, Attorney General *Bruce Botelho*  
 Agency: Department of Law

Phone: 465-5370  
 Date: 4/4/97  
 Date: 4/4/97

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# SENATOR DAVE DONLEY

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ALASKA STATE LEGISLATURE

## SPONSOR STATEMENT FOR SENATE BILL 70 (JUD) "UNLAWFUL DISCHARGES OF FIREARMS"

Senate Bill 70 provides strong new deterrents to individuals who unlawfully discharge firearms at buildings or dwellings.

Last year an Anchorage family was awoken in the middle of the night to a barrage of gunfire. The next day, the Anchorage Police Department found five bullets lodged in various locations of the family's home. Juneau has witnessed seven separate accounts of shootings at dwellings in the last year alone. Under current state law, the unlawful discharge of a firearm at a building is only a misdemeanor.

Senate Bill 70 creates a new class B felony offense for the unlawful discharge of firearms at or in the direction of a dwelling. The legislation also creates a class B felony offense for discharging a firearm in the direction of a building and it is occupied or with reckless disregard to property or a risk of physical injury to a person.

Senate Bill 70 addresses the problem of random reckless discharges of firearms by instituting tough new penalties on those individuals who not only endanger property but innocent lives as well.

DD/jja

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*MEMBER:* Senate Finance Committee • Legislative Budget & Audit Committee  
• Senate Community & Regional Affairs Committee

Produced in House

STATE OFFICE  
**ALASKA PEACE OFFICERS ASSOCIATION**

P.O. Box 240106 Anchorage, Alaska 99524-0106 Phone (907) 277-0515 Fax (907) 272-5355



March 8, 1997

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Pres. First City Chapter

James See, Member  
Craig  
Pres. Prince of Wales Chapter

Senator Dave Donley  
Alaska State Legislature  
State Capitol (MS 3100)  
Juneau, Alaska 99801-1182

Dear Senator Donley,

On behalf of the Alaska Peace Officers Association, I would like to thank you for introducing Senate Bill 70 relating to the unlawful discharge of firearms at buildings. At a recent meeting of the APOA State Board Legislative Subcommittee, we decided to unanimously support this bill. We believe that this legislation will help provide stronger prosecution for offenses of this nature and will send out a clear message of deterrence.

We encourage you to call on us when there are hearings on this bill, so that we may testify about the need for this legislation. If you need assistance as you shepherd this bill through the legislative process, please call me at 451-5316, or our business manager, Joseph Young at 277-0515.

Sincerely,

Michael Corkill  
APOA State President

**S B**

**7 5**

# FISCAL NOTE

No. 1

Bill Version: CSSB 75(LAC)

(S) Publish Date: 2/13/97

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
 Title: An Act relating to the regulation of accountants;  
and providing for an effective date.  
 Sponsor: Senate Rules Committee  
 Requestor: Senate Labor and Commerce

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

COMPONENT SERIAL NO. 1844

**Expenditures/Revenues**

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
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>						
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<b>CHANGE IN REVENUES</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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**FUND SOURCE**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other 1091 Designated PR						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY 97) cost: \$ 0.0

**POSITIONS**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

CSSB 75 increases the minimum requirements for CPA examination candidates, and recognizes use of the "EA" designation for Enrolled Agents. New funds are not required to implement this bill.

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

Phone: 465-2144  
 Date: 2/11/97  
 Date: 2-12-97

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## COMMITTEE PRESENTATION

### **Senate Bill 75**

#### Requirements for CPA Examinations

SENATE BILL 75 WOULD CHANGE THE APPLICATION CRITERIA FOR TAKING ALASKA'S C.P.A. EXAMINATION EACH MAY AND NOVEMBER. IT WOULD NOT CHANGE THE TEST, NOR THE LICENSING REQUIREMENTS.

IT IS NEEDED BECAUSE OF THE DRAMATIC INCREASE IN FOREIGN NON-RESIDENT APPLICANTS WHO COME TO TAKE THE TEST, BUT WHO DO NOT LIVE OR PRACTICE IN OUR STATE. MANY HAVE NO BACKGROUND IN ACCOUNTING.

CONCERNS FOR THE INTEGRITY OF OUR EXAM PROCESS, AND FOR THE SECURITY OF THE EXAM ITSELF, NECESSITATE CHANGES IN OUR APPLICATION CRITERIA, CURRENTLY THE LOWEST IN THE NATION. RECENTLY, THE STATE OF MONTANA CHANGED ITS MINIMAL REQUIREMENTS TO ELIMINATE THE SAME PROBLEM.

REFERRING TO YOUR PACKET, YOU WILL FIND A SUMMARY SHEET SHOWING THE NUMBERS OF APPLICANTS FOR THE PAST TWO YEARS, AND THE UNUSUAL INCREASE OF FOREIGN APPLICANTS FOR THE NOVEMBER 1996 TEST. THE STATE MAKES NO MONEY ON THESE EXAMS, BUT ONLY ATTEMPTS TO BREAK EVEN, SO THERE IS NO REAL INCENTIVE FOR ALASKA TO PROVIDE THIS SERVICE TO THE WORLD AT LARGE.

THE BILL WOULD ADD TO OUR CURRENT REQUIREMENT OF MERELY HAVING A BACCALAUREATE DEGREE IN ANY SUBJECT IN ORDER TO TAKE OUR C.P.A. EXAM. WE WOULD ADD A MINIMUM AMOUNT OF ACADEMIC COURSE WORK IN COLLEGE LEVEL ACCOUNTING, OR ONE YEAR OF PUBLIC ACCOUNTING EXPERIENCE UNDER THE DIRECT SUPERVISION OF A CERTIFIED PUBLIC ACCOUNTANT, OR THE NEAR-COMPLETION OF A DEGREE PROGRAM IN ACCOUNTING. THESE CHANGES ARE CONTAINED IN SECTION 1.

WE ORIGINALLY HOPED TO ADDRESS THIS PROBLEM IN ORDER TO MANAGE THE MAY 1997 EXAM, HOWEVER, IN DISCUSSIONS WITH THE DIVISION OF OCCUPATIONAL LICENSING, AND IN THE SENATE LABOR

AND COMMERCE COMMITTEE, WE CONCLUDED IT WOULD BE MORE PRUDENT TO ADDRESS THE PROBLEM IN TIME FOR THE NOVEMBER 1997 TEST.

THEREFORE, IN THE L & C COMMITTEE SUBSTITUTE, WE CHANGED THE EFFECTIVE DATE TO JUNE 1ST, 1997. IN THE DRAFT C.S. YOU HAVE, WE HAVE SIMPLY PROVIDED FOR THOSE WHO HAVE ALREADY PASSED AT LEAST TWO COMPONENTS OF THE TEST, THE RIGHT TO TAKE THE REMAINING PORTIONS AFTER THE EFFECTIVE DATE NOW WRITTEN AS JUNE 1ST. THESE CONCERNS ARE ADDRESSED IN SECTIONS 3 AND 4 OF THE BILL.

ANOTHER PROVISION OF SENATE BILL 75, ONE UNRELATED TO THE ABOVE ISSUE, IS TO ALLOW THE PROFESSIONAL USE OF THE DESIGNATION "EA" BY ENROLLED AGENTS, THOSE UNLICENSED ACCOUNTANTS OR TAX PRACTITIONERS ENROLLED BY THE I.R.S. TO ENGAGE IN TAX-RELATED BUSINESS. THIS IS FOUND IN SECTION 2.

THIS BILL IS SUPPORTED BY THE STATE BOARD OF ACCOUNTANCY, THE STATE SOCIETY OF C.P.A.'S, AND THE ALASKA SOCIETY OF INDEPENDENT ACCOUNTANTS.

**SB**

**76**

A M E N D M E N T

OFFERED IN THE SENATE

TO: CSSB 76(FIN)

1 Page 3, line 31, through page 4, line 1:

2 Delete "The copies shall be accompanied by a statement of "Truth in Budgeting"  
3 prepared under (e) of this section."

4 Page 4, lines 4 - 20:

5 Delete all material.

6 Renumber the following bill sections accordingly.

**S B**

**7 7**



# Alaska State Legislature

*Chairman,*  
Judiciary Committee

*Member,*  
Resources Committee  
Rules Committee  
Committee on Committees



*Senator Robin L. Taylor*

State Capitol  
Juneau, Alaska 99801-1182  
(907) 465-3873  
Fax: (907) 465-3922

352 Front Street  
Ketchikan, Alaska 99901  
(907) 225-8088  
Fax: (907) 225-0713

## Sponsor Statement Senate Bill 77

On April 24, 1995 the Alaska State Senate passed SR1 by a vote of 18-0. That resolution called upon the Governor to proclaim May 4 of that year as a Day of Prayer in Alaska.

The bill history of SR1 notes the resolution was transmitted to the Governor on April 26 and read by him on August 7.

The first Thursday in May is the National Day of Prayer recognized by Congress.

Passage of SB 77 will establish the first Thursday in May as a corresponding State Day of Prayer in Alaska.

Even Thomas Jefferson, famous for his letter to a Connecticut religious association referring to "a wall of separation between church and state", also said he was convinced "that a man's natural right" to religious expression is not in opposition to his political function.

Recognition of the Day of Prayer in Alaska is in keeping with that heritage.

District A:

Hyder • Ketchikan • Kupreanof • Meyers Chuck • Petersburg • Saxman • Sitka • Wrangell

**S B**

**8 2**

FISCAL NOTE

No. L

Bill Version: CS SB 92 (FIN)

(S) Publish Date: 2/18/97

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
Title: "An Act relating to the sale or other disposal of certain state property; and providing for an effective date."

Department Affected: Administration  
BRU: General Services

Component: Property Management

Sponsor: Taylor  
Requestor: (S) Finance

COMPONENT SERIAL NO. 61

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
OPERATING EXPENDITURES						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
OTHER * CIP receipts						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 97) cost: \$ 0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)  
See attachment

Prepared by: Dugan Petty, Director *Dugan Petty*  
Division: General Services

Phone: 465-2250  
Date: \_\_\_\_\_

Approved by Commissioner: Mark Boyer *Mark Boyer*  
Agency: Department of Administration

Date: 2/17/97

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## SB 82 Analysis

This bill would require the department or an excessing agency to seek and obtain legislative approval, by law, prior to the sale or disposal (including a lease) of state facilities or property valued at \$1,000,000 or more.

Due to the limited number of transfers exceeding the \$1,000,000 threshold, fiscal impacts for the Property Management Program to comply with the law are minimal. Procedures would be established to submit and obtain legislative approval before property or facilities with a market value of \$1,000,000 or more could be sold or otherwise transferred. Administrative costs of drafting necessary legislation and providing supporting information would be minimal.

Obtaining legislative approval by law would require either the Property Management Program or excessing agency to draft and submit a bill to the legislature while maintaining the property after it has been declared excess. Interim maintenance and upkeep costs are not possible to forecast, but could result in fiscal impacts to an excessing agency during the time needed to obtain law authorizing the disposal. For example, necessary heating, utilities, maintenance and upkeep of a hatchery, armory, hangar or marine vessel could have significant impacts on an operating budget, especially if the property becomes surplus to state needs at the end of a legislative session, or during the interim.

Income generated from the disposal or lease of such property would not be available to the affected agencies during any delay caused by the approval process.

FISCAL NOTE

No. 2  
 Bill Version: CSB82(FIN)  
 (S) Publish Date: 3/1/97

STATE OF ALASKA  
 1997 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
 Title: An act relating to the sale or other disposal of certain state property; and providing for an effective date.  
 Sponsor: Senator Taylor  
 Requestor: Senate Finance

Dept. Affected: Health and Social Services  
 BRU: Administrative Services  
 Component: Health Planning and Facilities Management  
 COMPONENT SERIAL NO. 2020  
 See also (SN#): \_\_\_\_\_

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY98	FY99	FY00	FY01	FY02	FY03
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						
----------------------	--	--	--	--	--	--

CHANGES IN REVENUES ( )						
-------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of any current year (FY97) cost: \$0.0

ANALYSIS: (Attach a separate page if necessary)

This bill will have no fiscal impact on the Department of Health And Social Services.

Prepared by: Janet Clarke, Director  
 Division: Administrative Services  
 Approved by Commissioner: Karen Perdue, Commissioner  
 Agency: Department of Health & Social Services

Phone: 465-3082  
 Date: 02/24/97  
 Date: 2/25/97

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Revision Date: \_\_\_\_\_ Dept. Affected: Revenue  
 Title: Legislative Approval for State Property Disposals BRU: Administration and Support  
 Component: Commissioner's Office  
 Sponsor: Senator Taylor  
 Requestor: (S) RLS COMPONENT SERIAL NO. 110

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

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
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>CHANGE IN REVENUES ( )</b>						

**FUND SOURCE** (Thousands of Dollars)

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

Estimate of any current year (FY97) cost \$ 0.0

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

The Department of Revenue takes the position that SCSSB 82 was not intended to apply to transactions by the Alaska State Pension Investment Board ("ASPIB") or the Alaska Permanent Fund Corporation ("PFC"). Clearly, legislative veto of decisions by ASPIB and the PFC regarding equity investments in real property would run contrary to the Prudent Investor Rule in AS 37.13.120(a) and 37.10.071(c). Accordingly, the department anticipates that SCSSB 82 (RLS) will have no fiscal impact upon the Department of Revenue.

However, the bill appears to be worded broadly enough to subject investment decisions by ASPIB and the PFC to some type of undefined legislative approval process. Such a move would be unprecedented with regard to ASPIB and the PFC, would have a massive fiscal impact on ASPIB and the PFC and would be viewed by the market as very detrimental to ASPIB and the PFC's investments. Given the vague and overly broad wording of SCSSB 82 and based on advice from the Attorney General's Office, the department expresses serious concern regarding the bill's impact on ASPIB and PFC. The department requests specific clarification from the legislature that the bill does not apply to ASPIB and the PFC. In the event that the bill were to apply to ASPIB and the PFC, the department's fiscal note will need revision to reflect the massive - and perhaps unquantifiable - fiscal impact on ASPIB and the PFC.

Prepared by: Ross A. Kinney Phone: (907) 586-3587  
 Division: Commissioner's Office Date: March 11, 1997  
 Approved by Commissioner: Wilson L. Condon *Ross A. Kinney* Date: March 11, 1997  
 Agency: Revenue

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# FISCAL NOTE

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

BILL NO. CS for SB 82 (RULES)

Revision Date: \_\_\_\_\_  
 Title: An act relating to the sale or other disposal of certain state property; and providing for an effective date.  
 Sponsor: Senator Taylor  
 Requestor: Senate Finance

Dept. Affected: Health and Social Services  
 BRU: Administrative Services  
 Component: Health Planning and Facilities Management  
 COMPONENT SERIAL NO. 2020  
 See also (SN#): \_\_\_\_\_

**Expenditures/Revenues:**

(Thousands of Dollars)

OPERATING	FY98	FY99	FY00	FY01	FY02	FY03
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						
----------------------	--	--	--	--	--	--

CHANGES IN REVENUES ( )						
-------------------------	--	--	--	--	--	--

**FUND SOURCE**

(Thousands of Dollars)

FUND SOURCE	FY98	FY99	FY00	FY01	FY02	FY03
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (please specify)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**POSITIONS:**

POSITIONS	FY98	FY99	FY00	FY01	FY02	FY03
FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of any current year (FY97) cost:                     \$0.0

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

This bill will have no fiscal impact on the Department of Health And Social Services.

Prepared by: Janet Clarke, Director  
 Division: Administrative Services  
 Approved by Commissioner: Karen Perdue, Commissioner  
 Agency: Department of Health & Social Services

Phone: 465-3082  
 Date: 3/10/97  
 Date: 3/10/97

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# FISCAL NOTE

**STATE OF ALASKA**  
**1997 LEGISLATIVE SESSION**

**BILL NO. CSSB82 (RLS)**

Revision Date: \_\_\_\_\_ Dept Affected: Natural Resources  
 Title: An Act relating to the sale or other disposal of BRU: Resource Development  
certain state property; and providing for an effective date Component: Land Development  
 Sponsor: Taylor  
 Requestor: Sen Calendar 3/11 Component Serial No. 431

Expenditures/Revenues		(Thousands of Dollars)					
OPERATING EXPENDITURES	FY98	FY99	FY00	FY01	FY02	FY03	
PERSONAL SERVICES							
TRAVEL							
CONTRACTUAL							
SUPPLIES							
EQUIPMENT							
LAND & STRUCTURES							
GRANTS, CLAIMS							
MISCELLANEOUS							
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0	
<b>CAPITAL EXPENDITURES</b>	0.0	0.0	0.0	0.0	0.0	0.0	
<b>CHANGE IN REVENUES ( )</b>	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							
1037 GF/Mental Health							
Other							
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0	

Estimate of any current year (FY97) cost: \$ None

POSITIONS		FY98	FY99	FY00	FY01	FY02	FY03
FULL-TIME		0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME		0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY		0.0	0.0	0.0	0.0	0.0	0.0

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

**Assumptions:** That "property" in this bill's definitions means physical improvements or structures, not vacant real estate; also that the managing agency wanting to sell the improved property, not DNR, will be responsible for funding all costs of sale, including costs of obtaining the legislature's approval on the sale. That includes paying for updated appraisals if the bill's approval process delays the sale beyond the one-year appraisal deadline set by existing law (AS 38.05.840).

The Department of Natural Resources (DNR), Division of Land, under AS 38.05.035(a)(12) acts as the certifying agent of the State to select, accept and secure land title or any interest in land. In this capacity we accept title to lands and improvements on behalf of other agencies that do not have statutory authority to hold title in the name (continued)

Prepared by: Jane Angvik *[Signature]* Phone: 269-8503  
 Division: Land Date: 11-Mar-97  
 Approved by Commissioner: *[Signature]* Date: 3-11-97  
 Agency: Natural Resources

of the State of Alaska. Most of DNR's "portfolio" is Statehood entitlement land that is unimproved property. However, DNR's Other State Land (OSL) program includes some improved lands, although the improvements are generally worth less than \$1 million. DNR has received some land from the federal government with improvements valued at over a million dollars, such as the Native school and facilities on Japonski Island, but the State did not purchase these sites. Thus the bill would not apply to them.

"Purchased" parcels of land with improvements worth one million dollars or more that were secured by DNR on behalf of the State are:

- (1) Wildwood Correctional facility - Dept. of Corrections
- (2) Seward Skill Training Center - Dept. of Education
- (3) Juneau Court Plaza Bldg. and land - Alaska Court System
- (4) Palmer Courthouse Bldg. and land - Alaska Court System
- (5) Anchorage Times Facility - Alaska Court System

If the bill passes, subsequent sale of these five facilities other than to a state agency would be subject to the new approval requirement. Moreover, if the bill had been in effect at the time, the acquisition and transfer of the three Alaska Court System properties would apparently have been subject to it, as the bill defines "state agencies" to include executive branch agencies only.

0-LS0479\P  
Bannister  
3/6/97

CS FOR SENATE BILL NO. 82( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTIETH LEGISLATURE - FIRST SESSION

BY

Offered:  
Referred:

Sponsor(s): SENATOR TAYLOR

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the sale or other disposal of certain state property; and  
2 providing for an effective date."

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

4 \* Section 1. AS 44.68 is amended by adding a new section to article 2 to read:

5 Sec. 44.68.115. Approval of sale or other disposition of state property. (a)  
6 Notwithstanding any other provision of law, a state agency may not sell or otherwise  
7 dispose of a state purchased facility or piece of equipment to a person other than  
8 another state agency if the individual facility or piece of equipment, when not  
9 aggregated with other facilities or pieces of equipment, has a current market value of  
10 \$1,000,000 or more unless the legislature approves by law the sale or other disposition.

11 (b) In this section,  
12 (1) "another state agency" has the meaning given to "state agency" in  
13 this subsection, except that "another state agency" includes the University of Alaska,  
14 the Alaska Railroad Corporation, the Alaska Housing Finance Corporation, the Alaska

1 Aerospace Development Corporation, the Alaska Industrial Development and Export  
2 Authority, and the Alaska Mental Health Trust Authority;

3 (2) "facility or piece of equipment" includes, but is not limited to, a  
4 vessel of the Alaska marine highway system;

5 (3) "sell or otherwise dispose of" includes any form of transferring the  
6 ownership of property, including lease-purchase agreements, leases with an option to  
7 purchase, exchanges, or installment sales, whether or not the state agency receives  
8 compensation for the property;

9 (4) "state agency" means a department, institution, board, commission,  
10 division, authority, public corporation, or other administrative unit of the executive  
11 branch, but does not include the University of Alaska, the Alaska Railroad  
12 Corporation, the Alaska Housing Finance Corporation, the Alaska Aerospace  
13 Development Corporation, the Alaska Industrial Development and Export Authority,  
14 or the Alaska Mental Health Trust Authority.

15 \* Sec. 2. This Act does not apply to a sale or other disposition of a state facility or piece  
16 of equipment if the contract for the sale or other disposition is entered into before the effective  
17 date of this Act.

18 \* Sec. 3. This Act takes effect immediately under AS 01.10.070(c).

# Alaska State Legislature

Chairman,  
Judiciary Committee

Member,  
Resources Committee  
Rules Committee  
Committee on Committees



State Capitol  
Juneau, Alaska 99801-1182  
(907) 465-3873  
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352 Front Street  
Ketchikan, Alaska 99901  
(907) 225-8088  
Fax: (907) 225-0713

**Senator Robin L. Taylor**

## MEMORANDUM

**TO: Senator Tim Kelly, Chairman  
Senate Rules Committee**

**FROM: Senator Robin Taylor**

**DATE: 3/4/97  
2/27/97**

**RE: Hearing Request - SB 82**

\*\*\*\*\*  
Please consider this my formal request for a substantive hearing before the Senate Rules Committee on Senate Bill 82.

I am forwarding with this request a suggested committee substitute which would exempt AIDEA and the Mental Health Lands Trust from the provisions of this legislation.

I agree with the concerns expressed by AIDEA in the fiscal note from that authority and never intended for this bill to hamper their operations. Concerns have also been expressed by the Mental Health Lands Trust on potential ramifications in the future on that agency.

Issues raised at the Senate Finance Committee over the Four Dam Pool were addressed by the clarification that the Four Dam Pool is owned by AEA, and any disposal would be subject to the provisions of SB 82.

By exempting these two agencies I believe the intent of SB 82 can still be accomplished.

District A:

Hyder • Ketchikan • Kupreanof • Meyers Chuck • Petersburg • Saxman • Sitka • Wrangell

0-LS0479\L  
Bannister  
3/4/97

**CS FOR SENATE BILL NO. 82( )**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTIETH LEGISLATURE - FIRST SESSION**

**BY**

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

**Sponsor(s): SENATOR TAYLOR**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the sale or other disposal of certain state property; and**  
2 **providing for an effective date."**

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

4 **\* Section 1.** AS 44.68 is amended by adding a new section to article 2 to read:

5 **Sec. 44.68.115. Approval of sale or other disposition of state property. (a)**

6 Notwithstanding any other provision of law, a state agency may not sell or otherwise  
7 dispose of a state purchased facility or piece of equipment to a person other than  
8 another state agency if the individual facility or piece of equipment, when not  
9 aggregated with other facilities or pieces of equipment, has a current market value of  
10 \$1,000,000 or more unless the legislature approves by law the sale or other disposition.

11 (b) In this section,

12 (1) "another state agency" has the meaning given to "state agency" in  
13 this subsection, except that "another state agency" includes the Alaska Industrial  
14 Development and Export Authority and the Alaska Mental Health Trust Authority;

1 (2) "facility or piece of equipment" includes, but is not limited to, a  
2 vessel of the Alaska marine highway system;

3 (3) "sell or otherwise dispose of" includes any form of transferring the  
4 ownership of property, including lease-purchase agreements, leases with an option to  
5 purchase, exchanges, or installment sales, whether or not the state agency receives  
6 compensation for the property;

7 (4) "state agency" means a department, institution, board, commission,  
8 division, authority, public corporation, or other administrative unit of the executive  
9 branch, including the University of Alaska, the Alaska Railroad Corporation, the  
10 Alaska Housing Finance Corporation, and the Alaska Aerospace Development  
11 Corporation, but excluding the Alaska Industrial Development and Export Authority  
12 and the Alaska Mental Health Trust Authority.

13 \* Sec. 2. This Act does not apply to a sale or other disposition of a state facility or piece  
14 of equipment if the contract for the sale or other disposition is entered into before the effective  
15 date of this Act.

16 \* Sec. 3. This Act takes effect immediately under AS 01.10.070(c).

# FISCAL NOTE

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

BILL NO. CSSB 82 (FIN)

Revision Date: \_\_\_\_\_ Dept. Affected: DOT&PF  
 Title: "Legis. Approval for State Property Disposals" BRU: Commissioner's Office  
 Component: Office of the Commissioner  
 Sponsor: Senator Robin Taylor  
 Requester: Senate Rules COMPONENT SERIAL NO. 530

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

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>

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

**FUND SOURCE** (Thousands of Dollars)

FUND SOURCE	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>

Estimate of any current year (FY97) cost: \$ \_\_\_\_\_ \*\*

**POSITIONS**

POSITIONS	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

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

\*\* The Department of Transportation and Public Facilities cannot forecast the potential cost of this legislation. It is possible, however, that delaying sale of property with value in excess of \$ 1 million pending action of the Legislature could jeopardize the viability of such a sale if the potential sale were to be time critical. Additional costs could also result from extended periods of upkeep and maintenance to facilities while awaiting legislative approval for sale of said property.

Prepared by: Sam Kito III Phone: 465-3900  
 Special Assistant  
 Division: Office of the Commissioner Date: 3/4/97  
 Approved by: *Joseph L. Perkins* Date: 3/4/97  
 Commissioner  
 Agency: Department of Transportation and Public Facilities

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# FISCAL NOTE

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

BILL NO. CS SB82 (FIN)

Revision Date: \_\_\_\_\_ Department: Commerce and Economic Development  
 Title: An Act relating to the sale of certain state PRU: AIDEA  
properties Component: AIDEA  
 Sponsor: Senator Taylor  
 Requestor: Senate Finance COMPONENT SERIAL N 1234

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	**	**	**	**	**	**

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES	**	**	**	**	**	**
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FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	**	**	**	**	**	**

Estimate of any current year (FY 97) cost: \$ \_\_\_\_\_

POSITIONS	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

\*\* Fiscal impact is undetermined. Please see attached pages.

Prepared by: D. Randy Simmons, Executive Director Phone: (907) 269-3000  
 Division: AIDEA Date: February 25, 1997  
 Approved by Commissi William L. Hensley Date: February 25, 1997  
 Agency: Commerce and Economic Development

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 Page 1 of 3

## FISCAL NOTE

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

BILL NO. CS SB82 (FIN)

ANALYSIS: (continued)

### DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT Fiscal Note Calculations for CS SB82 (FIN)

CS SB82 (FIN) will have an adverse effect on the Alaska Industrial Development and Export Authority's (AIDEA) Development Finance Program (own/operate). If the Bill becomes Law, it is likely that AIDEA's Development Finance Program will be utilized less (or not at all) by the private sector for projects that support resource development and economic diversification, as defined by AS 44.88. Under the Development Finance Program, typically AIDEA constructs or acquires facilities that promote infrastructure and resource development to support private sector investment. Through long term lease agreements, the private sector project participant repays AIDEA for its investment in the project, plus a return on AIDEA's investment.

Often, after AIDEA's entire investment has been repaid and AIDEA has earned an adequate return on the investment, the project participant has the option of acquiring the facilities as part of the financing agreement for a nominal charge or at Fair Market Value (depending on the nature of the project and the type of bond financing used). It is doubtful that AIDEA's Development Finance Program would be utilized for new projects if, after paying AIDEA's entire investment in the project and providing a return to AIDEA, the project participant cannot acquire the project without legislative approval.

Since AIDEA does not use General Fund (GF) money for its operations and/or programs, this bill will not directly affect the GF in terms of increasing or decreasing funds. If the bill becomes law, however, there will be indirect effects on the GF and the State as follows:

1. AIDEA development staff would be decreased if there is a reduction in projects constructed or acquired;
2. the legislation could adversely affect new sources of specific resource taxes and corporate income taxes paid to the State;
3. the legislation could reduce revenues that would otherwise be received from new Development Finance projects, correspondingly reducing the amount of the annual dividends paid to the State under AIDEA's statutory dividend program.

Therefore, a decrease in AIDEA contributions to the State can be expected from what would otherwise be contributed.

Below is a list of projects and programs which would likely be effected with the passage of CS SB82(FIN):

NEW PROJECTS (The Bill would likely preclude the development of the following proposed projects)

- \$6 million cargo facility at Anchorage International Airport (Participant: Alaska Airlines)
- \$6 million industrial marine facility (Participant: City of Craig; private sector users)
- Acquisition and investment in the Ketchikan Shipyard Facility (Participant: Alaska Marine Highway System; City and Borough of Ketchikan; private sector operator)

## FISCAL NOTE

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

BILL NO. CS SB82 (FIN)

ANALYSIS: (continued)

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT  
Fiscal Note Calculations for CS SB82 (FIN)

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· \$50 million investment in a new value-added seafood facility in Anchorage (Participant: Alaska Seafood Center)

### EXISTING DEVELOPMENT PROJECTS AND ASSETS IN AIDEA'S CREDIT LOAN PORTFOLIO

- DELONG MOUNTAIN TRANSPORTATION SYSTEM (DMTS): Legislation would prevent the sale of equipment and other assets valued at over \$1 million at the DMTS, which supports the Red Dog Mine, without legislative approval. Some of the equipment is obsolete or unneeded. The funds generated from the sale could be used for other more beneficial assets.
- REVENUE FINANCE TRANSACTIONS: Transactions generally require collateral transferring project assets to the holders of bonds. Legislation appears to prevent such transfers without legislative approval. The Snettisham acquisition contemplates use of revenue financing that would require collateral transfers.
- LOAN PARTICIPATION PROGRAM: AIDEA often acquires facilities by means of foreclosure or by acquiring the assets by credit bid in bankruptcy or other proceedings; assets become part of AIDEA's OREO portfolio and are marketed for sale. As written, it is not clear in the Legislation whether AIDEA would be prevented from disposal of such assets without legislative approval. This would severely delay and hamper AIDEA's ability to recover value from defaulted loans and impact the private sector's ability to purchase property.
- POTENTIAL REDUCTIONS IN REVENUES TO THE GENERAL FUND: The Bill could adversely effect new sources of specific resources taxes and corporate income taxes paid to the State. Additionally, the Bill could reduce revenues that would otherwise be received from new Development Finance projects, correspondingly reducing the amount of the annual dividends paid to the State under AIDEA's statutory dividend program. Thus a decrease in AIDEA contributions to the State can be expected from what would otherwise be contributed.

As drafted, AIDEA is concerned about the negative effects the Bill would have on AIDEA, economic development and diversification, and loss of revenues to the State of Alaska.

# FISCAL NOTE

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

BILL NO. CSSB82 (FIN)

Revision Date: \_\_\_\_\_ Dept Affected: Natural Resources  
 Title: An Act relating to the sale or other disposal of BRU: Resource Development  
certain state property; and providing for an effective date Component: Land Development  
 Sponsor: Taylor  
 Requestor: S(RLS) Component Serial No. 431

Expenditures/Revenues (Thousands of Dollars)

	FY98	FY99	FY00	FY01	FY02	FY03
<b>OPERATING EXPENDITURES</b>						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CAPITAL EXPENDITURES</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CHANGE IN REVENUES ( )</b>	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

	FY98	FY99	FY00	FY01	FY02	FY03
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY97) cost: \$ None

POSITIONS

	FY98	FY99	FY00	FY01	FY02	FY03
FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS: (Attach a separate page if necessary)

Assumptions: That "property" in this bill's definitions means physical improvements or structures, not vacant real estate; also that the managing agency wanting to sell the improved property, not DNR, will be responsible for funding all costs of sale, including costs of obtaining the legislature's approval on the sale. That includes paying for updated appraisals if the bill's approval process delays the sale beyond the one-year appraisal deadline set by existing law (AS 38.05.840).

The Department of Natural Resources (DNR), Division of Land, under AS 38.05.035(a)(12) acts as the certifying agent of the State to select, accept and secure land title or any interest in land. In this capacity we accept title to lands and improvements on behalf of other agencies that do not have statutory authority to hold title in the name (continued)

Prepared by: Jane Angvik Phone: 269-8503  
 Division: Land Date: 26-Feb-97  
 Approved by Commissioner: [Signature] Date: 2-26-97  
 Agency: Natural Resources

of the State of Alaska. Most of DNR's "portfolio" is Statehood entitlement land that is unimproved property. However, DNR's Other State Land (OSL) program includes some improved lands, although the improvements are generally worth less than \$1 million. DNR has received some land from the federal government with improvements valued at over a million dollars, such as the Native school and facilities on Japonski Island, but the State did not purchase these sites. Thus the bill would not apply to them.

"Purchased" parcels of land with improvements worth one million dollars or more that were secured by DNR on behalf of the State are:

- (1) Wildwood Correctional facility - Dept. of Corrections
- (2) Seward Skill Training Center - Dept. of Education
- (3) Juneau Court Plaza Bldg. and land - Alaska Court System
- (4) Palmer Courthouse Bldg. and land - Alaska Court System
- (5) Anchorage Times Facility - Alaska Court System

If the bill passes, subsequent sale of these five facilities other than to a state agency would be subject to the new approval requirement. Moreover, if the bill had been in effect at the time, the acquisition and transfer of the three Alaska Court System properties would apparently have been subject to it, as the bill defines "state agencies" to include executive branch agencies only.

Revision Date: \_\_\_\_\_ Dept. Affected: Revenue  
 Title: Legislative Approval for State Property Disposals BRU: Alaska Housing Finance Corporation  
 Component: Operations  
 Sponsor: Senator Taylor  
 Requestor: (S) FIN COMPONENT SERIAL NO. 110

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ( )						

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY97) cost \$ 0.0

POSITIONS:

FULL-TIME					
PART-TIME					
TEMPORARY					

ANALYSIS: (Attach a separate page if necessary)

This legislation would require the Alaska Housing Finance Corporation to seek legislative approval by law for the sale or other disposition of facilities or property valued at \$1 million or more. Facilities and property disposed by the corporation as part of its normal operational functions are usually valued at less than \$1 million. These properties are usually REOs obtained through foreclosure, sale of public housing units, or parcels of property.

In circumstances where disposals exceeded \$1 million in value, this legislation would hinder AHFC's ability to make a timely transition. During the time the transaction was delayed, continued maintenance and operational costs would have to be borne by the corporation. At this time a potential cost for these activities can not be quantified since AHFC does not have any disposals of this magnitude anticipated.

Prepared by: John Bitney Phone: (907) 586-3587  
 Division: Alaska Housing Finance Corporation Date: February 26, 1997  
 Approved by Commissioner: Ross A. Kinney *Ross A. Kinney* Date: February 26, 1997  
 Agency: Revenue

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# FISCAL NOTE

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

BILL NO. CS for SB 82(FIN)

Revision Date: \_\_\_\_\_  
 Title: An act relating to the sale or other disposal of  
certain state property; and providing for an effective date.  
 Sponsor: Senator Taylor  
 Requestor: Senate Finance

Dept. Affected: Health and Social Services  
 BRU: Administrative Services  
 Component: Health Planning and Facilities Management  
 COMPONENT SERIAL NO. 2020  
 See also (SN#): \_\_\_\_\_

**Expenditures/Revenues:**

(Thousands of Dollars)

OPERATING	FY98	FY99	FY00	FY01	FY02	FY03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0

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

(Thousands of Dollars)

FUND SOURCE	FY98	FY99	FY00	FY01	FY02	FY03
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF Program Receipts						
1037 GF/Mental Health						
Other (please specify)						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

**POSITIONS:**

POSITIONS	FY98	FY99	FY00	FY01	FY02	FY03
FULL-TIME						
PART-TIME						
TEMPORARY						

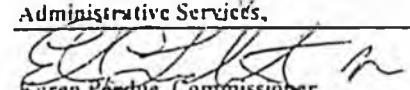
Estimate of any current year (FY97) cost: \$0.0

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

This bill will have no fiscal impact on the Department of Health And Social Services.

Prepared by: Janet Clarke, Director  
 Division: Administrative Services

Phone: 465-3082  
 Date: 02/24/97

Approved by Commissioner:   
 Agency: Department of Health & Social Services

Date: 2/25/97

# FISCAL NOTE

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

BILL NO. CSSB 82 (Fin)

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

Department Affected: Administration

Title: "An Act relating to the sale or other disposal of certain state property, and providing for an effective date."

BRU: General Services

Component: Property Management

Sponsor: Taylor

COMPONENT SERIAL NO. 61

Requestor: (S) Rules

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

EXPENDITURES/REVENUES:	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
<b>OPERATING EXPENDITURES</b>						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	*	*	*	*	*	*
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	*	*	*	*	*	*

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

1002 Federal Receipts						
1003 GF Match						
1004 GF	*	*	*	*	*	*
1005 GF/Program Receipts						
1037 GF/Mental Health						
OTHER * CIP receipts						
<b>TOTAL</b>	*	*	*	*	*	*

Estimate of any current year (FY 97) cost: \$ 0

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Dugan Petty, Director  
Division: General Services

Phone: 465-2250  
Date: \_\_\_\_\_

Approved by Commissioner: Mark Boyer  
Agency: Department of Administration

Date: 2/27/97

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## CSSB 82 Analysis

This bill would require the department or an excessing agency to seek and obtain legislative approval, by law, prior to the sale or disposal of a state facility, if purchased with state funds or personal property valued at \$1,000,000 or more.

Due to the limited number of transfers of personal property exceeding the \$1,000,000 threshold, fiscal impacts for the Property Management Program to comply with the law are negligible. Procedures would be established to submit and obtain legislative approval before personal property or a state purchased facility with a market value of \$1,000,000 or more could be sold or otherwise transferred. Administrative costs of drafting necessary legislation and providing supporting information would also be negligible.

Obtaining legislative approval by law would require either the Property Management Program or excessing agency to draft and submit a bill to the legislature while maintaining the property after it has been declared excess. Interim maintenance and upkeep costs are not possible to forecast, but could result in fiscal impacts to an excessing agency during the time needed to obtain law authorizing the disposal. For example, necessary heating, utilities, maintenance and upkeep of a hatchery, armory, hanger or marine vessel could have significant impacts on an operating budget, especially if the property becomes surplus to state needs at the end of a legislative session, or during the interim. Because of the unknown potential to agencies for extended maintenance costs, the fiscal impact is shown as an asterisk(\*).

Income generated from the disposal of such property would not be available to the affected agencies during any delay caused by the approval process.

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FISCAL NOTE

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

No. 1

Bill Version: SB04

(S) Publish Date: 2/19/97

Revision Date:  
Title: An act relating to fiscal management of endowment assets  
of the University of Alaska  
Sponsor: Senators Wilken, Sharp  
Requestor:

Department Affected: University of Alaska  
BRU: Systemwide  
Component:

COMPONENT SERIAL NO. 1296

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY98	FY99	FY00	FY01	FY02	FY03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
TOTAL OPERATING	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0

CAPITAL						
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REVENUE FD SOURCE						
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FUNDING: (Thousands of Dollars)						
1002 FEDERAL FUNDS						
1003 GF MATCH						
1004 GENERAL FUND						
1006 GF/MHTIA						
1048 University Receipts	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
TOTAL FUNDING	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0

POSITIONS:						
FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)  
This bill amends the definition of "university receipts" to include receipts attributable to amounts distributed from university endowments. These distributions, which will be transferred from the endowments to the university operating accounts to be used in support of educational programs, are estimated to be approximately \$1,000.0 annually. Any excess authority will lapse at the end of each fiscal year.

Prepared by: Marylou Burton Phone: 463-3086  
Division: Statewide Budget Office Date: 2/12/97  
Approved by: *MB* Marylou Burton, Director  
Agency: UA Statewide Budget Office Date: 2/12/97

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

FISCAL NOTE

No. 2  
Bill Version: SB04  
(S) Publish Date: 2/19/97

Revision Date: \_\_\_\_\_ Dept. Affected: Revenue  
Title: Assets of the University of Alaska BRU: Revenue Operations  
assets of the Univ of Alaska; Component: Treasury  
Sponsor: SENATORS WILKEN, Sharp  
Requestor: (S) HES COMPONENT SERIAL NO. 121

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	-9.0	-9.0	-9.0	-9.0	-9.0	-9.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>-9.0</b>	<b>-9.0</b>	<b>-9.0</b>	<b>-9.0</b>	<b>-9.0</b>	<b>-9.0</b>

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	26.0	26.0	26.0	26.0	26.0	26.0
1005 GF/Program Receipts						
1001 CBRF						
1048 University of AK receipts	-35.0	-35.0	-35.0	-35.0	-35.0	-35.0
<b>TOTAL</b>	<b>-9.0</b>	<b>-9.0</b>	<b>-9.0</b>	<b>-9.0</b>	<b>-9.0</b>	<b>-9.0</b>

Estimate of any current year (FY97) cost \$ 2.0 per month from effective date

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

The Treasury Division currently manages the University of Alaska Trust Fund. This bill would transfer the \$36.6 million (as of 12/31/96) Trust to the University for management. The division's FY98 budget reflects the Trust Fund as a funding source for a share of the personal service costs and custodial costs of the division. Treasury would still incur these costs. This fiscal note includes the transfer of these costs to general fund funding.

There is also \$9.0 in direct investment management fees and performance measurement consulting fees which are specific to the Trust Fund and will not be incurred by Treasury if the Trust Fund is transferred.

Prepared by: Betty Martin, Comptroller Phone: 465-2350  
Division: Treasury Date: February 14, 1997  
Approved by Commissioner: Ross Kinney, Deputy Commissioner Date: February 14, 1997  
Agency: Department of Revenue

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BILL: SB 84                      SHORT TITLE: ASSETS OF THE UNIVERSITY OF ALASKA  
BILL VERSION:  
SPONSOR(S): SENATOR(S) WILKEN,Sharp

CURRENT STATUS: (S) CALENDAR 3/5                      STATUS DATE: 03/04/97

TITLE: "An Act relating to fiscal management of endowment assets of the University of Alaska; amending the definition of 'university receipts' to include distribution from university endowments and the total return from the University of Alaska's endowment trust fund for land obtained under the Act of Congress of January 21, 1929, as amended, and transferring responsibility for management and investment of those assets; and making technical amendments to provisions relating to federal grants and appropriations from federal land grant college fund sources that must be paid to the state."

02/11/97	284	(S)	READ THE FIRST TIME - REFERRAL(S)
02/11/97	284	(S)	HES. FIN
02/19/97	411	(S)	HES RPT 4DP 1NR
02/19/97	411	(S)	DP: WILKEN, WARD, LEMAN, GREEN;NR: ELLIS
02/19/97	411	(S)	FISCAL NOTES (REV, UA)
02/25/97	492	(S)	FIN RPT 1DP 5NR
02/25/97	492	(S)	DP: SHARP; NR: ADAMS PARNELL, PHILLIPS
02/25/97	492	(S)	PEARCE, TORGERSON
02/25/97	492	(S)	PREVIOUS FNS (UA, REV)
03/05/97		(S)	RULES TO CALENDAR 3/5/97

## GARY WILKEN

SENATOR  
Districts 29 & 30  
West Fairbanks

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Fairbanks, Alaska 99701  
(907) 452-3421  
Fax (907) 452-3426

## SPONSOR STATEMENT

### SB 84 – Assets of the University of Alaska

Congressional acts of 1915 and 1929 granted the Territory of Alaska approximately 113,000 acres of land. The grants were for the exclusive use and benefit of the Alaska Agricultural College and School of Mines, and its successor, the University of Alaska. All earnings from the sale, lease, or use of these lands has been deposited into a trust fund established under AS 14.40.400. As of June 30, 1996, the fund has grown to approximately \$32.6 million.

Senate Bill 84 transfers management of these funds from the Department of Revenue to the Board of Regents. The University will be able to coordinate management of the investments of these funds with management of its other endowments. This will substantially lower the cost of administration. The transfer will also maximize the fund's earnings potential and permit greater investment diversification.

SB 84 provides a technically sound transfer of control of an endowment fund from the Department of Revenue to the University of Alaska. The University has demonstrated a sound investment history in relation to the University of Alaska Foundation endowment funds. This same expertise will be extended to the Natural Resource Endowment.

James F. Lynch  
Associate Vice President for Finance

(907) 474-7448  
(907) 474-5140 (FAX)



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Statewide System of Higher Education

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## Management of UA Endowment Trust Funds

The congressional acts in 1915 and 1929 granted the Territory of Alaska approximately 113,000 acres of land for the exclusive use and benefit of the University of Alaska as the successor institution to the Agricultural College and School of Mines. All earnings from the sale, lease, and use of these lands have been deposited into a trust fund established under AS 14.40.400. From 1917 through June 30, 1996, the fund has grown to approximately \$32.6 million. Based primarily on more active management of its lands by the University, the fund has tripled in size from \$10.0 million in 1983 to the current \$32.6 million.

In accordance with the Board of Regents' policy, earnings from the trust fund are utilized to inflation-proof the principal of the fund, pay the costs associated with maintenance of the University's lands, and fund projects and programs primarily in support of Alaska's natural resources and other economic development. The intention of the land-grant trust fund is to provide a margin of support over and above that available through other funding sources.

The Department of Revenue has invested the funds with good investment results. The average rate of return for the past five years was approximately 10.1 percent. However, the Board of Regents and the president of the University believe that, with a change in investment constraints, a comparable or better return can be obtained, as they have demonstrated with their investment of the University of Alaska Foundation endowment funds. The University intends to coordinate management of the investments with that of its other endowments to lower the cost of administration of both funds, maximize the earnings potential, and lower investment risk through greater diversification.

In summary, the University is requesting the transfer of the University Endowment Trust Funds to the University of Alaska. These funds are adequately protected by law from any expenditure of principal by the University. The University has demonstrated a sound investment history in relation to the University of Alaska Foundation endowment funds, and this same enterprise will be extended to this Natural Resource Endowment.

**University of Alaska  
Land Grant Trust Fund Investment Performance**

	<u>FY92</u>	<u>FY93</u>	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>Average</u>
<b>Land Grant Trust Fund:</b>						
Average Value (millions)	<u>\$ 17.5</u>	<u>\$ 20.8</u>	<u>\$ 26.6</u>	<u>\$ 29.3</u>	<u>\$ 32.6</u>	<u>\$ 25.4</u>
Investment Return	<u>12.9%</u>	<u>13.4%</u>	<u>0.9%</u>	<u>14.5%</u>	<u>8.6%</u>	<u>10.1%</u>
Custom Index (1)	<u>14.1%</u>	<u>13.2%</u>	<u>-0.9%</u>	<u>15.5%</u>	<u>9.0%</u>	<u>10.2%</u>
Median Portfolio (2)	<u>13.2%</u>	<u>13.3%</u>	<u>1.6%</u>	<u>16.4%</u>	<u>16.1%</u>	<u>12.1%</u>
UA Foundation	<u>15.9%</u>	<u>16.1%</u>	<u>-2.3%</u>	<u>16.4%</u>	<u>18.1%</u>	<u>12.8%</u>
Over/under UA Foundation	<u>-3.0%</u>	<u>-2.7%</u>	<u>3.2%</u>	<u>-1.9%</u>	<u>-9.5%</u>	
Excess/Shortfall (millions)	<u>\$ (0.5)</u>	<u>\$ (0.6)</u>	<u>\$ 0.9</u>	<u>\$ (0.6)</u>	<u>\$ (3.1)</u>	

(1) Custom Index @ 20% S&P / 80% Leh. G/C

(2) ICC Universe (5000 portfolios)

TONY KNOWLES, GOVERNOR

**DEPARTMENT OF REVENUE**

OFFICE OF THE COMMISSIONER

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

January 23, 1997

The Honorable Gene Therriault  
Alaska State Legislature  
State Capitol, Room 517  
Juneau, Alaska 99801

Dear Representative Therriault:

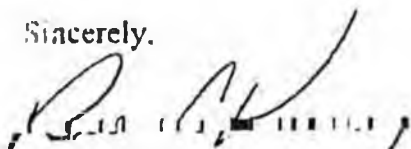
Thank you for your inquiry regarding the management of the University of Alaska Trust Fund (Trust). Transferring the asset management duties of the Trust Fund to the University of Alaska has been an issue for several years. The Department of Revenue has continually stated that we do not object to the transfer.

The Department of Revenue does have one concern. Our concern is a prolonged resolution of this issue will diminish the earning power of the Trust. Prudence dictates that the Trust must be managed conservatively to avoid incurring undue market risk pending passage of legislation that authorizes the transfer. This is necessary because increasing the allocation in the more volatile equity market would expose the Trust to potential volatility and risk of loss in the near term.

Absent quick resolution, we must conclude that this Trust will best be served by Treasury managing the assets in a way that meets the requirements of a long term trust fund.

I would be happy to discuss this matter at your convenience. You can reach me at 465-3669.

Sincerely,



Ross A. Kinney  
Deputy Commissioner

cc: Wendy Redman, University of Alaska, Fairbanks

97-006

**University of Alaska**

**1995-1996**



**Report to the Legislature**

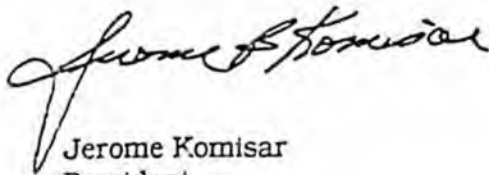
January 6, 1997

President of the Senate  
and Speaker of the House of Representatives:

On behalf of the University of Alaska Board of Regents, I am submitting the University's *Report to the Legislature* for the fiscal period beginning July 1, 1995, and ending June 30, 1996.

The Board of Regents expresses appreciation to the members of the Alaska Legislature, the Governor, and the people of Alaska for their interest in and continuing support of the University of Alaska.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jerome Komisar". The signature is written in dark ink and is positioned above the printed name and title.

Jerome Komisar  
President

## Land Grant Trust Funds

The university is required to report annually to the legislature on funds derived from lands conveyed to the University of Alaska in settlement of the claim by the university to federal lands granted to the state by the acts of March 4, 1915, and January 21, 1929, as amended. The following statements and schedules represent this report to the legislature for the fiscal year ended June 30, 1996.

Net proceeds derived from sales, leases, exchanges, and transfer of the university's trust lands, as required by law, are deposited with the state Department of Revenue for investment in a trust fund. Investment income from the trust fund is made available quarterly to the university. The expenditure of these funds by the university is governed by regents' policy and university regulation, which provide: (1) that a portion of the annual earnings will be utilized for expenditures to manage the university's lands, (2) that a portion of the annual earnings will be set aside for separate investment in order to "inflation proof" the trust funds, and (3) that the remaining annual earnings be transferred to a Natural Resources Fund primarily for the purpose of funding programs in support of agriculture, fisheries, natural resource management and marketing, and natural resource management education.

For the fiscal year ending June 30, 1996, \$19,268 and \$645,800 net additions to endowment principal were deposited to the Land-Grant Trust Fund and the Inflation Proofing Fund respectively. Expendable earnings on the funds were \$2,657,737. Expenditures for management of university lands and for Natural Resources Fund projects were \$640,619 and \$947,512 respectively. Transfer to the inflation proofing fund was \$601,048 and transfer to the Natural Resources Fund for allocations to specific projects was \$1,402,097.

The schedule of allocated Natural Resources Fund balances represents a summary of expenditures and the allocation of transfers to this fund. This schedule is followed by brief descriptions of funded projects, organized by area of interest. A summary of the new awards made is provided in table below.

	Natural Resources Projects		Other Projects		Total	
	<u>Amount</u>	<u>Awards</u>	<u>Amount</u>	<u>Awards</u>	<u>Amount</u>	<u>Awards</u>
UAA	158,500	9	246,900	10	405,400	19
UAF	369,868	18	334,750	9	704,618	27
UAS	49,000	3	196,500	4	245,500	7
SW			238,770	8	238,770	8
<b>Totals</b>	<u>\$ 577,368</u>	<u>30</u>	<u>\$ 1,016,920</u>	<u>31</u>	<u>\$ 1,594,288</u>	<u>61</u>

## Land-Grant Trust Funds

### Balance Sheet

June 30, 1996

	<u>Designated Endowment Funds</u>		<u>Unrestricted Funds</u>	
	<u>Land-Grant Trust Fund</u>	<u>Inflation- Proofing Fund</u>	<u>Revenue Fund</u>	<u>Natural Resources Fund</u>
Assets:				
Cash and investments	\$ 31,393,371	\$ 4,093,236	—	\$ 3,250,029
Receivables (net)	3,755,850	1,815,873	—	—
Real estate	38,494,848	3,591,244	—	—
Total assets	<u>\$ 73,644,069</u>	<u>\$ 9,500,353</u>	<u>—</u>	<u>\$ 3,250,029</u>
Deposit payable	24,150	—	—	—
Fund balance	<u>73,619,919</u>	<u>9,500,353</u>	<u>—</u>	<u>3,250,029</u>
Total liabilities and fund balance	<u>\$ 73,644,069</u>	<u>\$ 9,500,353</u>	<u>—</u>	<u>\$ 3,250,029</u>

### Schedule of Changes in Fund Balances

For the Year Ended June 30, 1996

	<u>Designated Endowment Funds</u>		<u>Unrestricted Funds</u>	
	<u>Land-Grant Trust Fund</u>	<u>Inflation- Proofing Fund</u>	<u>Revenue Fund</u>	<u>Natural Resources Fund</u>
Fund balance July 1, 1995	\$ 73,600,651	\$ 8,483,505	—	\$ 2,795,444
Additions to principal	19,268	645,800	—	—
Investment earnings	—	—	2,657,737	—
Expenditures:				
Land management costs	—	—	(640,619)	—
Loan reservation	—	(230,000)	(13,973)	—
Natural Resources Program	—	—	—	(947,512)
Transfers:				
Inflation-Proofing	—	601,048	(601,048)	—
Natural Resources Fund	—	—	(1,402,097)	1,402,097
Fund balance June 30, 1996	<u>\$ 73,619,919</u>	<u>\$ 9,500,353</u>	<u>—</u>	<u>\$ 3,250,029</u>

See accompanying notes to these schedules.

## Land Grant Trust Funds

### Notes to the Financial Schedules:

1. By Acts of Congress in 1915 and 1929, the university was granted approximately 110,000 acres of land which the territory, and later the state, of Alaska managed on behalf of the university. The university currently holds approximately 81,000 acres of these lands at no basis because fair value at the date of transfer was not determinable. In 1982 and 1988 the university was allowed to select certain state lands, including timber and other rights, as replacement for lands disposed of by the territory and the state. These replacement lands and property interests were recorded at their fair value at the date of transfer.
2. The Land-Grant Trust Fund cash and investments, totaling approximately \$31.4 million at June 30, 1996, are held in trust by the Alaska Department of Revenue and invested in pooled fixed income and domestic equity funds. The associated market value of these funds at June 30, 1996 was approximately \$34.2 million.
3. The Inflation-Proofing Fund represents reinvested earnings of the Land-Grant Trust Fund and net proceeds of nontrust land transactions designated for preservation of the long-term purchasing strength of the endowment. Its assets included investments of approximately \$3.6 million in improved and unimproved real property held for the long-term benefit of the institution's educational activities and advances to the University of Alaska Southeast for construction of housing facilities. The remainder of the principal of the Inflation-Proofing Fund and the revenue funds are invested in pooled investment funds of the Common Fund.
4. The Revenue Fund represents a depository fund for all distributable income of the Land-Grant Trust Fund, the Inflation-Proofing Fund, and the Natural Resources Fund.
5. The Natural Resources Fund represents funds designated by Board of Regents' policy to provide support for agriculture, forestry, fisheries, mineral, and other university programs.
6. Additions to the principal represent the net gains from the sale, lease, or transfer of land, materials, mineral interests, and realized gains on investments. Additions to principal are reported net of recorded basis and development costs in the subject properties. In fiscal year 1996, additions to principal for the Land-Grant Trust Fund were reduced for a change in accounting for timber sales.
7. In accordance with regents' policy, one-third of the investment earnings available for distribution after payment of land management costs and other expenses were transferred to the Inflation-Proofing Fund. The remaining earnings were transferred to the Natural Resources Fund.
8. In fiscal year 1996, \$230,000 was advanced to the University of Alaska Technology Development Corporation, Inc. (UATDC) under loan agreements approved by the Board of Regents. UATDC is a corporation formed in 1994 to license and market the university's inventions. In addition, approximately \$1.8 million was advanced to the University of Alaska Southeast (UAS) as interim financing for a student housing facility. The advance to UAS will be repaid through the issuance of revenue bonds.

# LEGAL SERVICES

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Mail Stop 3101

130 Seward Street, Suite 409  
Juneau, Alaska 99801-2105


## MEMORANDUM

February 8, 1997

**SUBJECT:** Draft bill relating to fiscal management of the assets of the University of Alaska and for related purposes -- sectional analysis. (Work Order No. 20-LS0561\A)

**TO:** Senator Gary Wilken  
ATTN: Robert Knight

**FROM:** Jack Chenoweth  
Legislative Counsel



The bill draft is generally based on information developed by the University of Alaska. In addition to the subject of fiscal management of University assets, the bill includes provisions relating to money and land due the University under applicable federal law.

To emphasize the relationship among provisions that relate to the same topic, I am reviewing these provisions out of numerical order.

### Provisions relating to the endowment trust fund involving land granted for the support of the University of Alaska under the Act of January 21, 1929:

From the University's perspective, I understand that the revisions relating to AS 14.40.400, the management of the endowment trust fund involving the management of the land that came to the University under the Act of Congress of January 21, 1929 (conveying land for the financial support of the land grant college) are most important, so let me discuss those first.

**Bill section 5:** The amendment of AS 14.40.400(a) removes the Department of Revenue as the party having responsibility for the management of the assets of the endowment trust fund established from the land transferred under the Act of Congress of January 21, 1929, and substitutes the Board of Regents in that capacity, and directs that the trust fund shall held as a trust in perpetuity.

**Bill section 6:** This amendment to AS 14.40.400(b) affirms that the Board of Regents, not the commissioner of revenue, is the fiduciary responsible for management of the trust fund, and specifies that the board "has the same powers and duties with respect to the [trust] fund" as have been assigned by law to the Alaska State Pension Investment Board.

Senator Gary Wilken

February 8, 1997

Page 2

**Bill section 7:** The amendment to AS 14.40.400(c) substitutes "total return" for "net income" as the measure of the trust fund money earnings that are available for the support of the University.

**Bill section 8:** The amendment makes drafting changes to AS 14.40.400(d) to conform the provision to current drafting practice. No substantive change is intended.

**Bill section 9** supplies definitions for the terms "fund" and "total return" used in AS 14.40.400.

**Bill section 13** repeals AS 14.40.400(e), a provision made obsolete by the transfer of responsibility for the management of the assets of the endowment trust fund from the Department of Revenue to the Board of Regents.

Finally, as it relates to the principal asset of the University under the Act of January 21, 1929, **bill section 4**, amending AS 14.40.360, revises the land selection authority of the Board of Regents by deleting the reference to required deposit of receipts into the state treasury and directing that the net income be added to the principal of the endowment trust fund.

**Other provisions generally addressing the custody and management of the University's assets:**

**Bill section 1.** Under current law, responsibility for management of assets of the University of Alaska is divided between the Department of Revenue and the University. In this section, the amendment of AS 14.40.280 takes away the authority of the Department of Revenue to take any part of the assets and sets the general rule that the Board of Regents shall take title to land and other property devised, bequeathed, or given to the University.

**Bill section 2:** Within AS 14.40.280, two new subsections are added --

Subsection (b) directs that gifts to the University for the purpose of the endowment trust fund established in AS 14.40.400 are to be deposited into the endowment trust fund.

Subsection (c) covers the disposition of all other endowment gifts to the University. Under the amendment made in bill section 1, the Board of Regents is made responsible for the receipt and management of these gifts. This provision directs the manner of management and investment of those gifts, directing that board "has the same powers and duties with respect to the [trust] fund" as have been assigned by law to the Alaska State Pension Investment Board.

**Bill section 3:** This amendment to AS 14.40.290(a) deletes the current first sentence ("The University shall hold all property acquired by it") as redundant--the same point is made in

cited under which money may be paid to the state for the benefit of its land grant college, when money is paid to the state in behalf of the University, the state is to deposit the money in the treasury for subsequent disbursement to the University consistent with the appropriate provisions of law.

**Bill section 10:** This bill section amends the definition of "university receipts" in AS 14.40.491 to add to that definition receipts attributable to University endowments managed under AS 14.40.280 and distributions from the endowment trust fund established under AS 14.40.400 from activities involving land selected under the Act of Congress of January 21, 1929.<sup>1/</sup>

Because of the various changes outlined in this bill, as a safeguard, **bill section 14** adds a transitional provision intended to avoid any impairment of outstanding rights, liabilities, or obligations affected by the changes and directs that the assets and liabilities held by the commissioner of revenue in the endowment trust fund established under AS 14.40.400 from activities involving land selected under the Act of Congress of January 21, 1929, transfer to the University of Alaska.

**Provisions outside AS 14.40 relating to this subject:**

AS 36.30 is the state Procurement Code. AS 36.30.850(b) enumerates instances in which the provisions of the Procurement Code do not apply. One of the exceptions concerns the exercise of investment powers by the commissioner of revenue. In **bill section 11**, since the commissioner of revenue will no longer be responsible for investment of the endowment trust fund derived from land selected under the Act of Congress of January 21, 1929, a cross-reference to AS 14.40.400 set out in the list of statutes under which the commissioner exercises investment powers is deleted.

AS 37.10.070 and the sections that follow set out general law covering investment of surplus money and prescribe the responsibilities of a fiduciary of a state fund. The change proposed by **bill section 12** modifies the list of the sections of state law to bring within the provisions of the Investment article additional provisions involving the exercise of fiduciary responsibilities by the Board of Regents. The changes including adding a reference to "AS 14.40.255," covering the University's investment of its surplus money (this section

---

<sup>1/</sup> To appreciate the dimensions of the change in the definition of the term "university receipts," the term is used in AS 14.40.040(3)(A), in conjunction with the ability of the University to leases; in AS 14.40.170(b), enumerating powers of the Board of Regents; and in AS 14.40.210(a) and (b), concerning the authority of the president of the university. Through use of cross-references, the term also is used in AS 36.30.085(f)(2) (lease-purchasing agreements involving the University) and in AS 37.25.010(c) - (e), allowing expenditure of the unexpended balances of one-year appropriations of university receipts.

Senator Gary Wilken

February 8, 1997

Page 4

already declares within itself that the surplus must be invested as set out in AS 37.10.071, so this addition is in the nature of a cross-reference) and adding a reference to "AS 14.40.280(c)," the provision that addresses the disposition of all other endowment gifts to the University. AS 14.40.400(b) is already covered under this provision. But, as earlier noted in the summary of bill section 6, fiduciary responsibility for management of the land grant trust fund switches from the commissioner of revenue to the Board of Regents.

JBC:glc

97-078.glc

Enclosure

# LEGAL SERVICES

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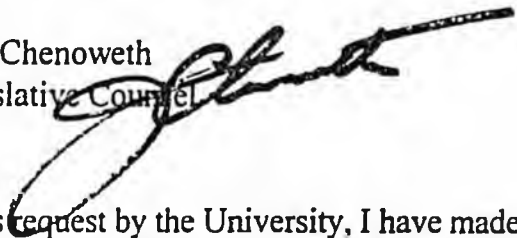
130 Seward Street, Suite 409  
Juneau, Alaska 99801-2105

## MEMORANDUM

February 11, 1997

**SUBJECT:** Senate Bill 84, substituted version of bill relating to fiscal management of the assets of the University of Alaska and for related purposes (Work Order No. 0-LS0561E)

**TO:** Senator Gary Wilken  
ATTN: Robert Knight

**FROM:** Jack Chenoweth  
Legislative Counsel 

To accommodate yesterday's request by the University, I have made a change in bill section 11, adding the material appearing in subparagraph (B). This insertion adds an exception from the Procurement Code for exercise of investment authority by the Board of Regents comparable to that already provided for exercise of investment powers by the commissioner of revenue.

That is the bill's only change from the earlier "A" version.

JBC:lmb  
97-025.lmb

Enclosure

Revision Date: \_\_\_\_\_ Dept. Affected: Revenue  
 Title: Assets of the University of Alaska BRU: Revenue Operations  
assets of the Univ of Alaska; Component: Treasury  
 Sponsor: SENATORS WILKEN, Sharp  
 Requestor: (S) HES COMPONENT SERIAL NO. \_\_\_\_\_ 121

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	-9.0	-9.0	-9.0	-9.0	-9.0	-9.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>-9.0</b>	<b>-9.0</b>	<b>-9.0</b>	<b>-9.0</b>	<b>-9.0</b>	<b>-9.0</b>

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	26.0	26.0	26.0	26.0	26.0	26.0
1005 GF/Program Receipts						
1001 CBRF						
1048 University of AK receipts	-35.0	-35.0	-35.0	-35.0	-35.0	-35.0
<b>TOTAL</b>	<b>-9.0</b>	<b>-9.0</b>	<b>-9.0</b>	<b>-9.0</b>	<b>-9.0</b>	<b>-9.0</b>

Estimate of any current year (FY97) cost \$ 2.0 per month from effective date

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

The Treasury Division currently manages the University of Alaska Trust Fund. This bill would transfer the \$36.6 million (as of 12/31/96) Trust to the University for management. The division's FY98 budget reflects the Trust Fund as a funding source for a share of the personal service costs and custodial costs of the division. Treasury would still incur these costs. This fiscal note includes the transfer of these costs to general fund funding.

There is also \$9.0 in direct investment management fees and performance measurement consulting fees which are specific to the Trust Fund and will not be incurred by Treasury if the Trust Fund is transferred.

Prepared by: Betty Martin, Comptroller Phone: 465-2350  
 Division: Treasury Date: February 14, 1997  
 Approved by Commissioner: Ross Kinney, Deputy Commissioner Date: February 14, 1997  
 Agency: Department of Revenue

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**FISCAL NOTE**

**STATE OF ALASKA  
1997 LEGISLATIVE SESSION**

**BILL NO. SB 84**

Revision Date:  
Title: **An act relating to fiscal management of endowment assets  
of the University of Alaska**  
Sponsor: **Senators Wilken, Sharp**  
Requestor:

Department Affected: **University of Alaska**  
BRU: **Systemwide**  
Component:

**COMPONENT SERIAL NO. 1296**

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

OPERATING	FY98	FY99	FY00	FY01	FY02	FY03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
<b>TOTAL OPERATING</b>	<b>1,000.0</b>	<b>1,000.0</b>	<b>1,000.0</b>	<b>1,000.0</b>	<b>1,000.0</b>	<b>1,000.0</b>

CAPITAL						
---------	--	--	--	--	--	--

REVENUE FD SOURCE						
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**FUNDING: (Thousands of Dollars)**


1002 FEDERAL FUNDS						
1003 GF MATCH						
1004 GENERAL FUND						
1006 GF/MHTIA						
1048 University Receipts	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
<b>TOTAL FUNDING</b>	<b>1,000.0</b>	<b>1,000.0</b>	<b>1,000.0</b>	<b>1,000.0</b>	<b>1,000.0</b>	<b>1,000.0</b>

POSITIONS:						
FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

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

This bill amends the definition of "university receipts" to include receipts attributable to amounts distributed from university endowments. These distributions, which will be transferred from the endowments to the university operating accounts to be used in support of educational programs, are estimated to be approximately \$1,000.0 annually. Any excess authority will lapse at the end of each fiscal year.

Prepared by: Marylou Burton Phone: 463-3086  
 Division: Statewide Budget Office Date: 2/12/97  
 Approved by:  Marylou Burton, Director  
 Agency: UA Statewide Budget Office Date: 2/12/97

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

**SB**

**100**

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

No. 1

Bill Version: SB100

(S) Publish Date: 3-5-97

Revision Date: \_\_\_\_\_  
 Title: An Act relating to grant authority for services  
to developmentally disabled children & their families  
 Sponsor: Senate HESS by Request  
 Requestor: Senate HESS

Dept. Affected: Health and Social Services  
 BRU: State Health Services  
 Component: Infant Learning Program Grants  
 COMPONENT SERIAL NO. 298  
 See also (SN#): \_\_\_\_\_

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY98	FY99	FY00	FY01	FY02	FY03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES						
---------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF March						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (please specify)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

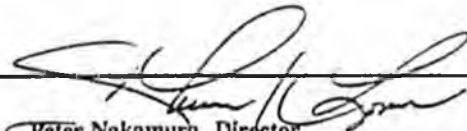
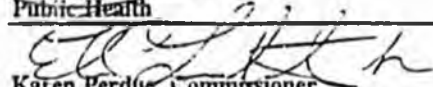
POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of any current year (FY97) cost: \$0.0

ANALYSIS: (Attach a separate page if necessary)

There is no fiscal impact.

  
 Prepared by: Peter Nakamura, Director  
 Division: Public Health  
  
 Approved by Commissioner: Karen Perdue, Commissioner  
 Agency: Department of Health & Social Services

Phone: 465-3090  
 Date: 02/27/97  
 Date: 2/27/97

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**- SB 100 - GRANT AUTHORITY FOR SERVICES FOR DEVELOPMENTALLY  
DISABLED CHILDREN AND THEIR FAMILIES**

The Infant Learning Program is funded through two components in the budget.

- The Infant Learning Program (ILP) component contains \$868.6 in State General Funds and \$3603.3 in General Fund Mental Health Trust, all funds are budgeted in the grant line in the ILP component.
- \$1658.2 in U.S. Department of Education federal funds are budgeted in the Maternal Child Health component, 85% of which are in the grant and contract lines, 5% goes to the federally required Interagency Coordinating Council (Governor's Council on Disabilities and Special Education) the remaining 10 % are used administer the grants, contracts, and other direct services.

The Infant Learning Program has been funded by the Alaska legislature since FY77 and has been in continuous operation in Alaska for 20 years.

## **ADMINISTRATION COMMENTS - SB 100 - GRANT AUTHORITY FOR SERVICES FOR DEVELOPMENTALLY DISABLED CHILDREN AND THEIR FAMILIES**

The administration supports Senate Bill 100.

### **Reasons for Support**

SB 100 is needed because the Department of Health and Social Services has drafted revised regulations which will bring the infant learning program into compliance with federal law (Individuals with Disabilities Education Act). The revised regulations cannot be reviewed by the Department of Law until grant authority is listed in the statute:

1. SB 100 will provide grant authority in the authorizing statute for services to developmentally delayed or disabled children and their families and directs the department to put grant authority language in the regulations necessary to implement those services.
2. The legislature provides funds for the Infant Learning Program in the grants line, SB100 will make the authorizing statute consistent with this legislative intent and will allow the department to move forward with revising regulations for this program.
3. The Department of Law has requested that this change be made to the statute to clarify the language for grant authority.
4. There is no fiscal impact related to this bill.

### **Administration Efforts Currently Underway To Address Issues in SB 100**

1. The Department of Health and Social Services has been issuing grants under the department's general grant authority and through the legislature's appropriation of funds in the grants line but cannot go forward with needed regulation revisions until the statute is updated to include grant authority.

2. The Governor's Council on Disabilities and Special Education, the Department's federally mandated advisory council for the Individuals with Disabilities Education Act has provided written support for this bill.

**SB**

**103**

## **SB 103 - Human Rights Commission Amendments**

- Bill is essential part of the agency's efforts to improve productivity and more appropriately allocate resources to meet Alaskan's increasing demand for civil rights enforcement.
  - Commission's current caseload is at its highest in its 33 year history with a backlog of some 376 cases yet to be assigned.
- Would allow Commission to hold hearings telephonically from its Anchorage office, rather than where the alleged discrimination occurred.
  - This will save time and money in travel costs -- allowing Commission to redirect those costs to the investigative unit.
  - Commission would continue to ensure that complainants may participate in the hearings.
- Would allow Commission to charge fees to cover the costs of its information and education services, such as human rights training and materials.
- Would allow Commission to provide tapes rather than transcriptions of the hearings, which would save costs.

**TONY KNOWLES**  
GOVERNOR

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**STATE OF ALASKA**  
OFFICE OF THE GOVERNOR  
JUNEAU

February 24, 1997

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

Dear President Miller:

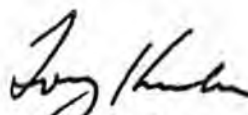
In our efforts to reduce budgets, some actions that save money also create efficiencies which better meet public service goals. That is the case with this bill regarding the Human Rights Commission. This proposal provides the Commission more flexibility in its operations and helps the body perform its essential work for the state.

The bill would allow the Human Rights Commission to hold hearings at its office in Anchorage rather than where the alleged discrimination occurred, as is required under current law. This will save time and money in travel costs. The Commission would continue to ensure that complainants may participate in the hearings.

This bill would also allow the Commission to charge fees to cover the costs of services, information and materials and to provide tapes rather than transcriptions of the hearings, as currently required.

These changes would reduce the cost and time involved in resolving cases, helping the Commission to work through its tremendous backlog of cases, and better respond to the public's increased requests for its services. The result will be better human rights protection for Alaskans.

Sincerely,



Tony Knowles  
Governor

# MEMORANDUM

Post-It™ brand fax transmittal memo 7571		# of pages	3
To	(Lindy Smith)	From	Bamberger
Co.		Co.	
Dept.		Phone #	274-4004
Fax #	465-3632	Fax #	274-4004

TO: Commissioners

FROM: Paula M. Haley *[Signature]*  
Executive Director

DATE: November 13, 1996

RE: FY98 Budget Request

### INTRODUCTION

At the Fairbanks meeting, you unanimously agreed to seek support for additional resources from the Governor's office and the Legislature. Commissioner Bamberger contacted Annalee McConnell the Director of the Office of Management & Budget, and we have an appointment with her on November 21, 1996 at 4:00 P. M. in the Commission offices. It would be most helpful for as many Commissioners as possible to attend. If you are available to meet with Ms. McConnell, please contact Sharon Avery or me to let us know by November 19, 1996.

The following may be of some assistance to you as you seek support for adequate resources for civil rights enforcement in Alaska.

### BACKGROUND

In 1995, 664 Alaskans filed with the Commission, more than in all years except 1976 during the wind down of work on the trans-Alaskan pipeline. For comparison, in 1981, the Commission had 26 staff and completed 261 investigations with a year end inventory of 401 cases. In dramatic contrast, in 1995, the Commission had 17 staff, completed 455 investigations and had a year end inventory of 721 cases. Despite completing 74% more cases with 35% fewer staff, the agency's inventory has soared.

### CURRENT WORKLOAD

The Commission's inventory is at its highest in its 33 year history. The agency currently has 376 unassigned cases.

Currently there are seven (7) investigators on staff. If all cases filed with the agency were assigned each investigator would have a caseload of approximately 100 cases. A caseload of 60-70 has already proved unmanageable and the investigators caseloads have been capped at 40. Therefore, in order to assign these cases for prompt investigation, the agency needs more investigators.

### IMPACT

The public is growing more and more impatient with the length of time it is taking for their cases to be investigated. Individuals and advocacy groups have directed their frustrations to the staff, Commissioners, Legislators, the Governor, and the Office of the Ombudsman. Staff spends a considerable amount of time responding to these complaints.

Commissioners

2

November 13, 1996

SOLUTIONS

To improve agency productivity the Commission has reviewed and revised procedures, amended its regulations and proposed legislation to allow for cost saving measures and the authority to charge fees for certain services. These increased efficiencies have not been sufficient to meet the current demand for services. Therefore, the Commission has also been obliged to seek additional resources.

During the last Legislative Session, Representative Kay Brown introduced an amendment to the budget which would have provided the Commission with an additional \$89.0 to help meet the increased demand for services (please see attached letter to the Budget Sub-Committee dated March 19, 1996). The House approved a budget for Fiscal Year 1997 which included the \$89.0 increment for the Commission. Unfortunately, the Senate did not include the increment and this came out of the budget during Conference Committee.

BUDGET PROPOSAL

In keeping with your decision in Fairbanks, your budget proposal is outlined below. This year we are seeking the following:

An operating increase of 312.5<sup>1</sup> GF in FY98 and again in FY99. This temporary increase in operating funds will allow the Commission to hire five (5) additional investigators to reduce the existing case backlog of 376, and facilitate prompt investigation of the approximately 515 complaints filed each year.

The Commission estimates that it will take approximately two (2) years with additional investigative staff to eliminate the current unacceptable level of case backlog. Once this goal has been realized, the Commission proposes to reduce the increased operating level to approximately 117.7 above our FY97 authorization. This remaining level of increased GF would be permanently incorporated into our operating budget to preclude a future build-up of case backlog. The funds would provide for the retention of two (2) of the additional investigators and associated overhead costs: 112.0 salaries, 3.5 lease space, 1.5 travel, .2 supplies and .5 equipment.

DETAILS

Below is a chart that outlines the current FY97 authorization, the requested increment, the total of both and the number of positions

	FY97	FY98 (Increment)	Total	PFT/PPT
Personnel Services	1031.9	280.0	1311.9	17/1 5/0
Travel	33.5	3.5	37.0	
Contractual	125.1	14.1	139.2	
Supplies	10.9	1.0	11.9	
Equipment	0.0	13.9	13.9	
Totals	1201.4	312.5	1513.9	22/1

<sup>1</sup>Please note that the figure of \$280,000 for investigators given at this meeting did not include office space, travel, equipment, supplies and computers, with these additions, the number is now \$312,500.

Commissioners

3

November 13, 1996

**PERSONNEL SERVICES:**

This increment is for five (5) Permanent Full Time Human Rights Field Representatives III (Range 18A), (for a period of two years) at a cost of \$56.0 per investigator.

**TRAVEL:**

This increment would increase the travel authorization by \$3.5 for on site investigations to areas outside of Anchorage where the ASCHR office is located.

**CONTRACTUAL:**

This increment would cover the cost of computer and telephone connections for the new employees at a cost of an estimated \$2.5. An additional \$2.0 will be needed to cover costs of telephone calls, postage, and other contractual items which will increase with the additional personnel. Additional space to house the new employees will be needed. The Commission is paying \$1.14 per sq. ft for recently acquired office space. According to the space specifications, each investigator is allowed 140 sq. ft. of working space. Therefore, the cost would be approximately \$9576.00 per year.

**SUPPLIES:**

This increment would cover the cost of additional supplies estimated at \$1.0.

**EQUIPMENT:**

This increment is for computers, printers, desks, chairs, and telephones for new employees at a cost of \$13.9.

**CONCLUSION:**

Many of the above costs will be one-time items, eg equipment and hook-up costs in the contractual line item.

It is the agency's intention to maintain the an operation with five (5) additional investigators for a period of two years. After the two year period the number of investigators would be reduced by three.

We agree that without additional support, redress for Alaskans under the Human Rights Law may be delayed or even denied. It is for this reason we are requesting the Governor and Legislature's support to allow us to better serve all Alaskans and send the message that Alaska does not tolerate discrimination.

# FISCAL NOTE

No. 2

Bill Version: CS SB 103(STA)

(S) Publish Date: 4/29/97

## STATE OF ALASKA 1997 LEGISLATIVE SESSION

Revision Date: April 29, 1997 Dept. Affected: Office of the Governor  
 Title: An Act relating to hearings and BRU: Commissions/Special Offices  
 authorizing: fees for the State Comm. on Human Rights Component: Human Rights Commission  
 Sponsor: Senate Rules  
 Requester: Senate Finance Component Serial No.: 1

Expenditures/Revenues		(Thousands of Dollars)				
OPERATING EXPENDITURES	FY 88	FY 89	FY 00	FY 01	FY 02	FY 03
Personal Services	22.2	24.7	24.7	27.2	27.2	27.2
Travel	(18.4)	(18.4)	(18.4)	(18.4)	(18.4)	(18.4)
Contractual	( 3.8)	( 3.8)	( 3.8)	( 3.8)	( 3.8)	( 3.8)
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>2.5</b>	<b>2.5</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>

<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 GI						
1005 GF/Program Receipts	0.0	2.5	2.5	5.0	5.0	5.0
1037 GI/Mental Health						
All other funds						
<b>TOTAL</b>	<b>0.0</b>	<b>2.5</b>	<b>2.5</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>

Estimate of any current year (FY97) cost: \_\_\_\_\_

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)  
 SB103 would reduce the Commission's travel and contractual costs associated with conducting public hearings. Funds currently required for the HRC advocate and hearing examiner to travel to the site of alleged discrimination and for transcription costs would be transferred to the personal services line to allow for investigator overtime costs and potential temporary help to work on the Commission's substantial case back-log. Fees that may be generated for educational services and training would also be utilized to provide additional resources to the investigative unit. These changes are being pursued to assist the Commission in meeting the public demand with their current budgetary resources.

The figures above are estimates based on the existing hearing schedule from July 1, 1997 through May 1998. Future hearings are not possible to estimate and are directly impacted by the investigative unit production, settlements prior to hearings, etc. FY97 costs for hearing travel/transcriptions est. 18.0. Investigator OT average cost is \$44/hr.

Prepared by: Paula M. Haley, Executive Director Phone: 276-7474  
 Division: Human Rights Commission Date: 4/28/97  
 Approved by: Jim Ayers, Chief of Staff Date: 4/29/97  
 Agency: Office of the Governor

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