

ALASKA LEGISLATURE COMMITTEE FILES 1997-1998 00/2

9706 SENATE RULES

SB

159

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. CSSB 159 (L&C)

Revision Date <u>5/6/97</u>	Dept. Affected <u>DCED</u>
Title <u>New Business Incentive Program</u>	BRU <u>Trade & Development</u>
Sponsor <u>Senator Pearce</u>	Component <u>Trade & Development</u>
Requester <u>Senate Rules Committee</u>	Component Serial No. <u>2056</u>

Expenditures/Revenues (Thousands of Dollars)

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

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY98) cost: 0.0

POSITIONS

Full-time	0	0	0	0	0	0
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The Department supports this legislation. The amount of time required to administer this program in conjunction with AIDEA is minimal and will be absorbed using current Department personnel.

Prepared by Bill Paulick
 Division Trade & Development
 Approved by Commissioner Deborah B Sedwick
 Agency Commerce & Economic Development

Phone 465-3961
 Date 2/12/98
 Date 2-12-98

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Copies of minutes listed below were originally included in this file. The minutes are available on the legislative computer database. In order to save space copies of minutes have not been left in the files.

Mary Pagenkopf

Senate Rules Committee January 21, 1998 11:30 am.

FISCAL NOTE

No. 3
 Bill Version: CSSB 159(L&C)
 (S) Publish Date: 1/23/98

**STATE OF ALASKA
 1998 LEGISLATIVE SESSION**

Revision Date: May 8, 1997 Department: Commerce and Economic Development
 Title: New Business Incentive Program BRU: Trade and Development
 Component: Trade and Development
 Sponsor: Senator Pearce
 Requester: Senate Rules Committee COMPONENT SERIAL NC 2056

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	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES						
---------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

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

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

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)
 The Department supports this legislation. The amount of time required to administer this program in conjunction with AIDEA is minimal and will be absorbed using current Department personnel.

Prepared by: Bill Paulick Phone: 465-3961
 Division: Trade and Development Date: January 22, 1998
 Approved by Commissioner: Debby Sedwick Date: _____
 Agency: Commerce and Economic Development

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FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. CSSB 159 (L&C)

Revision Date: May 8, 1997 Department: Commerce and Economic Development
 Title: New Business Incentive Program BRU: Trade and Development
 Component: Trade and Development
 Sponsor: Senator Pearce
 Requester: Senate Rules Committee COMPONENT SERIAL NO 2056

Expenditures/Revenues (Thousands of Dollars)

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

FUND SOURCE (Thousands of Dollars)

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

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

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)
 The Department supports this legislation. The amount of time required to administer this program in conjunction with AIDEA is minimal and will be absorbed using current Department personnel.

Prepared by: Bill Paulick Phone: 465-3961
 Division: Trade and Development Date: January 22, 1998
 Approved by Commissioner: Debby Sedwick Date: 1-22-98
 Agency: Commerce and Economic Development

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CORRECTION

THE FOLLOWING DOCUMENT(S)
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Rev. 6/98

Central Microfilm Services
Department of Education
State of Alaska

FISCAL NOTE

No. 3
 Bill Version: CSSB159(LAC)
 (S) Publish Date: 1/23/98

**STATE OF ALASKA
 1998 LEGISLATIVE SESSION**

Revision Date: May 8, 1997 Department: Commerce and Economic Development
 Title: New Business Incentive Program BRU: Trade and Development
 Component: Trade and Development
 Sponsor: Senator Pearce
 Requester: Senate Rules Committee COMPONENT SERIAL NC 2056

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	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						

FUND SOURCE (Thousands of Dollars)

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

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

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)
 The Department supports this legislation. The amount of time required to administer this program in conjunction with AIDEA is minimal and will be absorbed using current Department personnel.

Prepared by: Bill Paulick Phone: 465-3961
 Division: Trade and Development Date: January 22, 1998
 Approved by Commissioner: Debby Sedwick Date: _____
 Agency: Commerce and Economic Development

FISCAL NOTE

No. 4
 Bill Version: CSSB15A(L&C)
 (S) Publish Date: 1/23/98

STATE OF ALASKA
 1998 LEGISLATIVE SESSION

Revision Date (Note if correction) _____	Dept. Affected <u>DCED</u>
Title <u>An Act relating to the new business incentive program</u>	BRU <u>AIDEA</u>
Sponsor <u>SEN. PEARCE, Ellis, Kelly, Taylor</u>	Component _____
Requester <u>Sen. Rules</u>	Component Serial No. <u>1234</u>

Expenditures/Revenues (Thousands of Dollars)

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

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

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

Estimate of any current year (FY98) cost: 0.0

POSITIONS

Full-time	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*
 As amended, AIDEA will review applications, based on objective standards, submitted by new, non-competing entities that establish their business in Alaska. Based on meeting the criteria, AIDEA will make a recommendation to the Department of Commerce and Economic Development as to whether the business incentive grant should be applied to reimburse certain expenses associated with the establishment of the business in Alaska.

Prepared by <u>D. Randy Simmons, Executive Director</u>	Phone <u>907.269.3000</u>
Division <u>AIDEA</u>	Date <u>1/22/98</u>
Approved by Commissioner <u>Deborah B. Sedwick</u>	Date _____
Agency <u>DCED</u>	

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FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. CSSB 159 (L&C)

Revision Date: May 8, 1997
 Title: New Business Incentive Program

Department: Commerce and Economic Development
 BRU: Trade and Development
 Component: Trade and Development

Sponsor: Senator Pearce
 Requester: Senate Rules Committee

COMPONENT SERIAL NO 2056

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	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES						
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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						
1091 Designated PR						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

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

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

The Department supports this legislation. The amount of time required to administer this program in conjunction with AIDEA is minimal and will be absorbed using current Department personnel.

Prepared by: Bill Paulick Phone: 465-3961
 Division: Trade and Development Date: January 22, 1998
 Approved by Commissioner: Debby Sedwick Date: 1-22-98
 Agency: Commerce and Economic Development

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FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. CSSB 15¢ (L&C)

Revision Date (Note if correction) _____	Dept. Affected <u>DCED</u>
Title <u>An Act relating to the new business incentive program</u>	BRU <u>AIDEA</u>
	Component _____
Sponsor <u>SEN. PEARCE, Ellis, Kelly, Taylor</u>	<u>AIDEA</u>
Requester <u>Sen. Rules</u>	Component Serial No. <u>1234</u>

Expenditures/Revenues (Thousands of Dollars)

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

CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						

FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY98) cost: 0.0

POSITIONS

POSITIONS	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Full-time	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary						

ANALYSIS: (Attach a separate page if necessary)

As amended, AIDEA will review applications, based on objective standards, submitted by new, non-competing entities that establish their business in Alaska. Based on meeting the criteria, AIDEA will make a recommendation to the Department of Commerce and Economic Development as to whether the business incentive grant should be applied to reimburse certain expenses associated with the establishment of the business in Alaska.

Prepared by D. Randy Simmons, Executive Director
 Division AIDEA
 Approved by Commissioner Deborah B. Sedwick
 Agency DCED

Phone 907.269.3000
 Date 1/22/98
 Date _____

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716 West 4th Avenue, Suite 500
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Fax (907) 258-0226



Drue Pearce

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

Sponsor Statement

SB 159 - New Business Incentive Program

The New Business Incentive Program is an economic development grant program targeted to companies locating or expanding into new manufacturing businesses in Alaska. The program is designed to attract substantial business with high value, year round jobs.

The grant program would be limited to reimbursement of defined portions of relocation costs, site development costs, special employee training not covered by other programs, and special analysis of sites in Alaska. The program is limited to \$3,000,000 annually. Unallocated funds will be returned to the General Fund. Allocations must be made each year to fund the program, and will be administered by the Department of Commerce and Economic Development.

There are three essential functions that would be targeted through the New Business Incentive Program.

- 1.) **A need to generate cargo and freight exports from Alaska:** Interest in cargo flight activity has increased recently, and there is a window of opportunity for Alaska to capitalize on its location and cargo transfer capability. If we were to provide incentives for businesses to expand into this industry, then we could exploit our locational advantages in many regions including Fairbanks and Anchorage to give cargo carriers economic reasons to stop in Alaska.
- 2.) **A need for more diversity in the corporate tax base:** Manufacturing comprises a mere 6.2% of Alaska's economy. 81% of the \$207 million in corporate taxes for FY97 was paid by only ten corporations. Six were oil and gas companies. Companies who benefit from this program will be significant contributors to the corporate tax base within several years of initiating operations in Alaska. New revenues will flow to the state through existing mechanisms within three to five years.
- 3.) **Alaskans need high value jobs:** Over half of the manufacturers in Alaska who have more than 20 employees hire at least 60% of their workforce out of state. Many of these jobs are seasonal. Alaska needs to promote businesses that provide year round jobs that pay well and add value to the economy. Encouraging manufacturers that export high value products, will add revenue to the economy of the state and will create strong employment possibilities for Alaskans.

FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

BILL NO. CSSB159 (L&C)

Revision Date: 5/8/97
 Title: New Business Incentive Program

Department: Commerce and Economic Development
 BRU: Trade and Development
 Component: Trade and Development

Sponsor: Sen Pearce
 Requestor: Senate Labor and Commerce Committee

COMPONENT SERIAL NO. 2056

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES	21.6	8.9	9.1	9.4	9.7	10.0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	21.6	8.9	9.1	9.4	9.7	10.0

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

CHANGE IN REVENUES	
---------------------------	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund	21.6	8.9	9.1	9.4	9.7	10.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	21.6	8.9	9.1	9.4	9.7	10.0

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

POSITIONS

FULL-TIME	0.25	0.10	0.10	0.10	0.10	0.10
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

The Division supports this legislation, however requires 25% of one PFT to prescribe regulations, forms and procedures during the first year. Assuming sufficient appropriations to make \$3MM available annually for the program, year 2 and beyond would require 10% of the same individual's time to determine eligibility and to administer the business incentive grants program (Sec. 45.81.020(b), and 45.81.030). An inflation factor of 3.0% has been applied to the annual cost of 1 PFT, range 20.

Prepared by: Bill Paulick
 Division: Division of Trade and Development
 Approved by Commissioner: William L. Hensley
 Agency: _____

Phone: 465-3961
 Date: May 8, 1997
 Date: 5-8-97

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Municipality
of
Anchorage



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Anchorage, Alaska 99519-6650
Telephone: (907) 343-4431
Fax: (907) 343-4499
<http://www.ci.anchorage.ak.us>

Rick Mystrom, Mayor

OFFICE OF THE MAYOR

April 22, 1997

APR 25 1997

Senator Drue Pearce
Alaska State Legislature
Room 111
State Capitol
Juneau, AK 99801-1182

Dear Drue:

I am writing in support of SB159/HB220, an act related to the new business incentive program. The Municipality of Anchorage has placed a priority on expanding the global logistics operations at the Anchorage International Airport. The AIA is the largest of all cargo airports in the United States. It is important that we be in a position to add cargo to the planes that travel through Anchorage by means of time sensitive technical support adjacent to our airport.

Most other cargo hub centers offer significant state incentives for development of airport operations. Such businesses would include computer repair and return operations, final testing and assembly of electronics, and global distribution centers. The Municipality already has done its part with a property tax exemption program and an inventory tax exemption program to help with expanding such activities in Anchorage.

SB 159 allows Alaska to capitalize on its location and natural resources to enter high value, expanding global markets. As the budget deliberations in Juneau continue, we will be pressing for adoption of this measure. This program will help put Alaska on the horizon for future investment and add significantly to our economy.

Sincerely,

Rick Mystrom
Mayor

cc: Larry Anderson, Special Assistant to the Mayor
Patricia DeMarco, President, AEDC
"City of Lights and Flowers"



I am writing to you today to express our support for HB 220 and SB 159, legislation which would create a New Business Incentive Program for Alaska, currently under consideration by the state legislature. We believe that passage of this legislation is critical if Alaska is to expand its economic base and employment opportunities with relatively high paying jobs in the manufacturing sector.

We understand the competitive nature of attracting manufacturing and other value-added enterprises and believe that this program will help level the playing field for Alaskan communities. Most other states already have incentive programs on their books and Alaska needs this tool if we are to attract new business investment to our state and, in the process, develop a sustainable economic base that generates high quality, year-round jobs for our citizens.

We intend to contact our legislators and encourage them to support this legislation.

Sincerely,

A handwritten signature in cursive script that reads "Suzanne Linford".





CHUGACH ELECTRIC ASSOCIATION, INC.

April 30, 1997

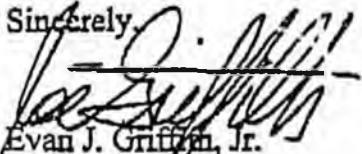
Ms. Patricia M. DeMarco, Ph.D.
President
Anchorage Economic Development Corporation
550 West Seventh Avenue, Suite 1400
Anchorage, Alaska 99501

Dear Dr. DeMarco:

I am writing to you today to express support for HB 220 and SB 159, legislation that would underwrite and create a **Business Incentive Program** for Alaska, currently under consideration by the State Legislature. I believe that passage of this legislation is crucial if Alaska is to expand its economic base and employment opportunities with relatively high paying jobs in the manufacturing sector.

The competitive nature of attracting manufacturing and other value-added enterprises is fierce and this program will help level the playing field for Alaskan communities. Most other states already have incentive programs on their books and Alaska needs this tool if we are to attract new business investment to our state and, in the process, develop a sustainable economic base that generates high quality, year-round jobs for our citizens.

Sincerely,



Evan J. Griffin, Jr.
Executive Manager,
Finance & Planning

 Peat Marwick LLP

601 West Fifth Avenue
Suite 700
Anchorage, AK 99501-2258

Telephone 907 276 7401

Telefax 907 274 4953

April 29, 1997

Patricia M. DeMarco, Ph.D.
President
Anchorage Economic Development Corporation
550 West 7th Avenue, Suite 1400
Anchorage, Alaska 99501

Dear Patty:

I am writing to you to express support for HB 220 and SB 159, legislation which would create a new Business Incentive Program for Alaska, currently under consideration by the State legislature. Passage of this legislation is critical if Alaska is to expand its economic base and employment opportunities with relatively highpaying jobs in the manufacturing sector.

With the competitive nature of attracting manufacturing and other value-added enterprises, this program will help level the playing field for Alaskan communities. Most other states already have incentive programs on their books and Alaska needs this tool if we are to attract new business investment to our state and, in the process, develop a sustainable economic base that generates high quality, year-round jobs for our citizens.

Feel free to share this letter with State of Alaska legislators.

Very truly yours,

KPMG Peat Marwick LLP



Michael E. Stone
Managing Partner

MES:amo



Member Firm of
KPMG International

DEBENHAM

Electric Supply Co., Inc.

5333 Fairbanks Street · Anchorage, AK 99518 · (907) 562-2800

April 28, 1997

Patricia M. DeMarco, PH.D.
President
Anchorage Economic Development Corporation
550 West Seventh Ave, Site 1400
Anchorage, Alaska 99501

Dear Patty,

I am writing to you today to express our support for HB220 and SB159, legislation which would create a **NEW BUSINESS INCENTIVE PROGRAM** for Alaska, currently under consideration by the state legislature. We believe that passage of this legislation is critical if Alaska is to expand its economic base and employment opportunities with relatively high paying jobs in the manufacturing sector.

We understand the competitive nature of attracting manufacturing and other value-added enterprises and believe that this program will help "level the playing field" for Alaskan communities. Most other states already have incentive programs on their books and Alaska needs this tool if we are to attract new business investment to our state. This incentive program will help Alaskan communities develop a sustainable economic base that generates high quality, year-round jobs for our citizens.

We intend to contact our legislators and encourage them to support this legislation.

Sincerely,



Mitch Robison
Branch Manager
Debenham Electric Supply Company



Northrim Bank

April 28, 1997

Patricia M. DeMarco, Ph.D.
President
Anchorage Economic Development Corporation
550 West Seventh Avenue, Suite 1400
Anchorage, AK 99501

Dear Patty:

I am writing to you today to express our support for **HB 220 and SB 159**, legislation which would create a **New Business Incentive Program** for Alaska, currently under consideration by the state legislation. We believe that passage of this legislation is critical if Alaska is to expand its economic base and employment opportunities with relatively high paying jobs in the manufacturing sector.

We understand the competitive nature of attracting manufacturing and other value-added enterprises and believe that this program will help "level the playing field" for Alaskan communities. Most other states already have incentive programs on their books and Alaska needs this tool if we are to attract new business investment to our state. This incentive program will help Alaskan communities develop a sustainable economic base that generates high quality, year-round jobs for our citizens.

We intend to contact our legislators and encourage them to support this legislation.

Sincerely,

Marc Langland
President

hap



REGAL ALASKAN HOTEL

April 24, 1997

Senator Drue Pearce
716 W. 4th Avenue #500
Anchorage, AK 99501-2133

Dear Senator Pearce;

I am writing to you today to express our support for **HB 220** and **SB 159**, legislation which would create a **New Business Incentive Program** for Alaska, currently under consideration by the state legislature. We believe that passage of this legislation is critical if Alaska is to expand its economic base and employment opportunities with relatively high paying jobs in the manufacturing sector.

We understand the competitive nature of attracting manufacturing and other value-added enterprises and believe that this program will help level the playing field for Alaskan communities. Most other states already have incentive programs on their books and Alaska needs this tool if we are to attract new business investment to our state and, in the process, develop a sustainable economic base that generates high quality, year-round jobs for our citizens.

Sincerely,

Max J. Lowe, CHA
General Manager

MJL:ta

A REGAL INTERNATIONAL HOTEL

4900 SPENARD ROAD • ANCHORAGE, ALASKA 99517-3236
PHONE 907.243.2300 • FAX 907.243.8815 • WORLDWIDE RESERVATIONS 800.222.8888
<http://www.regal-hotels.com/anchorage> • e-mail: regal@alaska.net



April 24, 1997

*Patricia M. DeMarco, Ph.D
President
Anchorage Economic Development Corporation
550 West Seventh Avenue, Suite 1400
Anchorage, AK 99501*

Dear Patty:

I am writing to you today to express our support for HB 220 and SB 159, legislation which would create a New Business Incentive Program for Alaska, currently under consideration by the state legislature. We believe that passage of this legislation is critical if Alaska is to expand its economic base and employment opportunities with relatively high paying jobs in the manufacturing sector.

We understand the competitive nature of attracting manufacturing and other value-added enterprises and believe that this program will help level the playing field for Alaskan communities. Most other states already have incentive programs on their books and Alaska needs this tool if we are to attract new business investment to our state and, in the process, develop a sustainable economic base that generates high quality, year-round jobs for our citizens.

We intend to contact our legislators and encourage them to support this legislation.

Sincerely,

*Dennis C. Bird
Managing Director
Alaska Operations*



April 24, 1997

Patricia M. DeMarco, PhD.
President
Anchorage Economic Development Corporation
550 West seventh Avenue, Suite 1400
Anchorage, Alaska 99501

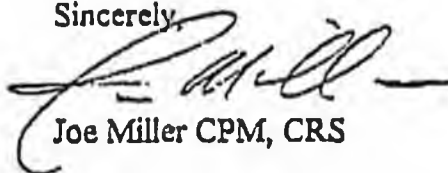
Dear Patty:

I am writing to you today to express our support for HB 220 and SB 159, legislation which would create a New Business Incentive Program for Alaska, currently under consideration by the state legislature. We believe that passage of this legislation is critical if Alaska is to expand its economic base and employment opportunities with relatively high paying jobs in the manufacturing sector.

We understand the competitive nature of attracting manufacturing and other value-added enterprises and believe that this program will help level the playing field for Alaskan communities. Most other states already have incentive programs on their books and Alaska needs this tool if we are to attract new business investment to our state and, in the process, develop a sustainable economic base that generates high quality, year-round jobs for our citizens.

We intend to contact our legislators and encourage them to support this legislation.

Sincerely,



Joe Miller CPM, CRS

RE/MAX properties, inc.
2800 cordova street, suite 100
anchorage, alaska 99503
office: (907) 276-2761
direct line: (907) 257-0156
each office independently owned and operated



**Alaska
Power
Systems** INC

8300 King Street
Anchorage, Alaska 99518
(907) 344-2531
Fax (907) 349-8764

April 23, 1997

Patricia M. DeMarco, Ph. D.
President
Anchorage Economic Development Corporation
550 West Seventh Avenue, Suite 1400
Anchorage, Alaska 99501

Dear Patty:

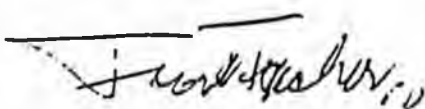
I am writing to you today to express our support for **HB 220 and SB 159**, legislation which would create a **New Business Incentive Program** for Alaska, currently under consideration by the state legislature. We believe that passage of this legislation is critical if Alaska is to expand its economic base and employment opportunities with relatively high paying jobs in the manufacturing and high technology sector.

We understand the competitive nature of attracting manufacturing and other value-added enterprises and know that this program will help level the playing field for talent in Alaskan communities, we can and have attracted some of the best talent from the lower 48. Most other states already have incentive programs on their books and Alaska needs this tool if we are to attract new business investment to our state and, in the process, develop a sustainable economic base that generates high quality, year-round jobs for our citizens.

We will contact our legislators and encourage them to support this legislation.

Sincerely,

Frank Tucker
President



cc: Scott Thompson CEO,

Brian Chronister Marketing Director,

Rob Shipley Operations Manager

DOWL
ENGINEERS
A Division of DOWL, Incorporated

April 22, 1997
W.O. D00001

Senator Drue Pearce, Co-chair
716 West 4th Avenue, Suite 500
Anchorage, Alaska 99501-2133

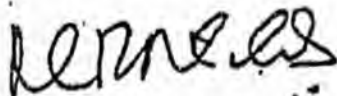
Fax: 465-3872

Dear Senator:

I am writing to you today to express our support for HB 220 and SB 159, legislation which would create a New Business Incentive Program for Alaska, currently under consideration by the state legislature. We believe that passage of this legislature is critical if Alaska is to expand its economic base and employment opportunities with relatively high paying jobs in the manufacturing sector.

We understand the competitive nature of attracting manufacturing and other value-added enterprises and believe that this program will help level the playing field for Alaskan communities. Most other states already have incentive programs on their books and Alaska needs this tool if we are to attract new business investment to our state and, in the process, develop a sustainable economic base that generates high quality, year-round jobs for our citizens.

Very truly yours,
DOWL Engineers



Melvin R. Nichols, P.E.
President

cc: Anchorage Economic Development Corporation

D00001.Pearce.MRN.042297.kmp

April 17, 1996

To Whom It May Concern

From: Bill Stamps

Reference: House Bill No. 220

Please accept this as my support for House Bill No. 220.

Bill Stamps

Bill Stamps
Peak Oilfield Service Co.
P.O. Box 130
Kenai, AK. 99611
(907) 283 2022



April 16, 1997

Mr. Greg Wolf
Vice President
AEDC
550 West Seventh Avenue
Suite 1400
Anchorage, Alaska

Dear Mr. Wolf:

I am writing to encourage and applaud your efforts to enact economic incentive legislation in Alaska. As you know, FedEx has a significant presence in Anchorage with a large and expanding air operations and package sorting facility employing over 826 Alaska residents. Obviously, we are very supportive of any efforts to increase the level of economic growth in this market.

It is common knowledge that in today's global market every state is competing vigorously for increased economic activity with a variety of economic incentive programs. In fact, we have recently taken advantage of such programs in site selection decisions. It seems critical that Alaska be active in this process given its proximity to Asian markets with that market's enormous growth potential. I know the Governor is keenly aware of this necessity.

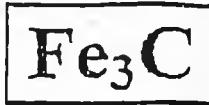
Again, we believe you are on the right track and wish you every success in your campaign to enact this legislation.

Sincerely,

Senior Representative
Government Affairs
901/395-5168

dew

VIA FAX



Alyeska Alloys, L.L.C.

Robert L. Braddock, Project Director

FAX TRANSMITTAL # 1 of 4 Pages

TO: Patti DeMarco

907-258-6646

FROM: Bob Braddock

303-984-2060 FAX 303-989-4989

January 31, 1997

COPY

Ms Debby Sedwick
Alaska Department of Commerce and
Economic Development
Frontier Building, Suite 700
3601 "C" Street
Anchorage, AK 99503

Dear Debby:

Introduction

With no clear understanding of how the Administration proposes to implement the Pioneer Incentives Program (the "Program"), but with a sense of the Administration's intent, Alyeska Alloy's ("Alyeska") has taken the presumptuous position of submitting a proposal for consideration.

Alyeska interprets the aims of the Program as:

- i. To capitalize on Alaska's strategic geographic location to create export markets for which Alaskan industry would hold competitive advantage;
- ii. To attract new enterprises to Alaska which will add diversity to the economy;
- iii. To induce new enterprises to locate in Alaska which create stable, high wage jobs; and
- iv. To increase the wealth created and retained in Alaska through the addition of value added processing to the existing natural resource extraction industries.

If Alyeska is accurate in our interpretation of the Program's goals, we are convinced that Alyeska's iron carbide project (the "Project") is an ideal candidate.

Although Alaska's prior growth has been created by government or large corporate sponsored projects, the State's present and future growth will be created by more nimble entrepreneurs of less substantial financial means (such as Alyeska). While the government and large corporations can, due to their enormous capital resources, press ahead with projects in spite of changes in the marketplace, entrepreneurs have no such luxury, for we are the creation of the marketplace, not its master. Alyeska's Project is driven by the marketplace. At present, the demand for iron carbide and other alternative iron units exceeds supply, but this situation will not last indefinitely. Should Alyeska's Project begin to stall, these potential customers will look elsewhere to meet their alternative iron needs. If so, the opportunity to establish this new industry in Alaska may be lost forever.

165 South Union Blvd., Suite 350
Lakewood, Colorado 80228-2211 - USA
Phone (303) 984-2060 - FAX (303) 989-4989

Having said all this, Alyeska remains confident that we are in the right place at the right time. Alyeska seeks a small assist from the Program, which would significantly increase the probability of success of the iron carbide Project and thereby benefit the State of Alaska.

Benefits to Alaskans

While much has been presented outlining the general features of the Project, Alyeska has not focused attention on the many sustaining benefits the Project provides to Alaska and its residents. These benefits include:

- During the two year construction phase, a major portion of the estimated \$190 million combined cost of the port and plant will be injected into the local economy through almost 350 construction jobs, local design, fabrication and erection services.
- Once operational, the Project will create 50 to 60 permanent, high paying plant jobs.
- An additional 20 to 30 jobs will be created in port operations, camp catering, air taxi and allied support services.
- This employment will be created in a region and locale which has a history of high unemployment.
- All but a select few of the total permanent jobs created will be filled by current Alaskan residents.
- The Project will consume almost \$20 million in natural gas annually, generating over \$1.5 million per year in royalties for the State.
- The Project will use Alaskan natural gas to increase the value of iron ore five fold.
- The Project will pay over \$1 million in property taxes annually to the Borough.
- A doubling or tripling of the Project is anticipated by 2003, creating more jobs, gas royalties and property taxes.
- The addition of a multi-use, deep water port on the west side of the Cook Inlet should help to unlock local coal and gravel projects which have languished for many years.
- The stable natural gas demand requirement of the Project should encourage the development of additional Cook Inlet natural gas reserves.
- The Project creates the stable manufacturing employment not typically found in the boom and bust cycles associated with natural resource development.

Project Status - Phase II

Alyeska has just begun the critical Phase II of development of the iron carbide Project. The following was accomplished during Phase I, recently completed at a cost of approximately \$500,000:

- The site was selected
- Natural gas and power supply agreements were negotiated
- Process license was obtained
- Engineering/Procurement/Construction contractor was selected
- Financial advisor was selected
- Environmental consultant was chosen.

Ms Debbie Sedwick
Pioneer Incentives Program Proposal
Page 4
January 31, 1997

Proposal for Program Involvement

Alyeska seeks to obtain \$300,000 from the Program to be applied towards the development of preliminary plant designs and environmental engineering required for permit applications. Alyeska will provide matching funds. The combination of this State and private funding will allow Alyeska to complete the critical permitting process, thus removing one of the last major obstacles to the development of the Project. Alyeska further proposes to refund the State's contribution to the Program at the time the Project closes on construction financing.

I hope we have made a compelling case for how the Program can materially assist in the development of the Project. Yes, there are risks, but we believe that the approach we have taken provides the State with a clear sense of the rewards generated by the successful completion of the Project.

Sincerely,

Robert L. Braddock

Robert L. Braddock
Project Director *ljm*

cc: Laurie Cunningham, ADCED
John McClellan, ASRC
Don Evans, Alyeska Holdings

SB

161

Revision Date: _____ Dept. Affected: Revenue
 Title: An Act relating to management of certain municipal BRU: Alaska Permanent Fund Corporation
assets by the Alaska Permanent Fund Corporation. Component: Alaska Permanent Fund Corporation
 Sponsor: Senator Sharp
 Requestor: CRA, ~~Revenue~~ COMPONENT SERIAL NO. 109

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	300.0	309.0	318.0	328.0	341.0	355.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	300.0	309.0	318.0	328.0	341.0	355.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()	300.0	309.0	318.0	328.0	341.0	355.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other-Corporate Receipts	300.0	309.0	318.0	328.0	341.0	355.0
TOTAL	300.0	309.0	318.0	328.0	341.0	355.0

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

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

Prepared by: Byron I. Maiotto
 Division: Alaska Permanent Fund Corporation
 Approved by Commissioner: Wilson L. Condon
 Agency: Revenue

Phone: 465-3172
 Date: April 11, 1997
 Date: April 11, 1997

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#1

**Analysis to Accompany Fiscal Note for
Proposed Senate Community & Regional Affairs
Committee Substitute for Senate Bill 161**

April 11, 1997

Proposed SCS SB161(C&RA) provides for the management of certain municipal assets by the Alaska Permanent Fund Corporation (APFC). The APFC would hold and invest the municipal assets, provide quarterly financial reports and audited annual reports, make certain transfers and advise the municipality of revisions to investment policy or changes in asset allocation. The municipality will pay the corporation a management fee to cover the costs of managing these assets. This fee shall be deposited in the earnings reserve account and the APFC would request that the legislature appropriate these funds for the operations of the corporation.

The projected costs above are calculated based on a municipal fund value of \$90 million and a 3-4% growth rate. The management fee represents a pro-rata share of the APFC operating expenses which includes investment manager and custody fees and administrative costs for accounting, reporting, communications and other support.

This fiscal note is prepared on the assumption that the APFC would be directed to invest one municipal fund with approximately \$90 million in assets. If it turns out that a number of municipalities seek to take advantage of this legislation, it would likely raise at least two issues at the legislative level:

- Would the increased operating costs and administrative, accounting and reporting responsibilities required for the APFC to effectively and prudently manage a number of municipal funds be consonant with the corporation's primary fiduciary responsibility – the preservation of the Alaska Permanent Fund's principal and the cost-effective management and investment of its assets?
- Is it appropriate public policy for the APFC to compete with private sector investment firms who are able to provide virtually the same investment management services as the APFC?

SB

164

STATE OF ALASKA
1997 LEGISLATIVE SESSION

Jo. 1
Bill Version: C.S.B. 164 (HE3)
(S) Publish Date: 4-18-97

Revision Date: _____
Title: Authority of EMTs at accident scene

Dept. Affected: Health and Social Services
BRU: State Health Services
Component: Community Health/EMS Grants
COMPONENT SERIAL NO. 2079
See also (SN#): _____

Sponsor: Senator Wilken
Requestor: Senate HESS

Expenditures/Revenues:

(Thousands of Dollars)

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

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

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)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

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

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact.

4/14/97
Prepared by: Peter M. Nakamura, MD, MPH
Division: Public Health
Approved by Commissioner: Karen Perdue, Commissioner
Agency: Department of Health & Social Services

Phone: (907) 465-3090
Date: 04/11/97
Date: 4/14/97

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GARY WILKEN

SENATOR

Districts 29 & 30
West Fairbanks

Senate Standing Committees

Chairman: Health, Education,
and Social Services (HESS)

Vice Chairman: Transportation

Vice Chairman: Community and
Regional Affairs

Special Committee

Member: Administrative Regulation Review

Alaska State Legislature

Senate

During Session:
State Capitol, Room 510
Juneau, Alaska 99801-1102
(907) 465-3709 (v)
(907) 465-4714 (f)

[www: akrepublicans.org/wilken.htm](http://www.akrepublicans.org/wilken.htm)
E-mail: Senator_Gary_Wilken@legis.state.ak.us

Interior:
112 N. Cushman St., Room 213
Fairbanks, Alaska 99701
(907) 452-3421
Fax (907) 452-3426

SPONSOR STATEMENT

SB 164 - Authority of Emergency Medical Technicians

Senate Bill 164 repairs a long overdue shortcoming in our public safety network. Specifically, it provides EMT's with appropriate and relevant authority at the scene of an accident as well as during responses to medical emergencies in homes, without creating potential conflict between emergency personnel. SB 164 is intended to protect EMT's who arrive first on the scene of an accident or medical emergency, or who are the only emergency responders to arrive for some time, as is the case in many rural areas.

Currently, we ask emergency medical technicians to perform actions necessary to their duties such as:

- controlling and directing activities at the scene of an accident;
- temporarily blocking or redirecting traffic to avoid the scene of an accident;
- trespassing upon property in order to respond to an emergency call;
- entering a building, including a private residence, or premises where report of an injury or illness has taken place; and
- directing the removal or destruction of a motor vehicle or other thing in order to prevent further harm to injured or ill individuals;

without giving them the proper legal authority to do so. By taking for granted that EMT's are expected to perform these duties in the absence of any legal authority, we leave hundreds of men and women vulnerable to lack of cooperation on the part of the public and potential liable suits.

Alaska relies heavily on its emergency medical personnel, especially in rural areas where law enforcement and fire personnel are relatively few in numbers. Just as we expect EMT's to protect our safety in an emergency situation, we should reciprocate this service, and give EMT's the proper legal authority to do their jobs without compromising their personal safety.

SB

175

FISCAL NOTE

No. 1

Bill Version: SB 175

(S) Publish Date: 4-21-97

**STATE OF ALASKA
1997 LEGISLATIVE SESSION**

Revision Date: April 18, 1997
Title: AIDEA Revenue Bonds for Interties

Department: DCED
BRU: AIDEA
Component: AIDEA

Sponsor: Senator SHARP
Requester: Senate Finance Committee

COMPONENT SERIAL NO. 1234

Expenditures/Revenues		(Thousands of Dollars)					
	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	
OPERATING EXPENDITURES							
PERSONAL SERVICES							
TRAVEL							
CONTRACTUAL							
SUPPLIES							
EQUIPMENT							
LAND & STRUCTURES							
GRANTS, CLAIMS							
MISCELLANEOUS							
TOTAL OPERATING							
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 General Fund							
1005 GF/Program Receipts							
1006 GF/MHTIA							
Other Corporate Receipts							
TOTAL							

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

POSITIONS						
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

SB 175 makes a technical change to existing bond authorization which allows the Alaska Industrial Development and Export Authority (the Authority) to issue revenue bonds to finance the proposed Northern and Southern Interties. SB 175 will have no fiscal impact on the General Fund or the Authority.

Prepared by: D. Randy Simmons, Executive Director
Division: AIDEA

Approved by Commissioner: William L. Hensley
Agency: Commerce and Economic Development

Phone: 907.269.3000
Date: April 18, 1997

Date: 4-18-97

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MEMORANDVM.

TO: Tim
FROM: Ben
DATE: 23 April 1997
IN RE: SB175 (AIDEA intertie bonds)

This bill passed out of Finance on Monday, with Sharp and Torgerson signing 'do pass' and Adams, Donley, Parnell, and Pearce signing 'no rec'. What this bill would do is change the language approved in '93 that authorises AIDEA to issue bonds to pay for the Fairbanks-Healy and Anchorage-Kenai interties.

This bill was requested by the affected utilities, and is supported by AIDEA.

The old language didn't specify what kind of bonds AIDEA was to issue, while the new language mentions revenue bonds explicitly. AIDEA had planned to issue revenue bonds anyway.

The old language had AIDEA financing projects that Golden Valley Electric Association and Chugach Electric Association would own for the benefit of all utilities participating in the intertie. The new language doesn't specify ownership by a utility, leaving default ownership by AIDEA.

The maximum principal amount of the bonds remains unchanged at \$60 million in SB 175.

SB

1777



Official Business

Alaska State Senate

Senate Finance Committee

Mall Stop 3100
State Capitol
Juneau, Alaska 99801-1182

Sponsor Statement
for
Senate Bill 177
An Act relating to the International Trade and Business
Endowment

This legislation establishes an International Trade and Business Endowment in the Alaska Science and Technology Foundation. The principal and income of the endowment will be invested by the Permanent Fund Corporation, and net income from the endowment will be held in a separate account, subject to appropriation by the legislature.

The intended purpose of the endowment income is to cover a portion of the state's annual expenditure on international trade promotion. In the Senate version of the FY98 budget, it is envisioned that the Department of Commerce and Economic Development, Division of Trade and Tourism's international trade staff and offices and the World Trade Center will receive support from the endowment income.

STATE OF ALASKA

DEPARTMENT OF COMMERCE AND
ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

TONY KROMCHAK GOVERNOR
RECEIVED

APR 23 1997

P.O. BOX 110800
JUNEAU, ALASKA 99811-0800
PHONE: (907) 465-2500
FAX: (907) 465-5442
TDD: (907) 465-5437

April 21, 1997

The Honorable Drue Pearce, Co-chair
The Honorable Bert Sharp, Co-chair
Senate Finance Committee
Alaska State Senate
State Capital
Juneau, Alaska 99801-1182

Dear Senator Pearce and Senator Sharp:

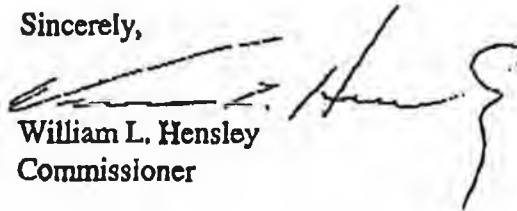
I am writing to voice our strong support of Senate Bill 177, which would use the current Alaska Center for International Business endowment to support a consolidated and more focused trade effort.

This bill will go a long way in giving the state the overall structure it needs to help Alaskans competing in the global marketplace. Currently, many talented individuals and well-run organizations work daily to assist Alaskans businesses and communities interested in attracting foreign investors or marketing their products and services abroad. Unfortunately, these efforts are not as coordinated or cost-effective as they might be, due to fractured lines of authority and split funding.

This bill puts a priority on coordination. Research now performed at the University of Alaska will be directly tied to trade initiatives undertaken by the state. It will be focused to meet the needs of exporters. By directing grants to the World Trade Center Alaska through my department, this bill will make sure this vitally important membership organization remains a healthy and key player in providing trade services to its private sector members. Finally, by keeping my department's trade specialists and overseas offices fully funded, this bill makes sure we maintain our longstanding links with key trading partners in Asia, the Russian Far East and elsewhere.

This is a good and important bill. I urge the Senate Finance Committee to support this bill.

Sincerely,



William L. Hensley
Commissioner

APR-26-97 SAT 12:50

APR-21-97 MON 16:21

APR-21-97 MON 15:41

OCC LICENSING
AK SCIENCE & TECH FOUND

FAX NO. 9074653872

FAX NO. 9074652974

FAX NO. 2746228

P. 03

P. 02

P. 02/03



ALASKA SCIENCE & TECHNOLOGY FOUNDATION

— Putting Innovation to Work for Alaska —

April 21, 1997

Senator Druce Pearce
Room 518 State Capitol
Juneau, Alaska 99801

Dear Senator Pearce:

ASTF has no objections to administering the transferred UA endowment funds to support trade and export activities beneficial to the state.

I have had conversations with the Permanent Fund about implementing draft bill SB 177. Basically the Permanent Fund would create a separate endowment fund whose earnings would be separated from the ASTF endowment and earnings reserve. The legislature would make an annual appropriations from those earnings on that separate endowment and ASTF would transfer funds on a quarterly or otherwise periodic basis in response to the request from the agency or organization with appropriation authority. It would be clear that the agency receiving these funds, not ASTF, has the responsibility for their proper expenditure.

This process would be consistent with ASTF administering legislative appropriated funds for other organizations with the only difference being the Permanent Fund maintaining a separate endowment for these activities.

If there are any questions on this please contact me.

Sincerely,

Janie Kanwarthy
Janie Kanwarthy
Executive Director

4500 Diplomacy Drive, Suite 515, Anchorage, Alaska 99508-5918

Telephone: (907) 272-4333

Revision Date: _____ Dept. Affected: Revenue
 Title: An Act relating to the international trade & business BRU: Alaska Permanent Fund Corporation
endowment; and providing for an effective date. Component: Alaska Permanent Fund Corporation
 Sponsor: Finance
 Requestor: (S) RLS COMPONENT SERIAL NO. 109

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	17.5	18.0	18.6	19.1	19.9	20.7
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	17.5	18.0	18.6	19.1	19.9	20.7

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

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

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other-Corporate Receipts	17.5	18.0	18.6	19.1	19.9	20.7
TOTAL	17.5	18.0	18.6	19.1	19.9	20.7

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

SB177 provides for the management of the assets of the International Trade & Business Endowment by the Alaska Permanent Fund Corporation (APFC). The APFC would hold and invest the principal & income of the Endowment and provide audited annual reports. All earnings of the Endowment are available for distribution each year. Please note: This differs from the permanent fund dividend payout which is based on 21% of five years' income. The Endowment will pay the corporation a management fee to cover the costs of managing these assets.

The projected costs above are calculated based on a 3-4% inflation rate and a fund value of \$5 million. The management fee represents a pro-rata share of the APFC operating expenses which includes investment manager & custody fees and administrative costs for accounting, reporting, communications and other support.

Prepared by: Byron I. Mallott Phone: 465-3172
 Division: Alaska Permanent Fund Corporation Date: April 23, 1997
 Approved by Commissioner: Wilson L. Condon Date: April 23, 1997
 Agency: Revenue

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FISCAL NOTE

No. _____
 Bill Version: SB177
 (S) Publish Date: 4/22/97

STATE OF ALASKA
 1997 LEGISLATIVE SESSION

Revision Date: _____ Department: Commerce and Economic Dev.
 Title: An Act relating to the international trade BRU: Trade and Development
 and business endowment... Component: Trade and Development
 Sponsor: Senate Finance
 Requestor: Senate Finance COMPONENT SERIAL 2056

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	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES	350.0	350.0	350.0	350.0	350.0	350.0

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

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

POSITIONS						
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)
 This fiscal note assumes that the International Trade and Business Endowment will be capitalized with a \$4,950.0 reappropriation (SCS CS HB 75(FIN), Section 33). Using the Permanent Fund Corporation's projected FY 98 rate of return of 7.15%, the endowment will produce an annual income of approximately \$350.0. No expenditure information is included in this fiscal note since it is already incorporated in SCS CS HB 75(FIN).

Prepared by: Guy Bell, Director Phone: 465-2505
 Division: Administrative Services Date: April 21, 1997
 Approved by Commissi William L. Hensley Date: April 21, 1997
 Agency: Commerce and Economic Development

SB

187

GARY WILKEN

SENATOR

Districts 29 & 30
West Fairbanks

Senate Standing Committees

Chairman: Health, Education,
and Social Services (HESS)
Vice Chairman: Transportation
Vice Chairman: Community and
Regional Affairs

Special Committee

Member: Administrative Regulation Review



During Session:
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Juneau, Alaska 99801-1182
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(907) 465-4714 (f)
[www: akrepublicans.org/wilken.htm](http://www.akrepublicans.org/wilken.htm)
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Interior:
119 N. Cushman St., Room 213
Fairbanks, Alaska 99701
(907) 452-3421
Fax (907) 452-3426

SPONSOR STATEMENT

SB 187 – University Tuition Payment Program

In August 1996, Congress passed legislation that exempts qualified state prepaid tuition programs from income taxes similar to exemptions provided other non-profit activities. Senate Bill 187 makes the necessary statutory changes to conform the Advance College Tuition (ACT) payment plan with the new federal law.

The ACT plan, established in 1990 under AS 14.40.803, offers an incentive for Alaskan residents to save for college. Under this plan one-half of a participating individual's annual permanent fund dividend can be used to prepay college tuition credits at the current cost per credit. The University of Alaska guarantees that ACT credits can be used for tuition *regardless of the amount paid for the ACT credit or the cost of tuition at the time they are used*. Currently there are over 6,300 prepaid tuition contracts in place totaling approximately \$17.6 million.

On February 14, 1997, the University of Alaska Board of Regents adopted a revised ACT plan which conforms to the new federal requirements. The changes proposed in SB 187 will strengthen the Advance College Tuition exempt status with IRS. Failure to comply with the new tax law in a timely manner could result in retroactive taxation of the program back to 1991 and destroy the financial viability of this very worthwhile program. For this reason, I recommend passage of Senate Bill 187.



University of Alaska
Statewide System of Higher Education

THE ALASKA ADVANCE COLLEGE TUITION PAYMENT FUND

The Alaska Advance College Tuition (ACT) Payment Fund, as established in 1990 under AS 14.40.803, was created by the legislature to provide an incentive for Alaskans of all ages to continue and complete their secondary and post-secondary education. The ACT plan provides for future redemption or refund of ACT credits for payment of tuition and other qualified higher education expenses at the University of Alaska or any eligible college, university or vocational/technical institution.

The ACT fund consists of permanent fund dividend (PFD) and cash contributions under the terms of an advance college tuition payment contract. Under the PFD program, half of a participating individual's annual PFD dividend can be deposited directly into the ACT fund. Currently, there are over 6,300 pre-paid tuition contracts in place totaling approximately \$17.6 million. The Commissioner of Revenue is the custodian of the fund and the University of Alaska Board of Regents administers the program.

P.L. 104-188, signed into law on August 20, 1996, included a provision of the Internal Revenue Code (Section 529) that defined the federal tax treatment of qualified state tuition programs, thereby clarifying the tax-exempt status of the ACT fund and the tax-deferred status of a participant's earnings on any increase in value of ACT credits prior to actual use. Congress has given states with pre-paid tuition programs until August 1997 to bring their plans into conformance with the new law. The University Board of Regents has revised the ACT plan to conform with federal legislation; however, state statute changes are also necessary to better assure full compliance. Although the Internal Revenue Service will make any final determination, failure to pass conforming state legislation could result in retroactive taxation of the ACT program and its participants back to 1991 and virtually eliminate the financial viability of the program.

Senate Bill 187
Sectional Analysis
Advance College Tuition (ACT) Program

Purpose of the bill:

The bill is intended primarily to conform the state statutes related to the Advance College Tuition payment plan with federal tax legislation passed by Congress with the help of Senators Murkowski and Stevens as part of the Small Business Job Protection Act in August 1996. On February 14, 1997, the Board of Regents adopted a revised ACT Plan which was intended to conform the Plan and operation of the program to the new requirements. Congress has given prepaid tuition programs until August 1997 to bring their plans into conformance with the new law. The Internal Revenue Service (IRS) will make all determinations regarding compliance and have not yet issued any regulations or guidelines on the issues. Although the university believes that the revised ACT Plan adopted by the Board of Regents in February is adequate to comply with the new law, the proposed changes to the statute included herein will be of substantial assistance in making that argument with the IRS. Failure to comply with the new tax law in a timely manner could result in retroactive taxation of the program back to 1991 and destroy the financial viability of the program.

Section 1

AS 09.25.120(a) is amended to limit access of public records requests for personal identifying information of participants in the ACT program. The ACT records include social security numbers of purchasers and beneficiaries and personal financial information regarding amounts deposited with the Fund and the values of any participants interest in the program.

Section 2

AS 14.40.803(b)(2) is amended to eliminate unnecessary wording regarding contributions to the fund, if any.

Advance College Tuition Program

Section 3

AS 14.40.803(c) is amended to authorize payments to other eligible educational institutions, if payments to other institutions are required. Internal Revenue Service (IRS) regulations are expected to provide certain safe harbor provisions to qualified state tuition programs if payments are made directly to an eligible educational institution. An "eligible educational institution" is a defined term under the Internal Revenue Code (Code).

Section 4

AS 14.40.805(11) is amended to add the word "awards" in order to make the terminology the same as that used in AS 14.40.803(c).

Section 5

AS 14.40.809(a) is amended to clarify that ACT credits can be used for payment of "qualified higher education expenses," which are defined in the Code (basically tuition, fees, books, supplies, and potentially room and board at some future time). This change is beneficial to participants in that it allows tax deferred savings for certain expenses in addition to pure tuition. It also limits the sale of tax deferred ACT credits to purposes of funding "qualified higher education expenses" as required by federal law. In order for a prepaid tuition plan to be exempt from federal income tax, redemptions must be limited to use for "qualified higher education expenses" at an "eligible educational institution."

AS 14.40.809(a) is amended to clarify that students can utilize ACT credits for tuition and qualified expenses at other "eligible institutions." This change is beneficial to participants in that credits can be redeemed for use at institutions other than the University of Alaska. It also limits the sale of tax deferred ACT credits to use at an eligible institution as required by federal law. In order for a prepaid tuition plan to be exempt from federal income tax, redemptions must be limited to use for "qualified higher education expenses" at an "eligible educational institution."

AS 14.40.809(b)(2) is amended to indicate that the formal Plan adopted by the Board of Regents is part of the contract with the purchaser. This is intended to emphasize the fact that the terms and conditions of the ACT Plan will be deemed part of the ACT contract.

Advance College Tuition Program

AS 14.40.809(b)(4) is amended to allow the Board of Regents to enter into reciprocal agreements with other eligible educational institutions or qualified state tuition programs as considered beneficial by the Board of Regents. The Code provides for rollover provisions which are yet to be defined in IRS regulations. The university believes that it may be advantageous for participants or for qualified state programs to allow reciprocal transfers of participants between contracts, institutions, or between state programs. Although reciprocal agreements with Sheldon Jackson University and Alaska Pacific University have been authorized by statute, uncertain tax treatment of the program itself and the benefits to participants has made consideration of any such agreement unfeasible.

AS 14.40.809(b)(5) is deleted as unnecessary. This provision was added to the statutes in an effort to seek exemption of the ACT program income tax as an integral part of a tax exempt instrumentality of the state. Passage of Section 529 of the Internal Revenue Code last year eliminated the need for this provision. The commitments under the ACT Plan are, and will continue to be, a contractual obligation of the university in accordance with the terms and conditions of the ACT Plan; however, the university does not intend to make ACT participants a special or preferred class of creditors.

Section 6

AS 14.40.811(a)(1) is amended to delete the provisions related to installment contracts. This provision was included in the law prior to development of the ACT program. It was intended to apply to a situation where a purchaser would agree to payment for four years of education to be paid in installments in advance of coming to school. This provision is currently non-functional because the ACT program developed into a unitized program, where a purchaser receives the number of units of education that were paid for rather than making a contractual commitment to make payments in the future. Under the ACT program, there is no commitment to purchase or pay for any specified number of additional units or credits.

AS 14.40.811(a)(2),(3), and (5) are amended to clarify some of the essential information which is required for a prepaid tuition contract including name and date of birth of the purchaser and the beneficiary (prospective student), the number of credits purchased, and the commitment by the Board of Regents to provide education to the beneficiary in accordance with the terms and conditions of the Plan.

Advance College Tuition Program

AS 14.40.811(a)(7) is amended to clarify the Board of Regents will make whatever terms and condition are required by the Internal Revenue Code part of the contract with participants of the program.

Section 7

AS 14.40.817(1) is amended to clarify that "contract" as used in AS 14.40.803 - 14.40.817 means an ACT Contract.

AS 14.40.817(2) is amended to make the definition of a beneficiary under state statute the same as the definition under the Internal Revenue Code. The concept of residency for eligibility is unchanged and is retained in the formal Plan adopted by the Board of Regents.

AS 14.40. 817(4) and (8) are added to adopt the same meaning for an "eligible educational institution" and "qualified higher education expenses" as provided by the Internal Revenue Code. These definitions are critical to federal tax treatment under the Code.

AS 14.40. 817(7) is amended to clarify who is the contracting party or purchaser and to accommodate situations where payments under a contract are made by persons, such as grandparents, who are not the formally named as a purchaser or participant under a contract.

FISCAL NOTE

**STATE OF ALASKA
1997 LEGISLATIVE SESSION**

BILL NO. SB 187

Revision Date:
Title: An Act relating to disclosure of public records...of the
Alaska advance college tuition payment fund.
Sponsor: Senator Wilken
Requestor:

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

COMPONENT SERIAL NO.

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

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

REVENUE FD SOURCE						
--------------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)						
1002 FEDERAL FUNDS						
1003 GF MATCH						
1004 GENERAL FUND						
1006 GF/MHTIA						
OTHER						
TOTAL FUNDING	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:						
FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Marylou Burton
Division: Statewide Budget Office

Phone: 463-3086
Date: 4/25/97

Approved by: Marylou Burton, Director
Agency: Statewide Budget Office - U.S. Alaska

Date: 4/25/97

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

SB

189

CS FOR SENATE BILL NO. 189(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:Sponsor(s): SENATE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE BY
REQUEST

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to eligibility for and default, collection, and repayment of
2 student loans; relating to nonrenewal of certain occupational licenses for default
3 on a student loan; and providing for an effective date."

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

5 * Section 1. AS 14.42.200(10) is amended to read:

6 (10) gather information on student loans available to residents of
7 Alaska and disseminate the information to reasonably assure that qualified residents
8 are aware of financial resources available to those attending or desiring to attend
9 institutions for which loans may be made under AS 14.43.090 - 14.43.325, 14.43.600 -
10 14.43.700, or 14.43.710 - 14.43.750 [14.43.710 - 14.43.790];

11 * Sec. 2. AS 14.42.210(a) is amended to read:

12 (a) The student loan fund is established in the corporation. The student loan
13 fund is a trust fund to be used to carry out the purposes of AS 14.42.100 - 14.42.390,
14 AS 14.43.090 - 14.43.325, 14.43.600 - 14.43.700, and 14.43.710 - 14.43.750

1 and

2 (8) does not have a credit history, at the time of application for a
 3 loan, that demonstrates chronic inability or unwillingness to pay an extension of
 4 credit or loan as it becomes due.

5 * Sec. 7. AS 14.43.125 is amended by adding new ^{Sub} sections to read:

6 (d) Notwithstanding (a)(6) - (8) of this section, the commission may issue a
 7 loan to a person if another person who satisfies the requirements of (a)(2) and (a)(4) -
 8 (8) of this section cosigns the loan.

9 (e) The commission may withhold disbursement of a loan if the borrower
 10 becomes ineligible under this section.

11 * Sec. 8. AS 43.43 is amended by adding new sections to read:

12 Sec. 14.43.145. Default. (a) For the purposes of this chapter, a loan is in
 13 default if a loan payment has become 180 or more days past due. Upon default,

14 (1) repayment of the remaining balance is accelerated and due;

15 (2) the commission may take the borrower's permanent fund dividend
 16 under AS 43.23.067;

17 (3) the commission may issue an order to withhold and deliver under
 18 AS 14.43.147; and

19 (4) the commission may provide notice of the default to a licensing
 20 entity for nonrenewal of the license under AS 14.43.148.

21 (b) The commission shall notify the borrower of the default, and the
 22 consequences of default imposed under (a) of this section, by mailing a notice to the
 23 borrower's most recent address provided to the commission by the borrower or
 24 obtained by the commission.

25 (c) A borrower may appeal a notice of default by filing a statement with the
 26 executive director, within 30 days after the date of the notice, requesting that the loan
 27 status be reviewed. AS 44.62 (Administrative Procedure Act) does not apply to the
 28 review of default under this section. The borrower has the burden to show that, at the
 29 time of the notice of default, no loan payment was more than 180 days past due or that
 30 the borrower entered into, and was in compliance with, a default forbearance
 31 agreement with the commission. The decision of the executive director is a final

Alaska State Legislature

Senator Gary Wilken, Chairman
Senator Loren Leman, Vice Chairman
Senator Lyda Green
Senator Jerry Ward
Senator Johnny Ellis



State Capitol
Room 510
Juneau, Alaska 99801
(907) 465-3762

Senate Committee on Health, Education and Social Services

SPONSOR STATEMENT

SB 189 – Repayment of Student Loans

Currently the default rate of the student loans issued by the Alaska Commission of Postsecondary Education is unacceptable. Senate Bill 189 provides the Commission with the necessary financial tools to effectively and efficiently reduce the number of loans which are in default.

The ultimate goal of this legislation is to create a financially solvent Alaska student loan program that will be available to the next generation of Alaskan postsecondary students. SB 189 will (1) improve the credit rating of the Alaska Student Loan Program, (2) lower the loan program default rate, (3) improve the return rate on funds loaned to borrowers, and (4) increase the recovery rate on defaulted loans.

With the huge jump in loan demand that this program is now experiencing (20% – 25%), it is vital that the Commission be given the tools and authority to operate on a business-basis. Passage of Senate Bill 189 will be a step in the right direction.

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

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JUNEAU, ALASKA 99801-7109
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In Juneau 465-6740
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SB 189-- "An act relating to eligibility for and default, collection and repayment of student loans; relating to nonrenewal of certain occupational licenses for default on a student loan; and providing for an effective date."

- Allows the Alaska Student Loan Programs (ASLP) administrators to assess applicants' credit history to identify chronic bad debt. This provides an indicator of a borrower's potential ability to repay their debts;
- Provides applicants, found to have chronic bad debt, with an opportunity to obtain a credit worthy co-signer;
- Provides cost-effective, relevant sanctions that will be imposed when borrowers default and which will motivate borrowers to repay to avoid sanctions;
- Provides an increased rate of return on funds loaned to offset current interest losses to the fund;
- Provides for issuance of a temporary occupational/professional license during a borrower appeal of the nonrenewal of a license.

The ultimate goal of this legislation is to create a financially solvent Alaska student financial aid resource that will, without further assistance from the State coffers, still be available to the next generation of Alaskan postsecondary students. This bill contains a number of tools which are necessary to achieve specific objectives: improving the credit rating of the Alaska Student Loan Program; lowering the loan program default rate; improving the return rate on funds loaned to borrowers; and, increasing the recovery rate on defaulted loans.

These objectives are measurable and should be measured. If this bill is enacted, it would be with the intent that the Commission, in its annual report to the Governor and the Legislature, include these statistics as a report card on the effectiveness of these tools and to insure accountability on the part of program administrators. This bill supports this legislature's and the administration's goals for self-sustaining government operations.

Are These Legislative Changes Really Necessary?

The Alaska Student Loan Corporation is in critical need of assistance through legislative changes to the programs it funds. These are changes that would have been prudent to make at the point in time when the General Fund subsidy was eliminated, thereby funding the programs solely with private capital. The following are fund loss statistics.

- The total amount of forgiveness granted from 1972 to June 30, 1996 was approximately \$70 million. Of that amount, over \$57.3 million has been granted since the Corporation was created in 1987. Staff estimate that the Corporation will have to pay another \$8.7 million as these older loans are retired. Had the Corporation

continued to receive General Funds to offset these losses, it would have had a retained earnings balance of \$19.1 million at the end of the FY96 instead of the current deficit balance of \$47.3.

- Losses due to loans written-off (death, disability, bankruptcy and lack of payment activity) since the Corporation's creation total approximately \$47.8 million at 6/30/96. Staff estimate that another \$97.1 million, of the current loan portfolio, will be written-off in the future.
- Another 'public policy' loan issue is interest accrual. The September 30, 1996, unaudited financial statements indicated that loans totaling \$122,662,495, or 23% of the portfolio at September 30, 1996, were not accruing interest because they were in an interest-free period. Of these loans, approximately 60% were financed with bond proceeds. From a purely business perspective, any interest-free period on these student loans results in a loss to the Corporation as it pays interest on outstanding bonds from issuance until retirement of the bond debt and forgoes interest income on funds used to originate the loans.

At the time the Corporation was created, the ASLP was overcapitalized to a significant extent. Additionally, the Corporation adopted, and the legislature initially funded, the "Millennium Plan", a capitalization plan that assumed yearly influxes of General Funds leaving little concern that the Corporation would not be able to easily meet the debt service coverage ratio of 150% stipulated in its master bond indenture. The unanticipated elimination of General Fund support caused the abrupt curtailment of that plan in 1991, leading to several years of large bond issues to keep up with student borrowing needs. As a result, the Corporation is now very close to the minimal level of debt service coverage required by the master bond indenture.

With the huge jump in loan demand that the program is now experiencing (20% - 25%), it is vital that the Commission be given the tools and authority to operate on a business-basis. Alaska can no longer afford to characterize and consider this student aid source as simply a social service.

What Methods Will be Used to Measure the Success of these Changes, if Enacted?

The Commission/Corporation provides a variety of indicators that will reflect the effectiveness of program changes. They include: program default rate, annual audited financial statements, default recovery statistics, etc.

CSSB189(FIN)
Sectional Analysis

An act relating to eligibility for and default, collection, and repayment of student loans.

Sections 1- 3: Technical conforming amendments to reflect the appropriate citation referencing the Family Education Loan Program (FELP).

Section 4: Provides for deferment of Half-Time Alaska Student Loans for borrowers who are in full-time student status at postsecondary institutions outside of Alaska.

Section 5: Increases by one-half of one percent the interest rate allowance to be used to offset costs of administering corporation and commission.

Section 6: Borrower eligibility section is amended to clarify that borrower must be eligible not only at the time of application but also at the time the funds are received (may be several intervening months). Places the residency criteria in the appropriate section of statute (currently set out in AS 14.43.120(p)) and clarifies language relating to residency eligibility.

- **Substantive change is addition of (a)(6-8), page 5, beginning on line 26. Allows for assessment of applicants' credit history to identify chronic bad debt. Will allow program administrators to determine inability to repay.**

Section 7: Provides for loan eligibility if applicant obtains a credit-worthy cosigner.

Section 8: Expands tools for collecting on defaulted loans (Six months or more in arrears).

- **Page 6, line 12 – Page 7, line 2, (AS 14.43.145) describes the sanctions that will be imposed when a borrower defaults.**
- **Page 6, line 3 – Page 9, line 1, (AS 14.43.147) authorizes administrative wage garnishment and describe the legal process. (Modeled after Child Support Enforcement's garnishment in AS 25.27.070.)**
- **Page 9, line 2 – Page 12, line 9, (AS 14.43.148) expands existing authority to intervene in the renewal of professional or occupational licenses and provides for issuance of a temporary license during a period when the licensee may dispute that agency's action. Excludes those licenses which may be jointly owned or which are not centrally controlled. Exclusion will eliminate potential damage to non-borrowers and avoids targeting licenses that would require intensive manual intervention to administer.**

CSSB189(FIN)

Sections 9-15: Technical changes amending citation of FELP and making eligibility criteria consistent among Alaska Student Loans, Teacher Scholarship Loans and Family Education Loans.

Section 16: Clarifies that certain temporary licenses issued during a loan default appeal process are not eligible for transfer to a spouse of a deceased licensee.

Section 17: Re-states an existing Revenue statute to conform to this legislation (re: PFD garnishment).

Section 18: Technical conforming repealers. Specifically, AS 08.02.025 is replaced by new AS 14.43.148; AS 14.43.120(i) and (q) are replaced by new AS 14.43.145; 14.43.740(b) is replaced by amended AS 14.43.720(a); and, AS 14.43.790 is replaced by amended AS 14.43.740(a).

Section 19: Authority to promulgate regulations prior to effective date of this act, but which may not be in effect prior to the effective date of the act.

Section 20: Providing for an immediate effective date for Section 19.

Section 21: Providing for an effective date of July 1, 1997 for the act.

SB

1900

MEMORANDUM

State of Alaska
Department of Law

TO: Dennis Poshard
Legislative Liaison

DATE: April 29, 1998

FILE NO.:

TELEPHONE NO.: 465-3600

W.F.C.
FROM: William F. Cummings
Assistant Attorney General
Transportation Section - Juneau

SUBJECT: SB 190 (JUD)

I have serious reservations regarding SB 190 (JUD). While the amendments made to the bill in the Senate Judiciary Committee have clarified the language, the bill has a number of unresolved problems.

This bill is unnecessary. DOT&PF acquires between two and five percent of its land acquisitions through condemnation actions. The rest of its land acquisitions, i.e., more than 95 percent of the total, is acquired through voluntary negotiations. It is not credible to argue that DOT&PF does not make good faith efforts to acquire interests in land cases through negotiations before filing condemnation cases.

Under existing law, a taking in a condemnation case can be voided if the property owner can prove that it was not acquired in a manner consistent with the "greatest public good and least private injury." This standard allows an aggrieved property owner to successfully attack a taking, if he/she can prove that the taking is arbitrary, capricious, or an abuse of discretion. The analysis under this existing language requires that the condemning authority carefully balance the public needs against private injury, with the intent to maximize the public benefit, but minimize private injury. This analysis would include whether the interest that DOT&PF seeks to acquire is appropriate for the facility to be constructed.

Under SB 190 two new means to challenge a taking are provided, i.e., the property owner could argue the interest to be acquired is not appropriate for the facility to be constructed and the negotiations, conducted prior to filing, were not made in good faith. These sorts of determinations are incredibly fact dependent and would be complicated to address in a judicial proceeding. The result of requiring these sorts of analysis in superior court will be to delay badly needed public projects until their resolution. This consequence is particularly troublesome because the bill addresses problems that do not exist.

I have written this memorandum from the perspective of DOT&PF. Senate Bill 190 (JUD) would have a similar impact upon condemnation actions filed by municipalities.

Dennis Poshard
Legislative Liaison
DOT&PF

April 29, 1998
Page 2

If you have any questions on this matter, please contact me at your earliest convenience.

WFC/bap

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STATE CAPITAL
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SENATOR JERRY MACKIE

ALASKA STATE LEGISLATURE

SECTIONAL

CS SB 190 (JUD)

Section 1. This section specifically includes that property interests must also be necessary for the authorized public use as a prerequisite for an eminent domain taking.

Section 2. This section provides a new condition that a good faith effort to negotiate the purchase of the property interest is also required prior to an eminent domain taking. However, in any dispute over nature of the negotiation, it is the opposing party's burden of proof to show that a good faith effort was not made.

Section 3. A statement that the good faith effort has been made (or in certain circumstances, not made) to purchase of property is added to the list of contents in a declaration of taking.

Section 4. The appeals section is amended to allow a court denial of an eminent domain taking if it finds that a good faith effort to purchase was not made.

Section 5. Effective date clause.

SENATE DISTRICT C
KODIAK ISLAND
SOUTHEAST ISLANDS



STATE CAPITOL
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Senator_Jerry_Mackie@legis.state.ak.us

SENATOR JERRY MACKIE

ALASKA STATE LEGISLATURE

SPONSOR STATEMENT

SB 190, Require Negotiations Prior to Eminent Domain Taking.

I introduced SB 190 to bring fairness and expediency to state and municipal government actions which require the acquisition of private land for public purposes. The usual practice is to acquire private property through condemnation proceedings. This is a process where the governmental entity exercises the power of eminent domain to take the property and compensate the owner with or without the private owner's consent or agreement. The only recourse for an unwilling owner is to challenge in court the validity of the takings public purpose and the amount of compensation. In most cases the court's consideration is principally to determine the appropriate level of compensation. For both the governmental entity and the private property owner, this can be an expensive and time consuming procedure. For many landowners the prospect of contesting a condemnation proceeding in court is often beyond the landowner's financial abilities to pursue. In these situations, the landowner is at the mercy of the governmental entity, the extent of its property desires, and its method of determining compensation.

SB 190 would simply require that, prior to condemnation, a "good faith" effort is made to purchase private property through negotiations with the property owner. At least 23 states have similar requirements.

***Issue: Should the State be Required to Undertake
Good Faith Negotiations With a Private Landowner
Before Taking Property by
Eminent Domain (SB 190)***

Description of the Issue: Should the State of Alaska be required to conduct good faith negotiations with a private landowner before initiating eminent domain proceedings against that landowner?

Discussion of the Issue: At least 23 states require that the State, before taking property through eminent domain, make a good faith effort to acquire the property by consensual purchase. And, the drafters of the Uniform Eminent Domain Code recommend such a requirement in model state legislation. Although Alaska agencies will often undertake negotiations as a matter of practice, there is no current requirement in Alaska law that they do so.

A "good faith negotiations" requirement sets a cooperative tone in the state's dealings with its private sector. Moreover, supporters believe that it minimizes the likelihood of contested litigation, since the government and the private party begin their relationship as negotiators rather than adversaries.

Moreover, because the clause is common, there is considerably judicial precedent giving the clause a common sense interpretation. No prolonged face-to-face negotiations are required. A reasonable offer, based on full disclosure, and a willingness to consider timely counteroffers, is sufficient. And, the requirement does not apply where it is not practical--such as where the owner can't be found, or is incapable of conveying title.

Recommendation: In a state with so limited a private property base, the use of eminent domain should be a last resort in Alaska. SB 190 would establish precisely such a policy by requiring that a good faith effort to purchase be made before property is involuntarily taken. The bill would also require the state to justify the particular interest in the property taken, in order to avoid a more intrusive interest being taken than is necessary to accomplish the state's goal.

SB

192

FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

BILL NO. SB 192

Revision Date:	Dept. Affected: <u>DOT/PF</u>
Title: <u>An Act . . . relating to maintenance of state marine vessels; and providing for an effective date.</u>	BRU: <u>Marine Engineering</u>
Sponsor: <u>Senators Robin Taylor</u>	Component: <u>Overhaul</u>
Requester: <u>Senate Transportation</u>	COMPONENT SERIAL NO. <u>1212</u>

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	325.6	325.6	325.6	325.6	325.6	325.6
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	325.6	325.6	325.6	325.6	325.6	325.6

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
1002 Federal Receipts						
1003 GF Match						
1004 GF	325.6	325.6	325.6	325.6	325.6	325.6
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	325.6	325.6	325.6	325.6	325.6	325.6

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

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

The following calculations do not include any inflationary increases.

1. Labor rate differential 20% higher (\$2,000.0 X 20% = \$400.0)
2. Materials cost differential 21.4% higher (\$2,000.0 x 21.4% = \$428.0)
(Note: Items 1 and 2 are based on the "Update of the Economic and Financial Feasibility of the Ketchikan Shipyard" - document prepared by Northern Economics for AIDEA 2/6/96.)
3. Required economic analysis based on conditions contained in SB 192 for eight vessels, this assumes outside contract assistance at \$20.0.
4. Less the Interport differential based on 8 marine vessels to Puget Sound (based on most recent bids) -\$687.4
5. Added cost for M/V Columbia Main Engine Maintenance Contract for work performed in Ketchikan \$35.0
6. Additional travel and per diem for Technical Representatives and American Bureau of Shipping (ABS) to travel to Ketchikan \$40.0
7. Additional freight for shipments of hazardous materials from Seattle to Ketchikan i.e., paint and other materials considered hazardous \$10.0
8. Oily Waste Removal for 8 vessels at \$10.0 each for a total of \$80.0

Prepared by: Gary L. Hayden, System Director
 Division: Alaska Marine Highway System
 Approved by: *Joseph L. Perkins*
 Agency: Department of Transportation and Public Facilities

Phone: 465-3959
 Date: 5/7/97
 Date: _____

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SB

195

THE ALASKA COURT SYSTEM

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Sponsor Statement SB 195

The Alaska Court System asks that the legislature consider SB 195. This bill addresses the growing problem of bogus "common law" liens being filed against the property of Alaskans. It has become common in recent years for "patriot" groups and others to record such liens against the property of public officials and private citizens with whom they disagree. The person generally finds out about the lien when he or she attempts to obtain a loan or sell property, and discovers that he or she cannot do so until the lien has been released. This may take many months.

Until recently, this activity has not been of major concern in Alaska. Last year, however, a number of employees and elected officials of the Municipality of Anchorage discovered that nonconsensual common law liens had been recorded against their property. The long list of persons who were targeted by these liens included Mayor Rick Mystrom, and the members of the Anchorage Assembly.

SB 195 makes it a misdemeanor to record a nonconsensual common law lien without the specific authorization of a court. It streamlines the judicial process for releasing a lien, and authorizes the attorney for a public official to record a "notice of invalid lien" pending the release of the lien by the court. Finally, it provides for civil penalties against persons who record or benefit from nonconsensual common law liens.

The Alaska Court System requests your support for this bill.

Alaska Court System

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SECTIONAL ANALYSIS OF SB 195

Section 1 is a conforming amendment to AS 09.38.500(9) (the definition section of the Alaska Exemptions Act) that adds a reference to common law liens within the definition of "lien." The new reference states that, to be valid, a common law lien must either be consented to by the owner or accompanied by a court order.

Section 2 adds article 2A to AS 9.45 (Actions Relating to Real Property). The new article is entitled "Actions Relating to Nonconsensual Common Law Liens" and contains 4 sections.

- A) Section 09.45.161 states that if a nonconsensual common law lien is recorded or filed against the property of a public servant and is not accompanied by a court order, an attorney representing the public servant may submit for recording or filing a notice of invalid lien. A copy of the notice is sent to the person who recorded or filed the common law lien.
- B) Section 09.45.164 provides for an expedited court proceeding to have an invalid nonconsensual common law lien released. Under the provisions of this section, a person submits a request to the court containing an affidavit setting out the facts upon which the request is based. If the facts support the need for an expedited hearing, the court can order the person who recorded or filed the lien to appear at a hearing within 20 days. If the court finds that the lien is invalid, or if the person who recorded or filed the lien does not appear, the court can grant the order releasing the lien and order the lien claimant to pay the costs and actual reasonable attorney fees incurred by the party making the request.
- C) Section 09.45.167 states that a person who records or files an invalid nonconsensual common law lien is liable to the owner for actual and punitive damages as well as actual reasonable attorney fees. This section also provides for the liability of a person who is a grantee of an invalid nonconsensual common law lien if he or she refuses to release the lien when requested by the owner of the property affected.

- D) Section 09.45.169 provides definitions for "filed," "nonconsensual common law lien," "public servant," "record," and "recorder."

Section 3 amends AS 11.46.550 (offering a false instrument for recording) by making this current crime the crime of offering a false instrument for recording in the first degree. This section is a conforming amendment that is necessary for the creation of the new crime of "offering a false instrument for recording in the second degree" added by section 4 of the bill. Section 3 does not make any substantive changes.

Section 4 amends AS 11.46.550 by creating the new crime of offering a false instrument for recording in the second degree. This section makes it a class A misdemeanor to record or file an invalid common law lien against real or personal property.

Section 5 amends AS 34.35 (the liens chapter in title 34) by adding a new section entitled "Nonconsensual common law liens." This section prohibits the recording or filing of nonconsensual common law liens against real or personal property without an accompanying court order. This section also provides definitions for the terms "filed," "nonconsensual common law liens," "record," and "recorder."